

Dear Fellow Members,

The change to HK\$ billing process remained a topic of great concern to many IET members in Hong Kong. The Hong Kong Network Committee and I continued to reflect the disappointment and express the strong feelings and sentiments of some of our members to the Headquarters. Among the comments raised, members were most concerned with those who paid HK\$ and demanded a refund. Some members considered that action had been long overdue and did not want to see any further delay in the implementation of a fair compensation of their membership fees.

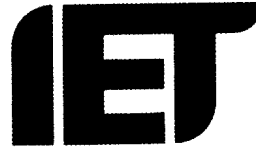
I can assure you I have drawn the particular attention of the President to these issues. Likewise, you should have received [a letter](#) from Robin McGill, dated 17th February, explaining the confusion and tendering his personal apology.

I appreciated the top level commitment from the President, the caring concerns from the Trustees (in particular Dr N F Chin), and the continuous staff efforts in seeking a proper and fair way to resolve this matter. The President has contacted all IET members in Hong Kong who paid their membership subscription in HK\$ before 20th February, extended their membership in 2010 by 3 months as a gesture of goodwill. The fuller details of our communications with UK are given at a [summary](#) posted on the website of IET Hong Kong at [www.theiet.org.hk](http://www.theiet.org.hk).

I'm privileged to have your continued membership support and trust put in me. I welcome your feedbacks via the local telephone hotline at 2521-2144 and will keep you posted of the development. For those members whose membership fees have past due, I encourage you to make the payment via the above hotline. Membership fees in HK\$ and UK Pound Sterling can be found in the Institution's website at <http://www.theiet.org/membership/fees/index.cfm>.

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The Knowledge Network

Dear IET Hong Kong Member

It is clear that changes in this year's billing process have caused confusion and have upset many local members and I apologise wholeheartedly for that. It is worth pointing out that many factors conspired to create this situation, some of these were under my control but a significant few were not. In any event, as a professional body, we have not responded well to the confusion and we have allowed this confusion to remain and in time that itself has become the major issue.

There are many lessons to be learned from this whole affair. Let me reassure you these lessons will be incorporated into future changes and a new process will be designed to ensure similar problems are not repeated in the future.

#### What happened and why did it go wrong?

We decided, as we moved from an international body to a global one, to extend the number of members around the world who could pay in local currency. This has been requested over the years and we felt it was a step in the right direction. Although we are gradually moving to billing members on the date they joined, most of our bills go out at the end of the year. This year we billed more than 100,000 members in the last few months of 2008. This process is a large one and to manage the workload we spread it out over several months. As a result, the price and the exchange rate used to calculate the price had to be estimated before this large batch process was run. In fact, this was done in September (as normal) and was based on the best view at that time.

As this was a year of transition we retained the opportunity for members to pay in HK\$ or in UK £ Sterling. This may have caused more confusion, but it was done with the intention of giving members a choice recognising we had not communicated the change widely.

The next major factor was exchange rate, we experienced an unprecedented collapse of UK £ Sterling against HK\$. This scale of movement has not been seen before and our process, outlined above, was never designed to cope with that movement or compensate for the effects caused by that movement. It also created a gap between the two payment routes for HK members. In a normal year this gap would not have been material.

Many members have paid normally. However, it is clear many members were concerned or confused about the change and wanted to know what they should do. At this point, the busiest time of the year for member services, we did not deal with these requests adequately and allowed time to pass. It is equally unfortunate that member speculation filled the communication void, often in very negative terms about our intentions to somehow exploit this situation. We should have issued this note much earlier to reassure members and clarify any confusion.

The communication gap was extended by the Christmas holidays in the UK and the need to seek Trustee input on the issue. Our Bye Laws and Regulations indicate all changes to fees are a reserved power of the Board of Trustees.

What is the way out of the current situation? And what is the long term solution?

The first thing we all need to do is complete the 2009 billing process. I would like to thank all of the 2166 IET HK members who have already paid their annual fee. I appreciate that in spite of the change they completed the transaction and have renewed their membership.

I would ask the remaining 1174 IET HK members and those who have not yet received their renewal letters, to pay the fee as detailed in the bills they have received.

At this point I would stress that the year on year increase seen by HK members in HK\$ is under 5% compared to almost 10% year on year increase paid by UK members in UK £ Sterling. I would also like to stress that we, as a body, have seen all of our non UK costs increase by almost 30% due to the devaluation of UK £ Sterling. In spite of this we have continued to honour the 2008/2009 funding of the HK Local Network which is paid in HK\$.

I agreed in December that HK members who insist on paying the UK £ sterling rate can do so by calling a UK member services number. I will honour that statement but would ask members to call the Hong Kong helpline at 2521 2144 (open from 9.30am to 6.30pm, Monday-Friday) and give their Credit Card details. This will reduce the load on the Stevenage centre which is already coping with the 2009 renewals process and is very busy. Although this Hong Kong helpline is not intended to be a long term solution, it will remain in place until further notice.

However, members choosing to use this option should recognise we will have to incur additional costs to manually process these renewals, something which will make our finances even worse. These are difficult times for your Institution too and I would ask members to re-consider their choice and help their Institution by paying in HK\$ as originally billed.

Longer term remedy

Our Board of Trustees is committed to our global roll out and supports, in principle, the concept of both local pricing and billing in local currency. However, before it considers any further expansion of the scheme it needs to review its current policy, procedures and processes. It has asked the Membership & Professional Development Board to carry out this review and report back with clear proposals for the future, with particular reference to lessons learned. The Local Networks in areas where members will be impacted by any future changes will be consulted with prior to changes being made. Communication of significant changes will be made well in advance of changes being implemented.

Finally I would like to assure you I am equally disappointed by the way we responded to members concerns, albeit triggered by unprecedented global events. The response falls far short of our declared objective to be "Professional, ethical and excellent in everything we do".

However, looking ahead we are committed to that objective and with your patience and perseverance on this issue we will focus on improving the billing process and our communications.

Finally, I have included some Q&As relating to this event. Any further questions should be sent to [admin@theiet.org.hk](mailto:admin@theiet.org.hk).

Yours sincerely

A handwritten signature in black ink, appearing to read "R McGill". The signature is fluid and cursive, with the first letter 'R' being particularly large and stylized.

Robin W McGill

## Questions and Answers regarding the change from billing in UK £ Sterling to Hong Kong Dollars

**Q. Why was the move made from UK £ Sterling billing to HK\$?**

A. In line with our ambition to grow from an international organisation to a truly global one we have been actively moving towards a policy of both local pricing and billing in local currency wherever practical. This move to billing in local currency was not a decision we took lightly and was in direct response to many requests from local members to change.

**Q. Is there any benefit financially from the change in exchange rate?**

A. We have not and will not take advantage of our members as a result of foreign exchange rate gains. Historically we have always taken the risk when foreign exchange rates have fluctuated. By moving to local pricing and billing in local currency the exchange rate is no longer a concern as prices will be set locally rather than against the UK £ Sterling rate.

In any other year the transition from UK £ Sterling to Hong Kong Dollars would not have created an issue. However, these are not normal times and with the rapid, and unpredicted, devaluation of UK £ Sterling over a short period of time our processes were never designed to cope with change of this magnitude.

We are exposed to exchange rates across the world. The current collapse of UK £ Sterling presents us with a real challenge as all of our costs outside the UK have now effectively increased by 30%.

**Q. Why was the exchange rate set at 15HK\$ to £1 Sterling?**

A. The 2009 Exchange Rate was set in September 2008 to enable sufficient time for us to process and despatch bills due for payment on or before 1 January 2009. This is the process we have used for many years without incident as exchange rate fluctuations in the past have never been so large. These rates were set in good faith and based on accurate information available at the time.

**Q. Why were members not told about this change before it happened?**

A. For many years we have received requests for billing in local currency and we anticipated this move would be popular and as a result did not communicate the change. In hindsight this was a mistake. Consultation during this period of change was not adequate and we apologise for this. In future any significant and far reaching changes will be communicated early with our membership to help avoid future situations such as this.

**Q. Can a refund be obtained for the difference between the HK\$ rate and the UK £ sterling rate?**

A. Our system is not designed to issue refunds in this way. The complexity of deciding which exchange rates to use would in itself be problematic as everyone has a different view. Also, on a purely logistical note, we would have to employ additional, temporary staff and incur significant cost to manually process such refunds.

It is clear a large number of our members have already paid and we would encourage those outstanding to pay as normal.

**Q. How can payments now be made?**

**A.** Please follow the instructions on your bill and pay in HK\$ . Alternatively, you can call a local number in Hong Kong (2521 2144 open from 9.30am to 6.30pm, Monday-Friday) and give your Credit Card details.

**Q. Can payment be made using a HK\$ Cheque ?**

**A.** No, our system is not able to take a HK\$ cheque.

**Summary of Billing of IET 2009 Membership Subscription in HK\$  
(as at 25 March 2009)**

Most IET Hong Kong (IET HK) members would have noted that their IET 2009 membership subscriptions were billed in HK\$. According to the IET Headquarters (IET HQ), the subscription in HK\$ was calculated based on the exchange rate of \$15 (HK\$) = £ 1 (UK Pound Sterling) as of early September 2008. The exchange rate has departed substantially from the market rate since late 2008. Members were not consulted before implementation of the change. The option and facilities for members to pay either in HK\$ or UK Pound Sterling was not stated in the renewal notice, putting members who unknowingly paid their subscription in HK\$ at a disadvantage. Many members have expressed their concern about the fairness in subscription payment in difference currencies, and dissatisfaction in the manner the whole subscription process has been handled.

Back in early December 2008, IET HK office started receiving enquiries and complaints from members about the subscription billing in HK\$. The Branch Committee (BC) of IET HK recognized the criticality of the matter and resolved in the BC meeting on 11 December 2008 to collect and reflect the views of IET HK members to IET HQ the soonest possible before the payment due date on 1 January 2009. In a letter dated 16 December 2008, Mr. Jolly Wong, Chairman of IET HK, drew the attention of Mr. Robin McGill, Chief Executive and Secretary (CE&S) of the IET, to the widespread concern and dissatisfaction of IET HK members on the billing issue, the profound adverse impact to the relationship between the Institution and her Hong Kong members, and the potential sharp drop in membership as a result.

Through vigorous pursuit of the issue by Chairman and other key members of the BC, the subject matter found its way to the most senior level of the Institution. It was discussed in a meeting of the Board of Trustees (BoT) on 12 January 2009. The BoT reaffirmed the local pricing/local billing policy, recognized that the local billing had not been communicated properly, and decided to set up a local hotline to handle subscription payment for IET HK members as a short-term remedy.

At the same time, the BC resolved in the meeting on 15 January 2009 to form a Taskforce to take a holistic review of the issue. The Taskforce was composed of Vice Chairman, two past Chairmen and Honorary Secretary of BC and was subsequently expanded to include a representative from each Section Committee (SC). Chairman would represent IET HK to report the findings/comments by the Taskforce

to the Membership & Regions Board.

CE&S visited Hong Kong in mid February 2009. He met BC and Chairmen of the SC so as to obtain the widest possible views from local members. Subsequently CE&S issued an [open letter](#) dated 17 February 2009 to all IET HK members tendering his personal apology, outlining the practical way-out of the current situation and the long term solution, and promulgating the setting up a temporary local hotline at 2521 2144 from 20 February 2009 to allow IET HK members to renew subscription either in HK\$ or UK Pound Sterling over the phone. He went on to clarify that the system was not designed to issue refunds for the difference between HK\$ rate and UK Pound Sterling rate to members who had paid in HK\$.

According to CE&S, over 1,100 IET HK members had not renewed their subscription as at mid February 2009. Up to 20 March 2009, less than 100 members made use of the local hotline to pay their membership subscription in its first month of operation. There is clearly a gap in communicating CE&S' message to the IET HK members at large. In addition, some members have sent in their grave dissatisfaction with the IET not refunding members who had paid in HK\$. The Taskforce met on 27 February 2009 to review the latest development with a view to proposing constructive advices to the IET HQ. The Taskforce concluded with the following recommendations:

- (1) Means should be provided, as the top priority, to encourage those 1,100+ overdue members to renew their membership;
- (2) Refund should be made to members who have paid in HK\$; and
- (3) IET HQ should commence consultation of the local pricing/local billing arrangement at least 6 months ahead of the next subscription cycle.

The recommendations were submitted to Mr. Chris Earnshaw, President of the IET, on 10 March 2009. President responded to the Taskforce on 23 March 2009, addressing all recommendations while reiterating the operational difficulties in making refunds to members. Mr. Earnshaw wrote on 25 March 2009 to all IET HK members who had paid their membership subscription in HK\$ before 20 February 2009. In addition to thanking their ongoing support to the Institution, President extended their membership in 2010 by 3 months as a gesture of goodwill.

The Taskforce will continue to monitor the development of the subject matter, reflect the views of IET HK members and offer her advice to the Institution as appropriate.

## Appendix: A Chronicle of Billing IET HK Membership Subscription in HK\$

**A Chronicle of Billing IET HK Membership Subscription in HK\$**

<u>Date</u>	<u>Event</u>
Sep 08	IET setting the exchange rate for membership subscription in HK\$ for IET HK members
Oct 08 onward	IET sending out billings of membership subscription
Late Nov 08	Exchange of emails between IET HK office and IET HQ to understand the situation
From early Dec 08	IET HK office received enquiries and complaints from members
16 Dec 08	Chairman of IET HK wrote to CE&S of the IET, reflecting HK members' concern
12 Jan 09	BoT discussed the subject
15 Jan 2009	Formation of Taskforce under BC of IET HK to review the subscription issue
10-12 Feb 2009	CE&S visited HK and discussed the subject with BC and senior members of IET HK
17 Feb 2009	CE&S addressed in writing to all IET HK members on the subscription issue
20 Feb 2009	Commencement of local hotline for subscription payment
27 Feb 2009	Meeting of Taskforce to review the development of the issue
10 Mar 2009	Submission of Taskforce's recommendations to President of the IET
23 Mar 2009	IET President responded to the Taskforce on the recommendations
25 Mar 2009	President wrote to all IET HK members who had paid their membership subscription in HK\$ before 20 February 2009, extending their membership in 2010 by 3 months as a gesture of goodwill