

立法會規劃地政及工程事務委員會鄧兆棠主席及各位委員，

有關市建局員工對當局削減薪酬福利的申訴事宜

我們是市區重建局職員協會的籌備委員會的代表。我們近日獲知貴委員會於七月九日的會議中討論市建局削減員工待遇薪酬福利的問題。由於該動議與我們有切身關係，我們提供下列資料給各位參考。

1. 員工反對大幅削減薪酬福利的理據

員工基於下列五點理由強烈反對當局基於顧問報告無理大幅削減薪酬福利的建議：

- (i) 首先我們認為當局日前向傳媒表達，把市建局借貸度日與削減員工待遇混為一談是不對的。市建局現時欠缺現金是因為政府指令土地發展公司（土發）進行荃灣六街賠本重建項目，令土發蝕了近三十億元。但市建局接收土發時還有近二億資產，目前祇是欠缺現金。政府應盡快注資，使重建工作能展開，而非作為理由削減員工薪酬福利。
- (ii) 2000年6月，同一顧問公司，Vision In Business (VIB)，曾向土發管理局提交報告。他們認為土發職員的待遇並不高於外間市場標準，而有些職級更低於外間市場水平。員工質疑為何相隔數月，VIB 卻提出相反的結論，認為市建局員工高於市場標準，建議要大幅減薪酬福利。
- (iii) 員工薪酬經已凍結了三年，包括沒有任何週年考勤的增薪。因此根據今年市場薪酬走勢，全體員工應得到大約百分之三之增幅。故此當局近日透露祇是中低層員工獲增薪是玩弄手段，損毀團隊精神。
- (iv) 雖然長期凍薪，員工仍保持過往優良的表現，完成荃灣及堅尼地城兩個大型重建項目的收購工作。一如既往，在清場時，並沒有發生任何不愉快事件。我們全體員工本著過往高昂的士氣，豐富的市區重建經驗和專業知識，希望能與局方一起肩負市區重建這艱巨但造福整個特區社群的使命。

無奈我們合理的待遇卻將會被無理地大幅削減，我們的家庭和生計，將受到嚴重打擊。我們恐怕員工的工作表現和效率，因為其卓越的工作表現和才能受到無理打壓及未能夠得到應有的尊重，而大受打擊；從而嚴重影響市區重建的進度和成效。

- (v) 規劃地政局副局長余志穩先生曾兩次表明當市區重建局（市建局）成立時在土發任職的原有員工將基於原本的聘用條件轉聘於市建局。故此，當局現提出大幅削減員工薪酬及福利是明顯地違背其承諾。他的承諾內容如下：

<u>日期</u>	<u>重點</u>	<u>附件</u>
27-3-00	在法例審議委員會中，議員曾對土發員工轉往市建局的安排表達關注（見會議記錄第十六項）。	甲
2-5-00	在法例審議委員會中，余副局長作出下列回答（見會議記錄第三項）。	乙
	(i) 土發員工轉往市建局的聘用條件應視作爲一個連續的聘用合約。	
	(ii) 有關聘用條件的更改應由員工和市建局互相同意下方可進行。	
12-7-00	余副局長在其給與土發員工的信件中亦承諾：-	丙
	(i) 在市建局成立後，土發員工的聘用條件將保持不變（見 A7）。	
	(ii) 土發的聘用合約將自動成爲市建局的聘用合約，因此無需發出新的聘用信件給過檔的員工（見 A11）。	

2. 市建局仍未正式成立便提出削減薪酬福利

市建局於 2001 年五月一日才正式成立，但在四月中，當局便向員工提出當他們轉往市建局，其薪酬和福利必須作出下列大幅削減：

- (i) 由原有的薪金扣起百分之六到二十五，按員工的工作表現在年尾才酌量發放。
- (ii) 把員工的年假削減最多達到十天，並增加工時百分之八，即全年總共增加二十一至三十一工作天（詳情見附件丁第三頁）。

3. 員工曾試圖與市建局高層商討

員工曾兩次去信給市建局高層商討表達對大幅削減待遇的不滿和意見。最近一次是在本年五月廿四日，有一百七十六位包括不同職級的員工簽署的信件給與市建局董事局各董事（見附件丁），詳列我們反對削減待遇的理由和我們的意見。遺憾地，至今我們還未獲得任何實質回覆。

4. 員工的建議

我們並非認為員工的待遇永遠不能改變。但我們認為當局所提出的更改必須是公平合理，具有獎勵和激發性，而非損毀員工的士氣和團隊精神。並且必須與員工進行真誠的商討。

故此，我們期待當局能與我們員工能盡速進行友好的協商，達致一個令員工樂意接受，而又對整體有益的方案；好使我們能與局方一起，上下一心，做好市區重建這個艱巨而充滿挑戰的工作。

5. 員工向立法會議員的請求

基於以上陳述的原因和理據，我們向立法會各位議員提出下列請求：

- (i) 我們希望鄧主席能容許我們出席七月九日的會議，讓員工能有機會表達對當局削減我們待遇的意見。
- (ii) 我們請求委員會在考慮市建局員工待遇有關的議程時，能詳細考慮我們在此信中所提出的理據才作出決定。
- (iii) 我們並請求立法會對當局無理削減員工待遇的事件上，能夠繼續監察和關注，並敦促當局盡速與員工進行商討，直到事情獲得合理和完滿的解決。

如議員們希望接觸我們，請致電我們的聯絡人，楊馬靈，（電話：60880935），我們將十分樂意回答任何查詢。

楊馬靈（代表市區重建局職員協會的籌備委員會）敬上

二〇〇一年七月二日

副件送交（排名不分先後）：

陳偉業議員，陳婉嫻議員，陳國強議員，陳鑑林議員，馮檢基議員，劉漢銓議員，劉千石議員，梁富華議員，李鳳英議員，李華明議員，李卓人議員，石禮謙議員，劉炳章議員，劉慧卿議員，涂謹申議員，余若薇議員，規劃地政局局長，余志穩副局長

註：此信件由專人呈交立法會秘書處轉交鄧主席及各委員

立法會
Legislative Council

Ref: CB1/BC/9/99/2

LC Paper No. CB(1)1969/99-00

(These minutes have been
seen by the Administration
and cleared by the Chairman)

Bills Committee on Urban Renewal Authority Bill

**Minutes of meeting held on
Monday, 27 March 2000, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon HO Sai-chu, SBS, JP
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon Christine LOH
Hon CHAN Yuen-han
Hon LEUNG Yiu-chung
Hon Andrew WONG Wang-fat, JP
Hon TAM Yiu-chung, GBS, JP
- Members absent** : Ir Dr Hon Raymond HO Chung-tai, JP
Dr Hon LEONG Che-hung, JP
Hon WONG Yung-kan
Hon Emily LAU Wai-hing, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP
- Public officers attending** : Mr Stephen FISHER
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)
- Ms Olivia NIP
Principal Assistant Secretary for Planning and Lands
(Urban Renewal)
- Mr T K LEE
Assistant Director/Urban Renewal (Ag)
Planning Department

circumstances under which affected residents might have difficulty in providing accurate information. For example, those with children studying abroad or staying in quarters provided by employers might not know whether they should include their children in the freezing surveys. In reply, DS/PL clarified that the freezing survey was only an exercise to determine the preliminary eligibility of affected tenants for rehousing. Other documentary proof would be required at a later stage to affirm actual eligibility. He nevertheless undertook to consider whether it was necessary to make it an offence for making false declaration during freezing surveys, subject to consultation with the Department of Justice on whether such a measure would contravene the Hong Kong Bill of Rights Ordinance (Cap. 383).

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1364/99-00(07).)

16. On *transitional provisions*, Miss CHAN Yuen-han enquired about the transitional arrangements for staff of LDC. DS/PL advised that the Blue Bill already stipulated that every contract, including employment contract or other agreement with any person, entered into by LDC which was in force immediately before the commencement of the Urban Renewal Authority Ordinance should, as from that date, have effect as if URA was substituted for LDC, and the contract or other agreement might be enforced by or against URA. Miss CHAN however remarked that the provision as drafted was too vague and subject to interpretation. Expressing similar concern, Mr LEE Cheuk-yan considered that in drawing up the transitional arrangements for staff of LDC, reference should be made to similar provisions under the Mass Transit Railway Ordinance (MTRO) which provided that the benefits of employees of the Mass Transit Railway Corporation and their prevailing pay review mechanism would remain in force after privatization. To facilitate a better understanding, the Assistant Legal Adviser 1 was requested to prepare a comparison of the provisions on transitional arrangements for employees under MTRO and the Blue Bill.

(Post-meeting note: The information paper was circulated vide LC Paper No. LS 116/99-00.)

II Any other business

17. Members agreed to hold three additional meetings as follows:

- Saturday, 15 April 2000, at 9:00 am;
- Wednesday, 26 April 2000, at 2:30 pm; and
- Tuesday, 2 May 2000, at 8:30 am.

18. There being no other business, the meeting ended at 6:30 pm.

Legislative Council Secretariat

10 July 2000

立法會
Legislative Council

Ref: CB1/BC/9/99/2

LC Paper No. CB(1)2010/99-00

(These minutes have been
seen by the Administration
and cleared by the Chairman)

**Bills Committee on
Urban Renewal Authority Bill**

**Minutes of meeting held on
Tuesday, 2 May 2000, at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon HO Sai-chu, SBS, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Dr Hon TANG Siu-tong, JP

Members absent : Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon Christine LOH
Hon CHAN Yuen-han
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon TAM Yiu-chung, GBS, JP
Hon FUNG Chi-kin

Public officers attending : Mr Stephen FISHER
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)
Ms Olivia NIP
Principal Assistant Secretary for Planning and Lands
(Urban Renewal)

3. Mr ARCULLI noted that the scope of application of section 41(2) of MTRO was wider than clause 32(8) of the Bill in that it extended beyond provident funds to cover pensions, allowances, gratuities and benefits of every description. He asked what benefits the employees of the Land Development Corporation (LDC) were presently receiving other than provident funds and those specified in their contracts of employment. The Deputy Secretary for Planning and Lands (DS/PL) advised that all benefits should have been spelt out in the employment contracts of LDC. Administrative arrangements such as the use of company cars however fell outside the scope of clause 32(8). As to whether the Urban Renewal Authority (URA) could alter the terms of employment of existing staff of LDC after the transition from LDC to URA, DS/PL explained that the legislative intent of the Administration was that employment with LDC and URA should for all purposes be deemed to be a single continuing employment. The terms of employment might only be changed by mutual agreement between the employees and URA.

4. As regards the arrangement for the existing provident fund scheme of LDC, DS/PL advised that LDC had confirmed that they had applied to the Mandatory Provident Fund Schemes Authority for exemption to retain their scheme.

Discussion on issues outstanding from previous meetings

Meeting on 14 March 2000

(LC Paper No. CB(1) 1222/99-00(01))

5. On the chairmanship of the URA Board, DS/PL advised that the Administration was still considering the respective merits of the executive Chairman model and the non-executive Chairman model. Members would be informed of the decision in due course.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)1705/99-00(01).)

6. On the power of the Financial Secretary (FS) to approve draft corporate plans and draft business plans with amendment under clauses 18 and 19, DS/PL advised that such power was essential to enable the Government to have proper control over URA which was an independent body by statute. Besides, there might be circumstances under which FS might not agree on certain items of a draft corporate plan or business plan on the grounds that they were not financially viable, or that there were inadequate re-housing resources. If FS was not allowed to amend these plans, he might have to refuse to approve the plans. In order to provide flexibility and to avoid the need for re-submission of plans by URA, it was necessary and appropriate to provide FS with the power to approve a draft corporate plan or business plan with amendments. The Chairman however held the view that as the draft plans should have been thoroughly discussed by the URA Board before submission to FS and the views of the Administration should have been taken into account by virtue of the representation of the four official non-executive directors on the Board, should FS have any query about the draft plans, he should return them to URA for revision instead of amending them by himself. He cautioned that the empowering provision for FS to approve these

**Letterhead of The Government of the Hong Kong Special Administrative Region
PLANNING and LANDS BUREAU**

12 July 2000

Mr K N Chan
Deputy Chief Executive
Land Development Corporation
39/F, The Center
99 Queen's Road Central
Hong Kong

Dear Mr Chan,

Urban Renewal Authority Ordinance

I attach a set of our replies to the questions raised by the staff of the Land Development Corporation concerning the Urban Renewal Authority Ordinance and the transitional arrangements for the change from the Land Development Corporation to the Urban Renewal Authority for your reference. I should be grateful if you could circulate our replies to your staff for information.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

c.c. Director of Planning (Attn: Mr T K Lee)

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development scheme under section 36(8) of the Urban Renewal Authority Ordinance.

II URA Structure and Staff Matters

Q7 Will the existing employment conditions of staff remain totally unchanged?

A7 Under section 37(5) of the Ordinance, every contract, including any employment contract, entered into by the LDC which is in force immediately before the establishment of the URA will, as from the date of the establishment of the URA, continue to have effect as if the URA is substituted for the LDC. Under section 37(9) of the Ordinance, employment with the LDC and the URA under an employment contract is for all purposes deemed to be a single continuing employment. Accordingly, the terms and conditions of LDC staff will remain unchanged after the establishment of the URA.

Q8 Will there be any change in the organizational structure? Will the URA continue to have functional groups such as property, planning, etc? Or will it changed to an area-based project team approach?

A8 It will be up to the LDC Managing Board and the URA Board to decide whether there should be any changes in the organizational structure of the LDC and the URA respectively.

- Q9 Will staff be consulted during the handover period and when will this take place?
- A9 The Government is prepared to maintain a dialogue with LDC staff and to discuss any issues during the transition period. We trust that the LDC Managing Board will consult its staff on transitional matters.
- Q10 Will the staff have any say in the future structure of the URA?
- A10 The Government would encourage the PURA Board and the URA Board to consult the staff on any future changes to the structure of the URA.
- Q11 When and from whom will serving LDC staff get their new appointment letters?
- A11 As any employment contract with the LDC will become an employment contract with the URA when the Ordinance comes into effect and any such employment contract shall be deemed for all purposes to be a single continuing employment, no new appointment letters will be required.
- Q12 Will staff have any say in their future deployment within the URA? What will happen if staff are redeployed from one area of work (a certain professional discipline) to another and prove not to be suitable for that job? Will staff be able to appeal against such deployment? If so, to whom? A comprehensive assessment of staff resources, experience and qualifications should be carried out

24th May 2001

Member of the Managing Board,
Urban Renewal Authority,
Hong Kong.

Dear Sir/Madam,

We write to express our concerns over the proposed changes to our terms and conditions of employment.

Some time ago, the LDC appointed Vision in Business Consulting Ltd. (VIB) to examine staff terms and conditions for the new URA. VIB's initial proposals were first presented to the staff at briefing sessions hosted by them on 19th April 2001. This was followed up by 'clarification' sessions on 27th April, 8th, 9th and 11th May. Most if not all of the staff were shocked and disappointed at the proposed terms and conditions of employment as they were unexpected and contrary to assurances, reassurances and undertakings previously given.

We have expressed our surprise and disappointment at VIB's proposal to the Chairman and Managing Director and we have requested time to obtain consolidated views from all concerned staff. We have now learnt, however, from a press report (*Sing Pao dated 11 May 2001*) that the proposal was already forwarded to URA Board Members at the first Board meeting on 10th May. Presumably, this was done with a view to seeking approval at the Board meeting scheduled for June 2001.

We are currently taking an active part in the continuing consultation process with VIB on their proposal but we do not know if any of the staff's concerns have been included with the information provided to Board members. We therefore feel compelled to forward this letter to you so that you are aware of the strong feelings and views that staff have on this matter.

Three main areas are covered in this letter:-

- (i) previous assurances of 'no change' from Government to staff on the terms and conditions of employment**
- (ii) 'adverse' impact caused by VIB's proposed terms and conditions of employment made on 19 April 2001**
- (iii) the appropriateness of VIB's proposal to move towards full private sector comparability**

(I) Previous assurances from Government to staff on the terms and conditions

The following are the assurances given by Government under different circumstances -

1. Source: Letter by Mr. Stephen Fisher to LDC on behalf of the *Secretary for Planning and Lands* - 12th July 2000

'As any employment contract with the LDC will become an employment contract with the URA when the Ordinance comes into effect and any such employment contract shall be deemed for all purposes to be a single continuing employment, no new appointment letters will be required'.

2. Source: same as item 1

'Under section 37(5) of the Ordinance, every contract, including any employment contract, entered into by the LDC which is in force immediately before the establishment of the URA, continues to have effect as if the URA is substituted for the LDC. Under section 37(9) of the Ordinance, employment with the LDC and the URA under an employment contract is for all purposes deemed to be a single continuing employment. Accordingly, the terms and conditions of the LDC staff will remain unchanged after the establishment of the URA'.

3. Source: official minutes of meeting of the *LegCo. Bills Committee on URA Bill* - 2nd May 2000

'As to whether the URA could alter the terms of employment of existing staff of LDC after the transition from LDC to URA: DS/PL (Mr. S. Fisher) explained that the legislative intent of the Administration was that employment with the LDC and URA should for all purposes be deemed to be a single continuing employment. The terms of employment might only be changed by mutual agreement between the employees and URA'.

4. Source: Report on the Public Consultation on the URA Bill submitted by the *Planning and Lands Bureau to LegCo.* - January 2000

'We will ensure that there will be a smooth and seamless transition from the LDC to the URA'.

5. Source: official minutes of meeting of the *LegCo Bills Committee on URA Bill* - 27th March 2000

'DS/PL advised that the Blue Bill already stipulated that every contract, including employment contract or other agreement with any person, entered into by LDC which was in force immediately before the commencement of the URA should, as from that date, have effect as if URA was substituted for LDC, and the contract or other agreement might be enforced by or against URA'.

These undertakings demonstrate both an intended and moral commitment of no change in the terms and conditions of employment after the establishment of the URA and that no new appointment letters would be required.

(II) Adverse impact caused by VIB's proposed terms and conditions of employment made on 19th April 2001

The Government's assurances and undertakings allayed staff concerns and apprehension of the impact to our employment caused by the formation of the URA. This would have allowed the URA to 'hit the ground running' on its inception to commence the challenging task of implementing the ambitious urban renewal programme. The proposed changes to employment terms and conditions, however, have now caused great harm to staff morale by the introduction of the following measures:

- Variable bonus scheme

The existing remuneration package incorporates a guaranteed 13th month year-end salary across the board for all staff, without any variable components, VIB proposes to hold in retention between 6% to 25% of the annual remuneration package, which will become a variable component, its payment dependent on individual staff performance.

The proposal would result in reduction in take-home pay for all staff. Given the fact that staff remuneration had been frozen for the last 3 years this reduction would result in much hardship to staff to sustain their existing financial commitments.

Further, it should be noted that the private sector practice of incorporating performance bonuses, profit sharing, share options etc. in the variable pay component of remuneration packages cannot be realistically incorporated into the URA's remuneration packages, direct parity or comparability with the private sector cannot be made in this aspect.

- Reduced annual leave allowance

VIB's proposal would result in the reduction in the annual leave allowance of some staff ranging from 20% - 40%

- Reduced overtime allowance

For staff eligible for overtime payments, the proposal would result in a reduction in overtime allowance of 33%

- Increase in working hours

The proposed changes to employment terms and conditions would mean an increase in the number of working hours from 38.125 hours/week to 41.25 hours/week. Our staff, however, have always shown strong commitment to completing the tasks assigned and working beyond normal office hours. The proposed increase in working hours fails to respect this commitment and is therefore regarded as unnecessary.

During the VIB briefing sessions, a number of staff have voiced and written a variety of questions and concerns on the detailed proposals covering all the aspects involved, including salaries, working hours, leave, overtime, MPF contributions, severance packages, implementation etc. The details of these concerns are consolidated and listed in Appendix 1 for your perusal and reference.

The proposal contains no built-in incentive of rewards to performing staff. The effects of the proposed changes, as perceived by URA staff, would not translate as hoped, into increased productivity for the Authority. It would instead have a negative effect on the staff's incentive and commitment to organizational goals.

(III) Appropriateness of VIB's proposal to move towards full private sector comparability

Without prejudice to our views on the Government's assurances that have previously been given, VIB have indicated that the proposed changes to terms and conditions were not motivated by the transition from the LDC to the URA alone. They were in fact set in motion by a letter from the Financial Secretary to a number of statutory bodies including the then LDC.

VIB have stated that the Financial Secretary requested these bodies to review salaries and other working conditions in comparison with the prevailing remuneration and benefits in the private sector only. Their comparison has

resulted in the proposal to introduce variable salary, longer working hours, shorter annual leave etc. which have been covered earlier in this letter.

However we would like to raise several points for consideration on this issue -

- (i) URA, unlike LDC being confined by the need under ordinance to operate under 'prudent commercial principles', is a statutory body which is not solely driven by profits to carry out urban renewal. It should therefore have staff remuneration packages which are comparable with other non-profit making statutory bodies as well as private sector organizations.
- (ii) Variable pay bonus in the private sector is related to company profits and comprises year end bonuses, profit sharing, share options, low-interest loans, staff discounts etc. These are clear and measurable. The inclusion and applicability of these into the proposed remuneration package for a statutory body such as the URA is questionable.
- (iii) The private sector practice of incorporating the benefits mentioned under (ii) have not been totally included in VIB's proposal.
- (iv) Rewarding efficient workers in public sector bodies is guaranteed by appropriate pay remuneration so as to help mitigate the risk of corruption.

It seems unreasonable to assume that the private sector is in some way the sole basis for comparison of employment terms and conditions. Other statutory bodies and Government are significant employers for many professions and comprise a large percentage of the job market. It is also inappropriate to select components in the private sector remuneration package to make incomplete comparison whilst ignoring the rationale behind the well-established fixed pay system in public sector.

Concluding Comments

The URA has a demanding mission to undertake urban renewal over the coming decades. We are all committed and dedicated to making the URA a success. The consultant's proposed employment terms and conditions will, if implemented, severely undermine staff morale and will in turn be detrimental to the URA's mission immediately after its establishment.

We are of the opinion that staff remuneration packages should be rewarding and motivating. The proposal put forward by VIB runs contrary to these objectives and does not match the people oriented approach of the URA. We do not oppose changes to our terms and conditions of employment provided that they do not bring an overall adverse effect on the existing employment terms as set out in our service contracts.

In writing this letter, we wish the Board to be aware of all the relevant issues. We all hope for a satisfactory conclusion to this matter so that we can focus on the urgent and difficult task ahead for the URA.

Yours sincerely,

Signed by staff as attached

Encl.

VIB's Proposed Terms and Conditions	Questions and Comments
<p><u>Variable Bonus Provision</u></p> <p>Ranging from 6% to 25% the current total annual cash package is to be deducted; it is given back (either partially or in full) subject to performance assessed:</p> <ul style="list-style-type: none"> ● For Director (D) Grade - 25% ● For General Manager (GM) Grade - 20% ● For Senior Manager (SM) Grade - 12% ● For Manager (M), Officer (O), Staff 1 (S1) and Staff 2 (S2) Grades - 6% 	<ul style="list-style-type: none"> ● The proposal is regarded by staff as a penalty rather than an incentive introduced to staff to encourage efficiency and productivity. ● The proposal seriously affects monthly take home pay which creates hardship for those staff having financial commitments like a mortgage. ● May demotivate high performers who would not agree to be promoted since their monthly take home pay will be reduced by a greater deduction of total annual cash package for high grades. Promotion may not necessarily be compensated by salary increment ● VIB does not have any details of the future performance appraisal system determining the measurement and benchmarking of staff performance. This affects how the bonus is payable on a fair and reasonable basis. ● "Shoe-shining" culture will definitely dominate within the organization in order to secure the so-called "bonus" (which is actually part of their fixed income) to maintain the livelihood of staff. ● Staff are tempted not to make comments or recommendations contradictory with those of their supervisors; otherwise, their so-called "bonus" will be very vulnerable. ● The variable bonus element cannot be fully comparable with private companies. URA can only pay out 13 months salary while private companies can even pay more whenever substantial corporate profit is earned. ● Payment of variable bonus is solely on the URA management's discretion. It is feared that the management, under the pressure of cutting costs, may exercise pay-cut despite excellent performance of staff

<p><u>Comparison of total remuneration package with only private sector companies</u></p>	<ul style="list-style-type: none"> ● URA is of unique nature which cannot be compared to private sector companies since it is not operating on "prudent commercial principle". ● In VIB's comparison some of the fringe benefits of private companies are ignored, for example: <ul style="list-style-type: none"> a) staff of HSBC are entitled to very low mortgage interest rate; b) staff of MTRC/KCRC are entitled to transport on their respective rail networks free of charge c) Hong Kong Telecom and Heng Sang Bank each offer options to purchase shares of their owner companies which motivates the staff ● For most of the time in the past, LDC followed Government's adjustment of salary which has been based on cost of living. For private companies the salary is adjusted basing on their owner earnings. Therefore, it is not fair for URA on one hand adopting private company's salary package (if this is the case) to formulate our salary package while comparing Government's practice on the other hand.
<p><u>Proposed Annual Total Cash Band for each grade</u></p> <p>For most staff, the proposed minimum total cash package of each grade is much lower than the market lower 25% percentile, the exceptions are for Executive Director/Director which have the proposed minimum total cash package approximately equal to the market low 25% percentile.</p>	<ul style="list-style-type: none"> ● Upon promotion to a higher grade, staff can only be rewarded with a salary assessed at the market lower 25% percentile. This would result in staff with capability and experience leaving the organisation rather than staying in the URA with salary at the lowest tier within the market.

<p><u>Duration of Employment for Migrating LDC Staff</u></p> <ul style="list-style-type: none"> ● For D & GM Grades - 3-year contract ● For SM, M, O, S1 & S2 Grades - Continuous terms 	<ul style="list-style-type: none"> ● This will particularly discourage those efficient SM grade staff from desiring promotion to GM or higher grades as this will result in less job security which is not compensated by any gratuity upon termination of the contract.
<p><u>Normal Working Hours</u></p> <p>The original total 38.125 per week as compared to the new total working hours per week of 41.25 (excl. lunch) is more than an 8% increase</p>	<ul style="list-style-type: none"> ● In the past, for example when resumption took place, staff were committed and dedicated to complete the clearance work within the stringent time frame even if these were outside normal office hours. Staff always work much longer than normal working hours in order to have the tasks completed in time. However, VIB's proposal is apparently not respecting staff self-discipline and is challenging staff motivation and initiative. The proposal, if supported and implemented, demonstrates mistrust and damages the relationship between management and staff. ● From VIB's comparison the number of existing normal working hours per week is generally within the market range. However, once it is compared with particular service sector such as bank, telecom companies, public utilities, etc. the basis would be quite different as the nature of services of these companies is fundamentally different from that of URA.
<p><u>Overtime Allowance</u></p> <p>Reduction of overtime allowance rate per hour for normal working days from 1.5 to 1 amounted to 33%.</p>	<ul style="list-style-type: none"> ● Prolonged normal working hours already reduces the amount of overtime allowance for junior staff. ● Most of our operational staff are required to work at night interviewing owners and tenants to explain our policy on compensation. They have to work on site under a poor working environment in the old slum areas and have to give up their leisure time. Reduction of the overtime allowance rate by 33% is very substantial which may reduce the initiative and willingness for commissioning the assigned tasks.

<p><u>Leave Entitlement</u></p> <p>Reduction of leave entitlement starting from O to D grade are shown as follows:</p> <ul style="list-style-type: none"> ● D grade : 26% (original 34 days to 25 days) ● GM grade : 28% (original 28 days to 20 days) ● SM grade : 20 - 28% (original 25-28 days to 20 days) ● M grade : 28 - 40% (original 25-21 days to 15 days) ● O grade (applied to current O1 officer only): 28% (original 21 days to 15 days) 	<ul style="list-style-type: none"> ● 20% to 40% reduction particularly for M grade staff is considered to be unfair and unreasonable to managerial grade staff as they are not entitled to any overtime allowance nor time-off compensation. ● Discourages the managerial staff to work overtime especially when the workload is inherently heavy such as during the acquisition and resumption stage. ● The comparison by VIB is not made in depth reflecting every detailed fringe benefit. For example, many private companies have provided examination leave, time-off and award of more leave for loyal staff.
<p><u>Severance Packages</u></p> <p>For staff who do not accept the new job posting or changes to the terms and conditions or possibility of pay reduction after the grace period, they are only offered Package 1:</p> <ul style="list-style-type: none"> ● 3 months' salary or 2/3 month's salary up to \$22,500 for every year of service up to maximum of \$350,000 whichever is higher. <p>For staff cannot be offered a post under a new URA structure, he/she is offered Package 2:</p> <ul style="list-style-type: none"> ● 1 month's salary for every year of service with a minimum of 6 months 	<ul style="list-style-type: none"> ● Package 1 is substantially lower than what was offered by Hong Kong Housing Authority, MTRC, Hong Kong Telecom, etc. Those companies offered 1-2 month's salary for every year of service with a minimum of 6-9 months' salary.

<u>Implementation Period of New Arrangement</u>	
<ul style="list-style-type: none"> ● Target second week of June to obtain URA Board Approval on the new organization structure and terms and conditions of employment. ● Staff will be notified individually in mid June on their appointment under the new structure and new commensurate terms ● Staff will be given 2 weeks to give their consent in writing 	<ul style="list-style-type: none"> ● The time frame of implementation is too aggressive as staff is being initially consulted since the end of April 2001 but VIB still cannot fully clarify to staff the various queries raised and the requisite mechanism for implementing the proposal.