



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

SRI LANKA RAILWAYS AUTHORITY
ACT, No. 60 OF 1993

[Certified on 15th December, 1993]

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[Certified on 15th December, 1993]

L. D.—O. 54/91

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE SRI LANKA RAILWAYS AUTHORITY TO CARRY ON THE BUSINESS OF TRANSPORTING PASSENGERS AND GOODS BY RAIL; TO PROVIDE FOR THE TRANSFER OF ALL PROPERTY, RIGHTS AND LIABILITIES OF THE RAILWAYS DEPARTMENT TO THE SRI LANKA RAILWAYS AUTHORITY; TO AMEND THE STATE LANDS (RECOVERY OF POSSESSION) ACT, NO. 7 OF 1979 AND THE RAILWAYS ORDINANCE (CHAPTER 200); AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Sri Lanka Railways Authority Act, No. 60 of 1993, and shall come into operation on such date as the Minister may appoint by Order published in the Gazette. Different dates may be appointed in respect of different provisions of this Act, and accordingly, any reference in any provision of this Act, to "the appointed date" shall be construed as a reference to the date appointed under this section for the coming into operation of that provision.

Short
title and
date of
operation.

PART I

ESTABLISHMENT, POWERS AND FUNCTIONS OF THE SRI LANKA RAILWAYS AUTHORITY

2. (1) There shall be established an Authority which shall be called the Sri Lanka Railways Authority (hereinafter in this Act referred to as the "Railways Authority").

The
Sri Lanka
Railways
Authority.

(2) The Railways Authority shall in the name assigned to it by subsection (1) be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

3. (1) The administration and management of the affairs of the Railways Authority shall be vested in a Board of Directors (hereinafter referred to as "the Board") which shall consist of—

Constitu-
tion of the
Board of
Directors
of the
Railways
Authority.

(a) a Chairman, who shall be a person with wide experience in the management of large scale commercial enterprises relating to transport or connected fields, appointed by the Minister;

(b) a representative of the Ministry of the Minister, appointed by the Minister;

- (c) a representative of the General Treasury nominated by the Minister in charge of the subject of Finance ;
- (d) the Managing Director ;
- (e) three other members appointed by the Minister from among persons who have had experience, and have shown capacity, in the fields of transport, finance, marketing, law or engineering.

(2) The provisions of the First Schedule to this Act shall have effect in relation to the appointment, and the term of office of the Chairman and the members of the Board and to the meetings of the Board.

**Primary
function
of the
Railways
Authority.**

4. The primary function of the Railways Authority shall be to provide and operate rail services in Sri Lanka for the carriage of goods and persons efficiently, competitively and for profit.

**Other
functions
of the
Railways
Authority.**

5. Without prejudice to the generality of section 4, the other functions of the Railways Authority shall be to—

- (a) provide services for the carriage of goods and persons by rail, at prices which will ensure the amortization of the investment of the Railways Authority in the provision of such services and an appropriate return on the capital invested by the Railways Authority in the provision of such services ;
- (b) promote the national objective that goods and persons should be carried in the mode that is most advantageous to the nation by following a proper pricing policy ;
- (c) promote road-rail co-ordination and port-rail co-ordination where such co-ordination is deemed necessary in the national interest ;
- (d) manage efficiently all immovable property vested in the Railways Authority and to handover to the Government, any such property which is not required for the discharge of its functions.

6. For the purpose of discharging its functions, the Railways Authority shall exercise and perform the following powers and duties :—

**Powers
and
duties
of the
Railways
Authority.**

- (a) to fix tariffs, rates and procedures for the carriage by it of goods and persons by rail in such manner as may be appropriate to ensure the competitiveness of the services provided by it with the services provided by other modes of transport ;
- (b) to enter into Public Service Obligation contracts with the Government for any services provided by it to any Government Department, Public Corporation, Provincial Council or local authority at rates below such rates and tariffs as are fixed by it in the exercise of its powers under paragraph (a) ;
- (c) to employ such officers and servants as may be necessary for the discharge of the functions of the Railways Authority, and to determine the cadre, of the remuneration payable to, and the terms and conditions of service applicable to, such officers and servants ;
- (d) to enter into such contracts and agreements as may be necessary for the discharge of its functions ;
- (e) to develop a proper railway costing system designed to meet its commercial objectives, which costing system shall indicate as far as possible, the full costs of railway services provided by the Railways Authority, including fixed and variable costs, long run and short run marginal costs and other appropriate cost concepts, for individual lines, commodities and movements ;
- (f) to make rules in relation to the officers and servants of the Railways Authority, including their appointment, promotion, remuneration, disciplinary control, leave, holidays and the grant of loans and advances to such officers and servants ;
- (g) to make rules and prescribe procedures in respect of the administration of the affairs of the Railways Authority ;
- (h) to prescribe standards, including safety standards, for rail services ;

- (i) to delegate to the Chairman or to any member or officer of the Railways Authority any such functions as the Board may consider necessary to delegate for the efficient discharge of the functions of the Railways Authority ;
- (j) to establish an insurance scheme, a provident fund, a welfare fund and to provide welfare, health and recreational facilities, for the benefit of the officers and servants employed by the Railways Authority ;
- (k) to acquire, hold, take or give on lease, hire, pledge, sell or otherwise dispose of, any movable or immovable property ;
- (l) to do anything for the purpose of improving the efficiency and advancing the skill of officers and servants employed by the Railways Authority or the efficiency of the equipment of the Railways Authority, or the manner in which such equipment is operated, including the provision by the Railways Authority and the assistance for the provision by others, of facilities for training persons required to discharge the functions of the Railways Authority.

**Powers
of the
Minister in
relation
to the
Railways
Authority.**

7. (1) The Minister may give the Railways Authority such general or special directions in writing as to the performance of its duties and the exercise of its powers, under this Act, on matters which appear to him to affect the national interest and the Railways Authority shall give effect to such directions.

(2) The Minister may, from time to time, direct the Railways Authority to furnish to him, in such form as he may require, returns, accounts and other information with respect to its property and activities, and the Railways Authority shall carry out every such direction.

(3) The Minister may, from time to time, order all or any of the activities of the Railways Authority to be investigated and reported upon by such person or persons as he may specify, and upon such order being made, the Railways Authority shall afford all such facilities, and furnish all such information, as may be necessary to give effect to such order.

8. (1) The Board may delegate in writing to the Chairman any of its powers, functions or duties other than the power conferred by this section.

(2) The Chairman shall be the chief accounting officer of the Railways Authority.

(3) The Chairman may, with the written approval of the Board, delegate in writing to any officer or servant of the Railways Authority, any power, duty or function delegated to him under subsection (1).

Delegation of powers to Chairman and delegation of powers by Chairman to officers and servants.

PART II

STAFF OF THE RAILWAYS AUTHORITY

9. (1) The Board shall appoint a competent and experienced person as Managing Director of the Railways Authority.

Managing Director.

(2) The Managing Director shall, subject to the general direction of the Board on matters of policy and special directions of the Chairman, be responsible for the direction of the activities of the Railways Authority, and shall exercise administrative control over the officers and servants of the Railways Authority.

(3) The Managing Director, may, with the approval in writing of the Board, delegate in writing to any other officer or servant of the Railways Authority such of his powers, duties or functions as he may from time to time consider necessary, and any such officer or servant to whom any such power, duty or function is delegated shall exercise, perform or discharge such power, duty or function subject to the general or special directions of the Managing Director.

(4) Where the Managing Director is temporarily unable to perform his duties, another person may be appointed by the Board to act in his place.

10. (1) The Board shall appoint a qualified, competent and experienced person as the Chief Finance Manager of the Railways Authority.

Chief Finance Manager.

(2) All decisions of a financial nature, involving expenditure of amounts exceeding two million rupees, shall be taken by the Board only after the Chief Finance Manager has submitted to it a financial analysis indicating all the financial implications of the expenditure.

Notice required to be given by public officers of the Railways Department before the appointed date.

11. The following provisions shall apply in relation to the employment in the Railways Authority of the public officers of the Railways Department :—

(a) every public officer of the Railways Department not being any such officer in a transferable service of the Government (other than an officer in the Sri Lanka Engineering Service) shall, before the appointed date, give notice in writing to the General Manager of Railways that such officer intends, on the appointed date—

(i) to continue in office as a public officer of the Railways Department ; or

(ii) to retire from the public service and become an officer of the Railways Authority if, being a pensionable officer of the Railways Department he would on that date have had not less than ten years' pensionable service ; or

(iii) to leave the public service and become an officer of the Railways Authority if, being a pensionable officer of the Railways Department he would on that date have less than ten years pensionable service ; or

(iv) to leave the public service and become an officer of the Railways Authority, if he is a contributor to the Public Service Provident Fund established under the Public Service Provident Fund Ordinance ; or

(v) to retire or leave the public service and not become an officer of the Railways Authority ;

(b) a notice given to the General Manager of Railways before the appointed date by a public officer of the Railways Department, under paragraph (a), shall be final.

Effect of not giving notice or giving notice under section 11(a).

12. (1) Any public officer of the Railways Department who does not give the notice required under sub-paragraphs (ii), (iii), (iv) or (v) of paragraph (a) of section 11 before the appointed date, or gives such notice under sub-paragraph (i) of paragraph (a) of that section, shall continue in office as a public officer of the Railways Department on and after that date.

(2) A public officer referred to in subsection (1) so long as he continues in such office, shall perform work for and on behalf of the Railways Authority in his capacity as such officer and be eligible to the same conditions of service as he was entitled to while doing work for the Railways Department in his capacity as such officer and shall be subject to such disciplinary control as any other public officer.

(3) Where any public officer of the Railways Department continues in office as such officer on and after the appointed date performing work for and on behalf of the Railways Authority in his capacity as such officer, the Railways Authority shall pay out of the funds of the Railways Authority to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund, such sum not exceeding such amount as may be determined by the Minister in charge of the subject of Finance as is sufficient to cover the salary, and other expenses including pension or provident fund contributions, payable by the Government in respect of such officer.

13. (1) Any public officer of the Railways Department who gives notice under sub-paragraph (ii) or (iii) or (iv) or (v) of paragraph (a) of section 11 before the appointed date shall—

(a) where such notice is given by him under sub-paragraph (ii) of that paragraph, become an officer of the Railways Authority from and after the appointed date and shall, subject to the provisions of section 14, be eligible for such a pension under the Minutes on Pensions as would have been awarded to him had he retired from the public service on the ground of abolition of office on the appointed date;

(b) where such notice is given by him under sub-paragraph (iii) of that paragraph, become an officer of the Railways Authority from and after the appointed date and shall be deemed to have left the public service on that date and shall, subject to the provisions of section 14, be eligible for such an award under the Minutes on Pensions as would have been awarded to him if he had left the public service on the ground of abolition of office on the appointed date;

Effect of
a notice
given under
sub-para-
graphs (ii)
to (v) of
paragraph (a)
of section 11.

(c) where such notice is given by him under sub-paragraph (iv) of that paragraph, become an officer of the Railways Authority from and after the appointed date and shall be deemed for the purposes of the Public Service Provident Fund Ordinance to have left the service of the Government upon the determination of a contract with the consent of the Government otherwise than by dismissal, on the appointed date; or

(d) where such notice is given by him under sub-paragraph (v) of that paragraph, and—

(i) if he is a public officer of the class or description referred to in sub-paragraph (ii) of that paragraph, be deemed to have retired from the public service on the appointed date and shall be eligible for such pension under the Minutes on Pensions as would have been awarded to him had he retired from the public service on the ground of abolition of office on the appointed date;

(ii) if he is a public officer of the class or description referred to in sub-paragraph (iii) of that paragraph, be deemed to have left the public service on the appointed date and shall be eligible for such an award under the Minutes on Pensions as would have been awarded to him if he had left the public service on the ground of abolition of office on the appointed date;

(iii) if he is a public officer of the class or description referred to in sub-paragraph (iv) of that paragraph, be deemed for the purposes of the Public Service Provident Fund Ordinance to have left the service of the Government upon the determination of a contract with the consent of the Government otherwise than by dismissal, on the appointed date.

(2) In the event of any conflict or inconsistency between the provisions of subsection (1) of this section and subsection (1) of section 12 and any other provisions of this Act, the provisions of those subsections shall to the extent of such conflict or inconsistency prevail over such other provisions.

14. The following provisions shall apply to and in relation to any officer of the Railways Authority who became such an officer on the appointed date by virtue of the operation of the provisions of section 13—

Special provisions applicable to certain officers of the Railways Authority.

(a) such officer shall be employed by the Railways Authority on such terms and conditions as may be agreed upon by such officer and the Railways Authority ;

Provided however, that such terms and conditions shall not be less favourable than the terms and conditions on which such officer was previously employed in the Railways Department ;

(b) if on the appointed date, such officer was a public officer of the Railways Department holding a post declared to be pensionable and who had less than ten and not less than eight years' pensionable service, then—

(i) he shall be deemed, for the purposes only of the Minutes on Pensions, to be holding the post in the Railways Department that he held on the day preceding the appointed date until such period of time as, when added to his pensionable service under the Government, makes an aggregate of ten years pensionable service (service under the Railways Authority being counted as pensionable service under the Government for the computation of such aggregate) ;

(ii) in respect of him the Railways Authority shall pay out of the funds of the Railways Authority to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund for every complete month of the period of service during which he is deemed for the purposes of the Minutes on Pensions to be holding the post in the Railways Department that he held on the day preceding the appointed date, such sums as may be determined by the Minister in charge of the subject of Finance :

- (iii) at the end of the period referred to in subparagraph (i) he shall be deemed to have retired from the public service and shall be eligible for such pension under the Minutes on Pensions as would have been awarded to him had he retired from the public service on the ground of abolition of office on the termination of such period ; and
- (iv) any officer of the Railways Authority who becomes eligible for a pension under this paragraph shall not be eligible for an award under paragraph (b) of subsection (1) of section 13 ;
- (c) notwithstanding anything to the contrary in this Act or in any other written law, where a public officer of the Railways Department becomes an officer of the Railways Authority by virtue of the operation of the provisions of section 13—
 - (i) if such officer is eligible for a pension on the appointed date or later and elects to draw his full pension, he shall not be paid such pension during the period of his employment with the Railways Authority ;
 - (ii) if such officer is eligible for a pension and elects to draw a gratuity in partial computation of one-fourth part of his pension in accordance with the provisions of section 2A (1) (i) of the Minutes on Pensions—
 - (a) such gratuity shall not be paid to him but shall be credited to his account in an approved provident fund of the Railways Authority ;
 - (b) the remaining three-fourths part of the pension payable to him under the said Minutes shall not be paid to him during the period of his employment with the Railways Authority ;
 - (c) for the purpose of computation of the period of “ten years from the date of his retirement” referred to in section 2A (1) (ii) of the said Minutes, the date of his retirement shall be deemed to be the last date of his employment with the Railways Authority ;

- (iii) if such officer is eligible for a gratuity and not a pension under the Minutes on Pensions, such gratuity shall not be paid to him during the period of his employment with the Railways Authority but shall be credited to his account in an approved provident fund of the Railways Authority; and
- (iv) if such officer is eligible for the receipt of any sum of money under the Public Service Provident Fund Ordinance, such sum shall not be paid to him during the period of his employment with the Railways Authority but shall be credited to his account in an approved provident fund of the Railways Authority.

15. (1) Any person who on and after the appointed date continues in office as a public officer of the Railways Department performing work for and on behalf of the Railways Authority in his capacity as such officer may at any time thereafter with his consent be permanently appointed to the staff of the Railways Authority.

(2) Where any public officer is appointed to the staff of Railways Authority under subsection (1), the provisions of subsection (3) of section 13 of the Transport Board Law, No. 19 of 1978, shall, *mutatis mutandis*, apply to and in relation to him.

Special provisions applicable to certain persons who continue as public officers in the Railways Department on and after the appointed date while performing the work for and on behalf of the Railways Authority in their capacity as such officers.

PART III

PROPERTY OF THE RAILWAYS AUTHORITY

16. (1) All property, movable and immovable vested in the State and used for the purposes of the Railways Department on the day preceding the appointed date (including all installations, plant, machinery and equipment installed or maintained by the Railways Department and all things of whatever description used by the Railways Department for the provision of rail services and moneys lying to the credit of the Railways Department on the day preceding the appointed date out of sums appropriated by Parliament for the use of the Railways Department), shall vest in the Railways Authority with effect from the appointed date.

Transfer to the Railways Authority of all property of the Railways Department.

(2) Subject to the provisions of subsection (5) all contracts entered into, by or with, the General Manager of Railways for or on behalf of the State and subsisting on the day preceding the appointed date, shall be deemed, with effect from the appointed date to be contracts entered into by, or with, the Railways Authority and may be enforced accordingly.

(3) All actions and proceedings instituted, by or against, the General Manager of Railways or the Attorney-General as representing the General Manager of Railways and pending on the day preceding the appointed date, shall, with effect from the appointed date, be deemed to be actions and proceedings instituted by, or against, the Railways Authority and may be continued and completed accordingly.

(4) All decrees and awards entered or made by any court or tribunal in any action or proceeding instituted by or against the General Manager of Railways or the Attorney-General as representing the General Manager of Railways and remaining unsatisfied on the day preceding the appointed date, shall be deemed, with effect from the appointed date, to be decrees or awards entered or made, for or against the Railways Authority and may be enforced accordingly.

(5) All liabilities incurred by the General Manager of Railways for and on behalf of the State and subsisting on the day preceding the appointed date (other than such liabilities as have been incurred under any agreement entered into by the General Manager of Railways for and on behalf of the Government of Sri Lanka with any foreign Government or foreign Organization and subsisting on the appointed date) shall be deemed to be the liabilities of the Railways Authority with effect from the appointed date.

(6) Every power, duty and function conferred or imposed on, or assigned to, the General Manager of Railways by any written law (other than the Railways Ordinance) shall, with effect from the appointed date, be exercised, performed and discharged by the Railways Authority and any act required by such other written law, to be done in relation to the General Manager of Railways shall, with effect from the appointed date, be done in relation to the Railways Authority and accordingly, every reference in such other written law to "General Manager of Railways" shall be deemed, with effect from the appointed date, to be a reference to "the Sri Lanka Railways Authority".

17. (1) Notwithstanding anything in the Crown Lands Ordinance or any other written law, where the Minister considers that any State land is required by the Railways Authority for the purposes of discharging its functions, the Minister may, with the concurrence of the Minister in charge of the subject of Lands, by Order (hereinafter in this Act referred to as a "Vesting Order") published in the *Gazette*, vest such land in the Railways Authority with effect from such date as shall be specified in the Order, subject to such restrictions or conditions, if any, as may be specified therein.

Power of the Minister to vest State land in the Railways Authority.

(2) A Vesting Order shall, subject to such restrictions and conditions as may be specified therein have the effect of giving the Railways Authority absolute title to any land specified in such Vesting Order, free from all encumbrances.

18. (1) Where any immovable property, other than immovable property vested in the State, is required for the purposes of the Railways Authority and the Railways Authority is unable, by agreement to purchase such property, that property may, if the Minister by Order published in the *Gazette* approves the proposed acquisition, be deemed to be required for a public purpose and may accordingly be acquired under the Land Acquisition Act and be transferred to the Railways Authority under that Act.

Acquisition of immovable property under the Land Acquisition Act for the Railways Authority.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act by the State shall be payable by the Railways Authority.

PART IV

FINANCE

19. (1) The Railways Authority shall have its own Fund.

The Fund of the Railways Authority.

(2) There shall be paid into the Fund of the Railways Authority—

- (a) all such sums as may be voted from time to time by Parliament for the use of the Railways Authority;
- (b) all such sums as may be received by the Railways Authority in the exercise, performance and discharge of its powers, duties and functions under this Act; and

(c) all such sums of money as are vested in the Railways Authority by reason of the operation of any provision of this Act.

(3) There shall be paid out of the Fund of the Railways Authority all such sums as are required to defray all expenses incurred by the Railways Authority in the exercise, performance and discharge of its powers, duties and functions under this Act.

**Railways
Authority
Stock.**

20. (1) The Railways Authority may create and issue any stock for the purpose of raising any sums of money required by it for the discharge of its functions under this Act. The stock so created and issued shall hereinafter be referred to as "Railways Authority Stock".

(2) Railways Authority Stock shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms as may be determined by the Railways Authority with the approval of the Minister, given with the concurrence of the Minister in charge of the subject of Finance.

**Government
guarantee.**

21. (1) The Minister in charge of the subject of Finance may with the concurrence of the Minister, guarantee the repayment of the principal of, and the payment of the interest on, any Railways Authority Stock created and issued under subsection (1) of section 20 or any other loan taken by the Railways Authority from any person in or outside Sri Lanka.

(2) Any sum required for the fulfilment of a guarantee provided under subsection (1) may with the prior approval of Parliament, be paid out of the Consolidated Fund.

(3) Any sum paid out of the Consolidated Fund in fulfilment of a guarantee provided under subsection (1) shall be repaid, together with interest thereon, at such rate as the Minister in charge of the subject of Finance may determine with the concurrence of the Minister, by the Railways Authority in such manner and over such period as the Minister in charge of the subject of Finance may with such concurrence determine.

(4) Immediately after any guarantee is given under subsection (1) the Minister in charge of the subject of Finance shall lay, or cause to be laid, a statement of the guarantee before Parliament.

(5) Where any sum is paid under subsection (2) out of the Consolidated Fund in fulfilment of a guarantee provided under subsection (1), the Minister in charge of the subject of Finance shall forthwith lay, or cause to be laid, a statement of the payment before Parliament.

22. Subject to any express provision made in the succeeding provisions of this Act, the provisions of Part II of the Finance Act, No. 38 of 1971, shall, apply to and in relation to the financial control of the Railways Authority.

Application
of the
provisions
of the
Finance
Act, No. 38
of 1971.

23. The Board may, with the concurrence of the Minister and the Minister in charge of the subject of Finance, or in accordance with the terms of any general authority given with like concurrence, borrow, by way of overdraft or otherwise, in Sri Lanka or abroad, such sums as the Board may require for the purpose of discharging its functions under this Act:

Borrowing
powers of
the Board

Provided that the aggregate of the amounts outstanding in respect of any loans borrowed by the Board under this section shall not at any time exceed such sum as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

24. No capital investment shall be made by the Board except after an objective and realistic financial evaluation. No such investment shall be undertaken unless such evaluation indicates conclusively that the revenue that will be generated by the proposed investment will provide an appropriate return on capital.

Capital
investment

25. The revenue of the Railways Authority in any year consisting of moneys received and accrued in the exercise and performance of its powers and duties, including income from sale of capital assets, shall be applied in defraying the following charges:—

Application
of the
revenue
of the
Railways
Authority

- (a) the working and establishment expenses incurred by the Railways Authority in connection with the exercise and performance of its powers and duties, properly chargeable to revenue account;
- (b) the interest on any loans raised by the Railways Authority under the provisions of this Act; and
- (c) the taxes under any written law.

**Appropriation
of net
surplus
revenue
of the
Railways
Authority.**

26. The net surplus for any year, if any, out of the revenue of the Railways Authority after defraying the charges referred to in section 25, may be appropriated by the Board for any or all of the following purposes, with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance :—

- (a) writing off the preliminary expenses incurred in the establishment of the Railways Authority ;
- (b) writing off any accumulated losses brought forward ;
- (c) writing off any unproductive expenditure not properly chargeable to revenue ;
- (d) transfers to the insurance reserve which the Board is hereby authorized to establish and maintain ;
- (e) transfers to the assets replacement reserve which the Board is hereby authorized to establish and maintain ;
- (f) transfers to the loan redemption reserve which the Board is hereby authorized to establish and maintain ;
- (g) transfers to any development reserve which the Board is hereby authorized to establish and maintain ;
- (h) payment of interest and other charges on, (including redemption of) issued and outstanding Railways Authority stock.

**Operation of
reserves of
the Railways
Authority.**

27. No debits against or transfers out of the reserves referred in section 26 shall be made by the Board except with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance.

Accounts.

28. (1) The Board shall cause proper accounts of the income and expenditure of the Railways Authority and of all its other transactions to be kept and shall prepare an annual statement of accounts and statistics relating to the business of the Railways Authority in such form, and containing such particulars, as the Minister with the concurrence of the Minister in charge of the subject of Finance may from time to time specify.

(2) The accounting system adopted shall be designed to provide historical information for a railway costing system. The costing system shall be designed to determine the full

costs of railway operations including fixed and variable costs, long-run and short run variable costs and other appropriate cost concepts for individual lines, commodities and movements, to enable the making of rational pricing and market decisions.

29. (1) The financial year of the Railways Authority shall be the calendar year.

Audit of accounts.

(2) The provisions of Article 154 of the Constitution shall apply to the audit of the accounts of the Railways Authority.

30. (1) The Board shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister :—

Annual Report.

- (a) the Auditor-General's report ;
- (b) the audited balance sheet ;
- (c) the audited operating and profit and loss accounts ;
- (d) the cash flow statement ;
- (e) the statement of accounts and statistics prepared under section 28 ; and
- (f) the report of the Chairman of the Board giving an account of the work of the Railways Authority.

(2) The Minister shall lay copies of the documents transmitted to him under subsection (1) before Parliament prior to the end of the year next following the year to which such report and accounts relate.

(3) The Board shall cause copies of the reports and statements referred to in subsection (2) to be printed at the expense of the Railways Authority and to be made available for purchase by the public at such price as shall be determined by such Board

PART V

GENERAL

31. Contracts on behalf of the Railways Authority may be made as follows :—

Contracts.

- (a) a contract which, if made between private persons would be by law required to be in writing, may be made on behalf of the Railways Authority in writing under the seal of the Railways Authority :

- (b) a contract which, if made between private persons would be by law required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Railways Authority in writing signed by any person or persons duly authorized thereto by the Board; and
- (c) a contract which, if made between private persons would in law be valid although made by parol only and not reduced into writing, may be made by parol on behalf of the Railways Authority by any person or persons duly authorized thereto by the Board.

Members, officers and servants of the Railways Authority to be public servants for the purposes of the Penal Code.

32. All members of the Board and officers and servants of the Railways Authority shall be deemed to be public servants within the meaning and for the purposes of, the Penal Code.

Railways Authority to be a scheduled institution within the meaning of Bribery Act.

33. The Railways Authority shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provisions of that Act shall be construed accordingly.

Seal of the Railways Authority.

34. (1) The seal of the Railways Authority shall be in the custody of the Board or any officer of the Railways Authority authorized in that behalf by the Board.

(2) The seal of the Railways Authority may be altered in such manner as may be determined by the Board.

(3) The seal of the Railways Authority shall not be affixed to any instrument or document except in the presence of the Chairman of the Board and one other member authorized by the Board, both of whom shall sign such instrument or document in token of their presence.

Protection of action.

35. (1) No suit or prosecution shall lie—

- (a) against the Railways Authority for any act which in good faith is done, or purported to be done, by the Railways Authority under this Act or the Railways Ordinance; or

(b) against any member of the Board or any officer or servant of the Railways Authority for any act which in good faith is done, or purported to be done by him under this Act or under the Railways Ordinance or on the direction of the Railways Authority.

(2) Any expense incurred by the Railways Authority in any suit or prosecution brought by or against the Railways Authority before any court shall be paid out of the fund of the Railways Authority, and any costs paid to, or recovered by, the Railways Authority in any such suit or prosecution shall be credited to the Fund of the Railways Authority.

(3) Any expense incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or purported to be done, by him under this Act or under the Railways Ordinance or on the direction of the Railways Authority shall, if the court holds that such act was done in good faith, be paid out of the Fund of the Railways Authority, unless such expense is recovered by him in such suit or prosecution.

36. The State Lands (Recovery of Possession) Act, No. 7 of 1979, is amended in the manner set out in the Second Schedule to this Act.

**Amendment
of the
State Lands
(Recovery
of Posses-
sion) Act,
No. 7 of
1979.**

37. The Railways Ordinance is amended in the manner set out in the Third Schedule to this Act.

**Amendment
of the
Railways
Ordinance.
(Chapter 200)
Regulations.**

38. (1) The Minister may make regulations in respect of any matter required by this Act to be prescribed or in respect of which regulations are authorized by this Act to be made.

(2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made under subsection (1) shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for approval and any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

**Inter-
pretation.**

39. In this Act, unless the context otherwise requires—

“capital investment” with its grammatical variations and cognate expressions, means any sum expended by the Railways Authority, in increasing its rail network or its operational capacity or in purchasing or repairing or renovating any capital asset ;

“Chairman” means, the Chairman of the Railways Authority appointed under paragraph (a) of subsection (1) of section 3 ;

“local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any authority created and established by, or under, any law to exercise, perform and discharge powers, duties and functions corresponding, or similar, to the powers, duties and functions exercised, performed or discharged by any such Council or Sabha ;

“Managing Director” means the Managing Director of the Railways Authority appointed under section 9 ;

“Provincial Council” means a Provincial Council established under Chapter XVIIIA of the Constitution ;

“Public Service Obligation Contract” means a contract entered into between the Government and the Railways Authority under which the Government agrees to reimburse the Railways Authority, for any losses incurred by the Railways Authority in providing any services for any Government department, public corporation, Provincial Council or local authority at rates and tariffs below the rates and tariffs, fixed under paragraph (a) of section 6, for such services, and for any capital costs incurred by the Railways Authority in providing such services.

40. In the event or any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala
text to
prevail in
case of
incon-
sistency.

FIRST SCHEDULE

[Section 3 (3)]

PROVISIONS RELATING TO THE MEMBERS OF THE BOARD

1. A person shall be disqualified from being appointed or continuing as Chairman or a member of the Board if he is, or becomes a Member of Parliament, a Member of a Provincial Council or a member of a local authority.

2. Before appointing a person to be the Chairman or a member of the Board, the Minister shall satisfy himself that such person does not have any financial or other interest as is likely to affect prejudicially the discharge by such person of his functions as Chairman or member of the Board; and the Minister shall also satisfy himself from time to time, in respect of the Chairman and every member of the Board appointed by him that he does not have any such interest. Any person, appointed by the Minister, or whom the Minister proposes to appoint, as Chairman or member of the Board shall, when requested by the Minister so to do, furnish to the Minister such information as the Minister considers necessary for the performance of the Minister's duties under this paragraph.

3. The Chairman or a member of the Board who is in any way, directly or indirectly, interested in any contract made, or proposed to be made, by the Board shall disclose the nature of his interest at a meeting of the Board and such disclosure shall be recorded in the minutes of the Board and the Chairman or member shall not take part in any deliberation or decision of the Board with regard to that contract.

4. The Chairman and every member of the Board appointed by the Minister shall, subject to the provisions of paragraphs 5 and 6 of this Schedule, hold office for a term of three years from the date of his appointment, and unless he is removed from office under paragraph 5 of this Schedule, be eligible for re-appointment:

Provided that the Chairman or a member appointed by the Minister in place of the Chairman or a member who vacates office, shall unless he vacates office earlier, hold office for the unexpired part of the term of office of the Chairman or member whom he succeeds.

5. The Minister may, without assigning any reason therefor, remove the Chairman or any member of the Board appointed by him and such removal shall not be called in question in any court or tribunal.

6. The Chairman or a member of the Board appointed by the Minister may at any time resign his office as Chairman or member by a letter in that behalf addressed to the Minister.

7. Where the Chairman or any member of the Board is temporarily unable to perform the duties of his office on account of ill health, absence from Sri Lanka or any other cause, then—

Sri Lanka Railways Authority
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- (a) if he is the Chairman or a member appointed by the Minister, the Minister may appoint another person to act in place of the Chairman or that member, as the case may be; or
- (b) if he is the member nominated by the Minister in charge of the subject of Finance, that Minister may nominate another representative of the General Treasury to act in place of that member.

8. All or any of the members of the Board may be paid such remuneration, allowances and other expenses out of the Fund of the Railways Authority, as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

9. The quorum for any meeting of the Board shall be three members. The Chairman of the Board shall preside at all meetings of the Board. In the absence of the Chairman from any meeting of the Board, the members present shall elect a member from among themselves to preside at that meeting.

10. Subject to the other provisions of this Schedule, the Board may regulate its own procedure in regard to its meetings and the transaction of business at such meetings.

11. The Board may act notwithstanding any vacancy among its members and any act or proceeding of the Board shall not be, or be deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment or nomination of a member thereof.

SECOND SCHEDULE

[Section 36]

AMENDMENTS TO THE STATE LANDS (RECOVERY OF POSSESSION)
ACT, NO. 7 OF 1979

In section 16 of that Act—

- (a) in the definition of "Competent Authority" occurring in that section, by the repeal of paragraph (a) of that definition, and substitution of the following paragraph therefor :—

“(a) The Managing Director of the Railways Authority, where such land is under the control of the Railways Authority established by the Railways Authority Act, No. 60 of 1993;”;

- (b) in the definition of "State Land" occurring in that section by the substitution for the words and figures "of the Ceylon Petroleum Corporation Act, No. 28 of 1961, as the case may be", of the words "the Ceylon Petroleum Corporation Act, No. 28 of 1961 or the Railways Authority Act, No. 60 of 1993, as the case may be.

THIRD SCHEDULE

[Section 37]

AMENDMENTS TO THE RAILWAYS ORDINANCE

1. by the substitution, for any expression or word specified in Column I hereunder wherever that expression or word occurs in any section of that Ordinance, of the expression or word specified in the corresponding entry in Column II hereunder:—

Column I	Column II
(Expression or word)	(Expression or word)
Government	The Sri Lanka Railways Authority
General Manager	The Sri Lanka Railways Authority
General Manager of Railways	The Sri Lanka Railways Authority
Railway Authorities	The Sri Lanka Railways Authority

2. by the repeal of sections 2, 3, 4 and 4A of that Ordinance and the Schedule to that Ordinance.

3. by the substitution, in the proviso to section 7 of that Ordinance, for the words "of a prescribed amount together with", of the words "of an amount to be specified by the Sri Lanka Railways Authority together with".

4. by the substitution, in subsection (2) of section 22 of that Ordinance, for the words "officer of the Railway Department", of the words "railway official".

5. by the substitution, in subsection (3) of section 22 of that Ordinance for the words "officer of the Railway Department", of the words "railway official".

6. In section 44 of that Ordinance—

(a) by the repeal of the definition of "railway" and the substitution, of the following definition therefor:—

"railway" includes any railway vested in, constructed by, or maintained by or on behalf of, the Sri Lanka Railways Authority;";

(b) by the repeal of the definition of "railway official", and the substitution, of the following definition therefor:—

"railway official" means any officer or servant appointed by the Sri Lanka Railways Authority and includes any person for the time being employed by the Sri Lanka Railways Authority to do any act upon any railways'; and

(c) by the insertion, immediately after the definition of "railway official", of the following definition:—

"Sri Lanka Railways Authority" means the Sri Lanka Railways Authority established by the Sri Lanka Railways Authority Act, No. 60 of 1993."