

For discussion
on 4 January 2019

Legislative Council Panel on Education

Extension of Retirement Age for Newly-joined Aided School Teachers

Purpose

This paper seeks Members' views on the proposal to extend the retirement age of teachers who are newly appointed to teaching posts within the approved staff establishment of aided schools to 65 and the key elements of the proposed legislative amendments to the Education Ordinance ("EO"), Cap 279, the Grant Schools Provident Fund ("GSPF") Rules, Cap 279C, and the Subsidized Schools Provident Fund ("SSPF") Rules, Cap 279D.

Background

2. Currently, as governed by sections 58A and 58B of the EO, the retirement age of aided school teachers and principals within the approved staff establishment is 60 unless special permission is given to extend their service beyond the retirement age. An aided school may submit an application to the Education Bureau ("EDB") for extension of service of teachers and principals beyond the retirement age if the school cannot find a replacement for the incumbent after making every reasonable effort.

3. The manpower demand in the aided school sector is fully met by the supply of teachers at present. However, we anticipate that the education sector will also be facing the challenges brought by demographic changes in the long run. To address the possible challenges arising from an ageing population and a shrinking labour force, in the 2015 Policy Agenda, the Government promulgated that it would encourage other employers, in particular public and subvented organisations, to implement appropriate measures according to their own circumstances to extend the working life of their employees, so as to align with its arrangement of extending the retirement age of civil service new recruits. Any change to the retirement age of aided school teachers and principals within the approved staff establishment requires amending relevant parts of the EO.

4. All teachers employed by aided schools under the provisions of the Codes of Aid, except for temporary teachers and teachers who are over the age of 55 on being first appointed to a grant/ subsidized school, are required to contribute to the GSPF/ SSPF. Provident fund contributions are made up of two parts: a monthly contribution by the teacher at the rate of 5% of his/ her salary, and a Government donation based on the teacher's year(s) of continuous contributory service. The rates of Government donation increase progressively based on aided school teachers' years of continuous contributory service. As the GSPF Rules and the SSPF Rules are the legislation underpinning the operation of the GSPF and the SSPF, any change to the retirement age of aided school teachers and principals within the approved staff establishment will require amendment to the GSPF Rules and the SSPF Rules in addition to amendment to the EO.

5. As announced in the 2018 Policy Agenda, the EDB completed the consultation with the stakeholders and would proceed with the amendments to the relevant parts of the EO, the GSPF Rules and the SSPF Rules for extending the retirement age of new teacher recruits (i.e. newly-joined teachers) of aided schools to 65.

Consultation on the proposed framework of amendments

6. The consultation was done in two steps. We sought the views of the stakeholders on the proposed framework of amendment of the EO, the GSPF Rules and the SSPF Rules in April 2018. They included the major school councils and associations, education bodies, school sponsoring bodies as well as representatives of teacher education universities. In June 2018, a Consultation Document was released for wider consultation from June to early September 2018. Open consultation sessions were conducted.

7. The proposal put out for consultation is as follows –

(a) Proposed target group

- The extended retirement age should only apply to those who are employed to fill a teaching post within the approved staff establishment of aided schools for the first time from the effective date of the amendments to the EO¹ (i.e. newly-joined

¹ That means, those who are not governed by the prevailing section 58A of the EO can be employed to fill teaching posts that are within the approved staff establishment of aided schools upon attaining the age of 60 years.

teachers). These teachers have never been appointed by aided schools to fill vacant posts within the approved teaching staff establishment. Broadly speaking, these teachers include those who are fresh graduates without any teaching experience in aided schools, or are formerly appointed to fill non-establishment posts of aided schools by means of cash grants, or are formerly appointed to teaching posts in schools of other finance types, or are formerly appointed as daily-rated supply teachers/ monthly-paid temporary replacements in aided schools.

- The proposed new retirement age of 65 is not applicable to in-service teachers within the approved staff establishment of aided schools (i.e. serving teachers) and those formerly appointed to teaching posts within the approved staff establishment, including “regular teachers” with defined contract period and part-time teachers on approved staff establishment (i.e. re-joining teachers).

(b) Proposed adjustment to the GSPF and the SSPF

- The period of continuous contributory service that qualifies a teacher for a higher Government donation rate is lengthened by two years as follows: -

Rate of Government Donation (%)	Existing Arrangement for Government Donation (Years of Continuous Contributory Service)	Proposed Adjustment to the Arrangement for Government Donation (Years of Continuous Contributory Service)
5%	less than 10 years	less than 12 years
10%	not less than 10 years but less than 15 years	not less than 12 years but less than 17 years
15%	not less than 15 years	not less than 17 years

- The ceiling age of the newly-joined teachers to contribute to the GSPF/ SSPF will be extended from 55 to 60.

- As regards the Direct Subsidy Scheme (DSS) school donation to provident funds for teachers on transfer from aided schools to DSS schools, the same arrangements apply².

8. In the consultation with stakeholders, the proposed amendment framework was considered acceptable. There are views suggesting to keep the existing arrangement of Government donation to the GSPF/ SSPF for the newly-joined teachers unchanged, while requiring them to contribute to the Mandatory Provident Fund (“MPF”) Scheme starting from the first school year after they have reached the age of 60 up to the age of 65.

9. The views collected in the open consultation are summarized as follows:

- (a) Extension of retirement age of aided school teachers
The mainstream views reveal that the education sector concurred that the new retirement age should apply to the newly-joined teachers. There were also views suggesting serving and re-joining teachers should be allowed to opt for the new retirement age.
- (b) Amendment of the GSPF/ SSPF Rules
 - (i) While the majority concurred that the provident fund arrangement for the newly-joined teachers had to be adjusted to maintain the overall financial stability of the Government, there were views suggesting that the existing arrangements for the contributory period and the Government donation to the provident fund should be applicable to the newly-joined aided school teachers.
 - (ii) The suggestion of “keeping the existing arrangement of Government donation to the GSPF/ SSPF for the newly-joined teachers unchanged, while requiring them to contribute to the MPF Scheme starting from the first school year after they have reached the age of 60 up to the age of 65” raised in the stakeholder consultation in April 2018, was not supported by

² For the teachers who are contributors of the GSPF/ SSPF, they may, in accordance with the GSPF/ SSPF Rules, opt to contribute the GSPF/ SSPF after their school has become a DSS School. GSPF contributors may also opt to contribute GSPF if they have joined a DSS School on their own accord for the first time. By that, the DSS Schools should donate to the GSPF/ SSPF as appropriate for contributors in their employment and at the same rate as Government would have done had the teachers remained in the aided school sector.

the sector.

Recommendation

10. Having taken into consideration of the views gathered from the consultation with the sector, and the considerations elucidated below, we recommend adopting the proposal put forth for consultation as the final amendment package as explained in paragraphs 11 to 14.

Target group

11. Given the adequate supply of teachers to meet the manpower demand in the aided school sector at present and in coming years, the objective of the proposal should be to help tackle the challenges brought by the demographic changes in the long run. Thus the target group should not be the serving teachers and re-joining teachers.

12. In proposing any change, it is important not to dampen the entry prospect of those working to join the teaching force of aided schools or the career aspirations for younger teachers. For aided schools to have a full complement of experienced and young teachers, injection of new blood is also necessary. In assessing the suggestion of giving an option that allows serving teachers to retire beyond 60, we are mindful that the suggested option arrangement will have an impact on young graduates and may lead to promotion blockage for other serving teachers. Furthermore, it would create much uncertainty on the natural wastage rate which would, in turn, made it very difficult for the Government to do any manpower planning on the provision of trained teachers, and would also affect the number of training places to be provided by the universities offering teacher training under-graduate and post-graduate programmes. It is in the interest of the education sector and of students to maintain a balance among various factors, including the need to retain the services of the experienced teachers, to provide new graduates with reasonable entry prospect and to ensure a stable teacher supply and demand situation.

13. With the considerations set out above, we propose that the target group of the changes should be those who are employed to fill a teaching post within the approved staff establishment of aided schools for the first time on or after the effective date of the amendments to the EO. In individual cases where an aided school has an exceptional need to retain the service of a teacher beyond his/ her retirement age, the school may do so by applying to EDB as provided for by the existing section 58B of the EO.

This administrative measure, as a long-established practice, has been proved effective and flexible in its implementation.

Adjusting the GSPF and the SSPF

14. As Hong Kong is gearing up to meet the challenges of an aging society, the proposal should not generate additional pressure on public finance. This is a principle accepted by the majority of stakeholders. We have also taken into consideration the stakeholder view that the adjustments should entail the least changes. We recommend adopting the proposed adjustments put forth in the stakeholder and open consultation as it meets these requirements.

Financial implications

15 With the proposed arrangements, the new initiative would not create additional pressure on government expenditure.

Advice sought

16. Members' views on the proposed framework of the proposal are sought. We will then prepare for the drafting of the law amendments and make submission of the Amendment Bill in 2019.

Education Bureau
December 2018