

1 to 3 Cents Increase in Bus and Train Fares from October

1 From 1 October 2006, adult EZ-Link fares for buses and trains will increase by 1 to 3 cents. Senior citizen off-peak EZ-Link fares which are flat fares pegged to the lowest adult EZ-Link fare band will correspondingly increase by 1 cent. There are no increases in cash fares for buses, single trip tickets for trains, child/student fares and monthly student/NS men concession passes.

2 In August 2006, the public transport operators SMRT Corp (SMRT) and SBS Transit (SBST) had applied to the Public Transport Council (PTC) for an increase in bus and train fares. The PTC deliberated on the PTOs' fare proposals and approved an overall fare increase of 1.7% this year, taking into account the fare adjustment cap formula introduced in 2005.

3 With the positive economic outlook where the latest GDP growth forecast for 2006 has been revised upwards to 6.5% - 7.5%¹ and the unemployment rate for June 2006 has been estimated at 2.9%², the PTC assessed that there were no extenuating circumstances that required it to either vary the fare adjustment quantum determined by the formula or to reject it.

Fare Increase Kept Small For Most Commuters

4 The PTC approved a tiered increase in adult EZ-Link fares of 1 to 3 cents depending on the distance travelled. The tiered increase minimises the impact on commuters who make short trips or transfers, as the first fare band of both bus and train fares will see an increase of only 1 cent.

5 Senior citizen off-peak EZ-Link bus and train fares, which are flat fares pegged to the lowest adult EZ-Link fare band will also be increased by 1 cent. For example, regardless of the distance travelled, the revised senior citizen bus fare is 65 cents, while the revised fare for travel on the East-West and North-South MRT Lines is 66 cents.

6 Of all the bus and train trips, 6 in 10 will see either no increase (23%) or an increase of only 1 cent (37%). 24% of trips will see an increase of 2 cents while the remaining 16% see an increase of 3 cents (refer to Fact Sheet, paragraphs 8 – 10).

Help for Needy Families

7 The PTC has always been concerned about the affordability of public transport fares. It monitors affordability for the general public by tracking the percentage of monthly household income spent on public transport by a characteristic family in the second quintile (21st to 40th percentile) household income group which is considered representative of the average public transport commuter as recommended by the Committee on the Fare Review Mechanism (FRMC) in 2005. The public transport affordability indicator has been on a down-trend from 2003 (7.0%) to 2004 (6.8%) and 2005 (6.6%), indicating that fares have remained affordable for the representative household.

¹ MTI revised the full year real GDP growth estimates upwards from 5% - 7% to 6.5% - 7.5% given the strong growth in the 1st half of 2006, barring any economic shocks.

² MOM's seasonally adjusted unemployment rates from 2002 to 2005 are: 3.6%, 4.0%, 3.4% and 3.1%. The 2.9% unemployment rate estimated for June 2006 is lower than the unemployment rate for the past 4 years.

8 While public transport fares remain affordable for the majority of commuters, needy families may need more help. The approach for helping such families has been to provide targeted help via community-led initiatives and work support schemes under MCYS/Community Development Councils.

9 Mr Gerard Ee, Chairman of the PTC said,

“We understand that commuters will feel the impact of a fare increase, no matter how small. The PTC in approving this fare increase has taken care to ensure that fares remain affordable for the majority of commuters relative to their updated income. However, we recognize that there is a segment of needy households which will need some help to adjust to the higher fares.

I am heartened to hear that the public transport operators will be contributing resources in the form of transport vouchers to help needy families in coping with the fare increase by defraying some of their costs. This is part of the government’s ‘Many Helping Hands’ approach where the government, community/grassroots organisations and the private sector all chip in to help.

The PTC will continue to work with the public transport operators to ensure that their service levels continue to improve over time, especially through the use of the new Quality of Service standards for buses.”

10 Please refer to the fact sheet for more details.

Approved Bus and Train Fare Adjustments

11 The approved bus and train fares, which represent the maximum fares that the public transport operators can charge, are set out in **Annex A**.

FACT SHEET

Fare adjustment formula caps fare increase below increase in operating costs

**Maximum fare adjustment =
[Price Index – 0.3%]**

Price Index = 0.5CPI + 0.5WI;

0.3% : productivity extraction set for 2005 to 2007.

CPI: the change in Consumer Price Index over preceding year; 0.5% in 2005.

Wage Index (WI) : the change in Average Monthly Earnings (Annual National Average) over the preceding year, adjusted to account for any change in the employer's CPF contribution rate; 3.5% in 2005.

1. The Public Transport Council (PTC), in deciding whether to grant a fare increase this year, would look at the fare adjustment formula (Price Index – 0.3%) which is 1.7% for 2006.

2. This fare adjustment formula protects the interests of commuters by capping the increase at a level lower than the cost increases experienced by the operators. This is done via a productivity extraction (0.3%) where operators share their productivity gains with the commuters. This is also to encourage the operators to become more efficient in their operations if they want to maintain their profitability.

PTC checks on overall economic outlook, affordability and operators' profitability

PTC considers:

GDP growth forecast: 6.5 – 7.5%

- revised upwards from 5-7% given the strong growth in the first half of 2006

Unemployment rate: 2.9% in June 2006

- lower than the unemployment rate for the past 4 years (2002: 3.6%; 2003: 4.0%; 2004: 3.4%; 2005: 3.1%)

ROTAs of operators:

6.5% (SBST) and 9.1% (SMRT) for 2005.

3. The PTC will have to take into account overall economic conditions, the affordability of public transport fares and the operators' profitability when deciding whether or not to allow fare increases.

4. The current economic outlook is positive, with the full year GDP growth forecast for 2006 having been revised upwards to 6.5% - 7.5%. The unemployment rate has also come down to an estimated 2.9% in June 2006, the lowest in the last 4 years.

**Public Transport Affordability Index =
Monthly Expenditure on Public Transport
Monthly Household Income**

Affordability Indicator: 6.6% in 2005

- improvement from 6.8% in 2004 and 7.0% in 2003.

The impact on the Public Transport Affordability Index under the following wage growth scenarios and 1.7% increase in fares:

1% increase in wages: 6.7%

2% increase in wages: 6.6%

3% increase in wages: 6.6%

4% increase in wages: 6.5%

5. The PTC has assessed that there are no extenuating circumstances that require the PTC to either vary the fare adjustment quantum determined by the fare adjustment formula or to reject it.

6. Even with the fare increase granted this year, fares are likely to stay affordable with a likely increase in general wage levels. The average wage growth for 2005 was 3.5%, and 3.0% for the 1st quarter of 2006. Affordability is also maintained by the fact that child/student fares and prices of concession passes will remain unchanged.

7. The PTC also made a reality check on public transport operators' (PTOs) ROTA (Return on Total Assets) to further ensure that commuters' interests are protected. The ROTAs (for bus and train operations) are 6.5% for SBST and 9.1% for SMRT¹ based on their proforma accounts². While the ROTAs can be considered to be healthy, it would be difficult to make a case that they are excessive, when compared with companies with similar industry structure and risk profiles.

ROTA of SBST and SMRT

	2003	2004	2005
SBST (Bus & Rail)	2.1%	4.6%	6.5%
SMRT (Bus & Rail)	5.1%	6.0%	9.1%

Notes:

- ROTA = Net Profit after tax/Total Assets
- These are based on proforma statements which are submitted to the PTC. They may be different from the ROTA values derived using published accounts of the holding company.

Some examples of ROTA of other companies

- Local Companies – Singapore Post (17.4%), SembCorp Industries (5.7%)
- Overseas Transport Operators – Transport International Holdings Limited (6.2%) in Hong Kong, Stagecoach Group PLC (9.0%) in the UK, FirstGroup PLC (5.6%) in Europe, Canadian National Railway Company (7.0%) in the US and Canada, Mass Transit Railway Corporation (7.4%) in Hong Kong.

Impact of fare increase on commuters

8. **About a quarter of all commuters do not see fare increases.** Those paying cash fares, single trip tickets on trains, children/students who pay concession fares and those with monthly concession passes (students and NS men) do not face fare increases.

¹ The ROTA figures are for the financial year ended in December 2005 (for SBST) or March 2006 (for SMRT).

² The proforma accounts reflect the bus and train operations of SBST and SMRT conducted in Singapore, which exclude exceptional items and non-transport activities.

9. **Of the commuters affected by fare increase, 3 in 4 of them take direct journeys on either bus or train.** The Adult EZ-Link fares for such journeys will increase by at most 3 cents.

For example, an MRT journey from Ang Mo Kio to Raffles Place MRT station which currently costs \$1.26 will also see a 2-cent increase from 1 October.

10. **Among commuters who have to make a transfer (1 in 4 commuters), most require one transfer, say from a bus to the MRT or to another trunk bus.** The majority of such journeys will see a fare increase of 3 to 4 cents.

For example, a commuter who travels via a feeder bus to Ang Mo Kio MRT station and takes the train to Tanjong Pagar MRT station currently pays \$1.70³. From 1 October, the commuter would see an increase of 3 cents (a 1-cent increase for feeder bus fare and a 2-cent increase for MRT).

Comparison of average bus and rail fares across cities

City	Average Bus Fare	Average Train Fare	Average Bus Fare (PPP adjusted)*	Average Train Fare (PPP adjusted)*
Singapore#	S\$ 0.66	S\$ 0.94	S\$ 0.66	S\$ 0.94
Hong Kong	S\$ 1.21	S\$ 1.53	S\$ 1.29	S\$ 1.63
London	S\$ 1.40	S\$ 3.75	S\$ 1.03	S\$ 2.76
New York City	S\$ 1.50	S\$ 2.38	S\$ 1.42	S\$ 2.26

Data source: Annual reports of SMRT & SBST (Singapore), MTR & KMB (Hong Kong), MTA New York City, London Travel Report, US Federal Reserve (Exchange Rate).

*Adjusted using the 2002 Purchasing Power Parity (PPP) Conversion Factor⁴ published by the World Bank

Based on 2005 (current) fares. Average fare = total fare revenue / total number of trips

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³ This consists 64 cents for feeder bus; \$1.31 for MRT and a transfer rebate of 25 cents is deducted.

⁴ The PPP is the rate of currency conversion at which a given amount of currency will purchase the same volume of goods and services in two countries. Another way of looking at the PPP is that when it is used as a currency converter, the price level is the same in both countries.

MAXIMUM BUS FARES FOR BASIC BUS SERVICES (w.e.f. 1 October 2006)

a) Adult Fare Structure (Aircon Trunk Services)

Distance Travelled	Fare Per Ride (cent)				
	Ez-link Card			Cash	
	Current	Approved	Change	Current	
4 or less fare stages	64	65	<i>1</i>	90	<i>No Change</i>
4.5 – 7 fare stages	85	87	<i>2</i>	110	
7.5 – 10 fare stages	105	108	<i>3</i>	130	
10.5 – 13 fare stages	115	118		140	
13.5 – 18 fare stages	125	128		150	
18.5 – 23 fare stages	135	138		160	
23.5 – 29 fare stages	145	148		170	
29.5 and more fare stages	155	158	180		
Transfer Rebate	25 (No change)			NA	

b) Adult Fare Structure (Non-Aircon Trunk Services)

Distance Travelled	Fare Per Ride (cent)				
	Ez-link Card			Cash	
	Current	Approved	Change	Current	
4 or less fare stages	59	60	<i>1</i>	80	<i>No Change</i>
4.5 – 7 fare stages	70	72	<i>2</i>	90	
7.5 – 10 fare stages	80	83	<i>3</i>	100	
10.5 – 13 fare stages	90	93		110	
13.5 – 18 fare stages	100	103		120	
18.5 – 23 fare stages	110	113		130	
23.5 – 29 fare stages	120	123		140	
29.5 and more fare stages	130	133	150		
Transfer Rebate	25 (No change)			NA	

c) Adult Fare Structure (Residential Feeder Services)

Type of Bus	Fare Per Ride (cent)					
	Ez-link Card			Cash		
	Current	Approved	Change	Current	Approved	Change
Non-Aircon	59	60	<i>1</i>	80	<i>No Change</i>	
Aircon	64	65		90		
Transfer Rebate	25 (No change)			NA		

d) Jurong Industrial Services Fare Structure

Distance Travelled	Fare Per Ride (cent)				
	Ez-link Card			Cash	
	Current	Approved	Change	Current	<i>No Change</i>
4 or less fare stages	59	60	<i>1</i>	80	
4.5 – 7 fare stages	70	72	<i>2</i>	90	
7.5 – 10 fare stages	80	83	<i>3</i>	100	
10.5 – 13 fare stages	90	93		110	
13.5 and more fare stages	100	103		120	
Transfer Rebate	25 (No change)			NA	

e) Senior Citizen Concession Fares

Type of Bus	Fare Per Ride (cent)				
	Ez-link Card			Cash	
	Current	Approved	Change	Current	<i>No Change</i>
Non-Aircon	59	60	<i>1</i>	80	
Aircon	64	65		90	
Transfer Rebate	25 (No change)			NA	

f) Child/Student Fare Structure

Type of Bus	Fare Per Ride (cent)				
	Ez-link Card			Cash	
	Current	<i>No change</i>		Current	<i>No change</i>
Non-Aircon	40			45	
Aircon	45			55	
Transfer Rebate	10 (No change)			NA	

g) Monthly Concession Passes

Type of Cardholders	Aircon	
Primary Student	\$22.50	<i>No change</i>
Secondary Student	\$27.50	
Tertiary Student	\$52.00	
Full-time National Serviceman	\$61.00	

MAXIMUM TRAIN FARES (w.e.f. 1 October 2006)

a) MRT Adult Fare Structure (North-East Line)

Distance Travelled	Fare Per Ride (cent)				
	Ez-link Card			Single Trip Ticket	
	Current	Approved	Change	Current	<i>No Change</i>
Up to 1.0 km	70	71	<i>1</i>	100	
1.01 to 2.0 km	75	76		100	
2.01 to 3.2 km	80	81		110	
3.21 km to 4.4 km	91	93	<i>2</i>	130	
4.41 km to 5.6 km	101	103		130	
5.61 km to 6.4 km	111	113		150	
6.41 km to 7.2 km	121	123		150	
7.21 km to 8.0 km	131	133		150	
8.01 km to 10.4 km	141	143		150	
10.41 km to 12.4 km	151	153		170	
12.41 km to 14.4 km	156	158		170	
14.41 km to 16.5 km	162	164		170	
16.51 km to 18.6 km	167	169	170		
18.61 km to 20.0 km	172	175	<i>3</i>	190	
Transfer Rebate	25 (No change)			NA	

b) MRT Adult Fare Structure (North-South and East-West Lines)

Distance Travelled	Fare Per Ride (cent)				
	Ez-link Card			Single Trip Ticket	
	Current	Approved	Change	Current	<i>No Change</i>
Up to 3.2 km	65	66	<i>1</i>	90	
3.21 km to 4.4 km	76	78	<i>2</i>	110	
4.41 km to 5.6 km	86	88		110	
5.61 km to 7.2 km	96	98		130	
7.21 km to 8.0 km	106	108		130	
8.01 km to 10.4 km	116	118		130	
10.41 km to 12.41 km	126	128		150	
12.41 km to 14.4 km	131	133		150	
14.41 km to 16.5 km	137	139		150	
16.51 km to 18.6 km	142	144		150	
18.61 km to 21.1 km	147	150	<i>3</i>	170	
21.11 km to 23.6 km	152	155		170	
23.61 km to 26.0 km	157	160		170	
26.01 km to 28.0 km	162	165		190	
28.01 km to 30.0 km	167	170		190	
Over 30.0 km	172	175		190	
Transfer Rebate	25 (No change)			NA	

c) LRT Adult Fare Structure (Bukit Panjang and Punggol)

Number of Stations	Fare Per Ride (cent)				
	Ez-link Card			Single Trip Ticket	
	Current	Approved	Change	Current	<i>No Change</i>
1 – 5	65	66	<i>1</i>	90	
6 – 7	76	78	<i>2</i>	100	
8 – 9	86	88		110	
Transfer Rebate	25 (No change)			NA	

d) LRT Adult Fare Structure (Sengkang)

Number of Stations	Fare Per Ride (cent)				
	Ez-link Card			Single Trip Ticket	
	Current	Approved	Change	Current	<i>No Change</i>
1 – 4	65	66	<i>1</i>	90	
5	76	78	<i>2</i>	100	
6 – 7	86	88		110	
Transfer Rebate	25 (No change)			NA	

e) Senior Citizen Concession Fares

Description	Ez-link Card Fare Per Ride (cent)		
	Current	Approved	Change
North-South and East-West Lines	65	66	<i>1</i>
BPLRT, SKLRT and PGLRT	65	66	
North-East Line	70	71	
Transfer Rebate	25 (No change)		

f) Child/Student Fare Structure

Distance Travelled	Ez-link Card Fare Per Ride (cent)	
Up to 5.6 km	40	<i>No change</i>
5.61 km to 14.4 km	45	
Over 14.4 km	50	
Transfer Rebate	10 (No change)	

g) Monthly Concession Tickets

Type of Cardholders	Current	
Primary Student	\$20	<i>No change</i>
Secondary Student	\$25	
Tertiary Student	\$45	
Full-time National Serviceman	\$50	