

English Translation

To: Clerk to Panel on Transport  
Legislative Council Secretariat

25 April 2006

**Opinions of Councillors, Staff Consultative Council of MTR Corporation Limited  
on Proposed Rail Merger of MTR and KCR Systems – Staff-related Issues  
to Panel on Transport of the Legislative Council**

Background

1. The Staff Consultative Council (hereinafter called “SCC”) of the MTR Corporation Limited is the company’s communication and consultation mechanism between staff and Management. Representing about 6,000 general staff below managerial grade, 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’s 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 February 2004 when the Government invited the two railway companies to commence discussions on the possible merger, 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.

### Staff's Concerns

#### 5. Job Security

Staff are the Corporation's most important asset which should be cherished. There will inevitably be some overlapping of positions after the merger. We urge the Corporation to make 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.

#### 6. Pay and Benefits

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

#### 7. 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 past practice of consulting staff to work for consensus before making final decisions.

#### 8. 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.

### Staff's Anxiety

9. The merger is going to bring about synergies and the Corporation will continue to streamline its structure to further lower the operational costs. We are worried that these would threaten staff's job security. At the same time, we are also worried that in aligning the pay and benefits for the two railway companies, the existing terms and conditions may be adjusted downwards, thus bringing uncertainties to staff's livelihood. Staff generally reckon that by the very nature of the merger, it will bring about increased profit. As such, staff's job security, pay and benefits should not be affected by any negative impact that may be resulted from the merger.

## Conclusion

10. When MTR Corporation underwent privatization in 2001, we appreciated that the LegCo Committee had, upon requests of SCC Councillors and the unions, incorporated provisions on employment contracts and employment benefits in the MTR Bill. SCC Councillors hope that these provisions would be maintained for the merged company so that the employment rights of staff can continue to be legally protected.
11. Staff of MTR Corporation Limited are a professional team of high calibre. We are confident and capable of maintaining high quality service in facing changes.
12. 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