

# **Draft National Policy on Transport In Sri Lanka**

Ministry of Transport

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## 1. Introduction

An explicit and consistent statement of policy on transport is envisaged to be developed based on “Mahinda Chinthana” the macro policy statement of the Government, where providing priority to public transport, strengthening of state undertakings of transport provision and improving efficiency of resource use in transport of passengers and goods are stated as being the underlying policy principles with respect to transport.

The Government of Sri Lanka is responsible for National Policy formulation and enactment on all matters pertaining to National Transport as more fully described in the reserved list of 13<sup>th</sup> Amendment shown in the Annex 1

By virtue of Section 154G (7) of the 13<sup>th</sup> Amendment to the Constitution, Provincial Councils are not vested with power to make statues with respect to the above set out in the Reserved List. Hence it is held that in addition to policy formulation and enactment, the implementation of any subject or function which has not been explicitly included in the Provincial Council List or Concurrent List can only be enforced by the Government through Acts of Parliament such as the Railway Ordinance, Road Development Authority Act, Motor Traffic Act, Civil Aviation Authority Act, Maritime Act, Sri Lanka Ports Authority Act, National Transport Commission Act , Sri Lanka Transport Board Act etc.

Certain aspects of transport are presently devolved to the Provincial Councils though the 13<sup>th</sup> Amendment to the Constitution affected in 1989 as per Provincial Council List, which are:

- Regulation of road passenger and goods transport services by motor vehicles within a province
- Provision of road transport services within a province<sup>1</sup>

It is understood that the above allows a Provincial Council to make statues pertaining to the regulation and provision of road transport services within the province provided they are in conformity with the National Policy and Acts of Parliament.

### 1.1 Background

This policy documents replaces the National Transport Policy approved by the Cabinet of Ministers on 27<sup>th</sup> November 1991. In the introduction to this document, ‘National Transport’ is defined to mean all transportation facilities and organizations, including infrastructure (roads, railway track, terminals, ports and airports), vehicles (road vehicles, railway motive power and rolling stock, aircraft and ships) and the maintenance and operation of these, within the national boundaries of Sri Lanka. This same definition is retained in this Policy statement.

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<sup>1</sup> The term used in this instance in the 13<sup>th</sup> Amendment to the Constitution is ‘Inter-Province’. However as per judgment in case SC 7/89 it has been ruled that in order for this to be consistent as per virtue of Sections 8 and 21 of the amendment, it should be read as intra-province meaning within the province and not as inter-province meaning between provinces.

## **1.2 Functions of the Agencies**

The agencies in the Central Government which are mentioned below perform a number of key functions in implementing these policy objectives.

### **1.2.1 Ministry of Transport**

- Formulation of National Policies on Transport and implementation of Programmes and Projects based on such policies.
- Development of an integrated National Transport System.
- Supervisory control of all Institutions under the Ministry including the Co-ordination and Monitoring of all Programmes and Projects of the Ministry and its Institutions.
- Initiate changes to legislation as may be required by Policy or practice from time to time and strengthening the legal framework required performing the functions of the Ministry and its Institutions.

### **1.2.2 Sri Lanka Railways**

Sri Lanka Railway operates as a government department under the provisions of Railway Ordinance Chapter of legal enactments. Its primary functions are:

- To acquire and maintain assets related to rail track, bridges, buildings and other structures
- To acquire and maintain assets related to a fleet of rolling stock consist of locomotives, Diesel Multiple Units, Passenger Carriages and Freight Wagons
- To acquire and maintain assets related to Signaling and Telecommunication System
- To provide train service for the movement of people and goods on the railway network i.e.
  - Commuter services
  - Long distance passenger services
  - Intercity Express services
  - Local Passenger services
  - Freight services
  - Tourist and recreational services
- To maintain ancillary supporting services for the management of train service i.e. Administration, procurement, accounting, information systems and security
- To develop the human resources required for the efficient operation of the railways and its development in the future.

### **1.2.3 Department of Motor Traffic**

The Department of Motor Traffic was established in 1928 with a view to perform the functions stipulated under the Motor Traffic Act. Its functions assigned under the Act are:

- The registration and transfer of ownership of motorized vehicles in terms of the regulations under the MTA.
- The licensing of drivers of motor vehicles on certification of competence.
- The monitoring of the operation of vehicles in terms of road worthiness and pollution.
- The investigation of vehicles involved in road accidents.
- Updating the regulations with respect to standards in the registration and operation of all motorized vehicles.
- The collection of relevant taxes based on motor vehicle

### **1.2.4. National Transport Commission**

The National Transport Commission was set up under the NTC Act No 37 of 1991. The functions of the commission are to advise the Government on the national policy relating to passenger transport services by omnibuses, and having regard to such policy:-

- (a) to monitor the availability of omnibus services of an acceptable quality to meet the passenger transport needs of the public and to determine the minimum levels at which such services shall be maintained;
- (b) to specify the conditions subject to which an Authorized Person may issue or renew a passenger service permit or other authority authorizing the use of an omnibus for the carriage of passengers at separate fares;
- (c) to monitor and enforce subject to the provisions of any written law, the compliance by permit holders with the conditions of passenger service permits issued to them under this Act or by Authorized Persons;
- (d) to prescribe the form in which passenger service permits may be issued by an Authorized Person;
- (e) to determine the rates to be charged for the issue or renewal of passenger service permits by an Authorized Person;
- (f) to specify the documents relating to vehicle fitness, passenger carrying capacity and driver fitness and other evidence that shall be produced to an Authorized Person by an applicant for a passenger service permit;
- (g) to require holders of passenger service permits issued by an Authorized Person to furnish to the Commission such returns and information as may be necessary for the Commission to exercise and discharge its powers and functions under this Act;

- (h) to liaise with Government Departments, institutions and Authorized Persons, in respect of omnibus services required by such Departments, and Institutions including-
  - (i) carriage of a mail; and
  - (ii) the provision of school services on concessionary rates, for school children and for students of Universities, Technical Institutions and other similar Institution.
- (i) to grant passenger service permits for omnibus services in the specified area;
- (j) to ensure the provision of omnibus services on un-remunerative routes, by entering, after the consideration of competitive bids, into contracts with persons for the provision of those services and where necessary, providing financial support to persons providing such services and to specify the fares that may be charged by such persons having regard to the nature of the services provided;
- (k) to enter into agreements with any person for the provision of inter-provincial omnibus services and to issue passenger carriage permits in respect thereof;
- (l) to provide managerial expertise and assistance to Authorized Persons, and any other assistance or advise that may be required by Authorized Persons for the proper discharge of their functions relating to the provision of omnibus services;
- (m) to arrange for the carriage of goods on omnibuses.

### **1.2.5. Sri Lanka Transport Board**

The SLTB was reconstituted by Sri Lanka Transport Board Act No 27 of 2005 and is the successor to the Ceylon Transport Board (1958-1978), Sri Lanka Central Transport Board and Regional Boards (1978-2005), Peoplized Transport Service (1990-1997) and the Regional Transport Companies (1997-2005). Its functions are:

- To provide an efficient passenger service by bus throughout the country, while competing with the private sector under regulated market conditions.
- To provide bus services for services of a socially necessary service for which specific subsidies are provided by the regulator
- To become the market leader in the provision of qualitative bus transport services by improving in reliability and safety, customer care.
- To maintain designated bus terminals and to improve the services at such terminals for passenger benefit.
- To become financially efficient and independent to compete with private sector in the long term.
- To be available for deployment in emergency situations.

### **1.2.6 National Transport Medical Institute**

The functions of the National Transport Medical Institute as given in the "National Transport Medical Institute Act No. 25 of 1997" are -:

- a) To provide medical services and assistance to drivers and operators operating or driving all categories of motor vehicles including heavy-duty vehicles.
- b) To examine drivers and operators of all categories of motor vehicles including heavy-duty vehicles and furnish certificates of physical and mental fitness to such drivers and operators.
- c) To carryout medical examination on drivers and operators of all categories of motor vehicles including heavy-duty vehicles and furnish recommendations regarding their suitability and fitness.
- d) To provide medical services and assistance in the cases of accidents involving any category of motor vehicles.
- e) To ensure either by itself or in consultation with other organizations that motor vehicles of all description are operated or driven only by person who are physically and mentally fit and competent.
- f) To appoint a panel of suitable Medical Officers to various districts and provinces for the purpose of discharging its functions.
- g) To render medical advice and recommendations on industrial hygiene and industrial accidents.
- h) To provide advice and special guidelines relating to the quantum of compensation or damages payable in cases on accidents.
- i) To set standards and prescribe parameters regarding transport medicine to be adopted and implemented by the relevant implementing authority.
- j) To render medical services and assistance to drivers and operators employed in companies formed under the Conversion of Public Corporations or Government owned Business undertakings into Public Companies Act No. 23 of 1987, Public Corporations and Private Omnibus Companies, registered under the National Transport Commission Act No. 37 of 1991.

### **1.2.7. Ceylon German Technical Training Institute**

The Ceylon German Technical Training Institute is the foremost Institute in Sri Lanka for the training of skilled technicians in the field of Automobile Engineering and Allied Trades. The primary objective of the institute is to focus attention to the following priority areas to enhance the efficiency of the State and Private Sector Transport within the island.

1. Provide vocational and technical training in the field of Automobile Mechanic, Tool Machinists, Power Electricians, Ref. and Air Conditioning, Auto Electricians, Diesel Mechanics, Welders and Millwright Fitters.
2. Prepare and update technical courses for the trainees in keeping with the required NVQ standards. This includes career guidance and counseling services for the technical staff and bus drivers of the State and Private Transport bus companies.

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3. Undertake research and development in the Automobile and allied trades in the Transport sector.
4. Coordinate and facilitate training of trainers by inviting technical specialist to participate in workshops seminars and discussion groups to enhance the technical knowledge and abilities of the trainers. Also prepare training courses under expert guidance from here and abroad.
5. Make a positive contribution for the overhauling of buses and engines, gear boxes etc. required for the Sri Lanka Transport Board.
6. Monitor the technical advancements made relating to buses, lorries, cars, three wheelers etc. and to educate the technical staff employed in the transport sector and enlist the cooperation of vehicle manufactures from abroad, in this exercise.
7. To provide the much needed technical support to the Department of Motor Traffic on vehicle fitness and environmental pollution tests.

## 2. Present Issues in the sector

At present there is demand for around 80 billion passenger km annually by all modes of motorized transport. This represents around 8 billion passenger km or 21 million trips per day.

**Public transport** accounts for nearly 68% of the total motorized passenger transport and serves as the only means of transport for majority of the population. Of this, bus transportation accounts for nearly 63%, provided by both state owned and privately operated buses. Sri Lanka Railway accounts for around 5% of the share, carrying 120mn passengers per year. Despite attempts made during the recent past, the quality and service of public transport have not kept pace with modernization and passenger comfort. This and rising per capita incomes have resulted in the gradual decrease of share of public transport over the last three decades, even though the number of passenger carried has continued to increase. Increase in public transport modal share will reduce traffic delays and congestions on roads and the corresponding need for expensive road infrastructure developments.

Table of present share of transport - 2007

Omnibuses	15,819
Private Coaches	25,107
Dual Purpose Vehicles	180,923
Private Cars	252,027
Land Vehicles	92,028
Goods Transport Vehicles	182,045
Motor Cycles	1,126,831
Three wheelers	342,286
Others	5,737
<b>Total</b>	<b>2,222,803</b>

**Bus Transport** has provided the backbone of passenger mobility since Independence. The strong initiative provided by the Ceylon Transport Board which served numerous villages in addition to urban and provincial routes also set high operating standards. However mismanagement, lack of adequate regulatory control has gradually eroded these standards. The bus sector even though still carrying the majority of passenger trips is facing a challenge in modernization to keep pace with the changing consumer preferences.

At present there is no coordinated effort made for **inter-modal transportation**. Three-wheelers and school and office vans are providing substantial services to communities that do not have direct access to bus or rail. There is a breakdown of inter-modalism between trains and buses. Systems such as park and ride are yet to be developed. A case in point is the lack of suitable public transport to **the international airport** at Katunayake.

Sri Lanka **Railway** manages a 1,449 km length of rail network with 323 stations that covers most part of the country except the southeast. The main railway lines radiate from Colombo and branch off at regular intervals. However, except for 126km double-track lines around Colombo, rest of the network is single-track line.

The depleted assets base, obsolete signal and communication system and aging rolling stock fleet severely constrain delivering quality service to the travelling public & goods shippers. This situation has further aggravated by the inappropriate organization and management systems practiced by the SLR throughout decades which are not geared to meet present day demand.

New technological changes in the industry have not been appropriately adapted in to the SLR activities; owing to very little attention that has been paid to research and development function over the years.

Sri Lanka has a reasonably well connected **road network** of over 100,000 kms that provides satisfactory accessibility. Road density per km<sup>2</sup> is one of the highest in the region. Most of the National and Provincial roads and the majority of urban roads making up around 30,000 km are paved. Nearly 30% of these roads have been rehabilitated or are in the process of being rehabilitated. Majority of the balance roads are presently in unsatisfactory condition or lacking the required capacity or proper geometric standards thus contributing to unnecessary delays and accidents. New roads cannot be built in urban areas or be widened. Hence the growth of urban centers largely relies on the efficiency of public transport.

There are presently around 2.2 million motor vehicles estimated to be operating in the country. Of these around ½ are two wheelers, while three wheelers and other low horse powered vehicles such as three wheelers constitute another 1/4<sup>th</sup>, only around 1/4<sup>th</sup> of the fleet are four or six wheeler vehicles. Buses used for public transport make up around 22,000 representing 1% of the fleet, while all forms of goods vehicles including land vehicles make up around 300,000 vehicles. The motor vehicle fleet has been growing at 6-8% per annum imposing severe capacity problems on roads in urban areas especially at intersections and for parking in busy town areas.

Unsustainable increase in private **vehicle use** in urban areas has created several problems in increased traffic congestion, road accidents and air pollution in the city centers. Dependence on road transport tends to raise total **energy consumption**, increase air pollution, and have other adverse effects on the environment. Sri Lanka presently consumes an estimated 3,000 million liters of petroleum fuel with around 70% being diesel fuel

At present Sri Lanka have a set of sound regulations on **environmental** impact assessments on transport infrastructure. But regulatory control of fuel emission and noise standards for all vehicles are yet to be fully implemented. Toxic gas emission in high traffic conditions and noise pollution are at a peak level in urban city centers contributing to adverse health effects. Time and resources wasted on roads have seriously affected the economy, environment and the society. On the other hand **non motorized transport** modal share is very low in urban areas and is also reducing in rural areas.

The number of **road accidents** and fatalities has increased over the years. Presently there are around 2,300 road traffic fatalities per year. Major causes for these are poor condition of infrastructure, traffic congestion in the urban areas, indiscipline behavior of road users including drivers, riders, passengers and pedestrians. Facilities available for pedestrians and other non-motorized transport modes are minimal making them the most vulnerable road users. In addition there is a significantly number of rail and water transport related accidents as well.

There are very few facilities at present for the **differently-abled persons** in society. Facilities in public transport, transport terminals or in terms of specialized transport services are non-existent.

Present approach to transport **pricing** appears to need revision. It needs to reflect economic pricing and user pay principles in general. At the same time, the **subsidies** offered by the State are largely to state sector service providers. There is poor effectiveness of the subsidies reaching the intended targets due to the inefficient delivery systems.

The **freight transport** operation is deregulated. Para- transit, which includes a wide cross section of services ranging from school services to rural vehicles, are also fully deregulated. The high rate of accidents, low productivity and collusive behavior are reasons why some degree of regulatory control may be required for these sectors.

Around 97% of **freight movements** are handled by the road transport. The freight market share of the Sri Lanka Railway has come down to 21% in the recent past, which was 32% in 1979 showing a drastic decline in the efficiency and competitiveness of SLR in handling freight.

All three commercial **ports** had been connected by railway lines. However, no trains operate at present to or from the Colombo Port. It is evident that more than 30% of the agriculture produces go waste before reaching the consumer. Marked differences between farm gate prices and retail prices prove the inefficiency in perishable produce transportation. This highlight the problems of high transport costs in most sectors of the economy, indication greater investment in the development of the **logistics** for goods transport and the supply chain.

A number of weaknesses contribute to the poor performance in **planning and implementation** in the transport sector. There is no single body with the responsibility for the transport sector. Existence of multiple agencies in transport service and infrastructure provision, with poor coordination, leads to fragmentation of the legal authority to plan and the lack of authority to enforce agreed upon plans, which causes duplication of effort and haphazard decision-making.

One of the most outstanding deficiencies the transport system is the lack of **modernization** across the entire transport system. Even though Sri Lanka had one of Asia's best transport systems up to the 1960s, there has been neglect in introduction of modernization for efficiency, comfort and value addition. At present there is hardly any use of modern ICT based applications or computer based applications in the planning, operations or in the public information dissemination within the sector.

Lack of *policy and coordination* between the Ministries and the Provincial Councils further exacerbates this situation. Since there is no single authority for the sector, poor alignment between planning, policy making, and the budgeting process takes place.

However, the most critical short coming is the *lack of professionalism* in the sector. With the disbanding of the Central Transport Board and the formation of private bus operators, the organizational requirements for people with professional qualifications for transport operations were also lost. This has been further exacerbated with the formation of the NTC and followed by provincial regulators where the stipulations for building up professionals in regulation and planning have been minimal.

### 3. Policy Principles on Domestic Transport

#### 3.1 Scope

This policy covers the carriage of passengers and goods by railway, land, or by national waterways including coastal shipping between any two points within the territorial area of the country. This policy replaces the National Transport Policy dated January 1992.

#### 3.2 Vision

To ensure a satisfactory access to and choice within a safe, reliable, efficient and integrated system of transport modes and services that satisfies the diverse public and corporate needs for mobility for both goods and people.

#### 3.3 Mission

The Mission is to:

- (a) **understand** the existing and forecasted needs for transport of people and goods;
- (b) **identify** the interventions required to provide for the realization of such needs
- (c) **formulate** the required policy framework within which such needs can be provided for;
- (d) **plan** such interventions for provision of the safe and efficient transport infrastructure and services;
- (e) **provide and/or procure** required services;
- (f) **regulate** and monitor provision of such services and to
- (g) Strengthen **institutions required** for achieving the above.

#### 3.4 Objectives of Policy

The objectives of this National Policy is to set out explicitly, the interventions of Government in ensuring that existing and potential **mobility** needs within the country for passengers and goods transport are satisfied safely, cost effectively and causing least impact on the environment and resources. Furthermore, to ensure that all citizens both individual and corporate are provided with adequate levels of **access** to basic needs such as, to places of employment, , markets and to public services etc. These may be further identified as:

1. Ensure the **adequate availability** of transport infrastructure and services required to support the goals of sustainable economic growth, and social development at all times and across all communities.

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2. Ensure ***optimum utilization*** of existing resources in terms of transport infrastructure and equipment across all networks, modes and users.
3. Ensure that a ***minimum level of access*** to basic services is provided to all segments of the society.
4. Ensure that users of transport systems are provided with ***reasonable choices*** of modes of transport and access to up to-date information to make informed decisions.
5. To ***manage overall vehicle fleet*** and usage, especially to discourage the number of people commuting in single occupancy vehicles in urban areas by improving public transport and other measures.
6. To reduce ***social-exclusion*** by providing appropriate transport facilities, especially for the improved mobility of the elderly and the differently-abled.
7. Improve ***safety and security*** for all users of the different transport systems.
8. Ensure ***competitiveness*** between and among modes and providers while protecting the interests of the Government in providing State-owned transport services and by giving confidence to the private sector to invest in and to improve areas of the transport sector wherein private investments are solicited.
9. Ensure the systematic ***infusion of capital*** in to the development of new transport infrastructure through Government funding as well as private investment or the establishment of a transport fund or a levy of a toll or tax on fuel.
10. Ensure the continuity of ***systematic planning and research*** for the continual development and modernization of the transport system in order to keep pace with the requirements of the global economy, technological advancement and the national socio-economic policy.
11. Ensure the ***availability of human and physical resources*** needed for the, implementation of these plans.
12. Ensure that all human resource inputs to transport sector are ***qualified and competent***.
13. Introduce the ***legislative amendments*** and administrative arrangements that are required to support this policy.
14. Ensure the integration of land use development, employment policies and use of ***Information & Communication Technology*** to reduce the demand for travel.

## **3.5 Policy Principles**

The National Policy on Domestic Transport is based on the following principles:

### ***3.5.1 Economic Principles***

The government will take pro-active steps to identify the quantity and quality of transport services that would adequately meet existing and potential demand for movement of goods and passengers that would support a vibrant economy and a contented society. It will take all possible steps to ensure that such services are made available to the users at the desired level of service and at the least cost to the socio-economy.

### ***3.5.2 Social Principles***

Transport will not be considered purely as an economic commodity. It will also be evaluated on its social impacts particularly in terms of equity and equal accessibility for all people. This policy aims at ensuring a minimum level of mobility required to meet the right of every citizen to have access to their basic needs. Furthermore, it will pursue the provision of transport services that will promote the equitable socio-economic growth across all geographical boundaries and social segments.

### ***3.5.3 Regulation***

It is the view of the Government that the transport sector should be considered as a service sector of the highest importance to both economic and social development of the country. It considers that such a sector cannot be left entirely to market forces at the present stage of social and economic development of the country. The Government therefore wishes to take all steps to ensure that the entity of this sector will be regulated in order to fall in line with other service sectors such as health and education. Therefore while the transport industry will be encouraged to develop according to market forces, regulations will be effected by the relevant regulators with respect to matters pertaining to the safety, quality of service, employment standards, environmental norms, fair competition and pricing as may be appropriate for different modes of transport.

### ***3.5.4 Modal Preference and Choice***

The policy of the Government is to encourage the use of public transport, high occupancy vehicles and non-motorized transport. It will seek to influence modal shift from road to rail transport and from private modes to higher occupancy modes using regulatory and fiscal measures.

The Government will take steps to provide the public the widest possible choice of different modes of goods and passenger transport that would be consistent with the country's objectives of optimizing land and road space use, conservation of the environment and energy, achieving cost effectiveness and ensuring the affordability for users.

### ***3.5.5 Competition***

As far as possible services provided by different modes of transport shall be complementary in nature. Competition within and between modes of transport would be allowed on cost to the user and quality of service provided. The Government will create an appropriate competitive environment wherein these market forces will be used to guide the transport system to provide the required efficient and reliable services without creating negative impacts of wastage of resources and compromise of safety and quality of services.

### ***3.5.6 Land Use Principles***

Transport services will also take in to account the nature of existing land use in the provision of the appropriate modes of transport. It will also respond by planning future transport systems according to the requirements of future town and regional development plans that are published. The Government will also take steps to ensure that all such land developments would not impede the overall transport function including the deterioration of mobility in transport. As such it will require Transport Impact Assessments to be carried out for all land use developments which will have a significant impact on the overall transport networks. It will also require comprehensive Transport Capacity Assessments for large scale development plans including town development and regional development.

### ***3.5.7 Principles of Investment***

Since the growth of the economy and social development is directly dependant on the transport sector, the Government will ensure that a minimum required level of resources would be invested regularly in order to provide for the sustainability and growth of the sector. Capital investment of 1 ½ % for next 5 years and 1% GDP thereafter will be met. In terms of investment, the Government will avoid duplication of infrastructure.

It is the policy of the Government to make required transport infrastructure and services available to satisfy the diverse public and corporate needs. The Government will allow investment opportunities to private sector in all areas of transport infrastructure and service provision under regulations that would guide such investments, other than in areas in which the Government would have a strategic interest or reason. Thus the Government ownership in the strategically important enterprises in the transport sector will be continued. The Government while retaining its present infrastructure and areas of service provision will continue to invest in such operations in order to reduce monopolistic or oligopolistic behaviors in the market. It will also invest in areas where private sector is unwilling or where the market fails in delivering the desired objectives.

The government will take a leading role in transport infrastructure investments. Regular allocation will be provided for periodic maintenance and rehabilitation of assets. In addition, funds will be provided for procurement of new assets for extension of network and future development. The decisions regarding investments will be

made on the evaluation of cost –benefit analysis. All procurements will be made on adhering to competitive bidding procedure in a transparent manner, except, in special cases. In every effort will be taken to maximize the contribution for the development of local industry and technology in obtaining foreign investment. All procurement plans would contain necessary mechanisms to ensure sustainability of investment. Especially, such plans should conform to proper maintenance and repair requirements.

### ***3.5.8 Transport Service Pricing***

In the case of public transport, the Government will intervene by regulating fares. The respective national regulatory authority will periodically determine viable fare levels, which is the fare level that will enable an operator to recover his return on investment at standard levels of inputs and efficiency. The respective national regulator on considering the affordability and external impacts of levying such viable fare will if so needed determine a regulated fare in consultation with the Ministry of Transport & the Treasury. Where the regulated fare is set lower than the viable fare, the shortfall will be provided to the operator as a compensative payment by the Government.

If so required additional compensatory payments will be offered to operators of Socially Obligatory Services such as rural un-remunerative services and school services where special concessions are provided to users or minimum service levels are required.

Moreover, differential fares for modes of transport may be set in order to achieve modal shifts that are desirable for economic, social or environmental reasons.

### ***3.5.9 State Railway Operations***

The Government intends to develop the railway sector giving the highest priority. The government will explicitly seek shift of passengers and goods transport from road to rail, by making rail transport attractive, comfortable, faster and affordable. The Sri Lanka Railways while continuing to be operated as a Government entity will be committed to reform in order to improve its efficiency and capabilities. In this respect the government will seek participation of the private sector where appropriate, to develop selected business areas such as property development, multi-modal terminals, Inland container terminals. This will be attempted while preserving SLR's State sector identity and not losing its primary service orientation.

### ***3.5.10 State Bus Operations***

The Government will also continue to operate bus services through the Sri Lanka Transport Board (SLTB). The primary objective is to reduce undesirable attributes in a sub-sector largely dominated by the private sector, for which purpose it will aim at retaining between 25% and 40% of the supply share of bus services provided. For this purpose, it will be offered the right of first refusal for 40% of the scheduled capacity on any route or service or group of routes, wherein such percentage does not exist at present. The SLTB will necessarily have to be financially independent and free of Treasury funding other than earned payments for Socially Obligatory Services.

### ***3.5.11 Passenger Terminals & Stops***

The Government in consultation with the relevant authorities initiates the planning of a network of modern passenger terminals involving rail and road transport modes. This exercise will be aimed at improving facility of transfers between modes especially with respect to routes and services coming under the purview of National Transport. Special emphasis will be made to develop multi modal facilities in urban and suburban areas which will enhance seamless travel such as park and ride facilities integrated with public transport.

Steps will also be taken to provide facilities for over-night stay for public passengers at major terminals. Government will also make investment in Park and Ride facilities at such terminals and new locations.

The Government will intervene to facilitate financial and technical assistance to develop such terminals using both State and private sector funding, provided that such developments are in conformity with the standards set out by Government, taking into account the requirements for safety, information and convenience to passengers and other users.

In order to ensure the smooth functioning of such terminals, compliance of standards, resolution of operational issues and continuing development of facilities, each such terminal will have a Passenger Terminal Consultative Committee which will include in addition to the manager of the terminal, representatives of the regulators of services, operators and users of that facility.

The Government will also take steps to improve road side stops and facilities provided therein. This will include improvement in quality of wayside refreshing centers for long distance travelers including bus passengers.

### ***3.5.12 Logistics***

Considering the potential of Sri Lanka as a global and regional hub in the supply chain, every endeavor will be taken to support the efficient functioning of the logistics industry by connecting the ports, airports, markets, consumers and producers whereby waste, double handling and cost duplications can be avoided.

Therefore, the Government will intervene in the study and planning of transport modes, locating of warehousing and influencing the distribution functions in the supply chain process. It will also assist private sector development of such identified locations by means of fiscal and non-fiscal incentives. Furthermore assistance will be given for modernization of freight handling through improved information communication technologies, cargo handling equipment and specialized vehicles. Special emphasis will be given to ensuring multi modal access to all seaports, airports and dry ports.

The Government will introduce regulation to ensure the safety and system efficiency of freight movements with respect to National Transport.

### ***3.5.13 Environmental Principles***

The Government will pay particular attention to the alarming deterioration of the quality of our environment caused by transport activity. It will take steps to minimize the damage to the environment especially with respect to air quality, noise and impacts to the flora and fauna. It will therefore systematically upgrade to transport technologies that are less polluting and also work towards reducing excessive travel particularly through environmentally sensitive areas.

The Government will also take all steps to encourage the patronage of modes which are environmentally less polluting. It will also take steps to gradually reduce the impact of such pollutants on passengers of public and para-transport, other road users and those in the vicinity of transport corridors.

### ***3.5.14 Energy***

It is the priority of the Government to take steps to reduce the dependency on petroleum fuels for its mobility requirements. This would be in the form of actively promoting the use of less energy consuming modes of transport- with an emphasis on increasing the share of users on public transport, reduction of unnecessary travel, improved vehicle technology and better management of transport systems including that of the road network and public transport network.

The government will encourage through fiscal and non-fiscal measures, the conversion and adoption of vehicles from fossil fuels to alternative fuels that are less polluting.

The Government will re-structure the present tariffs regime in order to discourage the importation and use of energy inefficient vehicles.

The Government will also take measures to encourage the use of non-motorized modes of transport where appropriate.

### ***3.5.15 Use of Technology & Research for modernization***

The Government will encourage innovation and modernization of the transport sector, using modern technology to ensure greater passenger convenience, improved management and sustainable transport systems. This would include improvements to standards of vehicles, passenger terminals, safety and security systems, control systems that improve reliability etc. Special and urgent attention would be given to the development of ICT based solutions. Towards this end there would be an effort to support the research, development and adaptation of such technologies to the needs of the transport sector in Sri Lanka.

### ***3.5.16 Safety***

The Government takes note of the heavy social and economic burden to the country due to transport accidents, especially road traffic accidents. In order to speedily reduce this it will set standards for vehicles, roads and other infrastructure, operating practices, training methods and testing procedures and enforcement techniques. Moreover attention will also be given to increasing public awareness and education as well as the use of modern technology in enforcement and monitoring of safety concerns.

Steps would be taken to identify hazardous goods and to restrict movements by road transport through built up areas and to encourage the transfer of such movements to safer modes such as the railways.

### ***3.5.17 User Satisfaction***

A high degree of attention would be placed on obtaining feedback from consumers of transport services. This shall be a primary task of the regulators of the respective modes of transport. Such user satisfaction surveys will be made public from time to time in an effort to make all agencies involved in the provision of transport work towards meeting the end users expected level of service which will be bench marked. Public consultation will also be facilitated in transport sector development projects to ensure user involvement in planning and design stages. Provision of up to date and real time information will be a priority.

### ***3.5.18 Persons with Special Needs***

Transport facility design and vehicle design for public transport will gradually be converted to compliance for access of people with special needs. Special transport services will also be designed after appropriate study. Steps would be taken to provide priority seating in public transport facilities and priority vehicle parking for persons with special needs.

### ***3.5.19 Concessionary Travel***

The Government will continue to provide School Season Tickets at concessionary rates. It also expects to introduce discounted tickets to persons with special needs and for senior citizens

## 4. Sub-Sectoral & Functional Policies

This policy will focus on a number of specific sub-sectoral policy statements covering the functional and mode wise identification of the entire transport activity. These are:

1. Railway Transport
2. Omnibus Transport
3. Passenger Transport by Hiring Vehicles
4. Vehicle Administration
5. Private Vehicles
6. Non-Motorized Transport
7. Goods Transport & Logistics
8. Emergency Vehicles
9. Urban Transport
10. Rural Transport
11. Transport Administration
12. Human Resources Development
13. Energy Efficiency
14. Safety and Security in Transport
15. Transport & the Environment
16. Planning & Coordination
17. Research & Development
18. Public Participation

### 4.1 Railway Transport

This policy envisages making rail transport an attractive and efficient mode of public transport. This will be initiated with the improvement in the utilization of existing resources and with the infusion of new and modern equipment and fixed infrastructure. It will also endeavor to enhance its commercial orientation as well as to develop the use of Information & Communication Technology and rolling stock technology and also to expand the network.

It is expected to increase the modal share of passenger and freight sectors of Railway from present 6% to 10% and from 2% to 5% respectively by 2016.

**The rail service will focus on the following priority areas:**

- To increase frequency, reliability and capacity of the suburban railway services. This will include electrification, station modernization and integrated ticketing.
- To reduce travel time of long distance and intercity services as well as to improve comfort of travel and to introduce value added services. Based on differential pricing intended to exploit consumer surplus by utilizing existing capacity surpluses.
- To operate a suitable type of train service between stations where road based public transport could not be expected to be provided by road.

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- Passenger concessionary tariff structure will be rationalized to ensure cost-effectiveness to the SLR.
- Railway freight tariffs will be de-regulated and the SLR will be permitted to determine tariffs competitively to attract freight transport from road to rail. The SLR will collaborate with the private sector towards achieving this objective.
- To identify and develop all sources of non fare box revenues including the development of property, right of way access to utility providers , auxiliary service, ground rentals, concessionaries etc. Railway stations will be developed as service/commercial centers with private sector investment.
- To formulate a railway fare policy on the line of the bus fare policy for future fare revisions.
- To initiate studies to identify new rail connections to new economic centers as well as residential centers where rail connections are beneficial to economic growth and social development.
- To undertake construction of new extension lines where justified by detailed feasibility studies
- To modernize the railway transportations by replacing the outdated obsolete, procedures, processes and systems with modern management technique and systems
- Modernizing the existing ticketing system to a on-line and integrated system.

The railways will function as a Public Enterprise which will be empowered to manage the earned revenue within delegated financial authority. A Railway Development Fund will continue to be operated by the Railways using fines, surcharges, service charges etc for use in special projects, human resource development activities and incentives. Moreover, commercial and marketing flexibility will be infused to the SLR and to its decision making process by creating subsidiaries for specialized railway related non-core activities.

The employee participations will be given due consideration in the management process.

## **4.2 Omnibus Transport**

It is the intention of the Government to streamline the bus industry with the following policy level interventions:

1. Continuity of Omnibus Operations by State and Private Sector.
2. All services to be provided on basis of a rotated integrated timetable which will include both State and private operators and ensure equitable opportunities for each bus owner.
3. Imposition of Standards for Vehicles to be used as Omnibuses which will improve in keeping with the increasing personal incomes of the population so that a desired environment within which the trips is made and its comfort is maintained.
4. Imposition of a Registration, training and monitoring system for bus crews and Minimum Qualifications and training for new entrants.
5. Changing present conditions for the issue and renewal of individual Route Permits to Private Sector to Route-based Omnibus Service Contracts.
  - a. Imposition of Qualifications for New Omnibus License Holders
  - b. Imposition of Standards for Managers employed by Route Operators
  - c. Imposition of Standards for Route Inspectors and Investigators employed by Route Operator
  - d. Imposition of Standards for Members and Employees of the Regulatory Authority
  - e. Stipulation of the number of passengers in a bus of a given service category Comfortable environment should be maintained in the buses.
  - f. Procedure for handling the transition from existing to the proposed system.

These steps will essentially convert the bus industry from its present condition of individual entrepreneurs who are loosely regulated, to one that is regulated through an institutional mechanism along the lines of service sectors such as health and education. This is expected to solve many of the existing problems while bringing it alongside more advanced forms of regulation practiced in the world today.

It will also envisage bringing both the private and public operators under the same policy framework.

### **4.2.1 *Regulatory Authorities***

Respective regulatory authorities that are in existence will continue to promulgate regulations that are required for the provision of bus services nationally and within their provinces. As such regulations may after due consideration includes additional conditions on vehicles and personnel over and above the stipulations in the National Policy as set out in this document and as may be revised from time to time.

Regulators must practice good governance and provisions for new services shall adopt transparent procedure which should be followed by the public and the regulatory bodies.

Such regulations may also include conditions under which Qualified Companies may be considered for award of contracts and the conditions in an Omnibus Service Contract, provided that all such conditions do not in any way contravene the standards or procedures set out in this National Policy and its revisions from time to time.

#### **4.2.2        *Fares***

Bus Fares will continue to be regulated by the National Transport Commission as per Bus Fares Policy of the Government set out in this document. Accordingly, the Maximum Fare on a route on which omnibus services are to be operated will be revised based on the cost of inputs and the industry standard for a minimum level of quality. No operator may charge more than this stipulated fare, except in routes or services for which Minimum fares may be stipulated in order to ensure protection of existing operators from new service providers, which may be granted for a fixed period

#### **4.2.3        *Compensatory Payments***

It is the current policy of the Government that fares on all routes across the country will reflect the actual cost of operation. As such the variations in fare structure will vary with three core parameters namely, its service quality, terrain and distance of travel. It is not the policy of the Government to levy a higher fare for areas where patronage is low, as most such areas are considered developing as it is not in keeping with the Equity Based development policies of the Government. Hence, any anticipated shortfall in revenues below operating costs will be eligible for compensatory payments

No general operating subsidies will be provided except in the case of cushioning rapid increases in fuel prices, which cause fares to increase above a maximum stipulated under the Fares Policy for which a mechanism and procedure would be set in place by the NTC.

In addition to these, the Government will offer targeted subsidies for specific purposes for the concessionary travel for the following persons:

- Students of Schools, Technical Colleges and Universities
- Senior Citizens registered with the Department of Social Services
- Persons with special needs

It will be the strategy of the Government to set up User Monitoring Committees at school level, community level etc in order to obtain direct user responses in assessing the performance of such services.

#### **4.2.4        *Standards for Regulatory Agencies***

The Government will assist in the urgent development of capacity in the Regulatory Agencies to facilitate these new policies and to arrest the deteriorating condition in bus transport. This will include recruitment and redeployment where necessary and training for all personnel to upgrade skills. It will also include the reengineering of the organizational structure to accommodate a higher level of professional management of the sector. This would include positions representing expertise in demand surveys, time tabling, public relations, legal and procurement expertise, technological expertise such as in automotive engineering and ICT fields, transport planning, social aspects, financial and economic appraisal, civil engineering for passenger terminal construction and maintenance etc.

This assistance package will also include modernization of office facilities, computerization and other basic requirements which will be assessed in the re-engineering exercise.

Each Regulatory Agency will be expected to be financially independent for the recurrent expenses. The re-engineering exercise will stipulate a fee to be collected from each Omnibus Service Agreement based on its assessed annual income. This income will also be utilized for

- Compensatory payments for Socially Obligatory Service and
- Capital Development Projects such as passenger facilities, databases, modernization of systems

The saving made in the form of reduced spending on public-sector subsidies gives the regulatory authorities' scope for financing expansion and quality improvements in public transport.

#### **4.2.5        *SLTB***

The SLTB is the fully government owned bus operator. Its primary role is to provide stability in the market and to prevent monopolistic behavior on the part of the private operators. It will also aim at providing leadership in bench marking professionalism, technological innovation and modernization in the sector. Therefore it will meet the minimum standards set out for the private operators and attempt at all times to exceed them.

In order to facilitate this SLTB will be offered the right of first refusal for 40% of the scheduled capacity on any route or service or group of routes, wherein such percentage does not exist at present. This will be an arrangement during the Transitional Period for that Route.

The Government will aim at removing general subsidies and the re-imburement of losses to the SLTB prior to the completion of this 5 year period. It will thus create a level playing field to compete effectively with the private sector.

The SLTB will operate routes and timetables in consultation with the respective regulatory authority. In the case of any dispute arising between the SLTB and a provincial regulator such a dispute may be directed to the National Transport Commission for settlement. Any dispute with the NTC on inter-provincial routes may be directed to the Ministry of Transport for settlement.

#### **4.2.6 Private Operators**

The private bus industry has been mostly in the hands of individual operators. Even though many small entrepreneurs have failed in their investments in omnibus services, a few have established themselves. However even after nearly 30 years, no significantly large transport operators have got established even though several large operators did come up from time to time. It is the policy of the government to further consolidate the over 15,000 individual owners with management orientation which has been the key factor missing in this sector.

However individual ownership will continue in the form of investment in buses. The management would be with a 3<sup>rd</sup> party identified as a Qualified Company which will hold Omnibus Service Contracts for a route or group of routes. Initially such companies will be formed by shares issued to existing operators on a given route or collection of routes.

These Contracts will be for an initial period of 3 years renewable annually. Annual renewals will be allowed only on the production of a report setting out the compliance of the operator with the stipulated service conditions and after an independent verification which will include user responses. A company which fails to meet the standards for renewal may not have its contract extended by another year. A company can may however earn back an additional year by meeting the standards for three consecutive years.

Minimum size of a company shall have at least 7 buses or 25% of the fleet size for that route or group of routes.

Operators with managerial skills can be elected (as stipulated in the articles of registration) by the members of an Omnibus Operating Company to serve on the Board of Management of the Company. The company may declare dividends to its share holders who in turn may be the bus owners who will then be motivated to appoint competent persons to the Board. These boards will also have representatives from financial institutions and regional trade chambers.

The Omnibus Service Contract holder can enter into an agreement with individual owners who may also be its share holders for the use of their buses at an agreed basis. A company shall also have to obtain prior approval for deploying new buses without using existing buses owned by the members of the company.

The Omnibus Service Contract holder will not be allowed to enter into any agreement which gives any part of the fare collection from the operation of a particular bus, directly to its crew. Any such incentive scheme should be based at least on the revenue obtained on a per route basis. This is to reduce unwarranted competition on the road.

The Government will provide on-going business skills development to the small time bus owners who would wish to improve their businesses. This would mostly be in the area of vehicle maintenance, financial management, human resource management etc.

#### **4.2.7 *Private Bus Employees***

Private bus employees who are often at the receiving end of much criticism by the travelling public are also under tremendous hardships. They have to endure long hours, lack of job security, non-permanency, no proper facilities to rest or have meals, toilet facilities etc. The money they take away as pay or commission or earnings may be considerable. These however do not seem to necessarily improve their quality of life as their working environments are so oppressive.

In this policy, the private bus drivers and conductors will be provided continued registration. Bus owners may strike a deal with the Contractor to absorb the crew as employees of the Company. A period of 5 years will be allowed for such negotiation and during this period either the owner of the bus or the Contractor could be the employer of the bus crew. However, the Omnibus Service Contract Holder will bear all legal responsibility arising from their conduct.

Even as the payments for EPF and ETF have been included in the costs for computation of fares, these payments do not happen at present. Under this policy, all employees will require compulsory registration in EPF and ETF. Moreover Omnibus Service Contractors will be bound to adhere to labour laws thus providing greater job security for employees. One of the pre-requisites for an Omnibus Operating Company for continuing and OSC would be investment in employee training programs as well as capital investments for rest rooms for bus crews, on the job training, welfare measures, adherence to maximum working hours etc.

The National Transport Commission will maintain a National Database of all Omnibus Drivers and Conductors, Inspectors, Managers and other employees in addition to other relevant information. It will also institute a de-merit point system which will be based on the performance of such employees. The procedure would ensure a process of re-training to earn points, for misconduct or failing to meet the required standard.

#### **4.2.8 *Scheduling and Routing***

The Government will implement integrated rotated timetables for all bus routes. All services operated by the SLTB as well as private operators will be brought in to one integrated time tables. In the case of time slots allotted to individual operators, they shall be rotated in order to ensure equitability of revenue generating opportunity. All such timetables will be developed according to observed passenger demand or scientifically determined forecasts. The average loading level allowed for which services are planned will be based on the fare levels stipulated for each service category.

The traffic day over which services are deployed will be determined based on the existing demand as well as his extension of service coverage to either end of the traffic day where demand may be less than what may be required for a financially viable operation. Such services may be provided with a compensatory payment under the '*Nisi Saeriya*' scheme.

The National Transport Commission together with the provincial regulators will take steps to reorganize the bus routes throughout the country so that there would be greater coverage of service areas, reduction of transfers between buses as well as improving inter-modal connections especially with the railways. For this purpose, the NTC will define a network of national routes connecting the capital and major townships served by omnibuses.

#### **4.2.9            *Service Categories***

The exiting omnibus services categories will be further re-defined to match the changing travel requirements of the public. There will be a normal service which will aim at providing a basic service at the lowest cost, while there will be different value added features at the respective costs. As personal incomes increase, more value added services will be introduced in order to ensure that as many passengers who can afford use of private vehicles are also able to consider public transport.

#### **4.2.10          *Public Complaints***

Public Complaints should be directed to the relevant company. Only complaints against the company should be directed to the Regulator, who will be responsible for instituting an approved process of inquiry of the complaint. The Regulator shall update any National Database of information maintained by the National Transport Commission regarding such complaint and action taken regarding an operator, a vehicle or a Registered Employee.

#### **4.2.11          *Public Consultation***

The relevant regulator will institute an approved process of public consultation regarding, review of service levels and service quality of a route or service, changes to route or service or any other matter connected to the quality of service desired by passengers.

#### **4.2.12          *Development of Passenger Terminals and Stations***

The government will promote the development of multi-modal transport terminals at suitable locations. In doing so, it will stipulate standards for all passenger terminals and stations with respect to conveniences, waiting areas and other supporting facilities that should be provided. It will raise such standards from time to time. The

Government will provide technical and financial assistance to formulate proposals for development of such multi modal terminals through the National Transport Commission. It will be the policy of the government that all such terminals should give priority to passenger needs and only limited commercial activities should be conducted within such premises.

In such case regulator shall enter to an agreement with the private sector to develop and manage the passenger terminals and stations. For the purpose of managing these passenger terminals and stations there would be a management committee. It would typically consist with a representative of the regulator, a bus operator of the terminal, a passenger representative, a representative of the terminal owner and a police officer.

### **4.3. Passenger Transport by Hiring Vehicles (Para-Transit)**

Para-Transit or Hiring Passenger transport includes any vehicle which carries passengers for fee or rewards other than an omnibus, train or any other mode of public passenger transport. Presently such transport services include:

- Three Wheeler taxis
- Taxis offered through Call Centers
- School Transport Services
- Office Transport Services
- Chartered transport services
- Other forms of informal transport services found especially in some rural areas.

At present, the only form of Government intervention is with respect to compliance at time of registration as a motor vehicle. There have been calls from both passengers and from operators for the Government to take a greater intervention in these sectors. Passengers complain on the lack of standards of the vehicles and conduct of drivers, formation of monopolies and cartels on a local basis, unreasonable tariffs etc. Operators on the other hand often make representation from government regarding subsidies and to enforce measures of control such as fare meters etc.

Government intervention in the form of policy regarding hiring vehicles will be as follows:

1. Imposition of Standards for Vehicles to be used as Hiring Vehicles
2. Standards for Registered Hiring Vehicle Operators.
3. Imposition of standards for registrations and cancellations for Hiring Vehicle Operators
4. Imposition of Standards for Managers of Registered Hiring Vehicle Operators
5. Imposition of Standards for Hiring Vehicle Drivers and Other Employees
6. Imposition of Standards for Members and Employees of the Regulatory Authority
7. Procedure for handling the transition from existing to the proposed system.

### ***4.3.1 Arrangement for Providing Hiring Services***

Only a vehicle which possesses a Hiring Vehicle Certificate of Conformity may be used for the carriage of passengers for fee or reward. Such a vehicle may only be driven by a person who possesses a valid Registration as a Hiring Vehicle Driver. A person who possesses such a valid Registration will be required to offer services only through a Registered Hiring Vehicles Operator. He will be required to have a formal agreement for providing services through that Operator.

Any vehicle used for the carriage of passengers should have a full insurance coverage and passengers should be limited according to such insurance coverage. Such vehicles used for school transport services or office transport services should have been registered as motor coaches at the Department of Motor Traffic. The relevant provincial regulating authority should develop a management unit to implement and monitor the relevant standards and operating conditions.

Driver registration and training would also be facilitated through the provincial regulatory authorities. Driver photo and identification would be displayed behind the driver for the benefit of the users of the vehicles.

### **4.3.2. Fares**

The Government will publish and update regularly, the standard fares for such services for the benefit of consumers. It will however not impose fare control. The operator will be required to either have such rates painted on the vehicle or carry with him a fare table.

### **4.3.3 Public Complaints**

Public Complaints should be directed to the relevant Regulator. Who will be responsible for institution of an approved process of inquiry of any complaint regarding hiring vehicle operators and drivers. The Regulator shall update any National Database of information maintained by the National Transport Commission regarding any complaint and action taken regarding an operator, a vehicle or a Registered Employee.

## **4.4 Vehicle Administration**

The vehicle administration which is handled by the Department of Motor Traffic will be streamlined to achieve the following:

- Commence the issue of Conformity Certificates for Public Service Vehicles
- Modernized vehicle testing centers
- ICT based documentation facilities
- Driver testing procedure to be modernized and made efficient.
- Automation of DMT functions
- Emission certification for all vehicles

#### **4.5. Private Vehicles**

Private Vehicles will be considered as motorized vehicles that are used exclusively for private passenger use. This would include vehicles belonging to government and private sector assigned for personal use or for the transport of its employees.

The Governments policy on the use of private transport is to

- Recover the total public cost from all private motorized includes all external cost to the economy and society. This will ensure that taxes and duties on vehicles, registration and licensing fees etc are computed on the basis of actual costs and those external costs are considered in effecting disincentives to particular types of vehicles in order to promote the use of public transport especially in urban areas.
- To structure such taxation and road user charges so that the use of private vehicles would be controlled rather than ownership of vehicles.
- That economic cost of parking will be recovered in all instances and proceeds of such fees is to be used to promote off-street paid parking wherever possible.
- To implement road user charges in the form of electronic tolling in managing urban road space.
- To provide exemption of such road user charges for high occupancy vehicles such as buses and school vans etc.
- To take active steps to improve the fuel efficiency in the use of private vehicles by educating drivers and owners.
- To plan for park and ride and pick up facilities at major public transport terminals such as railway stations, bus terminals, airports etc. would be;
- For the government to consider a concession (based on actual economic benefits) for the employers who provide high occupancy vehicles for transport of employees.

#### **4.6. Non-Motorized Transport**

Non-motorized transport will include all modes of urban and rural transport that are either self propelled or animal powered. Typically this would be pedestrians and bicycles in urban areas and in addition bullock carts etc in rural areas.

The government considers that such environmentally friendly modes of transport should be afforded the highest support and will be affecting the following policy interventions:

- To ensure that the planning and development of infrastructure facilities includes reasonable provision for non-motorized vehicles and pedestrians.
- In urban areas to assure that separate infrastructure facilities exist for pedestrians and non-motorized vehicles on selected urban roads and designated regional roads where there is a potential demand.
- To improve awareness of safety aspects in the use of such vehicles and popularizing the use of safety equipment on bicycles.

- In order to popularize the use of bicycles, by providing a special scheme for financing the purchase of bicycles through the rural banking system.
- To take steps for schools and offices to encourage the use of bicycles and for the provision of parking or stacking and security of such.
- To develop park and ride facilities near railway stations and bus stops for bicycles so that greater degree of choice is provided for door to door services.

## **4.7 Goods Transport & Logistics**

The Government's role in goods transport & logistics will be that of a facilitator. Its primary function in the regards will be:

- Ensuring that taxes, licensing fees etc are computed on the basis of actual costs and that external costs are considered in effecting incentives to particular modes of transport such as railway for heavy goods movements.
- That all motorized goods vehicles be subjected to a Goods Vehicle Conformity Certificate which will have to be renewed every 3 years.
- To stipulate safety standards for the industry.
- Undertake modernization of technology used in the goods and logistics sector such as for packaging, handling, warehousing and e-commerce through continuous funding for research and development.
- Undertake joint ventures and other private investment for utilization of railway resources and capacity for increasing the carriage of goods by railway, especially to and from the ports, airports and industrial zones.
- To mandate the National Transport Commission to maintain a database of planning and operational information on supply chain movements and logistics for the sector and to engage in the development of strategic plans to improve the efficiency of the sector.
- To stipulate and control the axle loads of freight vehicles on roads to prevent damage of roads due to over loading.
- To provide tax incentives for modern vehicles and equipment that will improve the performance of the industry and bring it on par with international standards.
- To assist in developing several rail based Logistics Centers or Villages in close proximity to the port and the airport so that they can function as Inland Container Depots as well as logistics centers.
- Inclusion as a sector which will be provided Board of Investment (BOI) incentives.
- To take urgent steps to facilitate the development of a sea-air hub for freight transport with good land transport connections using both rail and road.
- Regulating the handling and carriage of hazardous goods.
- Regulating and monitoring of driver work and rest hours for goods vehicles drivers

## 4.8 Emergency Service Vehicles

Emergency Service Vehicles will be registered and regulated under this Policy. The training and experience required for drivers of such vehicles will be stipulated. As provision is made for non-adherence to some traffic regulations, all such vehicles will require regular inspection and the up keep of a log book which will have to be maintained by an authorized officer of the organization responsible for the use of such a vehicles. Each such vehicle will require an annual certificate of conformity issued by the Department of Motor Traffic in consultation with the National Transport Commission.

## 4.9. Urban Transport

Colombo is the largest metropolitan area in the country. The Ministry of Transport assisted by the National Transport Commission has already prepared a 3 –year Strategic Action Plan for Traffic Management in Colombo Urban Area. Its strategic approach encapsulates the basic policy level interventions set out as follows:

- To **reduce the number of vehicles** circulating within urban area in order to make a greater proportion of limited road space available for high occupancy vehicles that will facilitate the movement of larger amounts of people to and from and within such high density urban areas. This is also expected to improve traffic speeds and also cut pollution loads significantly.
- To **increase railway passengers carried** to Colombo and other urban areas by improving services and providing new connections where feasible.
- To ensure that at least 1/3<sup>rd</sup> of existing road space on major highways within a dense urban area be reserved for **high occupancy vehicles**. Such areas to be utilized for **high priority** bus lanes, light transit systems (trams) or bus rapid transit (BRT) systems in order to improve usage efficiency by reducing large numbers of buses and other vehicles.
- To ensure that at least 1/10<sup>th</sup> of space of all roads within urban areas provided exclusively for **non-motorized transport** such as for sidewalks for walking and bicycle lanes.
- To undertake a complete re-planning of public transport systems within urban areas and suburbs in order to reduce overlapping routes, promote bus priority and bus only roads, reduce transfers, promote inter-modal transfers and reduce bus trips and bus parking in city centers.
- To **reduce the number of goods vehicles** moving within high density urban areas during traffic hours by relocating or decentralizing logistics and distribution activities away from congested areas and by enforcing truck bans where appropriate.
- To plan to introduce **Road Pricing** and **Parking Fees** as a measure of managing traffic levels on a long term basis to be implemented after satisfactory public transport alternatives are provided to private vehicle users.

- To **integrate land use** development especially of high density commercial and residential areas in close proximity to public transport corridors.
- To **identify & preserve railway land** in the city and its suburbs for future development of transport based facilities such as passenger terminals and park and ride facilities and appropriate high density urban development activities that are consistent with and are part of such transport developments.
- To set up a Presidential Committee on Urban Transport (**PCUT**) and technical committees under it to undertake above matters pertaining to urban transport and to ensure coordination between agencies in achieving commonly determined policies and programs.

#### **4.10 Rural and Plantation areas Transport**

Rural Transport refers to transport infrastructure & services that link rural and estate areas to the nearest major bus route or town centre where there is a bus terminal, markets or town centers.

The government in recognition of the wider socioeconomic policy of promoting rural socioeconomic well being and equity based growth will provide special consideration with respect to transport needs of rural and under developed or developing areas.

Its primary policy interventions would be in terms of:

- Provision of the bus transport service (Gami Seriya) on compensatory payment basis to communities where there is a justifiable demand for such a service but where it is inadequate to maintain a regular service.
- To fund the development and/or introduction of a suitable vehicle designed for the carriage of both goods and passengers exclusively on roads in remote areas.
- To set up Community Based Transport Monitoring Committees to monitor and report the quality of services provided under the rural transport program.
- To facilitate a regular system of mobile public consultations in rural areas to determine transport needs and to engage in facilitating the design and provision of services to satisfy such demands.

#### **4.11 Gami Saeriya**

The Government will continually expand the Gami Saeriya rural bus program by providing the necessary compensatory payments to ensure minimum level of mobility for rural and estate areas so that people living in such areas do not need to pay higher bus fares to access bus services. Such compensatory payments will be paid on actual delivery of services as stipulated through a contract under the NTC and monitored by a committee of leading citizens of the community. Both the State and private operators will be offered such services for a period of three years. Generally such payments will be limited for a period of three years and communities together with the operator will be required to ensure continuity of services after this period by achieving financial viability without assistance.

## 4.12 School Transport Services

The Government will continue to assist the transport of school children and students at tertiary educational institutions to travel for purposes of their respective places of study. It will specifically intervene as follows:

- Continuity of Concessionary Season Tickets
- Provision of Dedicated Sisu Saeriya School Bus Services
- Assistance scheme to provide bicycles for school children

### 4.12.1 Sisu Saeriya

The Sisu Saeriya school bus services will be expanded to cover all parts of the country until all schools to which an economically viable dedicated school bus service is justified and requested is provided. Such services will enable students in addition to enjoying a reliable and safe modes of transport also utilize the concessionary school travel discount. The standards for such services will be stipulated by the NTC and payments to operators will be made only on actual delivery and attainment of a minimum specified level of reliability. A school-based committee certifies delivery prior to payment.

## 4.13 Transport Administration

- In order to meet the government's responsibility in ensuring the adequate provision of transport infrastructure and services, the following administrative structure will be affected by the government.
- **Policy** – the government will set out its interventions as a policy to ensure the reliable and continuous provision of transport services for public consumption which will be revised from time to time depending on a governments' socio-economic outlook, technological changes, social needs and environmental concerns.
- **Planning, Implementation & Monitoring**–the government will provide a continuous process of observation of performance, discussion and analysis by which mobility needs will be identified and translated to reality through the improvement of existing infrastructure of services or the provision of additional or more modern infrastructure or services while taking in to account other planning conditions such as physical planning and environmental limitation.
- **Regulation** –the government will formulate, legislate and enforce the rules by which transport activities are to be conducted or transport services to be operated. Such rules may be made within the wider framework of policy and be modified from time to time in keeping with issues that may require to be dealt with in order to improve services.

- **Infrastructure Provision-** the government will ensure the physical provision and upkeep of infrastructure such as roads, railways, terminals, parking facilities, operational systems etc which may be provided by the State or by private providers as the case may be.
- **Service Provision** –the government will ensure the physical provision of transport services or supporting services related to transport activity, which may be provided by the State or by private providers.

These functions will be delivered through an organizational structure as shown below:

	Policy Making	Planning	Regulation	Infrastructure Providers	Service Providers	
Motor Vehicles (all)	<b>M/ Transport<sup>2</sup></b>	<b>National Transport Commission<sup>3</sup></b>	DMT	RDA/PRDA/ Local Govt & Private	Private	
Railways			<b>SLR</b>			
Inland Waterways					Provincial Councils	Private
Road Passenger Transport Services (all vehicles carrying passengers by bus)			NTC (Inter) PTA (Intra)	SLTB/NTC/ PTA/ Local Govt /Private	Private/ SLTB	
Para-Transit carriage of passengers for fee or reward other than buses			DMT/NTC PTA (intra) Local Govt	Local Govt	Private	
Rental Vehicles			DMT	Private	Providers	
Carriage of Goods by Motor Vehicles (lorries)			NTC (Inter) PTA (Intra)	Private	Private	
Non-Motorized (walking, bicycle)			Local Govt.	RDA/PRDA/ Local Govt	Private	
Traffic Management				RDA/PRDA/ Local Govt & Private	RDA/PRD A/ LGA	

#### 4.14 Human Resources Development

One of the primary changes envisaged through this policy is to place the transport sector under proper professional management. It is intended that transport will be viewed as a service sector in the same manner as health and education. In this respect it is envisaged that proper standards for those providing inputs to the sector will be framed at all levels. This will include:

<sup>2</sup> Assisted by the National Transport Commission & other stake holders

<sup>3</sup> In concurrence with Province for National Plans and to give Concurrence from Centre to Provincial Plans and in association with any units assigned with the Planning Functions within the Regulatory or Service Provision bodies such as SLR and DMT.

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- The stipulation of professional qualifications in relevant areas for members of Boards of Management and all senior management positions in the transport sector agencies including the national and provincial transport regulators and all State agencies under the respective ministries of transport.
- The stipulation of standards for managers, bus crew and other staff of such organizations in terms of education and experience.
- It will also be the policy of the Ministry that all executives working in planning, administration and operational aspects would be required to gather specialization in transport related disciplines as is relevant.
- The Ministry will work with all agencies under it to provide continuing professional development for all levels of employees in order to improve their contributions.

### 4.15 Energy Efficiency

Sri Lanka presently incurs a heavy expenditure on the importation of petroleum fuels for its transport activities. The Government will formulate strategic actions that would reduce the overall consumption by (a) reducing the unproductive transport, (b), shifting of passengers from private to public modes of transport which are more fuel efficient (c) higher taxation of vehicles for private use with higher engine capacities (d) taxation rebates for vehicles having newer fuel efficient technology such as hybrid technology which promotes greater fuel efficiency and also for use of non-fossil fuels.

Moreover worldwide transport consumes nearly 60% of energy and Sri Lanka also bears a heavy burden for providing fuel for transport.

The Government will intervene in order to:

- Ensure that the pricing of fuels is such that it discourages unwarranted use especially when reasonable options of a more energy efficient nature are available. As such to ensure that economic costs including pollution costs are always recovered.
- Mobilize a study to pursue the electrification of suburban railways.
- Provide incentive for new technologies such as hybrid vehicles and new source of fuel such as bio fuel
- To maintain an updated database on the status of the environment and ensure public awareness of the situation and to enlist public support in managing the environment with respect to transport use.
- To study the possibility of introducing less pollution or zero pollution vehicles for public transport vehicles and taxis.

#### **4.16 Safety and Security in Transport**

Transport Safety is becoming a matter of the highest concern and importance given that with increasing mobility, the vulnerability to accidents is also increased. While road transport now accounts for around 2,300 deaths in Sri Lanka, the matter of accidents at railway crossings as well as accidents to passengers on trains is also of concern.

Moreover, there is a concern the world over that transport and in particular public transport is increasingly vulnerable. Security of passenger is also a growing concern.

Government will intervene in order to:

- To negotiate for a No-Contest accident cover in line with workman's compensation system for all victims of transport related accidents including for passengers in public transport and for pedestrians.
- To change the 'on site assessment' and settlement form of insurance payments to ensure that the offending party is made responsible for the accident.
- To amend the Motor Traffic Act to update new regulations with respect to driving rules and methods of detection.
- To establish a Road Safety Secretariat as a separate institution by and Act of Parliament by repealing the existing legislation.
- To expand the Road Safety Fund for payments to other areas and projects where funds are needed to reduce accidents.
- To audit safety and security aspects of passenger terminals and public transport vehicles on a regular basis.
- To introduce modernization and technology for improved safety management including data bases, computer systems and trained personnel.
- To implement a program to reduce rail-road crossing accidents.
- Improve the driver training and testing systems and to benchmark quality of such procedures.
- To introduce a computerized theory test for driver testing at the Commissioner of Motor Traffic.
- To introduce CCTV cameras for locations of security concerns for public transport users.

#### **4.17 Transport and the Environment**

Transport has a number of well known negative impacts on the environment. This mostly takes the form of air pollution, noise pollution, visual pollution, impacts on eco system, impacts on human settlements and agriculture etc.

- Testing of emissions annually.
- Implement the Vehicle Emission Testing Program or Green Test requiring compulsory testing of all vehicles.
- Revise vehicle tax structures to encourage vehicle imports that are *less polluting*.
- Move away from 2 stroke technology for motor vehicles.
- All vehicles should comply with noise standards stipulated under the CEA Act and enforced under the provisions of the Motor Traffic Act.
- Adaptation of EURO II standard for both vehicles and fuels from 2010

#### **4.18 Planning & Coordination**

Transport is essentially a complex activity. Its efficiency lies in how such complexity can be dealt with in a planned manner so that the ever changing requirements for mobility can be matched with the most appropriate technological interventions. In order to ensure that the planning function is strengthened and becomes a responsibility of an assigned agency, the Government will include the Planning Role as a Function for the National Transport Commission. Which will include in its planning work the investigation of new modes of transport, energy utilization in transport, issues of network planning and national integration through mobility, regional linkages such as in SAARC and possible future connections with India, planning with respect to improving requirements of users for mobility, safety, convenience, comfort and security and maintaining databases for use in transport planning.

The Ministry of Transport and its agencies will liaise with other agencies both government and non-government in order to obtain views and suggestion and this would include among others:

- Key transport infrastructure agencies such as the Road Development Authority, Sri Lanka Ports Authority, Airport Authority of Sri Lanka.
- Key planning agencies including the Ministry in charge of urban development, the Urban Development Authority, Department of National Planning and the National Physical Planning Department.
- Other key agencies related to transport services including the Ministry of Education and the Department of Education, Ministry in charge of the subject of industries, Board of Investment, Industrial Development Board, Ministry of Public Administration and the Tourist Board.
- Provincial and local government authorities and agencies under them relating to traffic and transport.
- Enforcement agencies including the Traffic Police
- Education and research agencies including universities.
- Key agencies representing business and trade such as chambers of commerce,
- Professional agencies in the transport sector including the Chartered Institute of Logistics & Transport,
- Trade associations representing the different transporters.

#### **4.19 Research & Development**

Sri Lanka's transport network has fallen behind in terms of technology. Most aspects both in terms of hardware as well as procedures and software need to be rapidly developed in order that the sectors performs efficiently and provides the modern day amenities associated with quality transport. Towards this end, the Government shall:

- Ensure that all data that each agency holds and collects including personnel information, operational and asset data will be stored in Management Information Systems that are well designed for multi-use.

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- That all operational aspects such as timetables, route and schedule information, fares and tariffs will be made available on real time basis.
- Each agency under the Ministry of Transport will allocate a minimum of 1% annually of its recurrent expenditure on research and development including innovations of both hardware and software.
- The National Transport Commission will be charged with earmarking at least 2% of its total budget on R&D annually.
- Organizations will be encouraged to develop internal research capabilities and to also encourage obtaining results of funded research through universities and other research agencies for more specialized work.
- The use of ICT would be used in studying costs and revenues of state sector transport providers and to enhance the efficiency of such operations.

### **4.20 Public Participation**

This Policy will initiate a greater degree of public participation in the planning, provision and monitoring of services. This will give rise to the following instruments:

- Setting up of Transport Monitoring Committees for Planning and Monitoring of bus routes and other services for which compensatory payments are made such as “Sisu Seriya” and “Gami Seriya”.
- Setting up of a dedicated External Relations or Public Relations unit within each organization that would liaise with the public in terms of representing their position or views - as opposed to defending the organization per se.

## ANNEX - 1

### ***National Transport***

This would include:-

- (a) Railways ;
- (b) Highways declared by or under law made by Parliament to be national highways; and
- (c) Carriage of passengers and goods by railway, land, sea or air, or by national waterways in mechanically propelled vessels.

*Rivers and Waterways; Shipping and Navigation ; Maritime zones including Historical Waters, Territorial Waters, Exclusive Economic zone and Continental Shelf and Internal Waters; State Lands and Foreshore, Except to the Extent Specified in Item 18 of List I.*

This would include –

- (a) Piracies and crimes committed on the high seas or in the air; offences against the law of nations committed on land or the high seas or in the air ;
- (b) Shipping and navigation on inland waterways, declared by Parliament by law to be national waterways, as regards mechanically propelled vessels; the rule of the road on such waterways;
- (c) Maritime shipping and navigation, including shipping and navigation on tidal waters; provision of education and training for the mercantile marine and regulation of such education and training provided by Provinces and other agencies;
- (d) Lighthouses, including lightships, beacons and other provision for the safety of shipping and aircraft;
- (e) Regulation and development of inter province rivers; and river valleys to the extent to which such regulation and development under the control of the Government of Sri Lanka is declared by Parliament by law to be expedient in the public interest;
- (f) Fishing and fisheries beyond territorial waters; and
- (g) Property of the Government of Sri Lanka and the revenue there from, but as regards property situated in a province, subject to statues made by the Province save in so far as Parliament by law otherwise provides.