

Action urged over KCRC's \$4m handouts

THE Government came under strong pressure from legislators to urge the Kowloon-Canton Railway Corporation (KCRC) to justify its \$4 million "golden handshakes" to two senior officials.

But Secretary for Transport Michael Leung Man-kin said it was Government policy to allow independent statutory bodies such as the KCRC to operate freely in deciding the pay and conditions of its staff in order to be commercially competitive.

"Terms and conditions of service of individual staff members, who are not civil servants, are a matter for the corporation and are not subject to Government monitoring," Mr Leung told Mr Michael Cheng Tak-kin who wanted to know whether public money was being properly spent.

Mr Leung said the KCRC was free to make its own decisions on staff hiring except in the case of the managing director, which requires the approval of the Governor.

Clearly unconvinced that public money could not have been better spent, legislators grilled Mr Leung on the handouts to two former

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KCRC directors, Joe Wade and Felix Chow who were awarded \$1.87 million and \$1.95 million respectively in return for their resignations.

Since the payments became known there has been a public outcry for the KCRC to disclose its reasons for making them.

However, under rules governing the KCRC, the corporation is under no obligation to publicly disclose employment contact details, despite mounting public pressure to do so.

Mr Martin Lee Chum-ming asked whether the Governor Sir David Wilson intended to intervene in the matter.

However, Mr Leung replied: "It's a matter for the Governor to decide and not for me."

At one point, Chief Secretary Sir David Ford intervened and stressed it was Government policy to allow companies such as the KCRC to operate with as much flexibility as possible.

Sir David said: "As far as independent corporations (are concerned), our policy is to set them up under a broad charter. Those policies are approved by Exco

and conveyed by the secretary concerned to the corporations. We want them to operate in a flexible way."

The incident has highlighted the monitoring of corporations.

Mr Leung said it was not possible to force the KCRC to make public the reasons for the payments because it was related to the contract and not to be disclosed to the public.

He said it was not only up to the Government to monitor the operations of the corporation but that both the Executive and Legislative councils had roles to play.

He told Mr Lee the accounts of the KCRC had to be approved under the terms of the KCRC ordinance.

Just before the session began, a group of Kwai Tsing District Board members handed in petition letters to the councillors, demanding the ex-gratia payments be frozen.

They also called for an independent investigation into the circumstances under which the KCRC board had decided to hand out the payments.

The district board members described the payouts as an unjustified use of public money.