

**Standard Management Agreement
For Establishing Omnibus Operating Companies**

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Sri Lanka**

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Standard Management Agreement

For Establishing Omnibus Operating Companies

IT IS AGREED by and between the parties as follows:-

1. DEFINITIONS

“Standard Service” means ordinary stage carriage service at separate fares, as may be specified from time-to-time by the NTC;

“Core Activity” means the provision of passenger bus services at separate fares;

“Panel Timetable” means the composite operating schedules published by the Company and available as of the Implementation Date.

“Premium Service” means semi-luxury, luxury, super luxury or any other value added stage carriage service at separate fares as may be specified from time-to-time by the NTC;

“Priority Trips” mean trips, as may be specified from time-to-time by the NTC, having any of the following characteristics: (a) on all days, the first and last trip in each direction scheduled for operation on a route; (b) on all school days, all school trips scheduled for operation on a route; (c) on all days, all trips scheduled for operation on a single bus route; (d) on all days, all trips for which reimbursement are being provided by the NTC; (e) trips that would qualify for the

minimum frequency (or maximum headway) to be maintained for a given traffic day as determined by the NTC. (f) Trips scheduled for hospitals and weekly fairs (pola), (g) trips as may be designated festivals, holidays, long weekends and special traffic events.

"Route Franchise"

means authorization to operate a bus route, part of a route or collection of routes at specified fares, levels of service, and levels of quality for a specified period;

3. SCOPE OF SERVICES

3.2 The Company shall be responsible for the overall management of the assets, including the fleet of Buses, Bus Depots, Garages etc., the management of its core activities.

3.3 Levels of Service

(a) The Company shall provide:

(i) 100% of the scheduled kilometres inclusive of all the Priority Trips identified *in* the Panel Timetable for each route;

(d) The Company shall be permitted variations to the monthly minimum level of service defined above, as follows;

(i) By not more than two percent (2%) of scheduled monthly kilometres for Priority Trips on a route, in case of breakdown or emergency;

(ii) By not more than 5 percent of total scheduled monthly kilometres or daily kilometers on a route.

(e) The Company may request the NTC in writing to adjust the

Panel Timetable to account for weekly or monthly variations in passenger demand.

- (a) NTC may also initiate revisions of the timetable to meet passenger requirements that have been observed from time to time based on passenger complaints or route inspections and where such suggestions are to be forwarded to the company for revision of the timetable. All such revisions should be approved by the NTC.
- (f) The Company may request the NTC or body authorised for that purpose by GOSL for permission to reduce or suspend operations on a route, if road conditions are unsuitable, until such a time that road conditions are again suitable.
- (g) In case of emergencies, such as strikes by other bus Companies or other modes of transport, the Company may operate additional trips exceeding the schedule with the concurrence of the NTC.
- (h) If passenger congestion within buses is greater than the maximum value specified from time to time by the NTC, the Company should request a review of the Panel Timetable.
- (i) Minimum levels and quality of service for route franchises shall be as specified by the NTC.

3.4 Bus Fares

- (i) The bus fares for Standard Services shall adhere to the bus fares specified by the NTC.
- (ii) The NTC will stipulate new bus fares from time-to-time in accordance with the bus fare policy prevailing at the time.
- (iii) All bus fares should be published by the Company.
- (iv) In value added services, discounts may be offered only up to 25% discount and may only be allowed after obtaining prior concurrence from the NTC. Such discounts should be published.

- (v) In Standard Service, exceptions will be given to clergy, students and senior citizens where higher discounts may be offered in consultation with the NTC and taking in to account any reimbursement schemes available from Government such as for students.
- (iii) Other Discounts for Standard Service may be given only indirectly through customer 'appreciation' programs.
- (iv) The route fare structure shall be stipulated from-time-to-time by the NTC.
- (v) The NTC or body authorised for that purpose by GOSL may revise the fare structure of certain routes, up or down, to address anomalies in the relationship between fares and distance relative to other routes.
- (vi) The Company on Standard services shall levy only half fare for children 3- 12 years. In other services it shall charge not more than 75%. Children under 3 yrs will travel free.

3.5 Prepaid paid Tickets

- (i) The Company may provide prepaid tickets for its services and ensure that bus crews accept such tickets for carriage without discrimination.
- (ii) Travel Passes (Free or discounted) for school children, as well as for students of Universities, Technical Institutions, and other similar Institutions or any other specific groups such as senior citizens, clergy differently abled persons etc as specified by the NTC, shall be provided at the agreed rate. The GOSL shall reimburse the Company *the amount foregone from revenue on account of such* season tickets to the maximum amount specified each year by the NTC.
- (vii) The Company shall take such reasonable precautions and require such reasonable documentation as deemed necessary to ensure that such passes are issued only to legitimate users.
- (viii) The Company may honor tickets issued by other Companies provided that such agreement is made under agreement ratified by law and is subject to the approval of the NTC.

3.6 Coach Services

- (i) The Company may under authority from the NTC develop Coach Services to supplement its Standard Services.
- (ix) Coach Services shall not replace Standard Services in the Panel Timetable, except with approval from the NTC.

3.7 Punctuality

- (i) The Company shall ensure that buses operate in accordance with the Panel Timetable.
- (ii) To provide for exigencies, not more than 10% of bus departures shall be over five minutes later than the scheduled departure time. Not more than 20% of buses shall arrive at their destination terminal more than 5 minutes later than their scheduled arrival time, or later than a time representing 5% of the scheduled trip time, whichever is greater.

3.8 Quality of Service

- (i) The Company shall adhere to all regulations and guidelines prevailing at the time or as may be prescribed by the NTC or such other authority authorized by the GOSL, pertaining to the quality of services, issue of tickets, punctuality, cleanliness, carriage of luggage, information displayed inside and outside buses, procedure regarding lost and found items, standards for bus crew, mechanical conditions of buses etc..
- (ii) The Company shall also adhere with the requirements contained in the Motor Traffic Act or any other *statute* or regulation pertaining to safety of passengers, environment etc such as for insurance liabilities, emission and sound pollution control and return of lost belongings.

4. APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER

- 4.1 The Company shall appoint a qualified person as the Chief Executive Officer

(CEO). The functions of the CEO may be delegated, assigned or designated by the Board. The CEO shall be required to report and will be accountable to the Board of Management of the Company).

5 AUTHORITY OF THE COMPANY

5.1 Without in any way prejudicing the rights and increasing the net liabilities of the Company, the Company shall have all powers and authorities needed to manage the Company's Business and Assets as herein set out fully, effectively and efficiently, subject to any restrictions or limitations imposed by any of the following:

- (i) The laws of Sri Lanka;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Shareholders' Agreement;
- (iv) The guidelines of the National Transport Commission to the extent that such guidelines are not in conflict with the provisions of this Agreement or the Shareholders' Agreement.

7. DUTIES OF THE CEO

7.1 The CEO shall discharge his/her duties and responsibilities arising hereunder and manage and improve the Business with a high degree of professional skill, with due diligence and efficiency, and in conformity with sound technical, administrative, business, financial and other relevant practices and passenger safety and service standards to ensure the provision of efficient and effective passenger transport service to the public as well as the long term viability of the Company.

7.2 The CEO shall at all times protect the interest of the Company, shall not make any secret profits, and shall take all reasonable steps to keep *the Company* expenses to a minimum.

8. EMPLOYEE MATTERS

- a) The company shall take steps to ensure that its employees are continuously afforded opportunities for further development of knowledge and skills. In this respect the company shall provide teaching, training, guiding and instructing personnel of the Company including provision of suitable training programmers.
- b) The company shall provide to the NTC a copy of its scheme of recruitment for all personnel setting out the minimum qualifications and training required for each post.
- c) The company shall only employ licensed and trained drivers and conductors for service in buses as well as personnel with the required qualifications as per its scheme of recruitment.
- d) The company will take steps for the timely settlement of salaries and wages to employees and settlement of Employees Provident Fund, Employees Trust Fund, Gratuity and other statutory dues.

9. ACCOUNTING

- (a) The Company and the CEO will ensure that accurate and complete up to-date accounting and financial records are kept in accordance with generally accepted accounting practices and standards in Sri Lanka and that the accounts are audited annually.

(iv)

10. BUSINESS/CORPORATE PLANS

- (a) The Company shall within a period of three (3) months from the Implementation Date, submit to the NTC, a Business / Corporate Plan covering a period of three (3) years, based on a strategic overview of the Company and the bus sector. The Plan shall set out a program to improve bus service and human resources. The CEO and the Company shall update the Plan annually on a rolling basis.

8. MONITORING UNIT

- 8.1 The NTC shall setup a system inter alia for the purpose of monitoring this Agreement and the Shareholders Agreement.
- 8.2 The NTC may call from the Company and / or the CEO such information as they may deem necessary for the following purposes;
- (a) To effectively monitor the terms and conditions of the *Shareholders Agreement and this Management Agreement*.
 - (b) To maintain a database of operational information pertaining to the level of services provided, quality of service, fleet utilization, fleet profile, safety, customer satisfaction, resource productivity and any other data as may be specified at a level of detail which may also be specified from time to time;
 - (b) To review technical and financial audits conducted by the Company;
 - (c) To issue notices of rectification;
 - (e) To conduct inquiries if the Company repeatedly breaches terms and conditions of *the relevant agreements*; and
- 8.3 *Parties hereto agree that* the NTC shall also have power and authority to review technical and financial audits, set up a mechanism to receive public complaints, ascertain *any* breach of *the relevant agreements*, prepare and forward reports, recommend remedial actions, give warnings etc.
- 8.4 The Company shall ensure that *any* information called for by the NTC are *provided* and that the Company will make every effort to comply with notices to rectify any breaches.
- 8.5 A system of penalty points as specified in Annexure I will be levied on the Company for breach of conditions of Services as stipulated in Clause 8.6 hereof. These points will be calculated quarterly after assessment and inquiry of the previous quarters performance statistics, investigations and inspections carried out on the provision of services and consideration of complaints and

reports made by passengers and the public.

8.6.1 The penalty points will be calculated for each quarter separately. A company which return more than 100 penalty points will be issued a written warning. A company which returns very high quarterly points may be called upon to furnish monthly returns. A company should not exceed an average of 100 penalty points for the last four quarters in which case annual extension will be denied and a public notification made.

Level	Penalty
When the quarterly penalty points accrued by the Company exceeds 100 points.	Issue of Written Warning
Quarterly average over the last four quarters completed exceeds 100 points.	Annual extension denied. Public Notification will be made.

8.7 If during at the end of the annual period of review the Company accumulates penalty points exceeding 100 penalty points, the Management Agreement will not be extended.

12. TERMINATION EVENTS

12.1 This Agreement shall cease and stand terminated without any notice to the other party on the occurrence of any one of the following events:

- (iv) Non-payment of regulators fee on due dates as set out in Clause 3 hereof.
- (i) Termination of the Shareholders' Agreement.
- (ii) Non-payment of full salaries to employees for twenty eight days (28) from the date on which such payments become due.
- (iii) The Company being declared insolvent;
- (iv) raising of fares and
- (v) willful abandonment of priority services
- (vi) lack of adequate safety measures for travelling public

- (vii) being unable to operate at least 50% of scheduled kms.
- (viii) Non-operation of services for a period of five days or more.

Vietnamese Franchise Agreement for Comparison and inclusion where required

Company's Obligations for Services or Quality of Service provided

The company shall endeavour to provide the following services to its passengers:

- **Issue of Tickets**
 - The CEO shall ensure that the Company issues to every passenger on payment of their fare a serially numbered ticket indicating the date, time, fare for the journey and the starting point and destination of such passenger's journey by name or by number of fare stage.

- **Bus Cleanliness**
 - The Company shall ensure that buses commence daily operations in clean condition and that remedial actions are taken to keep buses in reasonably clean condition throughout the day.
 - The Company shall take reasonable precautions to ensure that neither crew nor passengers smoke in buses or consume liquor or drugs,
 - Company shall ensure that passengers behave and do not cause inconvenience to other passengers. .

- **Carriage of Luggage:**
 - The Company shall permit passengers to carry personal belongings inside the cabin of the bus, provided however that such luggage shall not be of a size that inconveniences other passengers and that goods of commercial quantity are not transported inside the cabin of the bus, except by passengers on routes and/or times prescribed from time-to-time by the NTC.
 - The Company shall ensure that restricted items, as prescribed from time-to-time by the NTC, are not carried inside a bus.

- **Information displayed inside Buses**

- The Company shall ensure that a copy of the current fare table for the route along with discounts offered is displayed inside all buses, or is made available to passengers on board on request.
 - The Company shall display the maximum allowable passenger carrying capacity for each bus, as specified by the Motor Traffic Act, inside each bus in an easily visible location.
 - The Company shall display a telephone number and address for the Company inside each bus in an easily visible location.
- **Information displayed outside Buses**
 - The Company shall implement a scheme to identify the Company's buses, from front and rear, by colour and symbol, to facilitate identification from a distance. Such colour and symbol shall be registered with the NTC.
 - The Company shall ensure that the different Values added Services can be easily distinguished from Standard Services.
 - The Company shall ensure that each bus has a unique identification code prominently displayed in the interior and on all four exterior sides, to facilitate identification.
 - The Company shall ensure that no advertisements or other lettering are placed on the front or rear of buses, aside from vehicle registration, bus identification code, and Company symbol.
 - The Company shall ensure that the trip destination name and route number are conspicuously displayed on the front and rear of the bus and near the boarding entrance as per guidelines issued by the NTC from time to time.

Procedure for Public Complaints

- The Company shall, within three months, specify and implement a procedure to address public complaints about level of service, quality of service and condition

of bus, as well as conduct of bus crew. The procedure shall be acceptable to the NTC and shall be made known to the public.

- **Lost and Found**

- The Company shall, within three months, establish and implement a procedure to collect, record, and store items that have been lost and turned in by bus passengers or bus crew.

- **Standards for Bus Crews**

- The company shall employ only licensed bus crews and will ensure that drivers and conductors wear uniforms, display identification that includes their names and designation, and behave in a courteous manner to passengers as well as comply with their reasonable requirements, at all times.

- **Commercial Activities inside Buses**

- The Company shall ensure that passengers are not inconvenienced by commercial activities inside buses including the sale or offer for sale of any thing except by Company employees, the distribution of handbills, or the soliciting of money.

- **Standards for Bus Crews**

- Minimum qualifications of bus crew shall not be less than what has been prescribed by the NTC.
- The Company shall ensure that each driver has a valid driving license, has adequate training to operate the bus safely and in accordance with the Highway Code, and is experienced for the type of bus and route operated.
- The Company shall subject all drivers involved in grievous or fatal accidents, or with a history of minor accidents, to an inquiry, a medical test, and a refresher course in road rules and road safety before allowing them to resume duties.
- The company shall provide a written report within 3 months of each accident which results in hospitalization or death of a person. The report shall contain its findings on the accident and what steps have been taken with respect to the driver and conductor as the case may be; maintenance of buses and guidelines and

training given to company employees to ensure that such events do not reoccur. The report should also set out how affected parties have been compensated and the status of any legal proceedings.

- The Company shall ensure that all conductors have been satisfactorily trained to perform their required duties safely and courteously.
- The Company shall ensure that maximum crew Panel hours as specified by the Motor Traffic Act are observed.

l) Standards for Mechanical Condition (Fitness) of Buses

- The company should ensure that it uses only buses which are in good roadworthy condition and which have a valid omnibus license. Such buses should be at all times in conformity with the standards as set out by NTC.
- The Company shall ensure that all mechanical and technical staff that service and maintain buses are suitably qualified and trained to meet the objectives of this section 8.2.
- Each bus must carry a valid Omnibus Conformity Certificate.

m) Compensation

The Company shall pay or arrange to pay compensation for accidents leading to the death of passengers and non-passengers, to defray funeral and other expenditures, in the amount of a minimum of Rs 25,000 for pedestrians and people not riding in the bus and in the amount of a minimum of Rs 200,000 for bus passengers holding tickets. As specified by NTC from time to time,

Part B. Services and Requirements for Services and the Company

1. Services

10.1 The Company shall provide the Services within the Term of the Contract and from the Date of Commencement as specified in the Agreement so as to ensure that the Panel Timetable is met at all times. In the event that the Services do not commence on the

Start Date as scheduled, the NTC shall be entitled to impose a penalty or terminate the contract after a period of five days.

- 10.2** Save as otherwise provided, the Company shall provide the Services in accordance with the Services Details set out in Schedule II and shall not make any change of any kind to the Services without obtaining the prior written approval of the NTC.
- 10.3** The Services shall be operated from the locations set out in Schedule II and the Company shall not operate the Services from any other location without the prior written consent of NTC, such consent not to be unreasonably withheld.

2. The Vehicles

- 11.1** The Company shall provide the Services using only vehicles described in Schedule II which comply with the requirements set out in Schedule III. This schedule may also identify short term use vehicles obtained to meet peak demand periods such as long weekends and other traffic events.
- 11.2** In circumstances where replacement vehicles the NTC should be notified and Schedule II amended accordingly beforehand. In the case of alternative vehicles used on a short term basis as emergency replacements, the NTC must be advised in writing immediately.
- 11.3** The livery of the vehicles used in the provision of the Services is specified in the Contract Data. In the event that the Company wishes to change the vehicle livery, the Company shall apply to the NTC in writing for approval. No livery alteration may take place until the NTC has given its written consent.
- 11.4** Where the NTC considers that the operation of a vehicle provided by the Company could affect the safety of passengers or the general public, the NTC may instruct the Company not to operate that vehicle. In such circumstances the Company shall provide at its own expense an alternative vehicle for the performance of the Services.
- 11.5** The Company shall ensure at all times that all vehicles used in providing the Services are in a clean and serviceable condition (both internally and externally) and fit for the purpose.

- 11.6** The Company's identity logo (or such other corporate symbol as shall be notified to the Company from time to time) shall be clearly displayed on the front and near side of each vehicle when used in the provision of the Services in accordance with the NTC's guidelines for such display position issued from time to time.
- 11.7** The company shall not operate services on any route not under contract,
- 11.8** Companies cannot sub contract their service obligations to another person.
- 11.9** The Company shall indicate, by a notice clearly affixed on each vehicle used in operating the Services (or in such other manner as shall be prescribed by the NTC from time to time) that the Services are operated under contract with the NTC.
- 11.10** "No smoking" signs shall be clearly displayed on all vehicles so that they are clearly visible to all passengers in all parts of the vehicle. A general sign stating 'No Smoking' shall be placed at the front of the vehicle or positioned such that passengers are made aware that smoking is not allowed in any part of the vehicle.
- 11.11** Notices indicating priority seats (e.g. seat designated for elderly and disabled passengers) shall be displayed.
- 11.12** Check inclusion of relevant permit conditions.
- 11.13** A current fare table shall be displayed or be available for inspection by members of the public on each vehicle.
- 11.14** There shall be a notice on each vehicle indicating where passengers may make comments or suggestions about the service provided, including the address of the NTC and other such addresses as the NTC may specify.
- 11.15** The Company shall affix to the vehicles and display such other notices as the Company may reasonably require from time to time, including without prejudice to the generality of the foregoing, information relating to conditions of carriage and conduct of passengers.
- 11.16** There shall be displayed on each bus, route and destination information as specified in Schedule III.

3. Safety Requirement

12.1 The Company shall take all necessary measures to ensure the safety of public, passengers, employees and other road users. For the avoidance of doubt drivers must never exceed a safe driving speed irrespective of any schedule requirements.

4. The Company's Employees

13.1 The Company shall employ drivers and conductors as appropriate suitably qualified in all respects and all such drivers and conductors shall comply with all traffic regulation orders made from time to time and any conditions of any licences appertaining thereto.

13.2 If in the NTC's reasonable opinion, the Company's employees fail to achieve adequate standards, the NTC may request the Company to develop and implement an action plan to improve performance and the Company shall use its best endeavours to produce, implement and comply with such a plan, keeping the NTC fully informed of progress.

5. Change in Personnel

14.1 The Company shall notify the NTC within the number of days as specified in the Contract Data of any changes to the Company's senior management, including without limitation changes to any of the directors and key personnel engaged in the performance of the Services.

6. Advertising the Services

15.1 The Company shall make available to the NTC; all information relating to the Panel Timetable and route on which the Services are operated and such other information relating to the Services in such a form as the NTC may reasonably require.

7. Commercial Advertising

16.1 Subject to the current law and regulations on advertisement, the Company is permitted to accept advertising on the vehicles used on the Services and to retain any revenues received from such advertising. Specify locations.

8. Lost Property

8.1 Any lost property found on any buses must be handed in to the route control centre at the first reasonable opportunity. The conductor should complete a form (to be prepared) for each article handed in for which they will be given a receipt. All lost property will be forwarded by the Company to the NTC within 24 hours together with a copy of the completed conductor's form.

8.2 In the event that an item of lost property is claimed within the 24 hour period at the route control centre the item may be handed over if the duty officer is satisfied as to the authenticity of the claim. The claimant's details must be taken by the Company and provided to the NTC together with a copy of the conductors form within seven days.

8.3 The NTC will maintain a register of lost property and will provide the Company with a telephone number to be given to members of the public for any queries concerning lost property.

9. Bus Stand, Stations and Emergency Procedures

9.1 The Company shall use its best endeavors to ensure that its employees, agents and contractors comply with all instructions given to them from time to time by the NTC's authorized officials in respect of:

- (1) the use of bus stands, bus stations, bus stops and other infrastructure owned, occupied or managed by the NTC (or its agents or contractors) and used by the Company;
- (2) emergency situations and/or diversions from the normal route;
- (3) the acceptance of passengers in an emergency with tickets which are not normally valid on the Services; and
- (4) any other safety or security related matters.

9.2 The Company shall ensure that when a bus is parked at a bus station or stand (off or on highway) its employees shall switch off engines at all times.

Part C. Performance

10. Kilometrage Performance

10.1 The Company shall ensure that all Scheduled In Service Kilometrage as set out in Schedule I is operated in accordance with the Panel Timetable and the Company is expected to use its best endeavours to achieve this. The NTC recognizes that operation of the full Scheduled In Service Kilometrage is not always possible and so in such circumstances is prepared to accept the Minimum Operated Kilometrage Standard set out in Schedule I. The Company therefore is required to meet the Minimum Operated Kilometrage Standard throughout the Term of the Contract. The NTC shall monitor cancellations and curtailments of the Scheduled Service Kilometrage by the collection and analysis of information regarding the kilometrage that the Company has failed to operate. The primary source of data regarding kilometrage not operated will be the returns prepared and submitted to the NTC by the Company in Forms A and B as set out in Schedule IV.

10.2 For the purpose of determining Kilometrage Performance, Non-deductible Lost Kilometrage means the total number of kilometres that had been scheduled to operate in service in accordance with the Panel Timetable that were not operated by the Company in any Payment Period, the loss of which is determined in the reasonable opinion of the NTC as being beyond the Company's reasonable control. In this regard, the Company acknowledges and agrees that the following are normally within the Company's reasonable control:

- (1) Reasonable staff absences;
- (2) mechanical breakdown and lack of suitable buses; and
- (3) late departures from the Company's garage or depot.

It is also agreed that severe traffic congestion may be accepted as a reason beyond the Company's reasonable control. However, the Company is expected to manage the

Services so as to minimise the impact of traffic congestion commonly encountered.

- 10.3** The NTC may determine to an extent which is reasonable that none or only some of the lost kilometrage which is claimed to be Non-Deductible Lost Kilometrage by the Company is Non-Deductible Lost Kilometrage. Such determination shall be made on the grounds that the Company has failed to take all reasonable steps to overcome, avoid or minimise the effects of any events beyond its reasonable control.
- 10.4** Operated kilometrage information must be recorded by the Company and reported to the NTC using Form A as set out in Schedule IV. The time interval for making report is as set out in the Contract Data. Together with the above information details of journeys / part journeys not operated shall be also notified by the Company to the NTC in Form B as set out in Schedule IV.
- 10.5** The NTC reserves the right at any time to change the reporting requirements and procedures outlined in Schedule IV in order to take advantage of the availability of new technology in improving the method of monitoring of the Company's kilometrage performance. Any such changes will be notified to the Company.
- 10.6** The Company shall use its best endeavours to ensure that kilometrage reporting is complete and accurate. In the event that the Company is found (by whatever means) to have inaccurately declared the extent of Deductible Lost Kilometrage, the NTC shall have the right to recover from the Company any monies due to the NTC. The Company shall keep all records and documentation relating to kilometrage for a minimum period as set out in the Contract Data. This documentation must include sufficient items as set out in the Contract Data.

11. Service Reliability

11.1 The Company acknowledges and agrees that one of its primary obligations under this Contract is to provide reliable services. The Company is therefore expected to use its best endeavours to ensure that all buses operate in accordance with the Panel Timetable and depart on time or at the intervals shown, as appropriate. In addition, the Company acknowledges and agrees that:

- (1) Departure times or service intervals, as appropriate, shall be published at bus stops and elsewhere; and

- (2) Passengers expect there to be reliable services in accordance with the published information.
- 11.2** From the commencement of the Contract, the Minimum Service Reliability Standard for the Services shall be as set out in Schedule I. Unless otherwise adjusted or varied in accordance with the provisions of the Contract, the Minimum Service Reliability Standard shall be fixed for the Term of the Contract (and any extension thereof).
- 11.3** In addition to the Minimum Service Reliability Standard, a Threshold for the purposes of assessing whether the Company is entitled to a contract extension in accordance with Clause 35 shall be as set out in Schedule I and shall unless adjusted or varied in accordance with the provisions of the Contract be fixed for the Term of the Contract.
- 11.4** The Company's performance shall be monitored by surveys which shall be conducted at a frequency and at such times as the NTC considers appropriate and in accordance with the number set out in Schedule I.
- 11.5** The NTC shall calculate the Company's Service Reliability Performance as specified in the Contract Data and shall provide to the Company a Quarterly Performance Report summarising the Company's performance during the previous Quarter based on the results of the surveys. The Quarter Performance Report will be issued to the Company no later than 20 Working Days after the end of the Quarter to which it relates. As a minimum the Quarterly Performance Report will include the items as specified in the Contract Data.

12. Formal Warnings

- 12.1** The Company's overall performance in respect of its obligations under this Contract shall be monitored in accordance with Schedule I. If in the reasonable opinion of the NTC the Company has failed materially at any time to comply with any of its obligations under this Contract the NTC shall be entitled to issue the Company with a Formal Warning.
- 12.2** Without prejudice to the generality of Clause 21.1 above, the NTC may give a Formal Warning by reason of any one or more of the following:

- (1) failure by the Company to operate the Minimum Operated Kilometrage Standard as an average over any period of 12 consecutive weeks;
- (2) a persistent failure by the Company to provide adequate Service Reliability, (the NTC shall assess whether there has been a persistent failure by reference to Schedule I);
- (3) failure by the Company to provide safe and environmentally acceptable Services taking into account, for example:
 - i) the type, frequency and severity of accidents;
 - ii) conviction of drivers on driving offences committed while on duty;
 - iii) the results of random safety checks and mechanical inspections carried out on the Company's vehicles;
 - iv) the environmental performance of the Company's vehicles; and/or
 - v) the Company's non-compliance with any relevant regulation;
- (4) failure by the Company to ensure that the vehicles used in operating the Services satisfy the requirements of this Contract; or.
- (5) any other material or persistent failure by the Company, its employees, agents or contractors to comply with any of the terms of this Contract,

12.3 In considering whether to issue a Formal Warning the NTC shall review the circumstances appertaining to the operation of the Services, including, without limitation, consideration of:

- (1) abnormal levels of congestion;
- (2) the progress of any actions, such as recently implemented service changes, or changes awaiting introduction or any other proposed actions by the Company to improve performance; and
- (3) the time periods relating to paragraphs (1) and (2) above.

provided that consideration of such issues shall not relieve the Company of any of its obligations set out in this Contract and shall not be construed in anyway as a waiver of any right or remedy available to the NTC.

12.4 Without prejudice to generality of Clause 21.1 for the purposes of assessing eligibility for a Formal Warning under Clause 21.2 the performance of the Company shall normally be reviewed monthly and each review shall cover performance in the previous three months.

12.5 If three or more Formal Warnings are given in any twelve month period the NTC shall be entitled to terminate the Contract.

Part D. Contract Price and Payment Schedule for Subsidized Services

13. Contract Price and Payment Schedules

13.1 In consideration of the provision by the Company of Contracted Subsidized Services the NTC shall pay the Company the Contract Price as provided for in the Letter of Acceptance. The Contract Price shall be fixed, varied or adjusted in accordance with provisions of this Contract.

13.2 The NTC and the Company shall follow the provisions on the Payment Period and Payment Method of the Contract Price as set out in Schedule V.

14. Deduction for Lost Kilometrage

14.1 In relation to each Payment Period the Company shall declare and calculate Deductible Lost Kilometrage and Deductions for Lost Kilometrage in submission of the monthly Final Demands.

Part E. Fares, Ticketing and Fares Collection Arrangement

15. Fares, Tickets and Passes Acceptance

15.1 The Company shall accept and/or validate the tickets and passes in accordance with the fare rates, and any additional passes or tickets as notified by the NTC from time to time, and shall take any other actions as instructed by the NTC from time to time in relation to ticket and pass checking, validation and acceptance.

15.2 The Company shall pay all fares revenue receipts in respect of fares charged and tickets issued on the Services and all sums due in respect of Fares Payment Irregularities and misallocation of revenue to the NTC in accordance with the Clause 31 of this Contract.

16. Ticketing Equipment

16.1 Within the Term of the Contract, the company shall supply Ticketing Equipment of such type as the NTC in its reasonable opinion considers necessary for the Company to operate the Services.

17. Fare Collection Arrangement

17.1 When carrying out its duties and obligations the Company shall use its best endeavours to ensure that its employees and/or agents undertake in a proper manner all fare collection arrangements, ticket checking and inspection.

17.2 The Company hereby authorises the NTC's officials to operate on any vehicle providing the Services and to fulfill the role of Inspector.

17.3 Without prejudice to Clause 31.2 the NTC's officials shall be permitted to board vehicles providing these services at any time for the purpose of checking that the Company and its employees, agents and contractors are complying with the provisions of this Contract and for the purpose of checking records and Ticketing Equipment used by the Company, its employees, agents and contractors.

17.4 The Company shall use its best endeavours to ensure that its employees and/or agents comply with any reasonable instructions given to them by the NTC's officials pursuant to this Contract.

17.5 The Company as far as possible shall endeavour to collect and take into their custody on a daily basis all waybill revenues from bus operations. However if at the start there are practical difficulties faced by individual bus owners to conform to this arrangement, the company may provide a period of relief not exceeding two months during which period they will be allowed to keep custody of their own revenues. In such a case, such Company's will be called upon to contribute double the

administrative charged levied from other bus owners who conform to this requirement.

- 17.6** A formula will be developed to calculate the rate at which bus owners will be compensated for the use of their buses. This will take in to account the kms and hours operated, the seating capacity of the bus and the age of the bus.

18. Fares Payment Irregularities

- 18.1** During the Term of the Contract, the NTC and the Company shall determine and settle the amount of Fares Payment Irregularities as provided for in Schedule VIII.

19. Penalty Fares

- 19.1** Company will be authorized to check buses to ensure that passengers are in possession of a valid ticket as well as to ensure that conductors have issued a ticket for the fare collected.

- 19.2** In the case where a passengers is found to be travelling in a bus without possession of a valid ticket, such a passenger may be handed over to the nearest Police Station for prosecution if he is not willing to pay for the fare from the point at which the bus began its journey to the point of detection or the destination as the case may be.

Part G. Term, Variation, Extension and Termination

20. Term of the Contract

- 20.1** The Term of the Contract shall commence on the Date of the Agreement and continue in force until the Expiry Date as specified in the Contract Data unless it is extended in accordance with the provisions of Clause 35 of the Conditions of Contract or unless earlier terminated pursuant to Clause 37 of the Conditions of Contract.

21. Extension

- 21.1** If at the end of the Term, the Services continue to be required substantially unchanged employing the existing bus type, then subject to the conditions set out in this Clause 35 and as specified in the Contract Data the Company shall be eligible for a contract extension.
- 21.2** The NTC shall be responsible for monitoring the Company's performance of the Services and shall compare the performance against the Contract Extension Criteria as set out in the Contract Data.
- 21.3** Subject to Clause 35.2 above, if the Company meets or exceeds the Contract Extension Criteria during the Extension Assessment Periods as defined in the Contract Data then the Company shall be entitled to an automatic extension of the Contract from the Expiry Date to the Extended Expiry Date as specified in the Contract Data.

22. Termination

- 22.1** The NTC shall have the right to terminate this Contract upon written notice at any time if:
- (1) The Company commits any persistent or material breach of any provisions of this Contract and in the case of such a breach which is capable of remedy fails to remedy the same within 14 days of notification of the breach by the NTC (and in which the NTC expresses its intention to exercise its rights under this Clause);
 - (2) The Company receives three or more Formal Warnings in any period of 12 months;
 - (3) An order is made by a court of competent jurisdiction, or a resolution is passed, for the dissolution or administration of the Company (otherwise than in the course of a reorganisation or restructuring previously approved in writing by the NTC);
 - (4) any step is taken to appoint a Company, receiver, administrator, trustee or other similar officer in respect of any assets;

- (5) the Company convenes a meeting of its creditors or makes or proposes any arrangement or composition with, or any assignment for the benefit of its creditor's;
- (6) the Company ceases or threatens to cease to carry on trading for any part of its operation;
- (7) the Company, its employees, agents or contractors make, offer or promise any improper loan, fee, reward or advantage of any kind to any employee, agent or contractor of the NTC;
- (8) the Company fails to comply with Clause 12; or
- (9) the Company fails to obtain the NTC's written consent prior to any assignment or subcontracting in accordance with Clause 5.

22.2 For the avoidance of doubt, the NTC may terminate this Contract under any item of Clause 37.1 above (except item 37.1.(3)) notwithstanding that the circumstances in item 37.1.(3) above have not arisen.

22.3 The termination of this Contract under Clause 37.1 above shall be with such notice as the NTC considers appropriate in the circumstances and during such notice period the Company shall continue to perform all of its obligations set out in this Contract including without limitation continuing to provide the Services so as to meet or exceed the Minimum Performance Standard and the Minimum Operated Kilometrage Standard and during such notice period the Company shall co-operate with the NTC to avoid or minimise any disruption to the Services.

22.4 The termination of this Contract under this Clause 37 shall be without prejudice to any rights of either party in respect of any antecedent breach of contract by the other party.

22.5 Without prejudice to Clause 37.4 and Clause 6, in the event that this Contract is terminated under this Clause 37, the Company shall fully indemnify the NTC for all reasonable costs losses and/or expenses incurred by the NTC in connection with or as a consequence of the termination, including without limitation the cost of engaging a replacement or temporary Company at short notice.

22.6 On termination of this Contract, the NTC shall not be liable to the Company for any loss of profit, loss of contract or any other losses and/or expenses of whatsoever nature arising out of or in connection with such termination.

SCHEDULE I: SERVICE DETAILS

General Route Details specified by the NTC

1. Route Number
2. Terminal Points
3. Route Description
4. Bus Stops
5. Layover location(s)
6. Overnight parking location (to be specified by the Company)
7. Route Control Centre (to be specified by the Company)
8. Public Timetable
9. Panel Timetable and Scheduled Bus.Km

Days	Panel Timetable		Required Minimum Number of Vehicles in Service			Sched. Bus.Km per day	Sched. Bus Hours per day	No of days pa	Annual Bus.Km	Annual Bus Hours
	Ref No.	Effective Date	AM peak	Mid-day	PM Peak	Km	Hrs		Km	Hrs
Mon – Fri										
Sat			n/a		n/a					
Sun, P/H			n/a		n/a					

							TOTAL			
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Notes

- i) AM Peak is between 0600 – 0900
- ii) PM Peak is between 1600 – 1900
- iii) Scheduled Distance is total scheduled in-service kilometres
- iv) Scheduled Bus Hours is total hours of service for all scheduled buses measured from start of first duty to end of last duty and shall include layover time and meal breaks but not access time to and from overnight parking places. In the event of split shift schedules each shift shall be taken as having a start and end of duty.

Performance Standards

Minimum Operated Kilometrage Standard.....[98.5%] of total km in period
 Minimum Service Reliability Standard[0.5] minutes average excess waiting time
 Service Reliability Threshold.....[0.3]minutes average excess waiting time
 Scheduled surveys per year.....[6] per year

SCHEDULE II: TENDERED VEHICLE DETAILS

Vehicle Description

Registered Owner

Registration Number

Chassis Make and Model

Year of Manufacture

Date of First Registration

Total Km Operated

Bus Length and Width

Maximum Weight and Net Weight

Engine Make and Type

Power output

Transmission –manual or automatic

Suspension – air or leaf spring

Body manufacturer and type

Emission Standard (e.g., Euro 1, 2, etc)

No of doors

Entry step height

Floor height

Air conditioning power

Interior Height

Seating capacity

Max total capacity

ATTACHMENT: Layout showing seating plan.

SCHEDULE III: MINIMUM SPECIFICATIONS FOR TENDERED BUSES

In addition to complying with all aspects of the law, each tendered bus shall comply with the following provisions and requirements:

Attribute	Requirement	Notes
Bus Age	Not more than 5 years old from date of manufacture upon scheduled start of service	
Capacity	80 passengers minimum	Note 1
Climate control	Air Conditioned	Note 2
Ease of entry	First step not higher than 350mm	
Floor height	Not higher than 700mm	
Saloon height	Not less than 1900mm from floor of bus	
Side windows	Single tint, 50% transparency minimum	
No of Doors	2	
Seat width	380mm per passenger minimum	
Seat pitch	670mm minimum	
Route Information	Route number and destination must be shown	Note 3
Emergency Escapes	one exit, openable from inside and outside in addition to, and on the opposite side from, the main passenger door	
Safety Equipment	one fire extinguisher, one first aid kit, fuel cut-off tap accessible from outside the vehicle	

Notes

1. Standing passengers may only be carried in a vehicle which has interior headroom of at least 1900mm and adequate grab rails. The maximum number of standing passengers that may be carried shall be based on a standard of 6.0 standees per square meter of unobstructed, level floor space or on kg per person up to the permitted gross vehicle weight of the vehicle, whichever is the lower
2. The bus shall be fitted with an air-conditioning system with ducting to distribute cooled air throughout the vehicle; The cooling system shall be capable of reducing the

temperature to 24 degrees under normal operations in summer. The system shall be capable of achieving a minimum of 20 air changes per hour.

3. Buses shall display route numbers and ultimate destination. Allowance must be made for up to three alphanumeric characters for the route number. At the front of the bus the route number shall be at least 200mm high and lettering for the destination shall be at least 125mm high. The route number shall also be prominently displayed on the forward left hand side of the bus and also at the rear. All signs shall be back lit.

SCHEDULE IV: KILOMETRAGE PERFORMANCE

Operated Kilometrage Information

Operated kilometrage information must be recorded by the Company and reported to the NTC using Forms A and B as set out in this Schedule IV. Unless agreed otherwise between the Company and the NTC, the information shall be supplied in an electronic format acceptable to the NTC as specified from time to time. The information shall be set out under the headings listed below:

- i) name of the Company;
- ii) dates on which the week to which the information relates starts and finishes,
- iii) the route to which the information relates;
- iv) daily kilometrage derived from the Panel Timetable;
- v) any agreed additional kilometres;
- vi) any agreed curtailed kilometres;
- vii) kilometres to be operated;
- viii) percentage of scheduled kilometres operated.

The Company shall provide the NTC with the above information in respect of the Services relating to each week (being each Monday to Sunday).

FORM A KILOMETRAGE RETURN

Route No. _____

Week Ending dd/mm/yy

	Mon	Tues	Wed	Th u	Fri	Sat	Sun	Tota l
Scheduled in Service Kilometrage								
Agreed Additional Kilometres +								
Agreed Curtailed Kilometres -								
Kilometres to be Operated								

Deductible Lost Km								
Staff								
Mechanical								
Other Deductible								
Non Deductible Lost Km								
Traffic								
Other Non-Deductible								
TOTAL LOST KILOMETRES								
KILOMETRES RUN								
% RUN								

FORM B Km Lost by Duty and Cause

Route No _____

Week Ending dd/mm/yy

Day/Date	Time	Trip/Duty No	From – To--	Kilometres lost	Cause Code*	Details

* Cause codes:

S – Staff; **M**- Mechanical; **T** – Traffic; **OD** – Other deductible; **OND** – Other Non-Deductible

SECTION 4. CONTRACT DATA

Conditions of Contract	
1.1	The Company is: XXX Bus Transport Sansandaya
1.1	The Company's CEO is:
1.1, 10.1	The Start Date will be:[6 months] from the Date of the Agreement
3.1	The language of the Contract documents is xxxxxxxx
3.1	The law that applies to the Contract is the law of Sri Lanka
4.2	The address of the NTC: The address of the Company:
6.2	For the purposes of Clause 6.2 the insurance shall cover from the Start Date to the expiry of the Term of the Contract. The minimum insurance covers shall be: <ul style="list-style-type: none"> · The minimum cover for public liability is: SLR..... · The minimum cover for NTC's liability is: SLR..... · The minimum cover for motor vehicle is: SLR..... · The minimum cover for Company's legal liability is: SLR.....
6.7	The Performance Security shall be [two hundreds thousand rupees (SLR 200,000.00)]. The Performance Security shall be valid from the issuing date until [] The standard form of Performance Security acceptable to the NTC shall of the type as presented in Section 5 of the Bidding Documents

8.2	The language of the arbitration is xxxx and the place of the arbitration is Colombo.
10.1	For each day after the Start Date that the Services are not operated the NTC shall be entitled to levy a penalty of [SLR xxxx] per day. If the Services are delayed more than [] days the NTC shall terminate the Contract and the Company shall forfeit the Performance Security.
11.2	The vehicle livery is xxxxxx conforming to MOT Directive No 262/CT-BG TVT of 8 July 1996..
14.1	Any changes to the Company's key management personnel involved in the Services should be notified by the Company to the NTC within [] days.
15.1	The NTC's division is: [Operations Division]
19.4	The time interval for making report on Operated Kilometrage information is [] days.
19.6	The minimum period for keeping all records and documentation relating to kilometrage is: [12 months]
19.6	This documentation must include the following items: Drivers' log sheets Terminus Regulators' Bus Arrival / Departure Records Accident or other Incident Reports
20.5	The minimum Quarterly Performance Report shall include the following items: Kilometrage Performance for Quarter Service Reliability Performance for Quarter
20.6	The Company's Service Reliability Performance shall be calculated as follows: For High Frequency Routes (where the emphasis is on the provision of

	regular Services and the minimisation of long gaps), the average excess wait time (the average time that an intending passenger waits longer than the average scheduled wait, in accordance with the Panel Timetable) shall be calculated, together with other statistics as may be appropriate. The excess wait time will be the difference between the average actual wait time, derived from the proportion of buses observed, and the average scheduled wait time, derived from the number of expected buses as set out in the Panel Timetable.
23.1	The Penalty Rate for Deductible Lost Km shall be the Contract Price divided by the annual km in any year.
28.1	The fare for single journey tickets is: SLR xxx per passenger
34.1	The Expiry Date shall be [insert number of years] from the Start Date
35.2	The Contract Extension Criteria are as follows: Company shall meet or exceed Minimum Km Standard for four quarters Company shall meet or exceed Service Reliability Threshold for 3 of past 4 Quarters
35.3	The Extension Assessment Period will be Year 2 of the Contract
35.3	The Extended Expiry Date will be [insert number of years] from the Expiry Date
36.3	The number of operating hours and scheduled kilometrage may be varied by up to a percentage of [10%].
36.3	The Contract Price adjustments shall be as follows [_____] per bus.hour [_____] per bus .km These figures shall be subject to annual adjustment in accordance with Schedule VII

36.4	the bus hours and/or bus kilometrage are reduced by more than a percentage of [10%].
36.4	the difference was limited to a percentage of 10%.
36.5	The Contract Price adjustment shall be [_____] per additional peak bus . This figure shall be subject to annual adjustment in accordance with Schedule VII

Add facility to obtain short term use of buses for traffic peaks.

Add list of penalty points

Adjustment of Fares

Award of new services

SLTB partitioning- same LOS or ensure difference?

How document intensive?