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POLICE FORCE COUNCIL
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協會檔號 OUR REF: (10) in SS/C 1/12 Pt.13

來件編號 YOUR REF:

11th June 2009

Miss C.Y. Yue Denise, GBS JP
Secretary for the Civil Service,
10/F, West Wing, Central Government Offices,
11 Ice House Street, Central
Hong Kong.

Dear Miss Yue,

2009 Civil Service Pay Adjustment
Police Pay Claim

We write in response to the letter from Mr. Brian Lo (CSBCR/PG 4-085-001/62) dated 8th June 2009, declining our request for an extension of the pay claim deadline until 22nd June. We believe you could be much more understanding in your handling of the Staff Side. You should appreciate we needed time to meet amongst our Executive Committees in this serious task to prepare and submit a Pay Claim, particularly following the split decision on the tentative 2009 Pay Trend Survey results at the meeting of the PTSC on 8th June 2009.

We find it unacceptable that on such a key issue of Police Pay your approach is to rush the process without appreciating the concerns that any action on the 2009 Pay Trend Survey will now be seen as unfair and unreasonable without sufficient commitment by SCS to complete the Grade Structure Review first, with a fair and reasonable package that must be retrospective to **27th November 2008**. The fact that the Secretary for the Civil Service has now seen fit to refuse to discuss the GSR with us or honour her pledge to seek a decision by CE-in-Council by mid-2009 is unacceptable and resonates very badly amongst the dedicated 27,000 men and women of the Hong Kong Police.

Our 2009 Police Pay Claim is carefully considered taking into account the unresolved issues in the tentative results to the 2009 Pay Trend Survey, the low staff morale relating to the current impasse on the Grade Structure Review, and other considerations on the state of the economy, changes in cost of living and Governments fiscal position.

In 2009 we see there is generally a positive change in the cost of living and associated change in the CPI index and can draw reference to the recent paper – Legislative Council Brief on Pension Increase 2009 [Ref. CSBCR/AP/4-075-005/5 Pt.12], in which the size of civil service pensions is to be increased by 2.5% in line

**SUPERINTENDENTS’
ASSOCIATION**
警司協會

**HONG KONG
POLICE INSPECTORS’
ASSOCIATION**
香港警務督察協會

**OVERSEAS INSPECTORS’
ASSOCIATION**
海外督察協會

**JUNIOR POLICE OFFICERS’
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警察員佐級協會

with the year on year improvement. In terms of the economy as a whole we can rely upon the statements from the Secretary for Financial Services and the Treasury, Mr. CHAN Ka-keung, made on 23rd May, when he declared Hong Kong's "banking system is stable, and we did not have a credit crunch. Hong Kong's financial structure is much more stable, relatively". The Government's fiscal position we would argue has been and continues to be on a solid footing and this is clearly the case when there is continued spending in all sectors and with the bigger picture in mind on ten infrastructure projects. We would argue that responsible Government needs to invest in people as well as infrastructure and assure the key reasons for Hong Kong success are not undermined by short sighted thinking. Hong Kong interests, stability and community confidence needs an efficient and well-motivated Hong Kong Police.

Following the 75th Meeting of the PTSC on 8th June, you will be well aware that the PFC SS did **NOT** validate the tentative results of the 2009 PTS. Two other members supported our position and two members who did validate actually expressed concerns before doing so but, contrary to the terms of reference of the PTSC, actually took into account unrelated external factors such as the economic situation. In fact, the validation of the 2009 PTS survey results in spite of the fact that two companies were not endorsed for the survey field and one company did not meet the agreed calculation criteria amounts to an abuse of process. We also note with concern media reports that the Government was "lobbying behind the scenes", confirming our worst fears about this abuse of process. We will be addressing the Chief Executive on this and other issues in due course, with a view to seeking a Committee of Inquiry in respect of the conduct of the 2008 and 2009 PTS. The issues on the 2009 PTS are summarised in **Annex 'A'**.

In light of the above, it would be improper for the PFC SS to submit a pay claim based upon the tainted 2009 PTS results. In 2009, the police representatives on the PTSC have approached their task in a most serious and responsible manner. There are **119** surveyed companies with both positive and negative results that can be reliably found to fit the methodology of the PTS in accordance with the improved pay mechanism endorsed by the CE-in-Council. The 2009 PTS needs to exclude two companies L080 and L057 and we will base our pay claim upon the Pay Trend Indicators of the 119 companies endorsed in the 2009 PTS field and as provided to us by the PSRU in their letter of 29th May, namely an increase of +0.75% for the lower band, +0.83% for the middle band and -1.59% for the upper band.

The PFC SS seeks application of Gross Pay Trend Indicators without the practice of the Administration for deduction of increment cost, given that 75% of the Hong Kong Police Force is not receiving any annual increment, and subject to the following considerations:-

- (a) The Administration should implement the recommendations of the GSR in full, save those identified as problematic in the revised PFC SS GSR Paper 2 / PPS submitted to the Secretary for Civil Service on 26th February 2009;

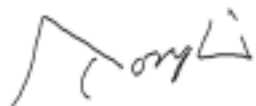
- (b) The proposals in PFC SS GSR Paper 2 / PPS should be implemented in full **prior to** application of the PTS results (119 endorsed companies);
- (c) The recommendations in (a) and (b) above should be implemented as soon as possible and back-dated to the date of the GSR report, 27th November 2008, in accordance with the established practice; and
- (d) Low Morale is a serious issue in the police force and most officers are despondent with the Administration's procrastination over implementation of the GSR recommendations. The bond of trust between police officers and the Administration is now broken and PFC SS representatives are facing increasing calls for more radical and high profile action in respect of pay.

We would view any pay freeze as a serious departure from the improved mechanism on pay endorsed by the CE-in-Council. We provide these views understanding the seriousness of the situation at this time and would ask that these are incorporated **in full** in any submissions made by the Secretary for the Civil Service to the CE-in-Council and any paper to the LegCo Panel on Public Service. The PFC SS is ready to approach the problems arising from GSR and the 2009 PTS in a serious, rational and responsible manner but we cannot be expected to calm officers indefinitely. In the coming weeks we urge the Administration to start acting responsibly in terms of both the GSR and 2009 PTS.

Yours sincerely,



SHAM Wai-kin
Chairman
SPA



LIU Kit-ming
Chairman
HKPIA



David WILLIAMS
Chairman
OIA



CHUNG Kam-wa
Chairman
JPOA

c.c.
Office of the Chief Executive
Chief Secretary for the Administration.
Secretary for the Civil Service (Attn: Chris Sun)
Commissioner of Police
Chairman SCDS
Chairman SCDS Police Sub-Committee
Chairman LegCo panel on Public Service
SF(1) in SS/C 1/12, SF(8) in SS/C 1/12

2009 Pay Trend Survey

At the meeting of the PTSC on **8th June 2009** there was a split decision on the tentative results of the 2009 Pay Trend Survey with the Police Staff Side representatives along with two other PTSC members, representing four out of ten staff members from Staff Councils with the support of over 100,000 members and therefore a majority of the 160,000 civil servants, being unable to support the inclusion of any company that does not properly meet the existing criteria under Appendix B paragraph 11 a (iii). It is also noted that two other PTSC staff representatives had raised their reservation and ambiguities with the inclusion of one company in the survey but then acted contrary to their professional duty as members of the PTSC and validated the results. Controller PSRU and Chairperson Ms Virginia CHOI have adopted selective transparency on the information and the PTSC meetings have suffered from an abuse of process and failure in providing what is needed for a proper and informed decision by members. The refusal to allow a proper examination of the documents on both the two companies, where there were different views and a further 20 companies that have been excluded has brought into question the credibility of the PSRU, PTSC and associated processes.

The **tentative** 2009 PTS result were announced in the 73rd PTSC meeting held on 2009-05-18 pm. PFC SS representatives noted that there were problems in validating the results in the 74th PTSC meeting on 2009-05-25 and another meeting was scheduled on 2009-06-08. Despite further meetings held with the Controller PSRU Ms Vicky KWAN on 2009-06-01 and 2009-06-05, PFC SS still could not validate the tentative 2009 PTS results at the 75th PTSC meeting on 2009-06-08. The reasons have been outlined in letters to the PTSC Chairman Ms Virginia CHOI but can be summarized as follows:-

- (i) **Two companies** have been included in the survey field without proper endorsement by the PTSC, contrary to the established mechanism;
- (ii) It transpires that **one** of those companies was excluded from the 2008 PTS and then included in the 2009 PTS, having a marked effect in both years. The company was excluded in 2008 because in that year the company commenced a radical **new** approach to its pay system, with responsibility moving away from the HR department to individual line managers. They in turn had to base the basic pay adjustments of their staff upon a basket of factors, including “internal and external relativities”. As noted by the PSRU staff in their own file notes, the company therefore had to be excluded upon the basis of paragraphs 11(a)(iii) – year on year comparison not appropriate – and 11(d) – internal and external relativities - of the survey methodology. Material shown to the PFC SS shows that the **new** pay system has not changed in 2009 and the company itself continued to be unable to segregate between those non-pay trend factors and pay trend factors, right the way up to 4th March 2009. On that date they said they could segregate because the management had decided to adopt an exceptional measure, abandoning its pay systems, with a **pay freeze** for 2009 on basic salary. Inclusion of the company in 2009 is therefore inappropriate;
- (iii) Further, we opine that inclusion should not be based upon a one-off exceptional change in pay policy, there should be recognition of the actual situation, which is that in 2009 the company still has its pay policy with the **new** approach to pay in which line managers must consider, amongst other factors, external and internal relativities when

deciding on basic pay adjustments. A one-off pay freeze in 2009 means that although the data itself does not include adjustments due to internal and external relativities, it cannot hide the fact that the company still adopts such an approach to pay and could not segregate such data in 2009. The claim by the company that it would be able to segregate the data in 2010 is yet to be confirmed but does not change the fact of its unsuitability for inclusion in 2008 and 2009; and

- (iv) It is of grave concern that none of the above was explained to members at PTSC meetings on 14th May, 10th October 2008 and 7th January 2009. It is quite apparent that company L080 must be excluded this year on the same basis as last year, namely paragraphs 11(a)(iii) and 11(d) of the agreed methodology. We also repeat that company L080 was never endorsed for inclusion in the 2009 survey field by the PTSC and it is inappropriate for the Controller to make any assumptions in this regard.

The credibility of the Survey is only assured by strict adherence to current methodology. It is necessary to exclude from the Survey any company where there are changes in economic activities, company size or salary structure to such an extent that it is no longer appropriate for data provided to be compared to data provided in the previous year. Our PTSC members have raised reasonable queries on the draft Survey Report with the Controller of the Pay Survey Research Unit (PSRU). The PTSC members have a duty to ensure this is a fair and reasonable process and they approach this serious task to protect the credibility and integrity of the Annual Pay Survey and its process.

The process of the 2009 Pay Trend Survey was tainted, although we are confident the results of 119 companies can be relied upon and indicative of changes in market pay in Hong Kong in 2009.