

27 October 2016

## *News Release*

### **PTC REDUCES BUS AND RAIL FARES**

*And Simplifies Fare Structure to Benefit Commuters*

1. The Public Transport Council (PTC) has concluded the 2016 Fare Review Exercise and has decided to:

- a. Simplify the current fare structure, by lowering the fares for the fully-underground rail lines to the fare level of above-ground rail lines;
- b. Grant an overall 4.2% fare reduction, which translates into reductions of 1 to 27 cents for card fares; and
- c. Carry forward the remaining -1.5% of the fare quantum to the next Fare Review Exercise, to spread out the impact of volatile energy prices over time.

2. The above will take effect on 30 December 2016.

#### **a) Simplification of Fare Structure**

3. Currently, fully-underground lines like the North East, Circle and Downtown Lines have a different fare structure from the North-South and East-West Lines, LRT Lines and buses. The difference in fares ranges from 4 to 25 cents for adult and senior citizen concessionary card commuters. The fare differential was introduced in 2003 with the North East Line to reflect the

higher operating costs (e.g. air-conditioned platforms) of the fully-underground lines. This difference in fare structures for rail lines has, however, resulted in fare exceptions that may be confusing to commuters. For example, a commuter could be charged less for a longer journey along an above-ground line or on a bus service, compared to a shorter journey on a fully-underground line.<sup>1</sup> The number of such exceptions will multiply as our rail network grows and may inhibit the efficient distribution of commuters across the network. To remove the differential, fares for fully-underground lines will be lowered to the same level as the above-ground lines and basic bus services. With the move to a single fare structure, almost all fare exceptions will be eliminated.<sup>2</sup>

4. PTC will also adopt a purely distance-based approach to calculate fares based on the shortest travel path. Rail fares are currently determined by the distance of the fastest travel path between origin-destination pairs. However, the fastest travel path, which is based on travel time and includes walking and waiting time, may not always be the travel path with the shortest distance. The revised approach will be more intuitive for commuters and consistent with the current Distance Fare Framework.

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<sup>1</sup> One example of a fare exception is the fares for journeys between Bukit Panjang and Newton. With the opening of Downtown Line 2 last year, the fares could have been higher for seniors and persons with disabilities (PWDs) if they had been set based on the shorter route via the new fully-underground Downtown Line 2. This is because of the way concessionary fares for seniors and PWDs are calculated and capped, coupled with the fact that higher fares are charged for travel on fully-underground MRT lines like the Downtown Line 2. However, to ensure that no commuter ended up paying higher fares, the PTC adjusted the fares to be based on the original route via the North-South Line and Bukit Panjang LRT instead. This, however, meant that some adult commuters, who would have otherwise enjoyed lower fares with the opening of the new line, are paying the same fares as before. The number of such fare exceptions will increase significantly in the future as more fully-underground lines are introduced.

<sup>2</sup> Eight origin-destination pairs will still see fare exceptions to ensure that all commuters can enjoy a fare reduction during this year's fare exercise. This is already a vast improvement over the situation before the fare review exercise, where around 1,500 origin-destination pairs experienced fare exceptions. The PTC will work towards removing these exceptions over future fare exercises. See Annex A for the eight origin-destination pairs.

5. With the simplification of the fare structure, it will be easier for commuters to plan their journeys. Commuters will enjoy more flexibility in choosing the most convenient travel path, without worrying that they have to pay more because the journey is routed through a fully-underground line. As fares will be set based solely on the shortest travel path, commuters will always be paying the lowest fares possible.

**b) Lower Card Fares for All Commuters**

6. All commuters using fare cards will enjoy a fare reduction. Based on the new distance-based fare structure<sup>3</sup>, adult card fares will be lowered by 1 to 27 cents.

7. Senior citizens' concessionary card fares will be reduced by 1 to 7 cents while student concessionary card fares will be reduced by 1 cent. The prices of all monthly concession passes and monthly travel passes will remain unchanged.

8. The Government will also lower the concessionary card fares for Lower-Wage Workers and Persons with Disabilities. The Ministry of Transport will announce the details of the fare reduction separately.

**c) Ensuring a Sustainable Fare System for All**

9. The significant 4.2% fare reduction will allow the simplification of the current fare structure and allow all commuters to enjoy a reduction of fares. The remaining -1.5% will be carried forward to the next Fare Review Exercise.

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<sup>3</sup> Refer to the new fare structure in Annex B.

10. Central to the PTC's decision to carry forward this quantum is the principle that fares should be kept affordable while ensuring the long term viability and sustainability of the public transport industry. The Public Transport Affordability indicator (PTAI), which tracks fare affordability, shows that public transport fares have become more affordable for second quintile and second decile households over the past decade<sup>4</sup>. The percentage of monthly household incomes spent on public transport has decreased from 3.2% in 2005 to 2.2% in 2015 for second quintile households, and from 4.5% in 2005 to 3.1% in 2015 for second decile households.

11. Conversely, the public transport industry is facing cost pressures that pose challenges as it strives to deliver higher levels of service to commuters. It is also unlikely for energy prices, which had fallen substantially in 2015, to remain at its current level indefinitely.

## Conclusion

12. Mr Richard Magnus, Chairman of the PTC said,

*“Last year, fares were reduced by 1.9%. This year, fares will be reduced further by a substantial 4.2%. The remaining -1.5% will be saved and carried over to next year. In addition, the introduction of a simpler fare system allows commuters to get to their destinations by any public transport mode, whether it be an above-ground or fully-underground MRT line, or bus, without worrying*

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<sup>4</sup> Statistically, deciles are groups of data that divide a sample of data into ten groups (or ten deciles) based on a particular variable. The first decile refers to the lowest 10th percentile group; the second decile refers to the 11th – 20th percentile group, and so on. The second quintile households (21st – 40th percentile) is taken to represent the average or typical public transport commuter, as the bottom 60% of households by income make up the majority of public transport users.

*about the cost differential. This will benefit commuters further as more new fully-underground lines are opened in the coming years. The lower energy prices in 2015 have allowed PTC to reduce all card fares. A prudent and balanced approach is however necessary to ensure the longer term sustainability of our public transport system. We will continue monitoring this closely.”*

## **Annex A: Factsheet for 2016 Fare Review Exercise**

## **Annex B: Approved Bus and Train Fares**

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For enquiries, please contact:

Benita Choo  
Assistant Manager, Communications & Public Engagement  
Public Transport Council  
Email: [benita\\_choo@ptc.gov.sg](mailto:benita_choo@ptc.gov.sg)  
Tel: 6354 9033

FACT SHEET

**Public Transport Fares to be Reduced by 4.2% w.e.f. 30 December 2016**

**Fare Adjustment Formula (2016)**  
 = *Price Index* – 0.5% = **-5.7%**

**Price Index** = 0.4cCPI + 0.4WI + 0.2EI;  
 0.5%: productivity extraction set for 2013 to 2017.

**Core Consumer Price Index (cCPI)**: the change in core Consumer Price Index over preceding year; 0.5% in 2015.

**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; 4.4% in 2015.

**Energy Index (EI)**: the change in Energy Index which is a composite of cost changes in electricity and diesel; -35.8% in 2015.

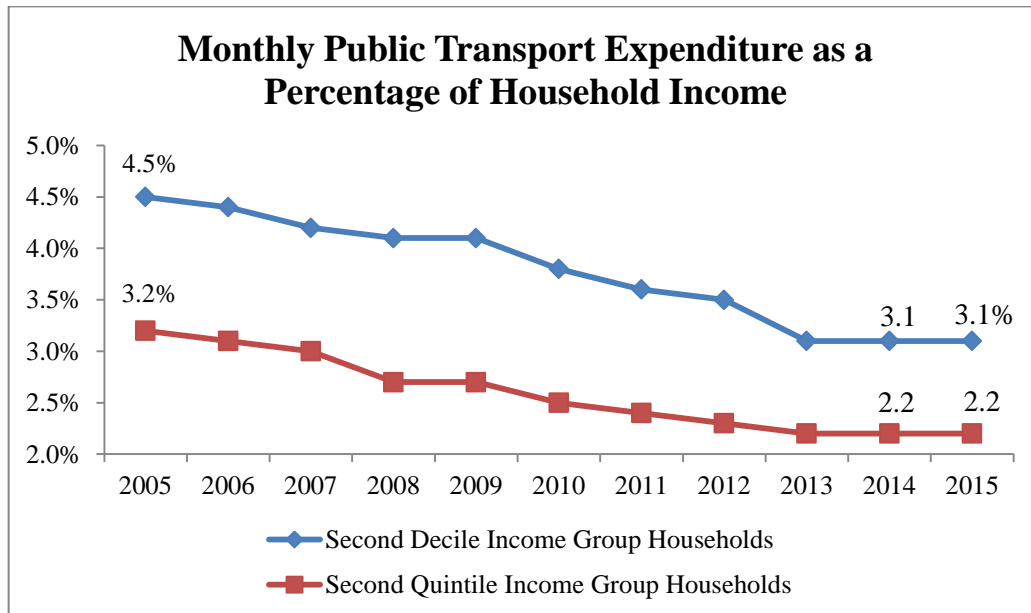
1. The Public Transport Council (PTC), in deciding the fare adjustment this year, was guided by the fare adjustment formula which yielded a maximum fare adjustment quantum of -5.7%.

The PTC has decided to effect a fare reduction of 4.2% on 30 Dec 2016, transferring the rest of the -1.5% quantum to next year.

**Public Transport Fare Affordability**

2. To ensure that fares remain affordable, the Fare Review Mechanism Committee (FRMC) recommended that the affordability of public transport fares should be tracked by the PTC. Fare affordability is tracked for second quintile income group households representing the average public transport user, as well as the second decile income group households.

3. Public transport fares continue to stay affordable on the back of general increases in wages. The indicators for second quintile households and second decile households show similar downtrends from 2005 to 2015. In other words, these households have been spending proportionately less of their monthly income on public transport fares in recent years, i.e. public transport has become more affordable for these groups.



### **Impact on Commuters Paying Card Fares**

4. For adult commuters, their fares will be reduced by 1 to 27 cents per journey depending on the distance travelled. Senior citizen concessionary card fares will be lowered by 1 to 7 cents per journey and student concession card fares will be lowered by 1 cent across-the-board.
5. Eligible Lower-Wage Workers and Persons with Disabilities will also see a reduction in their concessionary card fares under the Government-funded concession schemes.
6. All commuters using fare cards will see a fare reduction in this fare review exercise.
7. In addition, to allow all commuters to see a fare reduction, there are fare exceptions on the following eight origin-destination pairs: Queenstown – Orchard, Redhill – Khatib, Redhill – Toa Payoh, Redhill – Bishan, Expo – Aljunied, Khatib – Toa Payoh, Khatib – Bishan, Toa Payoh – Bishan.

### **Monthly Concession Passes**

8. The prices of all monthly concession passes and monthly travel passes will remain unchanged.

### **Public Transport Fund**

9. As fares will be reduced in the 2016 Fare Review Exercise, the public transport operators are not required to contribute to the Public Transport Fund.

**Impact on Public Transport Operators**

10. The overall 4.2% fare reduction translates to a fare revenue decrease of about \$79.0 million a year. The decrease in revenue for Bus, SBS Transit Rail and SMRT Rail is \$35.6 million, \$8.9 million and \$34.6 million respectively.



**BUS FARES (w.e.f. 30 December 2016)**

a) Adult Fare Structure (Trunk Services)

Distance	Fare Per Ride (cent)	
	Card	Cash
Up to 3.2 km	77	140
3.3 km – 4.2 km	87	160
4.3 km – 5.2 km	97	160
5.3 km – 6.2 km	107	160
6.3 km – 7.2 km	116	180
7.3 km – 8.2 km	123	180
8.3 km – 9.2 km	129	180
9.3 km – 10.2 km	133	200
10.3 km – 11.2 km	137	200
11.3 km – 12.2 km	141	220
12.3 km – 13.2 km	145	220
13.3 km – 14.2 km	149	220
14.3 km – 15.2 km	153	220
15.3 km – 16.2 km	157	230
16.3 km – 17.2 km	161	230
17.3 km – 18.2 km	165	230
18.3 km – 19.2 km	169	230
19.3 km – 20.2 km	172	240
20.3 km – 21.2 km	175	240
21.3 km – 22.2 km	178	240
22.3 km – 23.2 km	181	240
23.3 km – 24.2 km	183	250
24.3 km – 25.2 km	185	250
25.3 km – 26.2 km	187	250
26.3 km – 27.2 km	188	250
27.3 km – 28.2 km	189	250
28.3 km – 29.2 km	190	250
29.3 km – 30.2 km	191	250
30.3 km – 31.2 km	192	250
31.3 km – 32.2 km	193	250
32.3 km – 33.2 km	194	250
33.3 km – 34.2 km	195	250
34.3 km – 35.2 km	196	250
35.3 km – 36.2 km	197	250
36.3 km – 37.2 km	198	250
37.3 km – 38.2 km	199	250
38.3 km – 39.2 km	200	250
39.3 km – 40.2 km	201	250
Over 40.2 km	202	250

b) **Adult Fare Structure (Feeder Services)**

Description	Card	Cash
Fare Per Ride (cent)	77	140

c) **Senior Citizen Fare Structure (Trunk Services)**

Distance	Fare Per Ride (cent)	
	Card	Cash
Up to 3.2 km	54	100
3.3 km – 4.2 km	61	100
4.3 km – 5.2 km	68	100
5.3 km – 6.2 km	75	100
6.3 km – 7.2 km	81	130
Over 7.2 km	87	130

d) **Senior Citizen Fare Structure (Feeder Services)**

Description	Card	Cash
Fare Per Ride (cent)	54	100

e) **Student Fare Structure (Trunk Services)**

Distance	Fare Per Ride (cent)	
	Card	Cash
Up to 3.2 km	37	65
3.3 km – 4.2 km	42	65
4.3 km – 5.2 km	47	65
5.3 km – 6.2 km	52	65
6.3 km – 7.2 km	55	85
Over 7.2 km	58	85

f) **Student Fare Structure (Feeder Services)**

Description	Card	Cash
Fare Per Ride (cent)	37	65

g) Adult Fare Structure (Express Services)

Distance	Fare Per Ride (cent)	
	Card	Cash
Up to 3.2 km	137	220
3.3 km – 4.2 km	147	220
4.3 km – 5.2 km	157	220
5.3 km – 6.2 km	167	220
6.3 km – 7.2 km	176	220
7.3 km – 8.2 km	183	220
8.3 km – 9.2 km	189	235
9.3 km – 10.2 km	193	235
10.3 km – 11.2 km	197	235
11.3 km – 12.2 km	201	250
12.3 km – 13.2 km	205	250
13.3 km – 14.2 km	209	250
14.3 km – 15.2 km	213	250
15.3 km – 16.2 km	217	265
16.3 km – 17.2 km	221	265
17.3 km – 18.2 km	225	265
18.3 km – 19.2 km	229	265
19.3 km – 20.2 km	232	280
20.3 km – 21.2 km	235	280
21.3 km – 22.2 km	238	280
22.3 km – 23.2 km	241	280
23.3 km – 24.2 km	243	300
24.3 km – 25.2 km	245	300
25.3 km – 26.2 km	247	300
26.3 km – 27.2 km	248	300
27.3 km – 28.2 km	249	300
28.3 km – 29.2 km	250	300
29.3 km – 30.2 km	251	300
30.3 km – 31.2 km	252	300
31.3 km – 32.2 km	253	300
32.3 km – 33.2 km	254	300
33.3 km – 34.2 km	255	300
34.3 km – 35.2 km	256	300
35.3 km – 36.2 km	257	300
36.3 km – 37.2 km	258	300
37.3 km – 38.2 km	259	300
38.3 km – 39.2 km	260	300
39.3 km – 40.2 km	261	300
Over 40.2 km	262	300

h) Senior Citizen Fare Structure (Express Services)

Distance	Card Fare Per Ride (cent)
Up to 3.2 km	99
3.3 km – 4.2 km	106
4.3 km – 5.2 km	113
5.3 km – 6.2 km	120
6.3 km – 7.2 km	126
Over 7.2 km	132

i) Student Fare Structure (Express Services)

Distance	Card Fare Per Ride (cent)
Up to 3.2 km	67
3.3 km – 4.2 km	72
4.3 km – 5.2 km	77
5.3 km – 6.2 km	82
6.3 km – 7.2 km	85
Over 7.2 km	88

## TRAIN FARES (w.e.f. 30 December 2016)

### a) Adult Fare Structure (MRT and LRT)

Distance	Fare Per Ride (cent)	
	Card	Single Trip Ticket
Up to 3.2 km	77	140
3.3 km – 4.2 km	87	160
4.3 km – 5.2 km	97	160
5.3 km – 6.2 km	107	160
6.3 km – 7.2 km	116	180
7.3 km – 8.2 km	123	180
8.3 km – 9.2 km	129	180
9.3 km – 10.2 km	133	200
10.3 km – 11.2 km	137	200
11.3 km – 12.2 km	141	220
12.3 km – 13.2 km	145	220
13.3 km – 14.2 km	149	220
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17.3 km – 18.2 km	165	230
18.3 km – 19.2 km	169	230
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28.3 km – 29.2 km	190	250
29.3 km – 30.2 km	191	250
30.3 km – 31.2 km	192	250
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33.3 km – 34.2 km	195	250
34.3 km – 35.2 km	196	250
35.3 km – 36.2 km	197	250
36.3 km – 37.2 km	198	250
37.3 km – 38.2 km	199	250
38.3 km – 39.2 km	200	250
39.3 km – 40.2 km	201	250
Over 40.2 km	202	250

b) Senior Citizen Fare Structure (MRT and LRT)

Distance	Card Fare Per Ride (cent)
Up to 3.2 km	54
3.3 km – 4.2 km	61
4.3 km – 5.2 km	68
5.3 km – 6.2 km	75
6.3 km – 7.2 km	81
Over 7.2 km	87

c) Student Fare Structure (MRT and LRT)

Distance	Card Fare Per Ride (cent)
Up to 3.2 km	37
3.3 km – 4.2 km	42
4.3 km – 5.2 km	47
5.3 km – 6.2 km	52
6.3 km – 7.2 km	55
Over 7.2 km	58

**MONTHLY CONCESSION PASSES (w.e.f. 30 December 2016)**

a) Bus Monthly Concession Passes

Cardholders	Price
Primary Student	\$22.50
Secondary Student	\$27.50
Polytechnic Student	\$27.50
University Student	\$52.00
Full-time National Serviceman	\$52.00

b) Train Monthly Concession Passes

Cardholders	Price
Primary Student	\$20.00
Secondary Student	\$25.00
Polytechnic Student	\$25.00
University Student	\$45.00
Full-time National Serviceman	\$45.00

c) Hybrid Monthly Concession Passes and Adult Monthly Travel Pass

Cardholders	Price
Primary Student	\$41.00
Secondary Student	\$51.00
Polytechnic Student	\$51.00
University Student	\$85.00
Full-time National Serviceman	\$85.00
Adult (Monthly Travel Pass)	\$120.00
Senior Citizen	\$60.00

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