

**Overall Fare Adjustment Rate of +4.3%
for MTR Fares in 2015**

The Government Census and Statistics Department (C&SD) today (27 March 2015) published the year-on-year increase in Nominal Wage Index (Transportation Section) for December 2014 to be 4.9%.

In accordance with the Fare Adjustment Mechanism (FAM) formula*, combining half of 4.9% with half of the 4.9% year-on-year increase in the Composite Consumer Price Index (CCPI) for December 2014 as published by C&SD on 22 January 2015, and subtracting the Productivity Factor (PF) value of 0.6%, the Overall Fare Adjustment Rate of +4.3% is derived for MTR fares in 2015. The rate is 0.5 percentage points lower than what would have been derived using the original FAM Productivity Factor of 0.1% which was adjusted after the FAM review in 2013. It is noted that +4.3% is also lower than the 6.67% year-on-year increase in Median Monthly Household Income for the fourth quarter of 2014.

The Corporation will now work out the actual changes to individual fares using the Overall Fare Adjustment Rate of +4.3%. 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. During this time, the Corporation will also be determining the 2015/2016 package of fare promotions taking into account the current fare promotions being offered to different passenger groups as well as continue to explore investing more resources to enhance railway service and facilities.

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***Calculation of 2015 Overall Fare Adjustment Rate according to FAM Formula**

Year-on-year % change in CCPI for December 2014	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2014	Value for Productivity Factor # (2013 – 2017)	Overall Fare Adjustment Rate for 2015
4.9%	4.9%	0.6%	
$(0.5 \times 4.9\%)$	$+$	$(0.5 \times 4.9\%)$	$-$
		0.6%	$=$
			+4.3%

#Note: The value of Productivity Factor in the formula has been revised from the original 0.1% to 0.6% after the FAM review in 2013.