

The KMB logo, featuring a stylized 'K' and 'M' followed by 'B'.

九巴服務 日日進步

A smaller version of the KMB logo.A smaller version of the KMB logo.A smaller version of the KMB logo.

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CB(1)874/07-08(01)

- Leadership in financial good will
- Leadership in products
- Leadership in service
- Leadership in coverage

# Application for Fare Increase

**Presentation to  
LegCo Panel on Transport  
22 February 2008**



## **KMB History and Profile**

- **Established in 1933**
- **Serves about 2.76 million passenger-trips daily**
- **Over 4,000 buses operating on a network of around 400 bus routes**
- **Currently employs around 12,000 staff**



## KMB Leads the Industry

- 1949  
Introduced Hong Kong's first double-deck bus
- 1988  
Introduced Hong Kong's first air-conditioned double-deck bus
- 1997  
Collaborated with bus manufacturers to produce the world's first super-low floor double-deck bus
- 1999  
Became the first public bus company in Hong Kong to achieve ISO 9001 certification on an organization-wide basis
- 2001  
Used ultra-low sulphur diesel in entire fleet
- 2006  
Introduced Hong Kong's first Euro IV bus



## Highlights of Service Improvements (1997 – 2007)

### Operations

- **ISO Certification** - ISO 9001 certification on an organization-wide basis since Nov 1999; ISO 14001 certification for environmental management at Sha Tin Depot and Lai Chi Kok Depot since Nov 2001 and Nov 2003 respectively
- **Fleet Upgrade** - Added 2,711 new buses fitted with Euro standard engines at a total cost of HK\$6,257 million
- **Frequency Improvement** - Improved frequencies and services on 920 occasions
- **Network Coverage** - Total number of routes increased by 4% to around 400
- **Electronic Tachograph** - Completion of installation work on 79.4% of buses
- **Manpower Efficiency** - Man-to-bus ratio decreased from 3.26 to 2.97
- **ULSD** - Fleet-wide use of ultra-low sulphur diesel since Jan 2001



## Highlights of Service Improvements (1997 – 2007)

### Facilities

- **Bus Shelters** - Constructed and renovated 1,232 bus shelters (Total number of bus shelters: 2,383 at end-2007)
- **Facilities for the Disabled** - New buses equipped with barrier-free facilities (e.g. ramps for wheelchair access)
- **Bus-stop Announcement Systems** - Entire bus fleet equipped with these systems since 2006
- **Integrated Bus Service Information Displays (IBSID)** - IBSID systems installed at 27 major termini to provide information on next departure times, destinations and fares of individual bus routes as well as emergency messages
- **Octopus Card System** - Entire fleet equipped with Octopus card system
- **Air-conditioned Bus Waiting Lounge** - Introduced Hong Kong's first air-conditioned bus waiting lounge in 2002



## Highlights of Service Improvements (1997 – 2007)

### Customer Service

- **24-Hour Customer Service Hotline** - Operates a 24-hour Hotline to answer enquiries and collect opinions; extended Hotline's operator service from 7 a.m. to 11 p.m. every day; also introduced a Bus Arrival Timeline (BAT) enquiry service enabling passengers to check arrival times of overnight bus services through Hotline
- **KMB Customer Service Centres** - Established 8 Customer Service Centres to provide information on bus services and collect customers' opinions
- **Passenger Opinion Cabin** - A modified single-deck bus visits different districts to collect customer feedback
- **Award-winning Website** - KMB's website ([www.kmb.hk](http://www.kmb.hk)) provides up-to-date bus route information, a point-to-point route search facility and miscellaneous service information
- **Digital Map Passenger Enquiry System** - Innovative system installed on Customer Service Hotline to enhance efficiency in handling enquiries
- **Passenger Liaison Group Programme** - Six sessions moderated by specialist university lecturers held annually to collect customers' opinions
- **Bus Information Publications** - Route maps including various leisure and district-based maps distributed at KMB Customer Service Centres

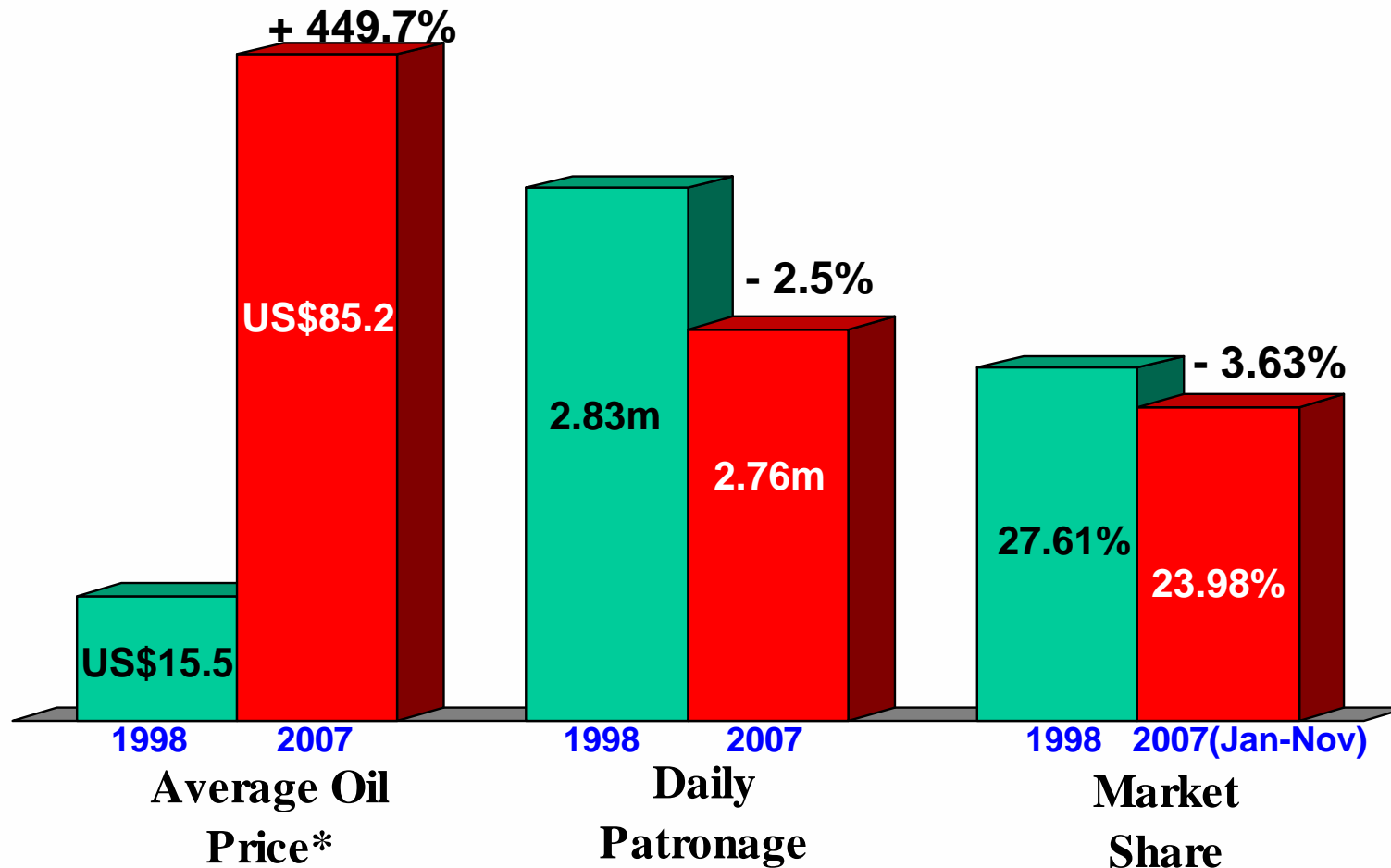


# KMB's Operating Environment

**Last Fare Increase: 1 December 1997**



## KMB's Operating Environment

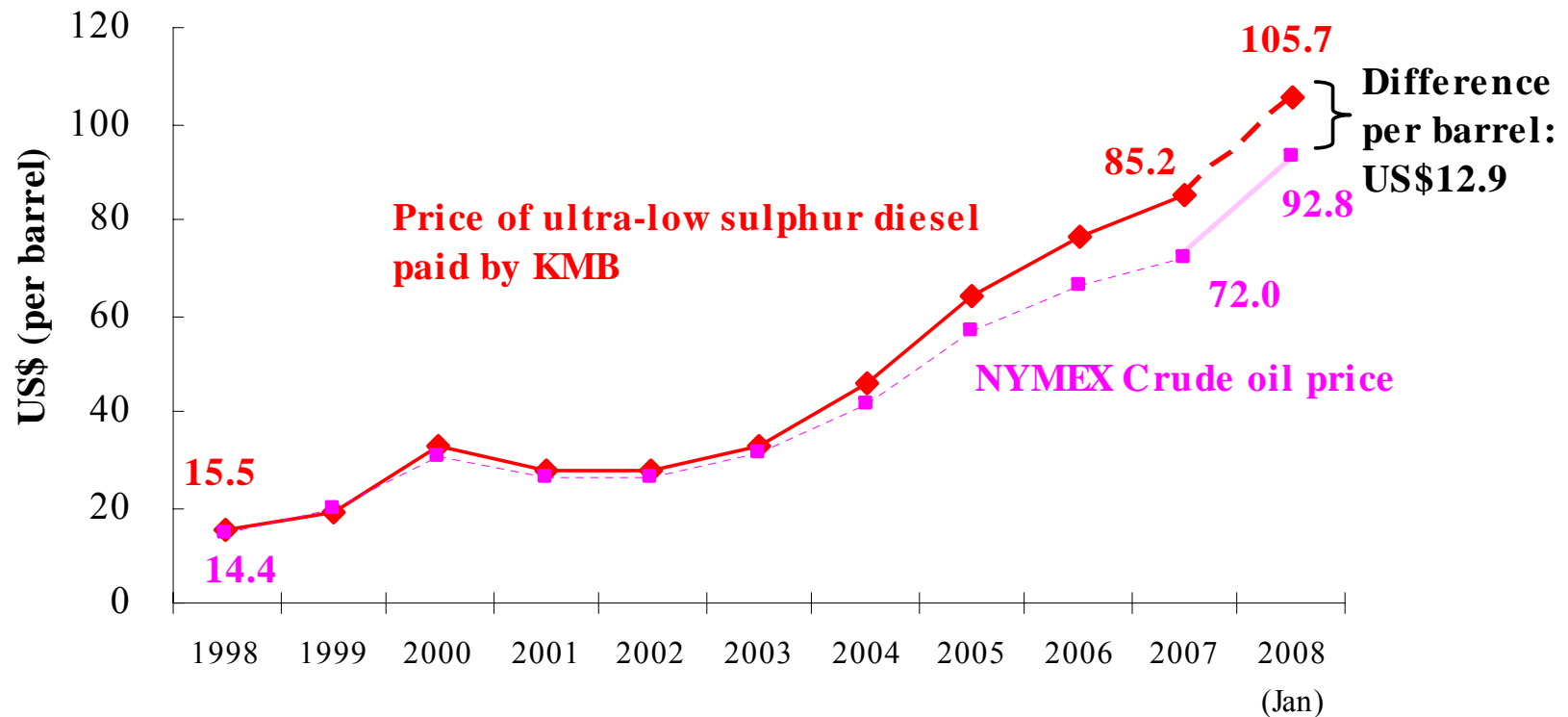


\* Price of ultra-low sulphur diesel paid by KMB



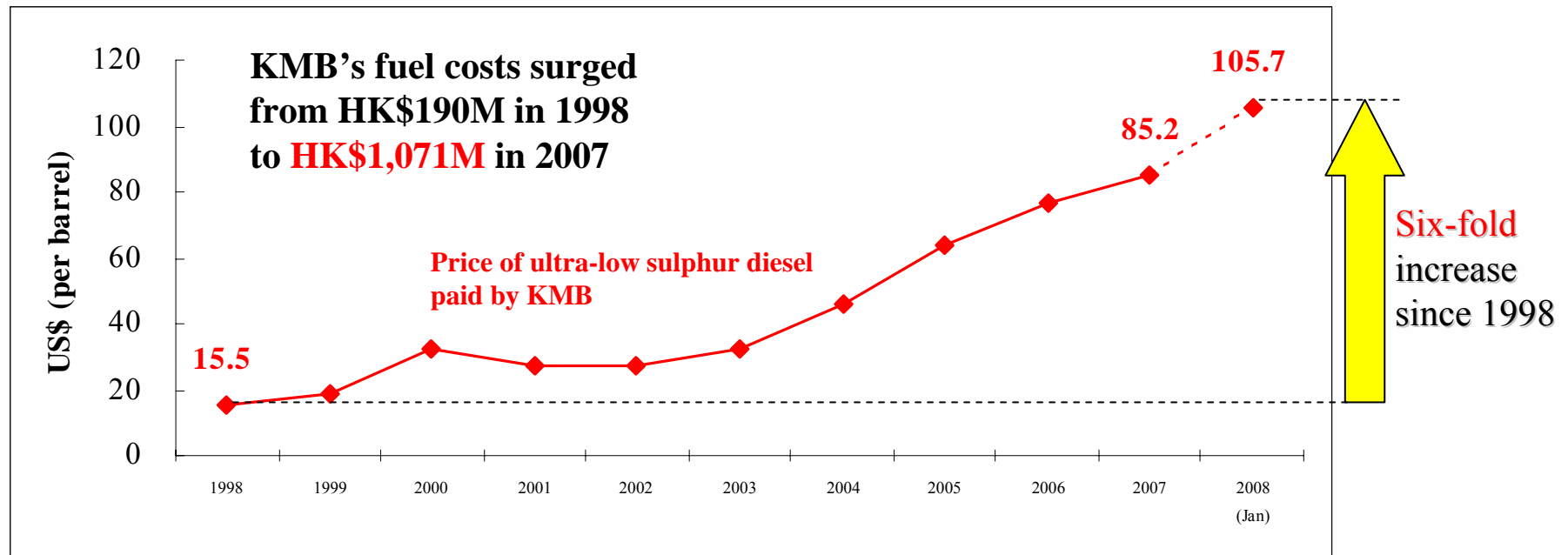


## Average Oil Price – Rising Trend



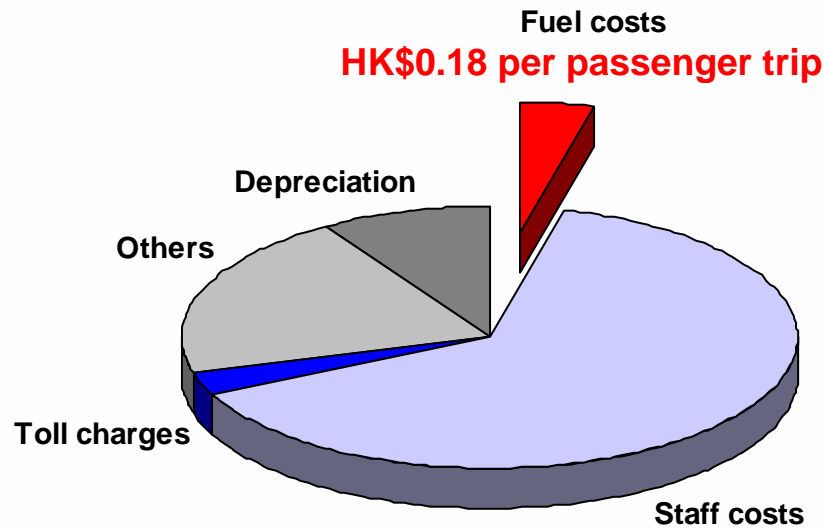


## KMB's fuel costs increased by HK\$881M since 1998

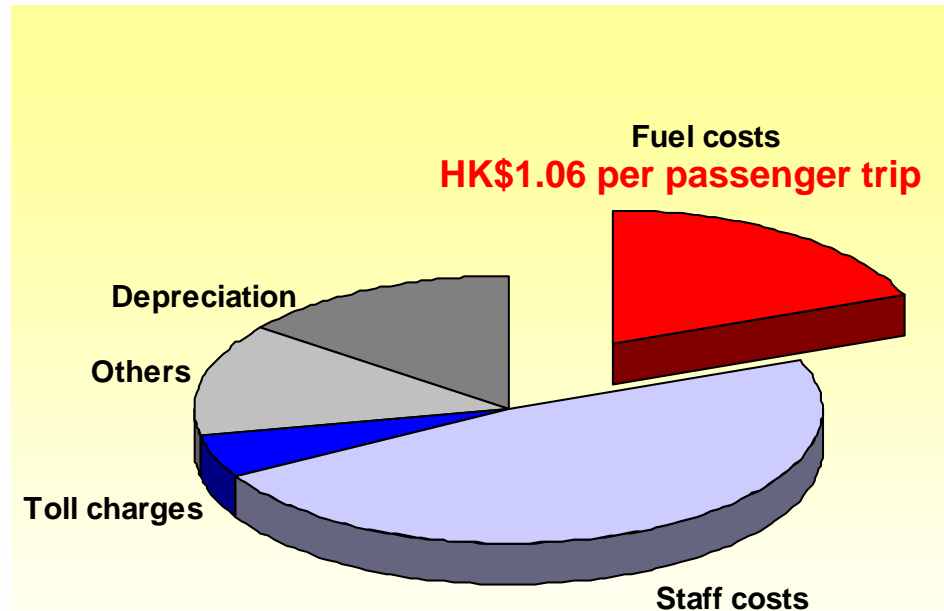




# KMB's fuel costs up by HK\$0.88 per passenger-trip



**1998 fuel cost  
per passenger-trip: HK\$0.18**



**2007 fuel cost  
per passenger-trip: HK\$1.06**



## Changes in Revenue and Operating Cost (Since 1 December 1997)

- Fare Increase + 0%
- Cumulative Pay Rise + 14.4%
- **Fuel Prices\*** + **449.7%**  
(+ **HK\$0.88** per passenger-trip)
- **Tunnel Toll Rates\*** + **76.3%**
- Total Operating Cost + 18.4%

*\*Beyond KMB's control*



## Operating Environment – Challenges Ahead

- **Increased competition from other modes of transport**
- **Number of profitable routes decreasing**
- **High fuel prices**
- **Staff costs**
- **Inflation**



## Proposed Fare Increase

- KMB has applied for a fare increase of **9%**
- Equivalent to an **average fare increase of HK\$0.51 per passenger-trip** compared with the increase in fuel cost of **HK\$0.88 per passenger-trip** over the period **1998-2007**



## Conclusion

- **KMB strives to provide world-class bus services**
- **Stringent cost control measures already in place**
- **Escalation in fuel prices and tunnel toll rates beyond KMB's control**
- **Fare increase is last resort to help KMB maintain high service standards**



**Thank You**