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# \$1,000 million plan to develop KCR

By BARRY CHOI

The proposed "hiving-off" of the Kowloon-Canton Railway administration from the Government with the addition of a small professional management team is seen as an obvious means for the KCR to achieve management modernisation.

At present, apart from the KCR General Manager, Mr Reginald Gregory, and his assistant, the 900-strong railway staff only handle the daily operations of the railway.

The creation of more senior management posts, removed from the day-to-day running, should enable the KCR to plan ahead with a 10-year \$1,000 million investment and

expansion programme now being contemplated, Mr Gregory said yesterday.

More autonomy as a result of the hiving-off would also allow the KCR to come up with plans to exploit the railway's commercial potential in developing, for example, the space above its stations and respond sufficiently quickly to commercial competition from private enterprise, he said.

Mr Gregory said the hiving-off proposal first came from the McKinsey consultants in 1973, who recommended to the Government that there could be merits in examining the possibility of separation of the KCR from the Government.

Also, separation of a number

of other departments or offices such as Waterworks, Kai Tak airport and the Post Office, the McKinsey people suggested, would be a means to reduce the Government's workload and its administrative costs.

"Hiving off implies complete separation. But as far as the KCR is concerned, my interpretation of hiving off is that the railway should be given a greater degree of autonomy," said Mr Gregory.

The way in which this can be done, he said, is something the Government and the KCR should examine to ensure it is in the best interest of Hongkong.

The nature of the KCR administration is one of keeping up with its present day needs,

particularly in regard to its rapid expansion now deemed as essential.

Said Mr Gregory: "Very few commercial organisations would have found it possible to endure 65 years of society (in the case of KCR) without the need to change its structure."

"The relationship between the railway and the Colonial Secretariat should be reviewed."

Having broadly accepted the need for the physical modernisation of the KCR as essential, to develop and implement and gain the maximum benefits of the investment, the management must also be modernised.

"The creation of a new

management structure would be a small price to pay to ensure that \$1,000 million of investment money contemplated for the KCR will be well spent," he said.

What Mr Gregory has in mind are about six senior management posts which will cost about \$60,000 in salaries a month. Their job would be to look into the future with regard to the KCR's investment and commercial potential.

At present, he said, the KCR has ideas to develop the Mongkok, Shatin and Taiipo Market stations into major transport interchanges, with the space above for commercial and other uses.

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The KCR chief said the Hunghom station is a "wasted opportunity" in that the car park above does not give the "maximum exploitation of space."

"The car park could be useful only after Hunghom itself has been developed as a result of the station being there. But without that, there is not much justification for the car park," he said.

Philosophically speaking, he said railways are becoming increasingly professional and the generalised administrative techniques which may be satisfactory for all departments are increasingly unsuitable for the high level of professionalism they required.

"If we have a greater degree of autonomy, we'll be able to reduce the administrative time lag in reaching a decision. Right now, decision-making is fragmented and tortuous," Mr Gregory said.

His administration has been in correspondence with the Government in the past 12 months on the topic of a corporation for the KCR. A formal proposal for the formation of the corporation was sent to the Colonial Secretariat last month.

In essence, the KCR is asking the Government to give it more control over the timing and extent of its investments in accordance with the overall criteria decided on by the Government.

This will give his administration, he said, greater morale and pride, which will result in the generation of more revenue for the Government.

In 1974-75, about \$1 million was spent on the KCR's staff, this being less than five per cent of the total expenditure of \$25 million.

The surplus last year was \$5.5 million. That for the current financial year may reach \$11 million, against a total expenditure of about \$27 million.

Currently, the Government is undecided on how much autonomy the KCR should have under the proposed KCR Corporation.

But the corporation proposal is understood to have been closely examined by the Colonial Secretariat, which has yet to identify the implications which might arise if the KCR were allowed either "a little autonomy" or to operate as a complete separate commercial entity.