

**Overall Fare Adjustment Rate of +2.7%  
for MTR Fares in 2016**

The Government Census and Statistics Department (C&SD) today (29 March 2016) published the year-on-year increase in Nominal Wage Index (Transportation Section) for December 2015 to be 4.1%.

In accordance with the Fare Adjustment Mechanism (FAM) formula\*, combining half of 4.1% with half of the 2.5% year-on-year increase in the Composite Consumer Price Index for December 2015 as published by C&SD on 21 January 2016, and subtracting the Productivity Factor (PF) value of 0.6%, the Overall Fare Adjustment Rate of +2.7% is derived for MTR fares in 2016. The rate is 0.5 percentage points lower than what would have been derived using the original PF value of 0.1% which was adjusted after the FAM review in 2013. It is noted that +2.7% is also lower than the 3.33% year-on-year increase in Median Monthly Household Income for the fourth quarter of 2015.

Since the Rail Merger, from 2008 to 2015, the average annual increase in Hong Kong inflation has been 3.5% \*\* and the average annual increase in Hong Kong Payroll Index has been 4.6%\*\* , both of which are well above the average annual increase of 2.9%\*\* in MTR fares over the same period.

“Sustainable and stable fare revenue is critical to fund the significant operating costs and investments required to maintain and upgrade our extensive rail network. To continue to provide high-quality service, operating costs have been increasing at rates higher than fares whilst in 2015 alone, the Corporation spent over \$7 billion in maintaining and upgrading our railway facilities. Fares are a major source of revenue for the Corporation, and they have been maintained at reasonable levels as reflected by the fact that the average annual fare increase is well below the average annual increase in Hong Kong inflation and the Hong Kong Payroll Index in the period since the merger. Furthermore, according to a benchmarking study in 2015 by CoMET (Community of Metros), a global metro community group, on metro fares in major world cities, MTR fares on a passenger-kilometre basis as a percent of income is in the lowest quartile amongst 30 metros in major cities covered in the study,” said Mr Lincoln Leong, Chief Executive Officer of MTR Corporation.

The Corporation will now work out the actual changes to individual fares using the Overall Fare Adjustment Rate of +2.7%. 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 2016/2017 package of fare promotions taking into account the current fare promotions being offered to different passenger groups. We will also continue to invest more resources into enhancing railway services and facilities.

-more-

Regarding the request from Government to advance the review of the FAM with a view to applying any agreed revision in 2017, the Corporation is studying the request and aims to respond to Government in the next few months.

\*\* The figure refers to the compound annual growth rate for the period from 2008 to 2015.

- End -

**\* Calculation of 2016 Overall Fare Adjustment Rate According to FAM Formula**

Year-on-year % change in Composite Consumer Price Index for December 2015	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2015	Value for Productivity Factor # (2013 – 2017)	Overall Fare Adjustment Rate for 2016			
2.5%	4.1%	0.6%				
$(0.5 \times 2.5\%)$	+	$(0.5 \times 4.1\%)$	-	0.6%	=	+2.7%

#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.

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 nine commuter railway lines, a Light Rail network and a high-speed Airport Express link on which more than 5.5 million passenger trips are made on a normal week day. Another 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](http://www.mtr.com.hk).