

**Overall Fare Adjustment Rate of +3.6%
for MTR fares in 2014**

The Government Census and Statistics Department (C&SD) today (27 March 2014) published the year-on-year increase in Nominal Wage Index (Transportation Section) for December 2013 to be 4.1%. Calculating according to the Fare Adjustment Mechanism (FAM) formula*, half of 4.1% is combined with half the value of the 4.3% year-on-year increase in the Composite Consumer Price Index (CCPI) for December 2013 as published by C&SD on 21 January 2014 and subtracting the new Productivity Factor (PF) value of 0.6% which came into effect after last year's review of the FAM, the Overall Fare Adjustment Rate for MTR fares in 2014 is +3.6%. The rate is 0.5 percentage points lower than what would have been derived using the PF value before the review. It is noted that +3.6% is lower than the 6.16% year-on-year increase in Median Monthly Household Income for the 4th quarter of 2013.

Using the Overall Fare Adjustment Rate of +3.6%, the Corporation will now work out the actual changes to individual fares and make a formal announcement on new MTR fares at a later date, after completing all required administrative procedures including the submission of two independent experts' certificates to Government verifying compliance with FAM.

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***Calculation of 2014 Overall Fare Adjustment Rate according to FAM Formula**

Year-on-year % change in CCPI for Dec 2013	Year-on-year % change in Nominal Wage Index (Transportation Section) for Dec 2013	New value for Productivity Factor (2013 – 2017)	Overall Fare Adjustment Rate for 2014
4.3%	4.1%	0.6%	
(0.5 × 4.3%)	+	(0.5 × 4.1%)	-
		0.6%	=
			+3.6%

