

English Translation

To: Clerk to LegCo Bills Committee on Rail Merger Bill
Legislative Council Secretariat

25 September 2006

LegCo Bills Committee on Rail Merger Bill
Opinions of Councillors, Staff Consultative Council of MTR Corporation Limited
on Rail Merger Bill and Related Issues

Background

1. The Staff Consultative Council (hereinafter called “SCC”) of the MTR Corporation Limited (hereinafter called “MTRCL”) is the company’s communication and consultation mechanism between staff and Management. Representing about 6,000 non-managerial staff members, all SCC Councillors are elected by staff.
2. All along, SCC serves as a forum for Management and staff to discuss issues of common concerns. SCC enables Management to have a better understanding of staff needs when formulating policies affecting them. At the same time, it enhances staff’s understanding on the Corporation’s policies, objectives and rationale behind so that they could make appropriate response. Staff can also make use of this channel to reflect their requests / concerns to Management.
3. Since the HRSAR Government signed a non-binding Memorandum of Understanding (MOU) with MTRCL on 11 April, the Corporation and SCC Councillors have exchanged views on staff issues related to the merger in numerous occasions.

Standpoint of SCC Councillors

4. SCC Councillors shall adopt a prudent and pragmatic approach during the merger process. Through the current effective communication mechanism, we will maintain close contact with staff and Management, doing our best to ensure that the merger will not bring about any negative impact on staff’s job security or pay and benefits.

Response to the Bills Committee from SCC Councillors

5. Submitted to the Legislative Council on 5 July 2006, the Rail Merger Bill proposes to amend the Mass Transit Railway Ordinance (MTRO, CAP 556) and the Kowloon-Canton Railway Corporation Ordinance (KCRCO, CAP 372) to:
- (A) Provide the necessary legislative framework for the operation by MTRCL of the Mass Transit Railway, the Kowloon-Canton Railway and certain other railways under one franchise. In this regard, SCC Councillors would like to express the following views:
- (i) Representing non-managerial staff of the MTRCL, SCC Councillors would express their views on issues related to staff responsibilities, obligations, and salary and benefits, based on the MTRO.
- (ii) Section 9, Part III of the MTRO stipulates that “the Corporation shall maintain a proper and efficient service”. All along, the Corporation has fulfilled this legislative requirement and is reputed to be one of the safest and most reliable railways in the world. This cannot be achieved without a dedicated staff as well as the following factors:
- (a) a proactive business mindset that is forward-thinking, a corporate strategy striving for sustainability and continuous improvement
- (b) successful application of the integrated development model of ‘rail and property’
- (c) a fare adjustment mechanism that can balance the interests of passengers, shareholders and staff
- (d) under the circumstances of relatively low profit return as compared to other public utilities, the Corporation has still allocated effective resources in asset renewal, repairs and maintenance, career development opportunities for staff, etc.
- (e) working in a stable environment with employment terms and conditions and pay review mechanism accepted by both staff and Management, as well as adequate training, a fair promotion system and a corporate strategy that “values staff as the most important asset”, staff have always been most dedicated and determined to maintain proper and efficient services
- (f) a well-established and effective communication mechanism with all SCC Councillors and Joint Consultative Committee (“JCC”) Staff Representatives, elected directly by staff, taking up an active role in communication, monitoring, etc. As this is directly related to the Corporation’s continuous improvement, incorporating a comprehensive communication mechanism into the MTRO will be particularly beneficial to maintaining proper and efficient services in the future
- iii) The liabilities for committing an offence in negligent act or omission by employee; and an offence of wilfully endangering safety as stipulated in Sections 29 and 30, Part III of the MTRO are currently appropriate and

applicable.

- iv) Section 41, Part IX of the MTRO covers employment-related matters. On behalf of the non-managerial staff of MTRCL, SCC Councillors would like to thank the MTRO Bills Committee of LegCo for facilitating the drawing up of provisions relating to employment contracts and employment terms and conditions in the MTRO in response to request from SCC Councillors and the MTR's unions in 2000. SCC Councillors hope that similar provisions would continue to be adopted in the MTRCL in future, so that the employment rights of staff will continue to be legally protected.
- (B) Enable the Kowloon-Canton Railway Corporation ("KCRC") to enter into a service concession agreement ("SCA") with MTRCL under which MTRCL is granted with the right to have access to, use or possess the property of KCRC.
- i) Representing non-managerial staff of MTRCL, SCC Councillors would express their views on issues related to staff responsibilities under the future SCA, based on the Mass Transit Railway Operating Agreement.
 - ii) Staff generally accept the reliability targets, which cover train service, automatic fare collection systems, escalators and lifts, as stipulated in the Mass Transit Railway Corporation Limited Operating Agreement of 2000. In a stable working environment, staff will have more confidence to perform their duties. In addition, the Corporation has been proactively upgrading the service level laid down in the Operating Agreement on an annual basis in order to provide a proper and efficient service to the public in Hong Kong. However, MTRCL and KCRC differ in terms of working culture, environment, equipment, nature and standards, and hence time would be needed for integration. We understand that there are high expectations from society on the rail services in Hong Kong, but invisible pressure should not be asserted on staff. We hope society would understand our difficulties and be accommodating in the early stage of the merger. We will, however, pledge to do our best to meet or exceed the reliability targets in railway operation.
 - iii) Railway safety is an area of attention for the HKSAR government, the public, LegCo members and the media. It is also strictly monitored by the Secretary for Environment, Transport and Works Bureau, as well as the Railway Inspectorate. Both Management and staff of MTRCL see railway safety as the priority of our work and every staff member has responsibility to ensure the safety of each and every passenger, customer, tenant and other employees at all times.

Issues of Staff's Concerns

6. Job Security

The rail merger will bring about synergy and there will inevitably be overlapping of positions after the merger. The Corporation will also continue to streamline its structure to better manage the operating cost, thus threatening staff's job security. We urge the Corporation to exert every effort to look after all staff members. Same

as previous practices, the Corporation should resolve the manpower situation through natural staff turnover and redeployment. Staff redundancy should not be implemented lightly as it would affect the concerned staff's livelihood and lower the morale of the serving staff.

7. Pay and Benefits

Another staff concern is the differences in salary and benefits between the two companies. Staff are worried that in aligning the terms, it will lead to a deterioration of staff's salary and benefits, e.g. retirement scheme, medical benefit annual leave, etc.

8. Employment Terms and Conditions

Currently, the employment terms and conditions of the two companies are different. In aligning the employment terms and conditions for the merged company, the Corporation will take cost effectiveness, competitiveness and market practices into consideration. Should there be any differences between the new terms and the existing ones, we hope that the Corporation would continue its usual practice of consulting staff to work for consensus before making final decisions.

9. Non-frontline Staff

The Corporation is committed to protect the job security of frontline staff only during the merger. SCC Councillors found this arrangement unreasonable. All along, non-frontline staff have given great support and assistance to frontline staff. Their contribution is apparent. During the merger process, colleagues will continue to work hard. However, non-frontline staff may not enjoy the job security that they deserve at the end. Therefore, we urge the Corporation to dedicate every effort to look after all staff members.

Conclusions

10. Staff of MTRCL are a professional team of high calibre. We are confident and capable of maintaining high quality service when facing changes.

11. SCC Councillors are confident that the Corporation is capable of handling any change. It is also our belief that the Corporation has the capability and responsibility to look after all its staff members, and continue to work for consensus with staff through the long established and effective communication mechanism, thus achieving a win-win-win situation for passengers, shareholders and its staff.

All Councillors of Staff Consultative Council

MTR Corporation Limited