






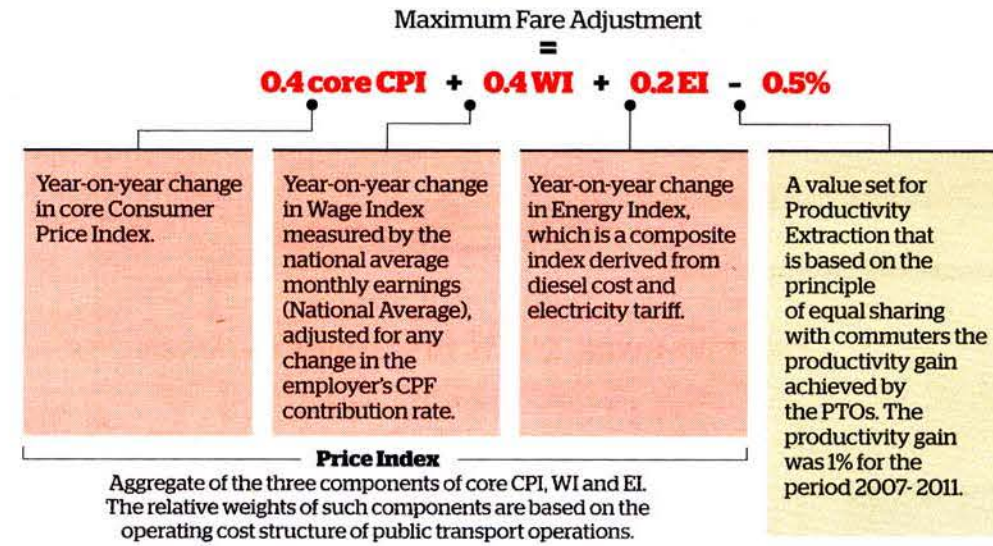


**More affordable fares for commuters**

The Fare Review Mechanism Committee made public its findings yesterday, proposing a raft of changes aimed at keeping public transport fares affordable and ensuring that the system remains financially sustainable. To keep fares affordable, the committee proposed concessions for the following groups:

CURRENT		PROPOSED
They receive public transport vouchers during each fare review exercise.	 <b>Low-income workers</b>	Introduce <b>concessionary fares</b> , to better help them find jobs by making travel more affordable.
They pay full adult fares.	 <b>People with disabilities</b>	Introduce <b>concessionary fares</b> as part of social responsibility to extend a helping hand.
Only children below 0.9m travel for free.	 <b>Children</b>	<b>Child concession card</b> holders below the <b>age of seven</b> should be entitled to free travel.
Polytechnic students, who are the same age as those in junior colleges, enjoy fewer concessions, as they are grouped with university students.	 <b>Polytechnic students</b>	<b>Cheaper Tertiary Monthly Concession Passes</b> for polytechnic students, with two-tier pricing where they pay less compared to university students.
Concessions are limited to students from mainstream educational institutions or selected institutions.	 <b>Singaporean students pursuing full-time private studies</b>	Those studying full-time in private institutions and who are registered with the Council for Private Education will be eligible for <b>concessionary travel</b> .
They enjoy only concessionary trip fares.	 <b>Senior citizens</b>	<b>Monthly concession pass</b> for senior citizens as an additional option for those who are frequent public transport users.
Current monthly concession pass "unattractive" and can be improved.	 <b>Adults</b>	A <b>monthly travel pass</b> for adults to cap the monthly travel expenditure for frequent public transport users. The Public Transport Council will decide on the pricing at each fare-review exercise.

**The proposed new formula**



*New formula for public transport fares proposed*

For SBS Transit, fuel costs rose to 24 per cent in 2011, compared to 18 per cent in 2005. Apart from proposing that the PTC be allowed to defer a portion of fare increases, the committee also said the PTC should be given the discretion to defer a fare review exercise under certain circumstances, such as poor economic conditions and high unemployment.

Commenting on his Facebook page last night, Transport Minister Lui Tuck Yew said: "The FRMC's proposal to allow for a smoothening of significant fare increases over two years using a roll-over mechanism is helpful. This will avoid excessive fare hikes in any one year."

The committee also suggested that fare reviews be conducted annually to avoid sharp fare increases and

that public transport operators be required to contribute to the Public Transport Fund to help needy households when fares are adjusted, as a way of "sharing" their gains with commuters, it said. This could range from 20 per cent to 50 per cent of the expected increase in fare revenue, depending on profitability, Mr Magnus said.

If implemented, the new fare formula would apply from now to 2017. Asked why operators' service quality was not part of the proposed formula, committee member Phang Sock Yong, a professor at Singapore Management University's School of Economics said service quality can be regulated outside of the framework.

In response to the proposal, SMRT noted the "welcome measures that will address our challenges of increased fuel and energy costs". SBST's Senior Vice-President of Corporate Communications Tammy Tan said: "We will study its recommendations closely as we await the Ministry of Transport's response."

**New formula for public transport fares proposed**

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**SINGAPORE** - With the factors pushing up costs for public transport operators having changed over time, the Fare Review Mechanism Committee (FRMC) has proposed a new formula for calculating public transport fares, which will take into account energy costs.

It also proposed that the Public Transport Council (PTC) be given

the discretion to defer a portion of any fare hikes to spread out the impact of large increases, and to use core Consumer Price Index (CPI) in the formula instead of headline CPI, as the latter includes components that "were not relevant to public transport".

Speaking at a media briefing yesterday, committee Chairman Richard Magnus said the current fare formula is "broadly sound", but the committee felt an update was needed.

The current fare formula is calcu-

lated based on inflation, national average wages and operators' productivity. In its 85-page report, the committee noted that energy cost has "increased disproportionately more than other costs", contributing "a significant portion" to public transport operators' operating cost structure.

SMRT's fuel costs increased to 22 per cent of its total cost in 2011, compared to 13 per cent in 2005.

**HOT NEWS REVIEW COMMITTEE PROPOSES CHEAPER CONcession RATES 4**