

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2250/06-07  
(These minutes have been seen  
by the Administration)

Ref: CB1/BC/3/05

**Bills Committee on Rail Merger Bill**

**Minutes of thirty-first meeting on  
Monday, 14 May 2007, at 4:30 pm  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Miriam LAU Kin-yee, GBS, JP (Chairman)  
Hon TAM Yiu-chung, GBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon LUI Ming-wah, SBS, JP  
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai, JP  
Hon LAU Kong-wah, JP  
Hon Emily LAU Wai-hing, JP  
Hon Andrew CHENG Kar-foo  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip  
Hon WONG Kwok-hing, MH  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHEUNG Hok-ming, SBS, JP  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon KWONG Chi-kin  
Hon TAM Heung-man
- Members absent** : Hon CHAN Kam-lam, SBS, JP  
Hon LEE Wing-tat  
Hon LI Kwok-ying, MH, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon LEUNG Kwok-hung  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung

- Public Officers attending** :
- Mr Patrick HO  
Deputy Secretary for the Environment, Transport and Works
  - Miss Ida LEE  
Principal Assistant Secretary for the Environment, Transport and Works
  - Mr Brian CHOI  
Assistant Secretary for the Environment, Transport and Works
  - Mr David LAU  
Principal Assistant Secretary for Financial Services and the Treasury
  - Mr Michael LAM Siu-chung  
Senior Assistant Law Draftsman  
Department of Justice
  - Miss Clara LEUNG  
Government Counsel  
Department of Justice
- Attendance by invitation** :
- MTR Corporation
  - Mr Leonard TURK  
Legal Director & Secretary
  - Mr Wilfred LAU  
Head of Operations
  - Ms Maggie SO  
External Affairs & Government Relations Manager
  - Mr Vincent LUK Kin-ping  
General Manager – Human Resources
  - Mr Richard THORNHILL  
Partner, Slaughter & May  
(Legal Adviser of MTR Corporation)
  - Ms Peggy LEUNG  
Associate, Slaughter & May  
(Legal Adviser of MTR Corporation)

Kowloon-Canton Railway Corporation

Mr Michael KWAN  
Train Operations Manager

Ms Ida LEUNG  
Senior Public Affairs Manager

Miss Iris HO  
Human Resource Manager

**Clerk in attendance** : Mr Andy LAU  
Chief Council Secretary (1)2

**Staff in attendance** : Ms Connie FUNG  
Assistant Legal Adviser 3

Ms Sarah YUEN  
Senior Council Secretary (1)6

Miss LAM Yuen-kwan  
Clerical Assistant (1)1

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**I Meeting with the Administration/the two railway corporations**

- (LC Paper No. CB(1)1598/06-07(01) - Information paper on latest progress of staff-related matters arising from rail merger provided by the Administration
- LC Paper No. CB(1)1577/06-07(02) - Administration's response to the follow-up to Bills Committee meetings on clause-by-clause examination of the Bill (First batch)
- LC Paper No. CB(1)1577/06-07(03) - Committee Stage amendments by the Administration (First batch)
- LC Paper No. CB(1)1345/06-07(01) - Information paper provided by the Administration
- LC Paper No. CB(3)700/05-06 - The Bill
- LC Paper No. CB(1)1330/06-07(01) - Marked-up copy of the Bill
- LC Paper No. CB(1)1330/06-07(02) - Letter from Assistant Legal Adviser (ALA) to the

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- Administration dated 10 August 2006
- LC Paper No. CB(1)1330/06-07(03) - The Administration's reply dated 19 September 2006 to ALA's letter dated 10 August 2006
- LC Paper No. CB(1)1330/06-07(04) - Letter from ALA to the Administration dated 26 October 2006
- LC Paper No. CB(1)1330/06-07(05) - The Administration's reply dated 8 November 2006 to ALA's letter dated 26 October 2006
- LC Paper No. CB(1)1345/06-07(02) - Relevant extract of Kowloon-Canton Railway Corporation Ordinance (Cap. 372))

Members noted a paper from the management of the two railway corporations and the Alliance of Five Unions in Two Rails (the Five Unions) on the latest progress of staff-related matters arising from rail merger tabled at the meeting.

*(Post-meeting note: The paper was issued to members vide LC Paper No. CB(1)1621/06-07 dated 15 May 2007.)*

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

Major views and concerns

3. The Bills Committee was very concerned about the impact of the merger exercise on staff.

4. The Bills Committee noted that the two railway corporations had reached mutual agreement/understanding with their staff organizations and the Five Unions on various staff-related matters. Notwithstanding this, it had urged the two railway corporations to continue liaising with the staff side of MTR Corporation Limited (MTRCL) and Kowloon-Canton Railway Corporation and the Five Unions with a view to resolving the differences between the management and staff side over the remaining staff-related matters.

5. The Bills Committee had examined the need for providing job security for non-frontline staff and whether the Voluntary Separation Scheme (VSS) provided for all eligible non-frontline staff could be extended to cover frontline staff as well.

6. The Bills Committee noted that staff were most concerned about matters relating to their individual salaries and their job grading. Notwithstanding the commitment given by the two railway corporations of not to reduce the salaries of existing staff, the Bills Committee noted the worries expressed by some members that individual staff might have to face salary freeze for a very long period, pending

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alignment of their salaries with the new salary scale to be drawn up by the post-merger corporation (MergeCo). They urged the two railway corporations to review the matter or consider imposing a cap on the duration of the salary freeze. There was also a need to fully consult staff and keep them informed of any latest development.

7. The Bills Committee had also expressed concern about the grading structure design and the resultant changes to salary scales. The Bills Committee had examined whether the unilateral change of the salary scale of staff by the railway corporations would constitute a breach of the employment contract. MTRCL confirmed that the corporations had the legal right to do so, adding that there would be continued communication between the corporations and their staff on the subject before a final decision was made.

8. The Bills Committee had relayed the concerns expressed by the staff side over the need to further reduce the working hours and enlarge the scope of the retirement benefits as announced.

9. At the request of the Bills Committee, the two railway corporations confirmed that all staff would receive a formal letter before implementation of the rail merger indicating that the transfer of staff to MergeCo upon the rail merger would be based on the prevailing terms. Such letter would also specify the MergeCo grade, terms and conditions of employment for frontline staff.

10. After reviewing the staff-related issues, members then examined the Administration's response to the follow-up to Bills Committee meetings on clause-by-clause examination of the Bill (First batch) (LC Paper No. CB(1)1577/06-07(02)), and Committee Stage amendments (CSAs) by the Administration (First batch) (LC Paper No. CB(1)1577/06-07(03)).

## Follow-up actions

11. As a result of the preceding discussion and examination, the Administration/MTRCL was requested to take follow-up actions as detailed below –

- (a) To reconsider the sentence structure of the CSA to the Chinese version of the proposed section 33(1A) of the Mass Transit Railway Ordinance (MTRO) (Cap. 556);
- (b) To reconsider the wording in both the English and Chinese versions of the CSA to the proposed section 52G(5) of MTRO; and
- (c) To reconsider the expression "既非局長亦非署長的某人" in the CSA to the Chinese version of section 61 of MTRO.

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**II Any other business**

12. The Bills Committee agreed to continue to examine at the next meeting scheduled for 15 May 2007, from 2:30 pm to 6:30 pm the CSAs to the Chinese version of the Bill from page 36 of the tabled marked-up copy of the Bill containing the proposed CSAs from the Administration.

13. There being no other business, the meeting ended at 7:00 pm.

Council Business Division 1  
Legislative Council Secretariat  
2 October 2007

**Proceedings of the thirty-first meeting of  
the Bills Committee on Rail Merger Bill  
on Monday, 14 May 2007, at 4:30 pm  
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda Item I – Meeting with the Administration/the two railway corporations</b>			
000000 – 000147	Chairman	- Opening remarks	
<i>Discussion on the latest progress of staff-related matters arising from the rail merger</i>			
000148 – 000912	Chairman Administration MTR Corporation Limited (MTRCL)	- Briefing by the Administration and MTRCL on the paper on "Latest progress of staff-related matters arising from rail merger" (LC Paper No. CB(1)1598/06-07(01))	
000913 – 001403	Chairman Mr WONG Kwok-hing MTRCL	- Enquiry and explanation of the staff-related matters which had yet to be agreed upon (the remaining matters), and how the two railway corporations would follow them up with their staff	
001404 – 001823	Chairman Ms LI Fung-ying Administration MTRCL	- Enquiry and explanation of the meaning of the Chinese version of paragraph 3(A) of LC Paper No. CB(1)1598/06-07(01)  - Enquiry and explanation of how the two railway corporations would follow up the preliminary recommendations submitted by Hay Group (the independent consultant jointly appointed by the two corporations) regarding the salary scales and grading structure design of the post-merger corporation (MergeCo)	
001824 – 002241	Mr LEE Cheuk-yan MTRCL	- Discussion on the likely salary freeze of certain staff of the two railway corporations (the likely salary freeze) (paragraph 4 of the paper from the management of the two railway corporations and the Alliance of Five Unions in Two Rails (the Five Unions) on the latest progress of staff-related matters arising from rail merger, which was tabled at the meeting)	

Time marker	Speaker	Subject(s)	Action required
002242 – 002519	Mr KWONG Chi-kin MTRCL	- Discussion on the importance of maintaining effective communication between the two railway corporations and their staff to follow up the remaining matters and address staff concerns	
002520 – 002827	Ms LI Fung-ying MTRCL	- Enquiry and explanation of the involvement of staff in finalizing the salary scales and grading structure design of MergeCo	
002828 – 004726	Chairman Mr LEE Cheuk-yan MTRCL	- Discussion on the likely salary freeze and the need for the two railway corporations to sign new employment contracts with their staff because of changes to their salary scales and grading structures as a result of the rail merger  - Discussion on the selection mechanism and the Voluntary Separation Scheme for non-frontline staff	
<b><i>Discussion on the Administration's response to the follow-up to Bills Committee meetings on clause-by-clause examination of the Bill (LC Paper No. CB(1)1577/06-07(02))</i></b>			
004727 – 005637	Chairman Administration Miss TAM Heung-man	- Briefing by the Administration on its response to the follow-up to Bills Committee meetings on clause-by-clause examination of the Bill (LC Paper No. CB(1)1577/06-07(02)) (items (1) to (7))	
005638 – 011731	Chairman Mr Andrew CHENG Administration Mr WONG Kwok-hing Mr LAU Kong-wah	- Discussion on whether the expression "it appears to" (覺得) or "has reason to believe" (有理由相信) should be used in the proposed section 18(1)(c) of the Mass Transit Railway Ordinance (MTRO) (Cap.556)	
011732 – 011337	Chairman Administration	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(02) (items (8) and (9))	
<b><i>Discussion on the Committee Stage amendments by the Administration (First batch) (LC Paper No. CB(1)1577/06-07(03))</i></b>			
011338 – 012924	Chairman Administration ALA3	- Briefing by the Administration on the Committee Stage amendments (CSAs) by it (First batch) (LC Paper No. CB(1)1577/06-07(03) (pages 1 to 5 of	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
		the marked-up copy of the Bill tabled at the meeting containing the proposed CSAs from the Administration)	
012925 – 013030	Chairman Mr Andrew CHENG Administration	- Enquiry and explanation of the reason for amending the proposed definition of "Concession Period"	
013031 – 014249	Chairman Administration ALA3 Mr Andrew CHENG	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(03) (pages 5 to 19 of the relevant marked-up copy)	
014250 – 014732	Chairman Administration Mr LAU Kong-wah ALA3 Mr Andrew CHENG Mr Abraham SHEK	- Discussion on the CSA to the Chinese version of the proposed section 33(1A) of MTRO	Administration to take necessary follow-up actions
014733 – 015051	Chairman Administration Mr LAU Kong-wah Mrs Selina CHOW	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(03) (pages 19 to 24 of the relevant marked-up copy)	
015052 – 015700	Chairman Mr Andrew CHENG Administration Mr LAU Kong-wah ALA3	- Discussion on the CSA to the proposed section 52A of MTRO	
015701 – 020408	Administration Chairman	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(03) (pages 24 to 29 of the relevant marked-up copy)	
020409 – 020439	Chairman Administration	- Discussion on the CSA to the proposed section 52G of MTRO	Administration to take necessary follow-up actions
020440 – 020820	Chairman Administration	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(03) (pages 31 to 35 of the relevant marked-up copy)	
020821 – 020952	Chairman Mr LAU Kong-wah Administration	- Discussion on the expression "既非局長亦非署長的某人" in the CSA to the Chinese version of section 61 of MTRO, and the suggestion to change it to "任何其他人"	Administration to take necessary follow-up actions

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
020953 – 021114	Administration	- Continued briefing by the Administration on LC Paper No. CB(1)1577/06-07(03) (page 35 of the relevant marked-up copy)	
<b>Agenda Item II – Any other business</b>			
021115 – 023031	Chairman Mr Andrew CHENG Mr LAU Kong-wah Mr Tommy CHEUNG Miss TAM Heung-man Administration Ms Emily LAU	- Meeting arrangements	

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2 October 2007