

# Introducing the Updated Fare Adjustment Formula

The Fare Adjustment Formula calculates the percentage of allowable fare changes by factoring in the various costs that affect public transport operations. It protects commuters' interests by limiting yearly fare adjustments. The updated formula will apply from 2023 - 2027.



**CORE CONSUMER PRICE INDEX**

Year-on-year change in the price of a fixed basket of consumption of goods and services

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**WAGE INDEX**

Year-on-year change in average monthly earnings

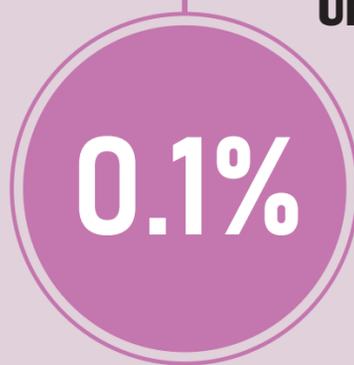
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**ENERGY INDEX**

Year-on-year change in prices of diesel and electricity

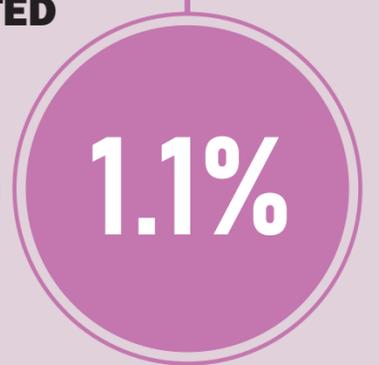
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**PRODUCTIVITY CONTRIBUTION**

Set at 0.1% to maintain expectation for continuous productivity improvements

+



**CAPACITY ADJUSTMENT FACTOR**

Set at 1.1% based on capacity growth of the public transport system

**UPDATED**





# Two Changes to the Fare Adjustment Formula

## FROM

### Productivity Extraction (PE)

was based on half of the average productivity gain achieved by the public transport operators over the previous 5 years.

## TO

### Productivity Contribution (PC)

is introduced to set the expectation for continuous productivity improvements. It is set at 0.1% for the next 5 years.

## FROM

### Network Capacity Factor (NCF)

tracked the changes in operating costs due to public transport capacity changes relative to commuter demand.

## TO

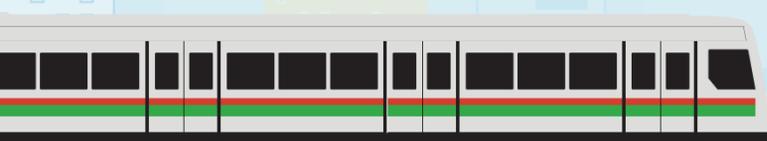
### Capacity Adjustment Factor (C)

will reflect changes in operating costs due to public transport capacity growth. It is set at 1.1% for the next 5 years to protect commuters from volatility in fares.



## What does this mean for you as a commuter?

The updated formula will reduce volatility in fares for commuters. The Public Transport Council (PTC) will continue to keep fares affordable while ensuring the financial sustainability of the public transport system.





# What are we doing to keep your fares affordable?

## Deferred Fare Adjustment Mechanism

PTC can defer fare adjustments to future exercises, e.g. when economic and social conditions are poor.

10.6% Fare Quantum deferred from FRE 2022



Deferring fare adjustments requires additional government support paid by taxpayers.



## Subsidised Fares

On top of funding infrastructure, Government subsidises public transport by more than

**\$2 billion** annually  
i.e. more than **\$1** for every journey.



Public Transport Vouchers are available to provide support for lower to lower-middle income households when fares are adjusted.





# What are we doing to keep your fares affordable?

## Concessions and Monthly Passes

About

# 1 in 2 Singaporeans

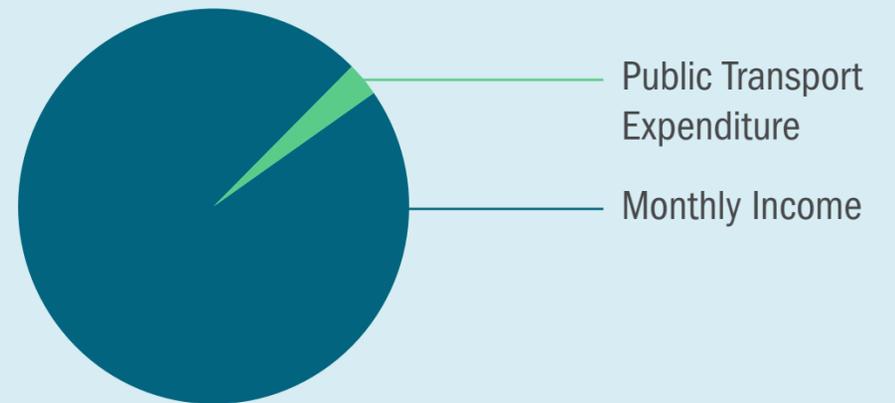
including senior citizens, students, lower-wage workers and persons with disabilities are eligible for concession fares.



Commuters who use public transport frequently can benefit from monthly passes to cap their fares.

## Monitoring Public Transport Affordability

PTC monitors the percentage of household income that is spent on public transport closely to ensure fares remain affordable.



Over the last 10 years, fares have become more affordable, as lower-income and average public transport users are spending a smaller share of their household income on public transport.

