

## **Outsourced work of MTR Corporation Limited**

Outsourcing of maintenance activities is common among railway operations internationally. Outsourcing is beneficial when a contractor has specialised expertise, and performs the same or similar processes for customers more efficiently and effectively. In making any decision on outsourcing, MTRCL will take into account operational safety, reliability, service quality and implications to staff. It has been MTRCL's long-time policy to ensure that no existing staff will be made redundant as a result of the outsourcing of services. Job security of existing frontline staff will not be affected. A list of the existing outsourced work of the Corporation is enclosed in the Appendix.

### **Train service not affected by outsourced work**

2. MTRCL always maintains a high standard in service performance, and places great emphasis on providing a safe and reliable railway service for its passengers. In benchmarking studies of major railways around the world by the CoMET group, the MTRCL's performance is consistently amongst the best in safety, reliability and passenger journeys on time.

3. MTRCL has put in place a detailed monitoring system to ensure that its train service and maintenance work, including outsourced work, meets the standards it adopts. It should be emphasised that MTRCL applies the same standards and requirements to maintenance tasks carried out both by MTR in-house staff and contractor staff. These standards are in line with good international practices.

### **Train service delays from 2007 to 2009**

4. Since the rail merger on 2 December 2007, the MTRCL's train service performance has remained high, with 99.9% of passengers reaching their destinations within 5 minutes of their scheduled arrival times.

5. However, the railway system is made up of many different operating systems and hundreds of thousands of components which must work seamlessly together. A reliability rate of over 99% still means service delays can be expected.

6. A chart showing the number of delays of 8 minutes or more caused by different factors for the past three years from 2007 to 2009 is set out in the following table –

| Causes/ year                        | 2007                   |                    | 2008 | 2009 |
|-------------------------------------|------------------------|--------------------|------|------|
|                                     | Before 2 Dec           | From 2 to 31 Dec   |      |      |
|                                     | Pre-merger MTR and KCR | MTR (After Merger) | MTR  | MTR  |
| Equipment Failure                   | 152                    | 7                  | 141  | 133  |
| Human Factor                        | 5                      | 0                  | 19   | 17   |
| Passenger Action and External Event | 68                     | 2                  | 80   | 96   |
| Other factors                       | 0                      | 0                  | 0    | 0    |
| Total                               | 225                    | 9                  | 240  | 246  |

7. Over the three years reviewed, the delays caused by human factor involved the following job categories –

- Train captain
- Maintenance staff
- Staff in the Operations Control Centre
- Station staff

#### **Staff cost of management and frontline staff**

8. In 2009, MTRCL's overall staff cost excluding share-based payment was \$5,772 million. The total remuneration excluding share-based payment of the MTRCL's Executive Directorate was \$57.6 million.

#### **Turnover rate**

9. The turnover rates for the MTRCL and its major contractors (those which engage about 100 staff members or more in providing services to MTRCL to give meaningful comparison) as compared to the market average rate in 2009 are listed out in the following table –

|  | Staff turnover rate |
|--|---------------------|
| MTRCL  | 2%                  |
| Major maintenance contractors  | 0-2.6%              |
| Other types of contractors including cleaning, security and customer service | 0.6-7.2%            |
| <b><i>Market average</i></b>   | <b>8.2%</b>         |

10. Amongst its staff of more than 13,000, MTRCL registered a staff turnover rate of about 2% in 2009. The turnover rate for MTRCL's major contractors (those which engage about 100 staff members or more in providing services to MTRCL to give meaningful comparison) ranged from 0% to 7.2%. The turnover rates for both the MTRCL and its major contractors are favourable when compared to the average rate in the market, showing that a stable workforce can be maintained.

11. MTRCL is committed to operating a safe, reliable and efficient mass transit service and is determined to continue providing the people of Hong Kong with one of the world's best metro railroad networks. The outsourced work must meet the MTRCL's safety requirements and service quality to ensure there is no compromise on safety and quality.

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MTR Corporation

## **Existing Outsourced Work**

The outsourced work of the MTRCL includes -

### **(a) Maintenance work**

- Infrastructure equipment (track, signaling, power distribution and overhead line) of the Tseung Kwan O Line and trains which were originally operated on the Tseung Kwan O Line and deployed to the Kwun Tong Line since mid-2010
- Automatic Fare Collection equipment of the following lines -
  - West Rail Line;
  - Tseung Kwan O Line;
  - Tung Chung Line;
  - Disneyland Resort Line; and
  - Airport Express
- Passenger information display equipment
- Closed circuit television equipment
- Station lifts and escalators
- Platform screen doors and automatic platform gates
- Fire services equipment
- Telecommunications equipment
- Gondola and gantries
- Baggage handling equipment for the Airport Express
- Building services equipment
- Waste water treatment, plumbing and drainage
- Backup power supply equipment
- General station lighting
- Centralised control equipment for power supply switching for the West Rail Line and East Rail Line
- Slopes and relevant civil structures, landscaping and wetland

Under the service contracts with maintenance contractors, the contractors must meet all statutory requirements and provide service levels that are prescribed in the contracts. Job categories are not specified in the contracts.

**(b) Other types of work**

- Customer Service Centres of the following lines -
  - Tseung Kwan O Line
  - West Rail Line
  - Causeway Bay, Tin Hau, Fortress Hill, North Point and Quarry Bay stations of the Island Line
- Internal accounting services of the following lines
  - Tseung Kwan O Line
  - Causeway Bay, Tin Hau, Fortress Hill, North Point and Quarry Bay stations of the Island Line
- Cleaning services

The job categories required include cleaners, customer service staff and internal accounting staff.