

9 May 2006

The Honourable Donald Tsang, GBM
The Chief Executive
Hong Kong Special Administrative Region
People's Republic of China
c/o Office of the Chief Executive
Government House,
Hong Kong.

Dear Sir,

Separate Pay Review for the Disciplined Services

We note with considerable dismay the letter of 27 February 2006 from PSCE's office in response to our letter of 26 January 2006. The reply not only failed to address the two fundamental issues we had raised but in effect has given rise to more concerns as well as an impression that attempts have been made by the Administration to 'whitewash' and divert attention from all contentious issues. In this regard we seek your clarification over certain misleading statements asserted in the PSCE's letter.

Firstly, we feel it disingenuous to state in the reply that CSB took the extra step of consulting us and other staff side members of the Consultative Group (CG) on the criteria for assessing proposals from consulting firms. As reflected in the minutes of the 16th CG meeting held on 2 MAR 2005, the entire selection process, underpinning the Phase II consultancy was universally condemned for lacking transparency. CSB asked the staff sides to offer comments. However, it took no account of the points that were subsequently raised. In fact all requests made, either for more specific information or the allowance of an appropriate degree of input from the staff sides were totally rejected by CSB on the rather unconvincing grounds of established procedures and practice. Indeed we were not swayed by these arguments and if the meeting we had with CSB was to be regarded as a consultation, then the manner in which it was conducted was wholly lacking in sincerity or objectivity.

It must be noted that the CG Paper No. 4/2005 on 'Consultancy for Conducting the Field Work of the Pay Level Survey' which was discussed at the 16th CG meeting outlined, among many other references, some sketchy assessment criteria (para. 15 of the document refers). Notwithstanding the

broadbrush nature of such criteria, we consider that if they had been afforded due care and diligence by the assessment panel, particularly with regard to appropriate weight placed on past experience, knowledge, professional reputation and credibility in the field, Watson Wyatt should never have been selected. This should certainly have been the case given the consultancy's controversial survey for the General Chamber of Commerce (GCC) and more importantly, the conflict of roles which arises from its prior handling of this survey. We found that the conclusion reached by the assessment panel wholly unbelievable, indicating that CSB has either failed to appreciate the far-reaching consequences of the credibility of any findings of the PLS conducted by it, or simply ignored them, choosing to proceed regardless. Against this background we wish to draw your attention to the fact that the subsequent CG (17th - 19th) meetings, as clearly reflected in the minutes of same, regrettably degenerated into a fracas over the unprofessional conduct of Watson Wyatt in obscuring its previous involvement in the GCC's 2002 survey.

We trust that you are well aware of our disappointment over SCS's total disregard of the request for a change of consultant made by both the staff sides as well as the Public Service Panel of the Legislative Council. We would like to reiterate our position in this regard, which reasserts :

- a) our objection to the appointment of Watson Wyatt as the consultant for conducting the Pay Level survey (PLS); and
- b) our objection to the application of the survey result to the Disciplined Services through "internal pay relativities".

Furthermore, we are puzzled by the Administration's intention to seek independent advice from the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) with regard to the application of the survey results to the disciplined services as stated in PSCE's reply. If there were a so-called "established mechanism" as mentioned in the letter, we fail to see the necessity and rationale behind seeking such advice. If there were a "proposed approach" for applying the survey results to the disciplined services, the target for the consultation before implementation must obviously be members of the Steering Committee and Consultative Group, rather than the SCDS alone. We would like to ask for a satisfactory explanation from the Administration in this regard.

Last but not least, we wish to reiterate our request for a full review of pay for the disciplined services which we ask to be conducted immediately and independently of the Watson Wyatt PLS by the SCDS.

Having considered her written response, it is apparent that PSCE was not properly apprised of the situation and was consequently unable to appreciate the nature of disagreement between the staff sides and the SCS over several fundamental, important issues. As our views had been totally ignored we now seek your personal intervention in order that the confidence of the staff sides can be restored. In order to afford you an accurate picture of the concerns and requirements of this disciplined services group; a body which represents approximately one third of the civil service workforce, we (the Chairmen) respectfully ask that you kindly agree to meet with us at your earliest convenience to discuss these issues.

We very much hope to learn of your favourable reply.

Yours faithfully,



POON Chi-ming
Chairman
Government Disciplined
Services General Union



PANG Chung-yin
Staff Side Chairman
Disciplined Services
Consultative Council

Simon HANNAFORD
Principal Staff Side
Spokesman
Police Force Council

c.c.

Chairman, Legislative Council Public Service Panel
Chairman, Standing Committee on Disciplined Services
Salaries and Conditions of Service
Commissioner of Police
Director of Immigration
Controller, Government Flying Service
Commissioner of Customs & Excise
Director of Fire Services
Commissioner of Correctional Services