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19 November 2005

Miss Salumi CHAN
Clerk to Panel
Legislative Council Panel on Public Service
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Chan,

Legislative Council Panel on Public Service
Submission from the Police Force Council Staff Side

Thank you for your letter of 15 November 2005. I set out below the response of the Civil Service Bureau (CSB) to the written submission of the Police Force Council (PFC) staff side attached to its letter dated 14 November 2005 to the Panel on Public Service.

As noted in our letter of 17 September 2005,¹ in view of the misunderstanding about the conclusion of the survey conducted by Watson Wyatt for the Hong Kong General Chamber of Commerce (HKGCC), Watson Wyatt has already clarified *vide* an information note posted onto the CSB website that the figure of 229% was NOT adopted as a conclusion of that survey.²

¹ See the fourth paragraph on page 4 of our letter of 17 September 2005.

² The information note is available for downloading from the following address:
<http://www.csb.gov.hk/hkgcsb/doclib/20050817note.pdf>.

We are not in a position to comment on the arrangement for the publication of the findings of the HKGCC survey, in which the Government had no involvement. However, as can be seen from the above information note provided by Watson Wyatt, the press release issued by the HKGCC on 12 February 2003 already pointed out that “the most relevant finding from the HKGCC survey was considered to be that total cash compensation for the civil service was 17% higher than the upper quartile in the private sector.”

On the question of conflict of roles raised by the PFC staff side, we wish to point out that Watson Wyatt has openly confirmed that its prior work for any of its clients does not directly or indirectly bind or constrain the company in any manner in its conduct of the pay level survey for the civil service.³

The allegation that “the exercise of executive power by SCS during this tender has not been fair, honest or impartial” is unfounded. As explained in our letter of 19 October 2005,⁴ CSB had adhered strictly to the Government’s established procedures in the selection and appointment of the Phase Two Consultant. In particular, it is important that throughout the selection process, all consulting firms should be subject to evaluation by the same set of pre-determined assessment criteria, which should not, and could not, be changed once they have been determined and made known to all the consulting firms. For this procurement exercise, we had taken the extra step of consulting the staff sides (including the PFC staff side) on the scope of work and assessment criteria for the Phase Two Consultancy before such details were finalised and made known to the consulting firms.⁵ Indeed, it would not be fair, honest and impartial if these assessment criteria were to be altered subsequently against a particular consulting firm due to other considerations not previously specified.

In drawing up and refining the methodology of the current pay level survey, we had indeed taken on board many of the views put forward by the staff sides over the past two years through the Phase One Consultancy. As can be seen from a paper prepared earlier for the Consultative Group and distributed to all civil servants,⁶ while individual staff side members may have different views on the survey methodology, the final methodology was adopted following intensive discussion with the staff sides.

³ See the second paragraph on page 3 of our letter of 17 September 2005.

⁴ See the second paragraph on page 1 of our letter of 19 October 2005.

⁵ See the fourth paragraph on page 3 of our letter of 17 September 2005.

⁶ The paper is at Annex A to the letter from the Secretary of the Civil Service dated 24 March 2005 to all civil servants, which is available for downloading from the following address:
<http://www.csb.gov.hk/hkgcsb/doclib/SCSannexa.pdf>.

We believe that the minutes of the Consultative Group meetings should have reflected the major views expressed by the staff side members at the meetings, including the views of some members that there was no consensus on the survey methodology. As regards the two technical sessions held with the Phase Two Consultant on 2 and 14 September 2005, the attendance list included in the summary of views we prepared for the staff side members' record have reflected that the PFC staff side did not attend these sessions.

The PFC staff side commented that at the Consultative Group meeting held on 13 June 2005, Watson Wyatt evaded questions on the company's involvement in the HKGCC survey. According to our record, the representatives of Watson Wyatt attending the meeting explained that as they were not personally involved in the survey, they would need to check the company's record before giving a substantive reply. After seeking clarification with their colleagues involved in the survey, at a later time of the same meeting, Watson Wyatt's representatives confirmed the participation of the company in the HKGCC survey.

Under the adopted survey methodology, civil service jobs covered in the survey will be matched with broadly comparable private sector jobs for pay comparison purpose. In line with the established practice, it is our intention to apply the survey results to all civil service grades, irrespective of whether they are included in the survey field, on the basis of the existing internal pay relativity which is an integral part of the civil service pay system to ensure fairness and consistency in setting the pay scales of a diverse range of civil service grades/ranks.⁷ We have undertaken to conduct grade structure reviews for individual grades,⁸ where justified, after the completion of the current pay level survey.

Since the commencement of the Phase Two Consultancy, the Consultant has been taking forward the exercise in close consultation with the Consultative Group, Departmental Consultative Committees and all civil service staff unions/associations. The Consultant has also undertaken to carry out his work in a transparent manner. Save where commercial sensitivity or personal data is involved, the Consultant intends to keep parties informed of his work at various stages of the exercise.

We hope the above help clarify matters and clear any misunderstandings. We appreciate that some staff bodies may continue to have lingering concerns over the consultancy. We believe we have managed to overcome most of them and we are working closely with the relevant staff bodies in preparing for the job inspection process, which is a crucial step of the current pay level survey. We will continue to consult the main staff bodies through the Consultative Group, which comprises staff representatives from the four central consultative councils (including the PFC)

⁷ See paragraph 7 of the Brief for the Legislative Council entitled "Development of an Improved Civil Service Pay Adjustment Mechanism: Conduct of a Pay Level Survey" dated 24 March 2005.

⁸ For example, the disciplined services grades.

and the four major service-wide staff unions, to ensure that the pay level survey will be conducted in a credible and timely manner and that the views of the staff sides will be taken into account in the process.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Eddie Mak', written in black ink.

(Eddie Mak)
for Secretary for the Civil Service