

**Overall Adjustment Rate
for MTR Fares in 2018/19 Comes to +3.14%
Octopus Passengers Unlikely to Pay Extra Fare This Year**

Following the release of the year-on-year increase in Nominal Wage Index (Transportation Sector) for December 2017, the overall adjustment rate for MTR fares in 2018/19 is calculated at +3.14%*. Fare adjustment will take place within June, however, with the 3% fare rebate via Octopus for six months in the second half of 2018, there is unlikely any actual fare increase for Octopus users in this calendar year.

The Government Census and Statistics Department (C&SD) today (27 March 2018) published the year-on-year increase in Nominal Wage Index (Transportation Section) for December 2017 to be 2.8%.

According to the Fare Adjustment Mechanism (FAM) formula, the overall adjustment rate for MTR fares is arrived at by the summation of half of the year-on-year increase in Nominal Wage Index (Transportation Section) for December in the previous year and half of the year-on-year increase in the Composite Consumer Price Index for December of the previous year. In 2018, based on the FAM arrangements, including the special annual adjustment of 0.6% offered by the MTR Corporation outside of the FAM formula, the overall fare adjustment also has to take into account the +1.49% rolled over from 2017/18, since no fare adjustment was made in 2017/18 when the FAM adjustment rate (i.e. +1.49%) was within the range of $\pm 1.5\%$.

In the light of the latest published figure of Nominal Wage Index (Transportation Section) for December 2017, the 1.7% year-on-year increase in Composite Consumer Price Index for December 2017 published by C&SD on 23 January 2018, after adding the 1.49% rolled over from 2017/18 and subtracting the special annual adjustment of 0.6% offered by the MTR Corporation outside of the FAM formula, the overall fare adjustment rate for MTR fares in 2018/19 comes to +3.14%.

"We have rolled out a number of initiatives benefiting customers after completing the review of the FAM in 2017, including the commitment to provide 3% rebate for all Octopus users for at least six months each year until 2022/23. With the 3% rebate, it is likely that Octopus users will have no effective or actual fare increase in the 2018 calendar year," said Ms Jeny Yeung, Commercial Director of MTR Corporation.

She also said, "outside of the FAM, the Corporation will continue to provide on-going fare concessions amounting to some \$2.6 billion per year to benefit different passenger groups, including children, students and the elderly. Hence taking into account all concessions, every year MTR passes back to customers over \$3 billion of concessions."

-more-

Since the Rail Merger, from 2008 to 2017, the average year-on-year inflation in Hong Kong has been 3.2% and the average annual increase in Hong Kong Payroll Index has been 4.4%. Both of them are well above the average annual increase of 2.5% in MTR fares over the same period. The overall adjustment rate of +3.14% is also significantly lower than the 11.89% increase in Median Monthly Household Income over the last two years.

The Corporation will now work out the actual changes to individual fares using the overall fare adjustment rate of +3.14%. A formal announcement on new MTR fares will be made at a later date, after completing all required administrative procedures including the submission of two independent experts' certificates to the Government verifying compliance with the FAM.

- End -

*Calculation of 2018/19 Overall Fare Adjustment Rate

Step 1

Applying the FAM formula:

Year-on-year % change in Composite Consumer Price Index for December 2017	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2017	Productivity Factor	Overall Fare Adjustment Rate based on FAM Formula
1.7%	2.8%	0%	
(0.5 x 1.7%)	+ (0.5 x 2.8%)	- 0%	= +2.25%

Step 2

After counting the Rolled-over Rate from 2017 and the Special Annual Adjustment, the result of the overall fare adjustment rate for 2018 is:

Fare Adjustment Rate based on FAM Formula	Rolled-over Rate from 2017	Special Annual Adjustment	Overall Fare Adjustment Rate for 2018
[+2.25%	+ 1.49%] - 0.6%	= +3.14%

About MTR Corporation

MTR Corporation is regarded as one of the world's leading railway operators for safety, reliability, customer service and cost efficiency. In its home base of Hong Kong, the Corporation operates ten commuter railway lines, a Light Rail network and a high-speed Airport Express link on which about 5.8 million passenger trips are made on a normal week day. Another 6.5 million passenger trips are made on the rail services it operates outside Hong Kong in the Mainland of China, the United Kingdom, Sweden and Australia. In addition, the Corporation is involved in a range of railway construction projects as well as railway consultancy and contracting services around the world. Leveraging on its railway expertise, the Corporation is involved in the development of transit-related residential and commercial property projects, property management, shopping malls leasing and management, advertising media and telecommunication services.

For more information about MTR Corporation, please visit www.mtr.com.hk.