

Our Ref : ISD-CASC/11/12/07
5th December 2007

Ms. Becky Kwan,
Chairman,
Cathay Pacific Airways Flight Attendants Union,
6/F Airline Store Building,
2 Chun Ming Road,
Chek Lap Kok,
Hong Kong.

FAXED
DATE: 5-12-07 5:28 pm

By Post & by Fax : 2764 6593

Dear Becky,

Thank you for your letter of 4th December.

I am writing to express the Company's disappointment and concern at the misleading and unhelpful comments that have arisen as a result of the Extraordinary General Meeting of the FAU on the 3rd of December.

I refer to a quote attributed to you in which you state that "if it (the Company) does not talk to us or refuses to withdraw its policy, it will have to bear the consequences". Press reports refer to the Flight Attendants Union threatening sickouts, refusing to serve passengers, or going on strike. Such widely-publicised threats are irresponsible at any time but particularly now as it comes at the festive season when many Hong Kong people are looking forward to a year-end break. It not only undermines the travelling public's confidence in Cathay Pacific, it also affects all Cathay Pacific employees.

You assert that is the FAU's desire to resolve all issues internally and yet recent activity and comments merely seem to be designed to pressure the Company and to cause unnecessary alarm to the public and our passengers.

I also take issue with your reported assertion that the Company has not been talking to the Union. As you well know, we hold bi-monthly meetings with the FAU. You will be well aware that the RightChoice matter was raised with the FAU on 11 September, and discussed in detail at meetings on 31 October and again on 13 November.

During these meetings, the company has carefully explained how the RightChoice Medical Plan has been structured, in particular the overall improvements in the levels of coverage and the introduction of a Major Medical Supplemental (MMS) to give our colleagues and their dependents critical illness protection.

Cont'd/2

You will also recall that the FAU kindly provided suggestions to the Company about areas that Cabin Crew may need clarifying, which we took on board. Furthermore, the FAU, in a communication to its members on 15 November acknowledged that “actually there are some significant improvements on certain areas”.


The changes to the RightChoice Medical Plan, which apply to the majority of our employees, are necessary because the current arrangements are out of alignment with the market and if we are to retain and attract quality employees, we need to provide market-competitive benefits. Whilst cost was not a consideration, these improvements are costing the Company more money and we believe they are both necessary and the right thing to do. We believe the changes will ensure that our people are better protected and we also want them to share some ownership for the way they use their medical benefits. The benefits have not been reduced in any way.

The RightChoice Medical Plan was changed following reviews of feedback from users, the evidence of plan usage over the years and a survey of what the marketplace is doing in respect of medical scheme provision. Discussions and feedback from staff representative groups, including the FAU, led to refinements, including a reduction in co-pay for Level A & B staff (BCs, FPs, SPs and ISMs respectively); information about guidelines for hardship cases and the intention to review the RightChoice Medical Plan in 2008. These changes have been positively received by the Local Staff Union.

In addition to the changes that have taken place since the RightChoice Medical Plan 2008 was announced, the Company intends to convene a Working Group next year to look at the scheme and the FAU will be invited to join.

I sincerely hope the FAU will take all of these points into account. Should you wish further meetings with Manager Cabin Crew Relations, or Personnel to further discuss the RightChoice enhancements they are available at your convenience.

Yours sincerely,



Charlie Stewart-Cox
General Manager Inflight Services

Copy : All Hong Kong Based Cabin Crew