

hope that Hong Kong people will understand that the Democratic Party opposes the rail merger. Madam President, it is not the case that we do not like to see a fare reduction by the MTRCL. Why should we oppose the merger if it means a moratorium on fare increase over a long period of time? But the problem is that we have to give up long-term benefits for short-term benefits. To Hong Kong people who are practical and who have wisdom, I think they must think about this very seriously.

I think friends from the pan-democratic camp basically all oppose the merger, perhaps with a few exceptions, but basically, we are opposed to it. I hope Members will understand that the pan-democrats do not oppose for the sake of opposition. Rather, we oppose it for the long-term interest of Hong Kong and for the disadvantaged, residents in New Territories West and people with disabilities. I think we must persevere. I hope Members will understand the fundamental reasons why we oppose it. It is not the case that we do not accept it despite that benefits will be gained in the short term.

Thank you, Madam President.

**MRS SELINA CHOW** (in Cantonese): President, I do not wish to waste any more of Members' time here explaining why the Liberal Party supports the early realization of the rail merger, because Ms Miriam LAU already explained this very clearly earlier on. Perhaps I should sum up the reasons.

Hong Kong is only a small city and so, we need only one railway corporation to achieve synergies, and the undertaking of fare reductions can also be fulfilled immediately. This is not just a short-term concession. Dr YEUNG Sum must not get it wrong. When fares are reduced today, the base will also be reduced, and in the long term, benefits will come continuously. Fares of long-distance journeys can be reduced by 10%, while those of short-distance journeys can be reduced by 5%, and there will be concessions for interchange too. All these can be achieved immediately after the merger. Better still, the fares will not be adjusted upward for two years, and a mechanism which allows for increase and reduction in railway fares can be introduced. This is some positive, stable and reliable information given to our passengers, enabling us to know the conditions to be offered by the railway system in providing service to passengers.

There is another reason which was not mentioned by Ms Miriam LAU and which I think is very significant and that is, given Hong Kong's increasing integration with the Mainland, rail service is set to become the most effective means of transport connecting Hong Kong and the Mainland. For instance, with regard to the Regional Express Line or the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Guangdong Province has obviously worked more efficiently in carrying out preparatory work for this rail link. We have nonetheless spent a great deal of time arguing whether a dedicated link should be built for the purpose or the original West Rail track should be utilized. I trust that if the territory's massive railway systems can be managed and planned as one unified system, it will expedite the progress of Hong Kong bridging with places outside the territory, and I believe this should be good news to the general public.

Moreover, the MTR Corporation Limited (MTRCL) has since its inception operated on market-led principles as well as the principle of customers first. The performance of its overall operation is there for all to see, and its corporate culture and efficiency have also earned recognition and commendation from the public. As for the KCRC, however, perhaps it used to operate in a way similar to a government department, so it has been inherently under the influence of bureaucracy, resulting in obvious inadequacies in its overall culture of governance. In fact, Members can see this from some incidents in the past. I believe the rail merger can especially bring in the corporate culture of the MTRCL on a full scale and hence facilitate integration and consolidation, and this can indeed enhance the efficiency of the rail system territory-wide, which will ultimately benefit members of the general public.

I have just talked about some benefits which, in the view of the Liberal Party and in my personal view, will be generated by the rail merger. I think many members of the public can also see these benefits. But today, we heard a number of colleagues caution that there would be a lot of disadvantages. But can their arguments be really substantiated? Firstly, almost all of those colleagues opposing the merger said that MergeCo would have absolute dominance in the market, that the problem would be serious and that there would not be competition at all, alleging that the merger is really going nowhere. Ms Miriam LAU already said earlier that the two railway systems have not started out to be competitors, for they are only operating in different areas separately and so, how possibly can we strictly say that they have been competing with each other and that this has, in turn, given more choices to the public? This is simply not true.

But when it comes to the adverse impact of the merger, we think that what the colleagues have said is rather interesting. The examples that they cited should be suggesting that the existence of two railway corporations is desirable in that they can compete with each other, but that is not quite the case according to what I have heard. Mr Albert HO said that the development of the Shatin to Central Link would introduce competition. Had there been only one railway corporation operating in the territory, I think the Shatin to Central Link could have been there already and it could have been completed today. It is precisely because the two corporations have to compete with each other and tendered for the project that this rail link has been delayed continually. The delay may be due to the existence of two railway corporations. If there is only one corporation, the situation would have been different.

Moreover, we have heard the example cited by Mr Fred LI. He said that he did not know how he could come here from Kowloon. This precisely has to do with a proposal made back then about connecting Kowloon with the Tamar Station, but the Tamar Station cannot be connected with the MTR station in Admiralty; nor can it be connected with the MTR Central Station. Why? Because there are two railway corporations. It was mentioned earlier why the KCR station in Mong Kok cannot be directly linked with the MTR. It is also because the operation of two corporations is involved and so, that is simply not possible. If there is only one corporation, certainly it would make the best arrangement. Obviously, the provision of rail service by one corporation certainly has merits, because planning could be centralized.

I have listened to Mr Ronny TONG's speech earlier and I think what he said is also very interesting. A number of colleagues, including Dr YEUNG Sum, have made similar comments about why the merger should be discussed together with fare reduction. We have held so many meetings and we have talked about synergies and yet, they seem to be uninterested in the synergies, thinking that we can jump to fare reduction direct without talking about synergies. Certainly, synergies mean that a merger of the two corporations will reduce expenditure in many areas and hence provide room for fare reduction to the benefit of passengers, and this is what synergies mean. So, how can we just talk about fare reduction without mentioning the savings to be achieved in expenditure? This is not in line with the normal way of commercial operation. The cost, expenditure and concessions should be linked. I do not know if they really do not understand it or they are just pretending not understanding it.

Dr YEUNG Sum mentioned being held to ransom earlier and this, I think, is even more laughable. The Government asked him to support the Government and he said no and asked the Government to do this and that first. Does this not amount to extortion? Dr YEUNG Sum said that this is not. The Government turned him down, telling him that it would do this and that for him after the completion of the rail merger, and according to what Dr YEUNG Sum said earlier, the Government was threatening him in so saying. I would like to ask the Democratic Party this: If they refused to support the Government when it refused to accede to their demand, were they not holding the Government to ransom? I wonder which Member of the Democratic Party can respond to this point later.

However, the Liberal Party has all along considered bundling unnecessary, because the merger has merits. As I said just now, we are not saying that it is 100% perfect and certainly, be it one corporation or two corporations, there are bound to be inadequacies. We have asked the corporations to make improvement before, and we will still ask the corporation to make improvement in future. We in this parliamentary assembly should not give up our responsibilities. We should follow this up continuously, and we cannot underestimate our strength as a parliamentary assembly because in playing our monitoring role, we have actually performed our function by achieving improvement of some services. We have expressed the aspirations of the public and we have put forward their demands continuously. While we have heard or seen that the Government may not necessarily accept everything, and the MTRCL or KCRC also may not accept everything, is it that no improvement whatsoever has been made? I think if I ask myself this, honestly, I cannot say so. We do have the duty to perform this role continuously.

Speaking of New Territories West, I am one of the Members representing New Territories West. Earlier on I heard many colleagues say that residents of New Territories West are unsatisfied, particularly with the Light Rail. Let us not talk about the Light Rail for the time being. But apart from the Light Rail, there is also the West Rail. Insofar as the rail merger is concerned, is it true to say that residents of New Territories West are not going to benefit from it in any case? The fare from Tuen Mun to Central is \$24.4 and it will be reduced to \$21.9 after the merger. The fare from Tung Chung to Sha Tin will be reduced from \$20.2 to \$18, and that from Yuen Long to Wan Chai will be reduced from \$24.4 to \$21.9 while that to Tsim Sha Tsui will be reduced from \$20 to \$16.8. All these fares will be reduced by 10%, and the reductions can take effect upon the merger.

If the merger is not approved today, do Members think that the reductions can take effect immediately? Will they take effect right upon the merger? Should this be a reason for our opposition to the merger? Are we saying that after the merger, we should let the residents deal with this matter and get entangled and if such being the case, are we not being generous at the expense of other people or at the expense of the passengers? I am sorry that I must disagree, as I have not conducted any survey among passengers in New Territories West. However, I think if residents of New Territories West, especially passengers in Tuen Mun, Tung Chung and Yuen Long, are aware of the concessions to be offered to them after the merger, even if they may not be completely satisfied with the merger, they would still accept it to a certain extent and they would at least consider this a good thing.

In short, if the Bill is not passed today, there would not be a merger, and without the merger, there would not be these concessions. But I do not think that the benefits are just transient. Rather, the lowered base for fare determination subsequent to the fare reductions would be maintained because of the FAM which allows for increase and reduction in railway fares and so, benefits will be generated long term.

Speaking of the Light Rail, there is no denying that residents of Tuen Mun and Yuen Long are unhappy. Why? When the Light Rail was first designed in the '80s, the system was meant to be an internal transport system to provide service within the district. The whole planning at the time was to facilitate employment of residents within the district and facilitate their mobility within the district. But now, its nature has been changed due to the construction of the West Rail. As the Light Rail has deployed many trains to help carry passengers of the West Rail, traffic in the district is therefore plunged into chaos and disorder.

Undoubtedly, we all understand and we all have heard the views of the public. Residents of Tuen Mun, Yuen Long and Tin Shui Wai considered that the train compartments of the Light Rail are too small, the trains are not frequent enough and the trains are too crowded; they are also dissatisfied that the Light Rail will be excluded from the proposed fare reductions. Certainly, we all understand why the KCRC has consistently refused to reduce the fares of the Light Rail. Because it is suffering an annual loss of \$100 million and so, it is difficult to reduce its fares. I told the Traffic and Transport Committee of the Tuen Mun District Council that if the merger were not approved and the KCRC

were allowed to operate with its present *modus operandi*, would they think that the KCRC would immediately make improvement to the Light Rail in such a way as they have requested? I think the chances will be very slim if the merger is rejected. After the merger, if there is sound management, coupled with the synergies to be achieved and other factors, it would be easy for us to request the railway corporation to address squarely the problems of the Light Rail.

Furthermore, the problem lies not only in the railway corporation. In fact, I have arranged a meeting with CHOW Chung-kong to discuss this with him. I will ask him to face up to this problem and tell us how the railway corporation will improve the operation of the Light Rail in various aspects. However, the Government also has a very important role to play because insofar as the district is concerned, given the *modus operandi* of the Light Rail, restrictions have been imposed on many other modes of transport for the protection of the Light Rail. This is unhealthy, and competition has been stifled. To passengers, this cannot provide convenience to them. Nor can this put any pressure on the Light Rail in respect of its fares. So, I hope that the Government can conduct a review expeditiously or within the next few months and strike a balance among various modes of transport in the district, instead of following the old practices in future delivery of service.

Besides, there is still another very important point. Since the fares of the Light Rail will not be reduced, certainly its fares must not be increased either, and all the other concessions, such as the "One-month Pass", should be maintained. In any case, all the existing concessions — I will not name each and every one of them — must not be withdrawn. The Light Rail must at least offer the concessions currently provided to passengers of other railways. It must provide such concessions as long as they are provided by other railways, or it should even outdo the other railways in this respect. Certainly, it would be better if the Light Rail can reduce its fares.

I hope that the railway corporations and the Secretary can give us a response in this respect.

Thank you, President.