

For information

Legislative Council Panel on Transport

Implementation of the Rail Merger

Introduction

This paper informs members of the steps being taken to implement the rail merger.

Background

2. The legislative amendment exercise for implementing the rail merger was completed in July 2007 after passage of the Rail Merger Ordinance (RMO) and approval of the necessary amendments to the relevant subsidiary legislation by the Legislative Council.

Recent Development and Next Steps

3. On 9 October 2007, the MTR Corporation Limited (MTRCL) conducted an Extraordinary General Meeting in accordance with the Listing Rules to seek the approval of its minority shareholders on the proposed rail merger. The minority shareholders of the MTRCL voted in favour of the proposed rail merger.

4. The MTRCL and the Kowloon-Canton Railway Corporation (KCRC) are now making final preparations for implementing the rail merger, including alignment of safety systems, integration of ticketing and fare systems, staff arrangements and completing a consent solicitation exercise for certain KCRC's financial arrangements. We are working closely with the two corporations to ensure smooth and timely completion of the necessary preparatory work. They expect that the preparatory work could be completed in about two months. To date, the work progress is smooth.

5. Judging from the present progress, we expect to be able to decide on the exact date for implementing the rail merger within the next few weeks, when we would have a firmer view on when would the corporations' preparatory work be completed. Under section 2 of the RMO, the rail merger implementation date shall be the date to be appointed by the Secretary for Transport and Housing by notice published in the Gazette to bring the ordinance into operation (Commencement Notice). The Commencement Notice is a piece of subsidiary legislation subject to the Legislative Council negative vetting procedures. Once the rail merger implementation date is determined, we will table the Commencement Notice in this Council.

6. If everything goes smoothly, we expect that the rail merger can be implemented by the end of this year.

Transport and Housing Bureau

10 October 2007