

25 September 2006

By fax and mail

Clerk to Bills Committee on  
Rail Merger Bill  
Legislative Council Secretariat  
3/F Citibank Tower  
3 Garden Road  
Central  
Hong Kong

Attention: **Ms. Sarah Yuen**

Dear Ms. Yuen

**Rail Merger Bill**

We thank you for your letter of 18 August 2006 and as requested, would like to offer our views as follows.

We support the merger of the two railway corporations, as we believe this merger, if properly implemented, will increase efficiencies and eliminate waste and duplication for the betterment of Hong Kong as a whole.

Having said that, we must reiterate our long held position that the construction and operation of railways, like any other infrastructure projects, should not be subsidized by land but by cash injection approved by the Finance Committee of the Legislative Council. We are against using land as subsidy for the reason that it will interfere with Government's land supply mechanism and weaken its ability to manage the supply side of the equation. We believe the proper way to dispose of land associated with railway projects is to go through the channel of the centralized Land Application List Mechanism.

Please note that we shall not attend the meeting on 28 October.

Yours sincerely

Louis Loong  
Secretary General