

Bills Committee on Mass Transit Railway Bill

Response of MTR Corporation on Views Expressed by Staff

BACKGROUND

The LegCo Bills Committee has invited three MTRC staff bodies, namely Staff Consultative Council, MTRC Staff Union and MTR Staff General Association, to make written submissions on their views regarding the privatisation of the Corporation. This paper captures the Corporation's response to the views expressed.

THE SUBMISSIONS

2. The following points are clear from the submissions :-
 - (a) staff have been well-briefed and updated on the progress of the public listing;
 - (b) staff's agreement that the existing salary and benefit review mechanism is fair and can be further developed;
 - (c) staff's wish for the Corporation to continue to operate under the present well-proven and successful arrangements, including the fare setting mechanism; and
 - (d) staff's general support of the public listing proposal provided that their concerns can be addressed.

CONCERNS OF STAFF

3. Under the present economic environment, concerns from some staff members are understandable but we are confident that their concerns will be properly addressed. The concerns were focused in three main areas and would be discussed below.

Job Security

4. Staff were worried that after public listing, the Corporation might reduce manpower and thus jeopardising their job security and increasing the workload of those who stayed.

5. Similar to other companies which face keen competition, the Corporation is committed to improve its competitiveness. Training and other assistance are offered to our staff to help improve productivity. Staff are also encouraged to make suggestions which will enhance the work flow and process.

6. After the series of cost control measures undertaken as part of our continuous process to improve efficiency, the Corporation and its management structure have been considerably streamlined. We do not foresee the need to further reduce the staff number. On the contrary, with the impending opening of Tseung Kwan O Extension in 2002, we anticipate a need to expand our work force.

7. The streamlining action is not associated with the privatisation of the Corporation. In face of the keen competition from all modes of transport, the Corporation has to look for ways to save cost and increase productivity. These steps would have been taken whether or not privatisation takes place.

Salary and Benefits

8. Staff were concerned that their compensation package might be worse off as a result of public listing and they were worried that the current salary and benefit review mechanism would be changed after privatisation.

9. We have assured staff that their existing terms and condition will be protected by transferring the rights to the new company upon privatisation. There is a specific provision in the MTR Bill (section 41) for the vesting in the new Company of all existing contractual arrangements including employment contracts and all other benefit arrangements. The effect of this provision is to vest all of these arrangements in the New Company without any amendments in their terms whatsoever.

10. In fact, the Corporation sees no reason to deviate from the current pay review system which is well-proven and considered fair and reasonable. We will continue to benchmark our salary and benefit levels against the market after public listing.

Balance of Interests

11. Staff were concerned whether the Corporation could strike a satisfactory balance among the interests of our passengers, investors and staff. The Corporation does not see that there is a conflict of interests among these parties. Our ability to provide safe and high quality service and our continuous adherence to commercial principles are to the best interests of all. We will,

after the public listing, continue to achieve this through a motivated, dedicated staff force.

CONCLUSION

12. We are pleased with the staff's affirmation of the current mechanism and their general support of the proposed public listing. Staff's expressed interests in subscribing the shares of the Corporation are a demonstration of their commitment to and confidence in the future of MTR. In the spirit of encouraging MTRC staff participation so that they could share the benefits of privatisation, we understand that the Government agrees in principle for MTRC staff to be given a preferential opportunity to subscribe to some MTRCL shares at the initial public offering. Details will be worked out later.

13. The Corporation has an elaborate staff consultative and communication mechanism which fosters regular and open dialogue between staff and senior management. Currently, the Corporation has 500 staff representatives. There are over 150 staff-management consultative meetings a year. Communication has also been maintained with the two staff unions to ensure their views are made known. Our good staff relations and communication efforts were confirmed by our winning consecutively two Labour Department's awards for "Good People Management" and "Effective Staff Communication".

14. We have full confidence that staff's concerns will be addressed and we will continue to communicate with staff through the well-established communication channels.

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**Mass Transit Railway Corporation
30 December 1999**