

The Development of Standard Cost for Bus Services

Client: Transport Co. Ltd. (TCL)

Period of Appointment: 2011

AMP Consultants Ltd. was commissioned by the Transport Co. Ltd. to set a 'Standard Cost' for each bus route. The study objectives were to provide a method for the calculation of the standard cost and to establish a cost structure that will provide information for senior management to use for decision making. The aim was to enable proper and efficient management of bus services in terms of cost based on both bus route and bus standard with accurate allocation of administrative expenses and costs between units/sections (Allocated Cost). The outcome was expected to be the definition of an appropriate fare structure that is consistent with the cost of operating bus services and is also fair to users.



The tasks consisted of (i) survey and preparation of a database; (ii) development of a model and cost structure; (iii) provision of a process of standard cost for each bus route; (iv) development of a methodology for cost allocation between units/sections; (v) preparation of an appropriate fare structure; and (vi) provision of training.