

Draft



Civil Aviation Authority of Sri Lanka

Annual Report – 2015

Presented to Parliament pursuant to Section 15 of the
Civil Aviation Authority of Sri Lanka Act No. 34 of 2002

THEME SONG OF THE CIVIL AVIATION AUTHORITY

Sri Lanka,
Sivil guwan seva adikariya
kith yasasin sudile
heli kota heli hele //

Sakvithi ravana aadi yugen dandu
monarin guwana dina//
Vikmathi lakdana va-riya polinuth
pa vidu nuvana mana//

“Uvaduru thora bava sandaha mul vemu”
vei pera vakiya ape//
“Ikman aya maga negumehi mul vemu”
me vei dekuma ape//

Ratavesi yuthukam itu vana ayurin
mau bima ha bademu //
Samaja mehewara sara daham reka
vagakeemen pudamu//

Lyrics: Kalasuri. Arisen Ahubudu

Singer: Kala Keerthi Deshamanya Dr. Pundit W. D. Amaradewa

Melody: Kala Keerthi Deshamanya Dr. Pundit W. D. Amaradewa

Hon Minister Transport & Civil Aviation,

This Annual Report has been prepared to comply with the requirement specified under Section 15 of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 and covers the activities of the Civil Aviation Authority of Sri Lanka for the year, 01st January 2015 to 31st December 2015.

Ananda Wimalasene
Chairman
Civil Aviation Authority of Sri Lanka

08th March 2016

TABLE OF CONTENT

Theme Song of the Civil Aviation Authority.....	2
Table of Content	4
Abbreviations	6
Directory	8
Chairman’s Review.....	9
Review of the Director General of Civil Aviation and Chief Executive Officer.....	11
Profile.....	15
Overview	15
Governance and Accountability of CAASL	23
Role of the Authority	23
Board of Directors.....	23
Executive powers of the Authority	23
Authority Committees	24
Staff Committee.....	24
Finance Committee.....	24
Planning Committee	25
Audit Committee.....	25
Civil Aviation Development and Education Committee (CADEC)	26
Relations with Stakeholders	26
Responsibility of the Authority and Senior Management	27
Accountability	27
Conflict of Interest	27
Internal Audit.....	27
Legislative Compliance.....	28
Ethics.....	28
Civil Aviation Authority of Sri Lanka.....	29
Regulatory Scope	33
Accident investigation Unit.....	35
Internal Audit Section	36
Flight safety division	37
Flight Operations Section.....	37
Personnel Licensing Section.....	39
Airworthiness Section	42

Aeronautical Service Division.....	44
Aviation Security Section	44
Aerodromes and Air Navigation Services Section.....	45
Special Projects Section	48
Corporate Division	51
Air Transport and Legal Affairs Section.....	51
Human Resources and Office Management Section	63
Finance Management Section	65
Summary of Performance -2015.....	67
Section Specific Activities -2015	69
Financial Statements.....	77

ABBREVIATIONS

A&NS	Aerodromes and Navigation Services
AASL	Airport & Aviation Services (Sri Lanka) Ltd
AIU	Accident Investigation Unit
AME(BL)	Aircraft Maintenance Engineer (Basic Licence)
AML	Aircraft Maintenance Licence
AMO	Approved Maintenance Organization
AMT	Aircraft Maintenance Technician
ANR	Air Navigation Regulations
ANS	Air Navigation Services
AOC	Air Operator Certificate
AS	Aeronautical Services
ASN	Aviation Safety Notice
AT&LA	Air Transport and Legal Affairs
ATC	Air Traffic Control/ Air Traffic Controller
Av. Sec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAASL	Civil Aviation Authority of Sri Lanka
CADEC	Civil Aviation Development and Educational Committee
CEO	Chief Executive Officers
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
CSI	Cabin Safety Inspector
C of R	Certificate of Registration
D	Director
DD	Deputy Director
DG	Dangerous Goods
DGCA	Director General of Civil Aviation
FIR	Flight Information Region
FS	Flight Safety
IA	Internal Audit
ICAO	International Civil Aviation Organization

PBN	Performance Based Navigation
FPP	Flight Procedure Programme
PEL	Personnel Licensing
PLO	Personnel Licensing Officer
MRIA	Mattala Rajapaksa International Airport
SARPs	Standards and Recommended Practices
SARI	South Asia Regional Initiative
SLAS	Sri Lanka Accounting Standards
SLCAP	Sri Lanka Civil Aviation Publication
SLFRS	Sri Lanka Financial Reporting Standards
SP	Special Projects
SMS	Safety Management System
SSP	State Safety Programme
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

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- Mattala Office : Civil Aviation Authority of Sri Lanka
Mattala Rajapaksa International Airport
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- Airworthiness Sub Office : Civil Aviation Authority of Sri Lanka
Colombo Airport
Ratmalana.
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- Auditors : Auditor General, Democratic Socialist Republic of Sri Lanka
- Lawyers : Attorney General, Democratic Socialist Republic of Sri Lanka
- Banker : Bank of Ceylon
- Insurers : Sri Lanka Insurance Corporation Ltd
Ceylinco Insurance Company Ltd.

CHAIRMAN'S REVIEW

The year 2015, was an important as well as a remarkable year for the air transport industry in terms of growth and improvements. The total profitability of the industry had risen by 4% due to several global factors, including stronger global economic prospects, record load factors, lower fuel prices, and a major appreciation of the US dollar.

On another aspect, it was a notable year for the Civil Aviation Authority as the construction of Head Office Building for CAASL, commenced on 14th December 2015. The work is expected to be completed by 2017. Moreover, the Authority was involved with the preparations for the Director Generals of Civil Aviation –Asia Pacific Region Conference, which is scheduled to be hosted in Sri Lanka, with the participation of nearly 400 high level foreign delegates.

The Flight Operations Section of CAASL had issued two air operator certificates to IWS Aviation and Skylark Aviation for domestic helicopter commercial air operations. Further, the following operators have commenced the certification process to obtain the air operator certificate. These operators are namely, F-Airways, Fly Southern and Lakwin Aviation. Also Air China, Air Asia, Malindo Airways and Austrian Airlines were issued with Foreign Air Operator Certificates to commence operations to Sri Lanka.

Personnel Licencing Section of CAASL has initiated developing a Computer Based AML Examination System by obtaining a question bank from Joint Aviation Authorities, European Union. Further, the section also convened the 7th South Asian Regional Initiatives (SARI) Part 66/Part 147 and the SART Part 66- Aircraft Maintenance Licence Implementation Workshop.

Two new aircraft maintenance organisations were issued with licences, while 60 AMO licences were renewed. During the year under review, CAASL continued with its surveillance activities despite the shortage of inspectors, especially in the areas of flight safety and air navigation.

In terms of aviation security, CAASL continued with the certification of the aviation security service provider organization at BIA. Furthermore, the section had certified 09 Aviation Security Managers, 55 Aviation Security Screeners and re-certified 08 Aviation Security Managers, 06 Aviation Security Instructors and 444 Aviation Security Screeners. The Transportation Security Administration (TSA) office of Global Strategies, U.S.A conducted an inspection programme at BIA in order to review the implementation of International Civil Aviation Organisation (ICAO) standards and recommended practices.

Air Navigation Section assisted in the design of Performance Base Navigation (PBN) Flight Procedures by AASL. It is expected to complete the PBN implementation during the 1st half of 2016. Sri Lanka has been able to sign search and rescue agreements with Australia and Maldives while the final drafts of the agreements with India and Indonesia have been forwarded to Ministerial approvals.

The air transport industry sector in Sri Lanka has shown a growth in year 2015. Total passenger movements at BIA recorded 8.5 Mn, whilst 51% of these passenger were carried by the national carrier. IWS Aviation and Richy Skylark commenced domestic commercial operations using rotor wing aircraft.

CAASL has recorded a 6% increase in revenue compared to the previous year. Overseas Sales Surcharge Income and Regulatory Service Income, contributed to this growth.

I acknowledge with gratitude, the excellent work performed by the Director General of Civil Aviation and all the employees of the CAASL at all levels. I take this opportunity to thank the Board of Directors who have been mindful of their responsibilities at all times and for their assistance and guidance at all times. I also wish to thank the Hon. Minister of Transport and Civil Aviation, Secretary and all the officials of the Ministry of Transport and Civil Aviation for their co-operation and guidance.

Ananda Wimalasena
Chairman

REVIEW OF THE DIRECTOR GENERAL OF CIVIL AVIATION AND CHIEF EXECUTIVE OFFICER

Global Situation

The air transport industry continued playing a major role in world economic activity with more emphasis being given to enhanced safety, security, efficiency and environmentally friendly operations at the global levels. Aviation delivered strong results for the global economy in 2015, enabling connectivity and helping to drive economic development. The value of aviation is well understood by friends and families whom aviation brings together, by business travelers meeting clients in distant cities, and particularly by those for whom aviation is a lifeline in times of crisis.

According to statistics released by the International Air Transport Association (IATA), the global passenger traffic demand (Revenue Passenger Kilometers or RPKs) rose by 6.5% compared to 2014. This was the strongest result since the post-Global Financial Crisis rebound in 2010 and well above the 10-year average annual growth rate of 5.5%. While economic fundamentals were weaker in 2015 compared to 2014, passenger demand was boosted by lower airfares. After adjusting for distortions caused by the rise of the US dollar, global airfares last year were approximately 5% lower than in 2014.

Annual capacity rose by 5.6% and the average load factor rose by 0.6 % recording annual high of Load Factor of 80.3%. All regions experienced positive traffic growth in 2015. North American airlines experienced demand rise 3.2% in 2015 and whilst Middle East carriers recorded the strongest annual traffic growth at 10.5%. As a result, the share of international traffic carried by Middle East airlines reached 14.2%, surpassing their North American counterparts (13.4%). Capacity growth of 13.2% exceeded the demand gains, pushing down load factor 1.7 percentage points to 76.4%.

According to Airports Council International (ACI), global passenger traffic grew by 6.1% in 2015, with equally strong growth in both international and domestic passenger traffic (+6.2% and +6.1% respectively). This represents the strongest growth rate in passenger traffic since 2010 (+6.6%), the year in which passenger traffic rebounded from the Great Recession. Except for Africa (-0.1%), all regions posted strong positive growth rates in passenger volumes, ranging from 5% (Europe) to 11.3% (Middle East).

Air freight markets were substantially weaker as compared to the passenger figures, coming to the finish line with a modest 2.3% growth in total freight largely due to subdued growth in emerging markets and developing economies, along with a more modest recovery in advanced economies. This growth is comprised of +2.5% in international freight and +1.8% in domestic freight on an annualized basis. The faster-than-expected slowdown in Chinese imports and exports reflected weaker capital investment and manufacturing activity, which were key drivers for global economy over the last two decades. Even though all regions remained in positive territory where air freight growth is concerned, only the Middle East demonstrated a strong increase of 10.7% in 2015, whilst all other regions grew only marginally.

Although there was a 6.3% growth in airline capacity as measured by airline seat kilometres (ASK) in 2015 the demand for ANS services grew markedly slower due to the increase in aircraft size.

The Boeing Company delivered a record 762 commercial aircraft in 2015, an increase of up to 5.5 percent whereas Airbus delivered 635 planes. Airbus made the first delivery of its new A350XWB plane to Qatar Airways in December 2015. Both Manufactures delivered more than 490 single aisle aircraft each in 2015. A380 superjumbo experienced a low demand (27 deliveries in 2015) in the year under review.

As global economies expand and airlines take delivery of tens of thousands of new commercial jetliners over the next 20 years, the aviation industry predicted that there will be unprecedented demand for people to pilot and maintain these airplanes. To meet this tremendous growth, the 2015 Boeing Pilot and Technical Outlook

forecasted that between now and 2034, the aviation industry will need to supply more than one million new aviation personnel—558,000 commercial airline pilots and 609,000 maintenance technicians. Meeting this exponential demand for personnel will require innovative solutions that rely on the latest digital technology to match the learning requirements of a new generation. It has become a challenge to find instructors who have cross-cultural and cross-generational skills to engage tomorrow's increasingly diverse aviation workforce.

2015 was another year of contrasts when it comes to aviation's safety performance. In terms of the number of fatal accidents, it was an extraordinarily safe year. And the long-term trend data show us that flying is getting even safer. Yet we were all shocked and horrified by two deliberate acts. The 2015 global jet accident rate (measured in hull losses per 1 million flights) was 0.32, which was the equivalent of one major accident for every 3.1 million flights. This was not as good as the rate of 0.27 achieved in 2014 but a 30% improvement compared to the previous five-year rate (2010-2014) of 0.46 hull loss accidents per million jet flights. There were four accidents resulting in passenger fatalities in 2015, all of which involved turboprop aircraft, with 136 fatalities. This compares with an average of 17.6 fatal accidents and 504 fatalities per year in the previous five-year period (2010-2014). The loss of Germanwings 9525 (pilot suicide) and Metrojet 9268 (suspected terrorism) that resulted in the deaths of 374 passengers and crew are tragedies that occurred in 2015. They are not, however, included in the accident statistics as they are classified as deliberate acts of unlawful interference (i).

Regional Situation

Asia-Pacific:

In Asia-Pacific, passenger traffic grew by 8% on an annualized basis. China and India remained the major driving forces in the robust air passenger growth in the region (+8% and +16.4% respectively). Importantly, India's accelerated economic activity saw the country approaching China last year in its contribution to the growth of total passengers in the region; in fact, India even surpassed China in domestic passenger traffic growth. In short, half of the growth in passenger traffic in Asia-Pacific comes from these two giants. Other major contributors to the region's strong passenger growth are Thailand (+21.2%), Korea (+10.7%), Hong Kong (+8.3%) and Japan (+4%). Of all major countries, Indonesia was the only one ending the year with a passenger traffic loss of 1.2%. Carriers in the Asia-Pacific region accounted for one-third of the total annual increase in traffic.

Asia Pacific carriers recorded a demand increase of 8.2% compared to 2014, which was the largest increase among the three largest regions. Demand was stimulated by a 7.3% increase in the number of direct airport connections in the region, resulting in time-savings for travelers. Capacity rose 6.4%, pushing up load factor 1.3 percentage points to 78.2%.

Domestic Situation

In 2015, there has been a 8.3 % increase of passenger movements into and out of Sri Lanka. Aircraft movements in 2015 increased by 5.8 % whereas air cargo shipments increased by 10.5 %. Demand for domestic air travel has shown a negative growth of 0.8% in 2015.

SriLankan Airlines, the national carrier operated 21 commercial aircraft which comprised six-A320, two-A321, seven-A330. It replaced all of its old A340 aircraft with six long haul A330 aircraft by the end of 2015. The airline provided convenient connections to its global route network of 99 destinations in 47 countries (including codeshare operations) in Europe, the Middle East, South Asia, Southeast Asia, the Far East, North America, Australia and Africa. In the financial year 2014/2015, the airline carried 435 million passengers (as against 418 million in 13/14) performing RPK 12,964 million (as against 12,811 million in 13/14). The airline's passenger Load Factor had declined from 81.18% in 14/15 compared to the previous year which was 80.12%. The overall yield and unit cost of the airline were Rs.80.32 per ton kilometer and Rs.61.88 per ton kilometer respectively showing a positive performance improvement compared to previous

year (Rs.72.26 and Rs.64.96 in 13/14). However the airline made a loss of Rs.16, 495 million in 14/15 which is nearly half of its loss (Rs. 32,408 million) in 13/14. This is the 7th consecutive year the airline made a loss after 2008 in which the airline recorded a profit of Rs. 4,428 million.

Mihin Lanka which commenced operations in 2006 had four aircraft in its fleet by the end of 2015. Over the past five year Mihin Lanka incurred a loss of Rs.15 billion.

Airport and Aviation Service Ltd., (AASL) is the Statutory Service Provider appointed by the Minister in terms of the Civil Aviation Act No.14 of 2010 for provision of air navigation services in Sri Lanka. They operate Bandaranaike International Airport, Colombo, Mattala Rajapakse International Airport and Colombo Airport, Ratmalana in addition to providing Air Navigation Services and Airport Security Services. AASL has earned Rs.15 billion whilst generating a net profit of Rs.900 million in 2015. AASL is required to pay USD 17.4 million annually for a period of ten years to China for serving of the loan obtained for construction of Mattala Rajapakse International Airport which cost the Government USD 143 million.

Demand for domestic air travel was seen only for tourist and business traffic. Average people do not appear to have developed enthusiasm in air travel yet for number of reasons. The cost of travel, waiting times at the airports, absence of convenient transport at the destination airport, cheaper ground transportation etc. are the main factors for domestic travel to have not received much of public attention.

The restructuring programme of the CAASL which was commenced in early 2012, could be completed with the receipt of approval of General Treasury for the Scheme of Recruitment in the late 2015. Receipt of Treasury approval for payment of special allowances to technical staff helped the CAASL to attract a few industry personnel for important technical positions.

As far as the execution of duties and functions of the CAASL is concerned, the main challenge was to find skilled and experienced aviation professionals for employment under the approved regular cadre. The dearth of such aviation professionals are due to various factors as follows.

- ❖ retirement of number of trained and experienced staff
- ❖ aviation profession is not attractive enough to potential candidates
- ❖ competition with other industry sectors for skilled employees
- ❖ competition with the overseas counterparts for skilled staff
- ❖ training capacity insufficient to meet demand
- ❖ learning methodologies not responsive to new evolving learning style
- ❖ accessibility to affordable training
- ❖ lack of harmonization of competencies in some aviation disciplines, and
- ❖ little awareness by the “next generation” of types of aviation professions available.

And solution to this problem shall include human resource planning tools, accredited training and educational programmes adapted to the next generation, and wide-ranging cooperation among concerned stakeholders and payment of attractive salaries commensuration with industry standards for trained personnel to be retained. It is important that the staffing challenge is satisfactorily overcome if CAASL is to continue maintaining its achieved results at recent ICAO assessments on State’s compliance with the applicable International Standards and Recommended Practices and also to face confidently other audits such as FAA IASA audit which has been requested as a prerequisite for the local airlines to codeshare with American carriers.

The chapters following outline the major tasks and activities performed by the CAASL in the year 2015. I take this opportunity to thank all employees of the CAALS for their valued positive contribution to complete the Annual Work Programme -2015 successfully. Equally, I wish to thank both previous chairman all members of the previous Board which functioned during the 100-day programme of the Government and the chairman and all members of the present Board for their unstinted support, cooperation and guidance to accomplish the CAASL’s mission. Finally I thank the Hon. Minister of Transport and Civil Aviation, Deputy Minister of Transport and Civil Aviation, Secretary, Ministry of Transport and Civil Aviation and all of his

staff in the Ministry for their support and cooperation to perform the duties of my duties as the DGCA and CEO of the CAASL.

H.M.C. Nimalsiri
Director General of Civil Aviation &
Chief Executive Officer – Civil Aviation Authority of Sri Lanka

PROFILE

Overview

The Civil Aviation Authority of Sri Lanka (CAASL) was established under the Civil Aviation Authority Act No 34.of 2002 on 27th December 2002 and is deemed a public Enterprises for the purpose of audit of accounts under Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka.

The primary function of the CAASL is to regulate safety, security, efficiency and regularity in Civil Aviation and its impact on environment in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization (ICAO) under the legislative provisions in the Civil Aviation Authority of Sri Lanka Act No 34.of 2002 and Civil Aviation Act No.14 of 2010 whilst steering the sector as a prime contributor to the growth of national economy, enhancing the quality of life of the citizens of the country.

The Civil Aviation Authority of Sri Lanka consists of eight (08) members. Five (05) of them are appointed by the Minister in-charge of the subject of civil aviation.

Members of the CAASL

The following members held office in 2015 as the members appointed by the Minister.

09th Board from 6/3/2015 to 22/7/2015

- Mr. Shibly Aziz PC (Chairman)
- Prof. W.L P .Perera (Vice Chairman)
- Mr.Pasan Madhawa Edusuriya (Member)
- Mr.Tissa Silva (Member)
- Deshamanya T.S.J. Gunewardena (Member)

Members ex-Officio

- Mr. H.M.C Nimalsiri (DGCA/CEO)
- Mr. B.M.U.D Basnayake (Secretary /Defence)
- Mrs. Anula Harasgama (Treasury Representative)

10th Board (From 12/10/2015)

- Mr.Ananda Wimalasena (Chairman)
- Mr.Kushan D' Alwis P.C (Vice Chairman)
- Prof.W.L.P Perera (Member)
- Eng.Sudharma Elakanda (Member)
- Dr. Aminda Methsila Perera (Member)

Members ex-Officio

- Mr. H.M.C Nimalsiri (DGCA/CEO)
- Eng.Karunasena Hettiarachchi (Secretary /Defence)
- Mrs. Anula Harasgama (Treasury Representative)

Profiles of the members of the 09th Board

Mr Shibly Aziz, Chairman

Mr Shibly Aziz is a senior President's Counsel who has contributed extensively to the development of the legal system in the country. He is a former Attorney General of Sri Lanka and has served on a number of national commissions and statutory bodies and represented Sri Lanka in several international fora. He continues his legal career now in active private practice, specializing in commercial law, shipping and aviation law, and public law, and has litigated several landmark cases in the country.

He has an LLB from the University of Peradeniya, an LLM from the University of London, a Diploma in Shipping & Maritime Law (University of London) and Diploma in Air and Space Law (University of London -London Institute of World Affairs).

Shibly Aziz represented Sri Lanka in a number of international fora, including as the Chief Delegate at the second International Air Transport Conference 1980 ICAO held in Montreal; a member of the Sri Lanka Delegation to the Conference of the Attorneys General of Asia and the Pacific, held in Colombo in 1985 and in Seoul in 1990.

Shibly Aziz also served as a consultant in International Relations and Legal at Airlanka Limited, the national carrier, from 1990 to 1994. He was appointed Director, Airport and Aviation Services Limited (Airport Authority) from 1985 to 1994. He was also instrumental in drafting legislation in the country, particularly air navigation laws such as the extensive amendments made to the Air Navigation Ordinance.

Shibly Aziz was member of the Sri Lanka Law Commission from 1994 to 2003, and 2011 to present and a member of the Council of Legal Education from 1992 to 1996, 2010 to 2012. He was also Chairman of the Civil Aviation Authority of Sri Lanka from 2003 to 2005 and also had a short tenure in 2015 as Chairman.

Shibly Aziz was voted into office as the President of the Bar Association of Sri Lanka in 2010 and served his maximum tenure in office until 2012. He is currently a member of the Constitutional Council of Sri Lanka.

Prof. W.L.P Perera –Vice Chairman

Prof. W.L.P Perera holds a BA (Honours – First Class) in Economics from the University of Peradeniya, as well as a MA and a PhD in Economics. He has nearly 20 years of teaching experience in the University of Peradeniya and currently serves as a Professor in Economics. His research areas include international finance, monetary economics, political economy macroeconomics and forecasting. He has extensively published research articles and books on international finance, trade and related issues which provide fresh insights using E – views, Minitab and R – studio packages.

Prof. Perera has received numerous awards including the Common Wealth Doctoral Scholarship, Kodikara Award, Gate Mudliyar A.G.Tillekaratne Research Fellowship and Imai Memorial Scholarship. He is a member of the Board of Study for Economics at the National Institute for Education.

Presently he holds the position of Vice Chairman at the Sri Lanka Ports Authority and is a Board member of the Civil Aviation Authority. He has been the Vice Chairman and Executive Director of the Civil Aviation Authority prior to assuming duties as the Vice Chairman of SLPA.

Mr. H M C Nimalsiri

Director General of Civil Aviation and Chief Executive Officer – (Member Ex-officio)

Mr. H M C Nimalsiri is the Director General of Civil Aviation and Chief Executive Officer of the Civil Aviation Authority of Sri Lanka since its inception in 2002. He held the post of Assistant Director (Operations) in the Department of Civil Aviation since 1987. Mr. Nimalsiri is amongst the few officials who pioneered drafting of the new legislative framework for the establishment of the Civil Aviation Authority of Sri Lanka and also for the enactment of the Civil Aviation Act No.14 of 2010 which replaced the Air Navigation Act No.50 of 1950.

During his career progression, Mr. Nimalsiri followed numerous training courses relating to personnel licensing, air transport, aviation safety & security, navigation services, safety auditing, safety management systems, aircraft accident investigation etc., and possesses extensive knowledge and experience in the field of civil aviation.. He has also undergone ICAO Universal Safety Oversight Auditors Course, Safety Management Systems and State Safety Programme training courses.

Mr. Nimalsiri has taken part in various regional and international conferences on Civil Aviation and many bilateral air services negotiations with foreign States representing the CAASL and the former Department of Civil Aviation. In 2007 he was seconded under leave of absence granted by the Government of Sri Lanka to the International Civil Aviation Organization for a period of three years to function as the Programme Coordinator of the regional programme established by seven South Asian States for development of safety oversight capacities of the respective States through regional cooperation.

Mr. Nimalsiri has obtained a B.Sc degree from the University of Colombo and has completed a M.Sc degree in computer science in the same University. He has also obtained a Flight Operations Officer Licence after following a qualifying training course in Ulynovsk, Russia. He has followed Aviation Safety and Security Management Certificate Programme conducted by the George Washington University, USA in 2004 and taken part at the International Summit on Aviation Safety and Security conducted by the same University in 2006.

He also serves as a visiting lecturer of the University of Moratuwa, which offers a B.Sc special degree on Transport and Logistics Management with aviation as one of the streams of subjects.

Mr. Nimalsiri was elected the Chairman of the Regional Aviation Safety Group of Asia and Pacific Region. He has also been elected as the Second Chairman of the Asia Pacific Air Navigation Planning & Implementation Group (APANPIRG) which is steered under ICAO, for planning and implementation of air navigation matters in the Asia Pacific Region.

Mr B .M.U.D Basnayake (Secretary, Ministry of Defence)

Member (Ex-Officio)

Mr. B.M.U.D Basnayake holds a Bachelor of Arts (Hons,) Degree in Geography from University of and a Master's Degree in the area of Development Administration (MDA). Furthermore he holds a Master of Science in Agriculture Economics, Certificate course in Public Administration and a Graduate Diploma in Development Administration. Mr. Basnayake has served in several positions in government organisations. He has started his career as an Assistant Government Agent in the Akkaraipattu Division. Apart from that he has served in the position of Assistant Director at various Divisions in the Ministry of Ministry of Finance. Also he has held positions as Actg. Director General (Sri Lanka Export Development Board), Additional Secretary in ministries such as Ministry off Advanced Technology and National Enterprise

Development, Ministry of Enterprise Development and Investment Promotion, Ministry of Tourism, Ministry of Public Management Reforms and also as the permanent secretary to the Ministry of Transport, Ministry of Resettlement Disaster Relief Services, Ministry of Environment & Renewable Energy, Ministry of Defence and Ministry of City Planning and Water Supply. Mr. Basnayake is also a member of the Economic Association of Sri Lanka and the Institute of Professional Public Administrators.

Mr. Pasan Madhawa Edussuriya
Member

Mr. Madhawa is a Fellow of Micro Finance Association in UK – FMA (UK) and having more than 15 years of experience in private Sector specialize in Finance Industry in a capacity of various senior management positions with many challenging achievements.

He started his career at HNB Grameen, (former Ceylinco Grameen Group) in 2002, a largest Micro Finance Group Company under the Ceylinco Consolidated and served as a Director Investments (Sales and Marketing). He led the sales and marketing teams of the group’s Investment Mobilizing and operations until 2009. During this period he has developed the entire Investment mobilizing of the company and managed closed to LKR 10 billion (US\$ 70 million) funds with island wide branch network.

Furthermore he has served for a short stint at NWS Holdings, an Organic Tea and Teak plantation company as a Director / Chief Executive Officer in 2009 and also in Commercial Credit and Finance PLC (CCL) in 2009 with its new promoters BG Capital as a Deputy General Manager Sales and Micro Finance.

By the invitation of the Board of Directors of Nation Lanka Finance PLC (NLF), Madhawa joined Nation Lanka Finance PLC (NLF) as a General Manager in 2011. He was heading the Sales and Micro Finance operations as well as the General Operations of the company until 2014 June. Madhawa currently serve for One Asia Investment Partners (OAIP) - Sri Lanka as a Director. One Asia is Singapore based licensed Fund Management Company with the global presence of South Korea, China and Sri Lanka. Currently US\$ 3 Billion funds under managing by OAIP.

Besides One Asia Investment Partners-Sri Lanka he is also currently serving as a Managing Director of Premier Capital Promoters & Consultancy Limited, a Boutique Management and Consultancy firm and, Director of AM Word Limited, an Investment Management Company. Also he is a Director of Prosperous Capital & Assurance (Pvt) Ltd (PCA). He has also won the same category from International Finance Magazine 2015.

Madhawa is a founder of PRO IT Solutions an Information Technology Solution company, which is specializing for software developing for financial sector. PROIT awarded “Best Micro Finance IT Solution Provider in Sri Lanka – 2015” By Banking and Finance Review Awards – UK of its novel IT solutions developed for Micro and SME finance sector.

He holds MBA from Australian Institute of Business, MSc in Strategic Marketing from Asia E University, Malaysia, Diploma in Business Management from Indian Institute of Business and Technology. Madhawa has successfully Completed Micro Finance Program conducted by UNCDF in 2015 and he is also a Member of Association of Business Executives in UK (MABE)

He is an avid sportsman from Kalutara Maha Vidyalaya, he excelled in Cricket for both school and Club level. He has played for Ceylon Petroleum Corporation cricket Team in 1994/1995 for the Nationalized Cricket Services tournament, and played for the Open University (OUSL) Cricket Team for State Services cricket Tournament from 1997 to 2002 and captained the Team in 2000/2001 season. He having served in many sports bodies as a committee member and office bearer as well currently serve as an Assistant Secretary of Havelock Sports Club, Colombo 05, “A” Division Rugby playing Club of Sri Lanka Rugby Federation Union (SLRFU). Madhawa is also the General Secretary of Crusaders Sports Club – Kalutara,

a member club of Sri Lanka cricket (SLC) and Vice President of Kalutara District Cricket Association – KDCA.

Mr. Tissa Silva
Member

Mr. Kurukulasooriya Patabadiarachchiralage Arly Tissa Silva is the Regional Manager of the "Nation Lanka Finance PLC". He received his primary education at Katukurunda Maha Vidyalaya and secondary education at Kalutara Vidyalaya National School & Holy Cross College, Kalutara he excelled both in his studies and sports.

He participated in Effective Credit Appraisal and Credit Risk Management conducted by "Centre for Banking Studies-Central Bank of Sri Lanka"

He joined "AMW Company Ltd" in 1986 as an accounts clerk, Celinco Insurance Company Ltd in 1987 in same designation. In 1989 he joined "The Finance Company Ltd" in same designation. After he joined "The Finance Company Ltd" he got promoted as a Project Officer in 1992. In 1995 again he got promotion as an Executive Project Officer and Senior Executive Sales in 1998 at same company. He joined "Ceylinco Securities and Financial Services" as an Assistant Manager on 1ST June 2000. In 2011 he got promoted as a Manager in "Nation Lanka Finance PLC". ("Nation Lanka Finance PLC" is the new name of the "Ceylinco Securities and Financial Services".) Thereafter he was elevated to Regional Manager of Sabaragamuwa Region (Mathugama, Panadura, Rathnapura) in same company.

He, being a keen and versatile sportsman, won colours for Cricket. He was the Best Fielder in 1984, 1985. He won the college colours for Cricket in 1984, Best Fielder Runner Up, Most Popular School Boy Cricketer and Cricket Captain in 1986. Represented Colombo Suburb team VS Australia Academy and represented Kalutara district Cricket Team 05 times. He is also a Qualified Cricket Coach in 2010. (Sri Lanka cricket coaching course is endorsed by the "International Cricket Council" and is part of the "National Coaching Accreditation Scheme") Qualified Cricket Umpire.

Deshamanya T.S.J Gunewardena

Member

Deshamanya T.S.J Gunawardena is an Engineer by profession. He is also the founder of the Venora Group of Companies and has served as the Chairman and Managing Director for 25 years and he is experienced in the field of Electrical and Telecommunication Industry. Mr. Gunawardena serve as a Board Member in the Board of National Consortium Association of Sri Lanka and also in the Ceylon Institute of Builders & Treasurers of the Ceylon Institute of Builders. Furthermore he is the Chairman of World Construction Symposium and a member of the Sri Lanka-Japan Business Co-operation Committee, European Business Assembly-UK and Sri Lanka Export Development Board-Advisory Committee.

Profiles of the members of the 10th Board

Mr. Ananda Wimalasena, Chairman

Mr. Ananda Wimalasena was appointed as the Chairman of the Civil Aviation Authority by the Hon. Nimal Siripala De Silva, Minister of Transport and he assumed duties on 13th October 2015.

Mr. Wimalasena was the Chairman of the Airport & Aviation Services (SL) Limited prior to this appointment. He also has held many other prestigious positions as the founder Managing Director of Asiri Hospitals Limited, Chairman of State Pharmaceutical Corporation etc., He is an accountant by profession and is a science graduate.

Mr. Wimalasena has much experience in both private and public sector and is a product of Ananda College Colombo and the University of Colombo.

Mr. Kushan D' Alwis
Member

Mr. Kushan De Alwis, President's Counsel is an old boy of S. Thomas' College Mount Lavinia. After passing out from Sri Lanka Law College he took oaths as an Attorney-at-Law on the 21.10.1985. Whilst at Law College he won the Hector Jayawardena Gold Medal in 1982 and was elected the President of the Law Students' Union for 1984.

He devilled in the Chambers of late Mr. J.E.P. Deraniyagala P.C. and of Mr. Daya Perera P.C. During a career spanning over 30 years as Counsel, his area of specialization has been civil, corporate, commercial and administrative law in both the original and appellate courts. Further he has been actively involved in alternate dispute resolution mechanisms such as arbitrations, advising on corporate legal matters, regulatory frameworks, compliance requirements and legal due diligence.

He was conferred Silk and took oaths as a President's Counsel in November 2012.

Mr. D' Alwis was a member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a member of the Panel of Legal advisers to the Tax Appeals Commission.

Presently, he is a Member of the Public Representations Committee on Constitutional Reform.

Mr. D' Alwis has the distinction of being featured in CHAMBERS ASIA published by Chambers and Partners, Legal Publishers, London which features Asia-Pacific's leading lawyers for business.

Eng. Karunasena Hettiarachchi (Sec, Ministry of Defence)
Member

Mr. Hettiarachchi holds a Bachelor of Science Honors (Engineering) from Sri Lanka, 1977 and a Master of Science (Engineering) from Belgium, 1986. Currently he serves as the Secretary in Ministry of Defence.

He has started his career as a Civil Engineer at Ministry of Housing and Construction in 1977. From there he has worked at several local and international bodies in the capacity Civil Engineer, Chairman and Director. Some of these organisations include Central Engineering Consultancy Bureau, Department of Irrigation, Katholike Universitate of Leuven Institution, Belgium, International Irrigation Management Institute, Nippon Koei Consultants Ltd, Ministry of Housing and Urban Development, Ministry of Mineral Resources, Ministry of Labour Relations and Foreign Employment, Japan Bank for International Cooperation, Central Environmental Authority, National Water Supply and Drainage Board, Sierra Engineering & Construction (Pvt.) Ltd and Ministry of Urban Development, Water Supply & Drainage.

Furthermore he holds memberships in professional bodies and societies such as F.I.E (Sri Lanka), Chartered Engineer in UK, MIEP and FIM.

Mrs. D.M. Anula Harasgama
Representative of the Ministry of Finance (Member Ex-Officio)

Mrs. Anula Harasgama is the Director General of the Department of State Accounts, General Treasury, Ministry of Finance and Planning. She has served in the capacity of Director General in various departments in the General Treasury such as Department of Information and Technology Management (2014) and Department of Public Enterprises (2012-2013). Furthermore, she has also held positions as Additional Director General - Department of Public Finance (2011-2012), Director - Department of Public Finance, Finance Analyst in the UNDP Asia Pacific Regional Centre in Colombo, Director - Finance and Administration at the Public Enterprises Reform Commission of Sri Lanka and also served in the capacity of the Chief Accountant/Accountant in various government ministries and foreign funded projects.

She holds a Master of Commerce majoring in Finance from the University of New South Wales (UNSW), Australia and Postgraduate Diploma in Management from the Postgraduate Institute of Management (PIM) and a Bachelor of Arts Degree from University of Sri Jayawardenapura. She is also a member of the Australian Institute of Banking and Finance and the institute of Public Finance & Development Accountancy in Sri Lanka.

Dr. Aminda Methsila Perera
Member

Dr. Aminda Methsila Perera is a Senior Lecturer in Financial Management of the Department of Accountancy, Wayamba University of Sri Lanka. He had his early education at St. Thomas' College, Matale and he pursued higher studies at Faculty of Management Studies and Commerce, University of Sri Jayawardenapura and has obtained a B.Sc. (Special) in Public Administration Degree.

Dr. Perera has obtained his first Master degrees in Business Administration in the field of International Financial from IGNOU India and the second Master degrees in Business Administration in the field of Marketing from the Wayamba University of Sri Lanka. He completed his PhD degree in Consumer Behaviour in the same University. He has also followed a Diploma Programme in NGO Staff management conducted by the Kasnoff Academy, Germany in 1998.

During his career progression, Dr. Perera has served for number of private and state organizations in different capacity. Currently he serve as a Director of Peoples' Bank, National Library and Documentation Board, and Pride of Ceylon (Pvt.) Limited. In addition, he is the Sri Lankan representative of AKSAP International of Australia.

Dr. Perera was appointed to the Board of Directors of CAA with effective from 16th October 2015.

Eng. Sudharma Elakanda
Member

Eng. Sudharma Elakanda presently working as the Project Director of Climate Resilience Improvement Project under the Ministry of Irrigation & Water Resources Management funded by IDA/World Bank. Prior to this appointment, he was the Project Director for Dam Safety & Water Resources Planning Project which is also funded by the IDA/World Bank and continuously received satisfactory rating from the World Bank and was considered as one of the best project successfully completed in Sri Lanka recently. He has attended to most of the key international Water Sector Programs and presented technical papers in number of international workshops and seminars. He joined Mahaweli Authority of Sri Lanka in 1979 and having more than 35 years experience in various Capacities of Mahaweli Development Program which is still considered as the largest single multipurpose development program ever undertaken in Sri Lanka. He has obtained Master of Business Administration (MBA) Degree from the University of Colombo and two Post Graduate Diplomas on Construction Management and Environment Management from the University of Moratuwa . Eng. Elakanda is a Corporate Member of the Institution of Civil Engineers , London since 1982 and Fellow Member of the Institution of Engineers , Sri Lanka. His basic degree is BSc(Civil Engineering) and a product of the University of Peradeniya, Sri Lanka.

Prof. W.L.P Perera –Member

Prof. W.L.P Perera holds a BA (Honours – First Class) in Economics from the University of Peradeniya, as well as a MA and a PhD in Economics. He has nearly 20 years of teaching experience in the University of Peradeniya and currently serves as a Professor in Economics. His research areas include international finance, monetary economics, political economy macroeconomics and forecasting. He has extensively

published research articles and books on international finance, trade and related issues which provide fresh insights using E – views, Minitab and R – studio packages.

Prof. Perera has received numerous awards including the Common Wealth Doctoral Scholarship, Kodikara Award, **Gate** Mudliyar A.G.Tillekaratne Research Fellowship and Imai Memorial Scholarship. He is a member of the Board of Study for Economics at the National Institute for Education.

Presently he holds the position of Vice Chairman at the Sri Lanka Ports Authority and is a Board member of the Civil Aviation Authority. He has been the Vice Chairman and Executive Director of the Civil Aviation Authority prior to assuming duties as the Vice Chairman of SLPA.

GOVERNANCE AND ACCOUNTABILITY OF CAASL

Role of the Authority

The major role of the Authority includes, but is not limited, to the following;

To communicate with the Hon Minister and other Government stakeholders to ensure their views are reflected in the planning of the country's civil aviation sector.

To set policies and goals in the field of civil aviation and monitoring organizational performance towards achieving the objectives of CAASL and updating the CAA Corporate Plan reflect the government's objectives in the civil aviation sector, as applicable;

To delegate responsibility for the achievement of specific objectives of the Director –General of Civil Aviation who is also the Chief Executive Officer, CAASL – ex officio.

To employ qualified and skilled personnel and determine their terms and conditions of service including remuneration to be able to perform CAASL's functions and duties.

To be accountable to the Hon Minister on progress towards the implementation of the CAA Corporate Plan and;

Ensuring systems of internal controls are maintained.

Board of Directors

Board of Directors of the Authority comprises of Members who have diverse skills and experience in business, legal and aviation industry in order to bring a wide range of thought to bear on policy issues. Once appointed, all members are required to act in the best interest of the Civil Aviation Authority and must acknowledge that the Authority must stand unified behind its decisions and that individual Members have no separate governing role outside the Authority.

The Authority directs the Chief Executive Officer by delegating powers and functions for achievement of CAASL's objectives through setting policies. The forward plans of the Authority are included in its triennium Corporate plan and are effectively monitored through the Annual Work Programme, training Programme and Programme Budget which are approved by the Authority at the beginning of every year. The Authority also gives directions to the Chief Executive Officer through Board resolution in regard to all matters for which no specific provisions currently available and it is the duty of the Chief Executive Officer to give effect to such resolutions.

Executive powers of the Authority

In terms of the Civil Aviation Authority of Sri Lanka Act, No 34 of 2002, the Cabinet of Ministers appoints the Director General of Civil Aviation who shall also be the Chief Executive Officer of the Civil Aviation Authority by Statute.

He shall be subject to such terms and conditions of employment as shall be determined by the Cabinet of Ministries, and shall carry on all such duties and functions assigned to him by or under the Civil Aviation Authority of Sri Lanka Act or any other applicable written law and be charged with the general administration of the functions of the Authority.

Authority Committees

The Authority has set up five standing committee, Finance Committee, Planning Committee, Audit Committee to focus more attention on specific issues and design and implement development planes. Each Committee has been delegated powers for establishing and monitoring the organization's progress towards meeting the objectives of the Authority and achieve set targets and goals. Notwithstanding the delegation of powers and function to any of the following Committee, the Board may continue to exercise powers on any or all such matters as deemed necessary.

Staff Committee

The Staff Committee is responsible to the Authority in respect of the following matters;

- ❖ Adoption of an organizational structure and modification thereto as and when necessary;
- ❖ Determination of salaries and cadre;
- ❖ Employees' matters pertaining to selection, recruitment, appointment, promotion, demotion, retirement / termination etc.;
- ❖ Employees' disciplinary actions;
- ❖ Updating the CAA Corporate Plan
- ❖ Monitoring the Annual Work Programme and Training Programme of the CAASL;
- ❖ Development of Administrative Rules and Procedures for CAASL;
- ❖ Development of Disciplinary Procedures for CAASL Employees ;
- ❖ Development of Office Procedures for CAASL;
- ❖ Grant of approval for employees overseas training and Grant of scholarships for CAASL Employees ;
- ❖ Grant of approval for acquiring movable or immovable properties and/or planning and development of such properties;
- ❖ Development of compensation schemes for premature retirement or separation for DCA employees , and
- ❖ Development of social and welfare schemes for CAASL employees.

The Staff Committee comprised of the following Members of the CAASL;(from 6/3/2015 to 22/7/2015)

- Mr Shibly Aziz (Chairman)
- Dr. W.L.P Perera (Member)
- Mr. H.M.C Nimalsiri (Member)
- Mr Pasan Madhawa Edusuriya (Member)

- **Staff Committee (from 12/10/2015)**
- Mr Ananda Wimalasena (Chairman)
- Mr Kushan D' Alwis(Member)
- Mr H M C Nimalsiri (Member)

Finance Committee

The finance committee is responsible to the Authority in respect of the following matters;

- ❖ Preparation of Annual Budget Programme;
- ❖ Development of Financial Rules and Procedures for CAASL;
- ❖ Monitoring the purchase of properties, equipment, facilities or services;
- ❖ Monitoring the avenues of revenue of the CAASL ;
- ❖ Development of Rules and Procedures relating to Procurements and monitoring such matters;
- ❖ Authorizing payments exceeding Rs.10,000,000 million;
- ❖ Granting approval for write off of any item; and
- ❖ Thrift Management in CAASL.

The Finance Committee comprised of the following members of the CAASL.(from 6/3/2015 to 22/7/2015)

- Mr Ananda Wimalasena (Chairman)
- Dr.W.L.P Perera (Member)
- Mr Pasan Madhawa Edusuriya (Member)
- Mr Tissa Silva (Member)

Finance Committee (from 12/10/2015)

- Mr Ananda Wimalasena (Chairperson)
- Mr H M C Nimalsiri (Member)
- Mrs.Anula Harasgama (Member)
- Dr.W.L.P.Perera (Member)

Planning Committee

The planning committee is responsible for the following matters;

- ❖ Development of the National Civil Aviation Policy;
- ❖ Development of a National Civil Aviation Development Plan;
- ❖ Review of Primary and Subsidiary Legislation relating to Civil Aviation and introduce amendments, where necessary;
- ❖ Monitoring the implementation of National Civil Aviation Security Programme
- ❖ Monitoring the implementation of National Air Transport Facilitation Programme;
- ❖ Monitoring Civil Military Co-ordination;
- ❖ Monitoring Air Service Operations, and
- ❖ Monitoring the activities of Aeronautical Service Providers.

Audit Committee

The Audit committee is responsible for the following matters;

- ❖ Determination of the responsibility of the Internal Audit Unit and review the annual audit plan;
- ❖ Review and evaluate internal control systems for all activities of the entity;
- ❖ Review performance at regular intervals to ensure cost effectiveness and to eliminate wasteful expenditure etc.;
- ❖ Liaise with external auditors and follow up on Auditor General's management letters;
- ❖ Ascertain whether statute, regulations, rules and circulars are complied with;
- ❖ Review financial statements to ensure compliance with accounting standards;
- ❖ Review internal audit / external audit reports, Management letters for remedial action;
- ❖ Review implementation of recommendations/ directives of the Committee on Public Enterprises;
- ❖ Prepare report on the findings of the Committee for inclusion in the Annual Report and
- ❖ Report on all audit matters to the Authority as and when requested to do so by the Authority.

The Audit Committee comprised of the following members. **(From 6/3/2015 to 22/7/2015)**

- Mrs.Anula Harasgama (Chairperson)
- Dr.W.L.P.Perera (Member)
- Mr Pasan Madhawa Edusuriya (Member)
- Mr Tissa Silva (Member)

Audit Committee **(from 12/10/2015))**

- Mrs Anula Harasgama (Chairperson)
- Eng.Sudharma Elakanda(Member)
- Dr.Aminda Methsela Perera

Civil Aviation Development and Education Committee (CADEC)

The Civil Aviation Development and Education Committee comprising the following employees of the Civil Aviation Authority was established in August 2010 for planning, development and implementation of special programmes aimed at enhancing public awareness in civil aviation activities. This Committee is headed by the DGCA & CEO and assisted by the Senior Director and Director (Corporate).

Mr Dev Kowsala Samarajeewa-Vice Chairman

Mr Nilantha Tennakoon –Secretary

Ms. Manjula Wickramanayake –Treasurer

Members

Mr S.P.B. Wattewewa

Mr.M.H.I.K Gunewardena

Ms.G.E.Millawithanachchi

Ms.C.H Kodithuwakku

Mr.G.C.G.Dabarera

Ms Dulanjali Mapitiyage

Mr.R.L Thalagala

Mr.T.M.Y.B Tennakoon

Relations with Stakeholders

The Authority acknowledges its responsibility to keep in close and constant contact with stakeholders, in particular, to remain cognizant of the expectations of the Hon. Minister in charge of the subject of Civil Aviation.

Responsibility of the Authority and Senior Management

Key to the efficient functions of the Civil Aviation Authority is that there clear demarcation between the role of the Authority and Senior Management headed by the CEO.

The Authority concentrates on setting high level polices and strategies, and then monitors progress towards meeting the objectives. It further provides directions on matters where specific provisions do not exist in its current protocols.

The Senior Management Headed by the Chief Executive is charged with the implementation of these high-level policies and strategies.

The Authority stand apart and does not have responsibility for the discharge of specific regulatory obligations cast on specifically on the Director-General of Civil Aviation in terms of the Civil Aviation Act No.14 of 2010, the Air Navigation Regulations made thereunder or any other written law. However, the Authority will provide all resources which includes but not limited to personnel, equipment, facilities and services that are required by the Director General of Civil Aviation to discharge such regulatory obligations and the obligations cast on the State.

The Authority clearly demonstrates these roles by ensuring that the delegation of powers and functions to the Director-General of Civil Aviation and Chief Executive Officer of CAASL is concise and complete.

Accountability

The Authority and it's Committees hold frequent meetings to monitor the progress towards its strategic objectives and to ensure that the affairs of the Civil Aviation Authority are being managed and conducted in accordance with the Authority's policies, strategic directions, and expectations as set out its Corporate Plan.

Conflict of Interest

The Authority maintains an Interest Register and ensures that the Authority Members are aware of their obligations to declare interests. This approach is also reflected in the maintenance of a conflict of interest register for the Members of the Board and all employees in the executive grade.

Internal Audit

While many of the Authority's functions have been delegated, the overall responsibility for maintaining effective systems of organizational control remains with the Authority.

Internal controls include the policy systems and procedures established to ensure that the specific objectives of the Authority are achieved. The Authority and the Senior Management have acknowledged their responsibility by signing the Statement of Responsibility, contained in this report.

The Authority has an Internal Audit Unit that is responsible for detailed scrutiny and monitoring systems of internal control in each of the CAASL sections. This unit is responsible for maintenance of the quality of overall services rendered by the CAASL and reliability of financial and other information reported to the Authority through the Director General of Civil Aviation and Executive Officer.

Internal Audit operates independently of the Senior Management and reports its findings directly to the Director General of the CAASL who is also the CEO of the CAASL and to the Audit Committee as per the set protocols.

Legislative Compliance

The Authority acknowledges its responsibility to ensure that the organization complies with all legislation. The Authority has delegated responsibility to the Senior Management for the development and operation of a Programme to systematically identify compliance issues and ensures that all employees are aware of legislative requirements that are particularly relevant to them.

The Authority has decided that application of general or specific circulars and /or directives issued by the Government organizations to the Authority on case by case basis. Hence each circular issued by a Government Department will not automatically be applied in the management of the CAASL unless the Authority examines as to the effect of such circular contents on effective functioning and discharge of the legitimate powers, functions and duties of the Authority and decided the nature and scope of such applications. The Corporate Division of the CAASL will maintain an updated list of concordance in regard to extend of application of the Government Circulars to the functioning of the CAASL.

Ethics

The Authority, having developed a code of ethics, regularly monitors where all members of the staff maintain high standards of ethical behavior and practice the principals of ‘Good corporate governance’. Monitoring compliance with ethical standards is done through means such as monitoring trends in complaints and disciplinary actions, internal audit reports, or any reports or indications that show non-compliance with the principles contained in the code of ethics.

Good corporate citizenship involves the Authority, including its employees, acknowledging that it is a member of many communities outside of itself and the industry it oversees and making a commitment to act in a transparent, consistent and responsible manner with the morals and accepted rights and responsibilities of all citizens of those communities.

CIVIL AVIATION AUTHORITY OF SRI LANKA

Vision

To be a prime catalyst to the growth of the National Economy

Mission

To facilitate through strategic planning and effective regulation, the operation of a safe, secure and efficient national civil aviation system that conforms to International Standards and Recommended Practices and national legislative requirements.

Motto

‘Safe Skies for all’

Premise

The airspace above us is a public assets to be managed for the progress and prosperity of the country and posterity of the nation.

Goals

- ❖ To achieve or exceed safety and security outcome targets;
- ❖ To be appropriately resourced;
- ❖ To be professional and competent;
- ❖ To attain wide credibility and recognition;
- ❖ To sustain or enhance its achievements;
- ❖ To achieve the highest level of productivity in everything being done;
- ❖ To maintain high degree of compliance with the International Standards and Recommended Practices; and
- ❖ To be a strong facilitator for planning and development of civil aviation.

Strategies

- ❖ Improved and consistent implementation of statutory functions and fulfillment of social obligations in conformity with the applicable International Standards and Recommended Practices;
- ❖ Identification and implementation of solutions to significant aviation problems;
- ❖ Introduction of specific culture change initiatives;
- ❖ Working in co-operation and partnership with the Aviation Industry;
- ❖ Operating in a transparent and consistent manner and communicating effectively both externally and internally; and
- ❖ Maintaining the effectiveness and consistency of all documents, materials, and internal procedures.

Values

- ❖ The CAASL and its employees:
- ❖ assign the top priority and importance to aviation safety and promote safety culture;
- ❖ excel in the services being provided to the CAASL clientele;
- ❖ have a ‘can do’ attitude in everything being undertaken;
- ❖ aim to be reliable, realistic and consistent;
- ❖ are willing and able to change in pursuit of continuous improvement;
- ❖ work together to achieve success;
- ❖ are open, honest and transparent;

- ❖ promote efficiency, productivity and regularity in everything being done;
- ❖ trust and respect colleagues thereby uphold teamwork;
- ❖ value everyone's contribution;
- ❖ recognize social responsibilities and obligations;
- ❖ enjoy what is being done;
- ❖ take pride in the professional approach; and
- ❖ have a balanced home and work environment.

CAASL's immediate targets

- ❖ To prevent fatal accidents in the commercial aviation sector;
- ❖ To prevent hijacking and unlawful interference in civil aviation activities;
- ❖ To prevent general aviation accidents;
- ❖ To prevent fatal aviation related accidents on ground at airports;
- ❖ To reduce accidents in engineering/maintenance workshops;
- ❖ To achieve and maintain commercial flight incident ratio below 1 per 10,000 flying hours;
- ❖ To reduce the general aviation flight incident ratio below 1 per 5,000 flying hours;
- ❖ To reduce the flying incident ratio at flying colleges 1 per 10,000 flights;
- ❖ To reduce the number of commercial flight incidents ratio involving Ground Support 1 per 20,000 flying hours;
- ❖ To reduce the number of general aviation flight incidents involving ground support 1 per 10,000 flights;
- ❖ To reduce the number of flight incidents ratio involving ATS Support 1 per 50,000 flights
- ❖ To support minimizing delays in on-time departures;
- ❖ To enable air travel affordable to people of average class;
- ❖ To encourage improving the quality of service in air travel;
- ❖ To facilitate minimizing congestion and expedite passenger processing at airports, whilst being mindful of the security requirements;
- ❖ To help minimizing operational cost in the air transportation and eliminate waste;
- ❖ To help minimizing adverse effects of aviation on the environment; and
- ❖ To educate school children on the potential benefits of civil aviation

Outcome

- ❖ fulfillment of the State's international obligations in the field of civil aviation and constant implementation and enforcement of International Standards and Recommended Practices registering very high level of effective implementation of SARPS;
- ❖ International recognition of the civil aviation system of Sri Lanka which is free from embargoes / restrictions and avoidance Significant Safety Concerns being raised by the ICAO against the State's aviation system;
- ❖ Enhanced Safety, security, efficiency and regularity in civil aviation and consequential public confidence in the air transport system; and
- ❖ Optimum use of Sri Lanka airspace for the wellbeing of the citizens of Sri Lanka;
- ❖ Socio-economic development of the country;
- ❖ Prevention of economic waste caused by unreasonable competition;
- ❖ Improved access and mobility of people and goods by air;
- ❖ Dependable services in the field of civil aviation;
- ❖ Education of school children in the field of civil aviation;
- ❖ Promotion of all aspects of civil aeronautics;
- ❖ Protecting and promoting public health;
- ❖ Proper legal framework for effective regulation and enforcement; and
- ❖ Environmental Sustainability

Output

Output Class	Output
<ul style="list-style-type: none">• Policy Advice	<ul style="list-style-type: none">• Advise the Government & other organizations• Legislative Reforms• Development of Rules• Development and promulgation of Implementing Standards• Development of Aviation Policy• Development of manuals of procedures• Master planning of aviation infrastructure
<ul style="list-style-type: none">• Safety Assessment & Certification	<ul style="list-style-type: none">• Risk management of:<ul style="list-style-type: none">• Airport/Airfield sector safety;• Airlines sector safety;• General aviation sector safety;• Personnel licensing safety;• Flying training safety;• Aircraft maintenance safety and• Aviation services sector safety risk management.
<ul style="list-style-type: none">• Safety Analysis, Information and Promotion	<ul style="list-style-type: none">• Safety investigation• Safety analysis• Safety information, education and promotion• Aircraft Accident & Incident Investigations and implementation of safety recommendations
<ul style="list-style-type: none">• Authorization	<ul style="list-style-type: none">• Airline schedule approval• Airfare approval• Travel agent certification• Registration of aircraft• Authorization for import of aircraft spare parts• Authorization of High structure constructions• Authorization for GSA• Designation of local carriers for international operations
<ul style="list-style-type: none">• Security Assessment	<ul style="list-style-type: none">• Civil aviation sector security risk management•
<ul style="list-style-type: none">• Enforcement	<ul style="list-style-type: none">• Responses to regulatory breaches• Enforcement of public health and hygienic requirements
<ul style="list-style-type: none">• Assistance to the Government	<ul style="list-style-type: none">•• Collection of embarkation levy from Airlines

REGULATORY SCOPE

By the end of 2015, the Regulatory Scope of the Civil Aviation stood as follows.

Regulated Area	2015	2014	Change (%)
Airports			
Domestic Land Airports	12	12	-
Domestic Water Aerodromes	15	14	6.67
International Airports (With RMA)	03	03	-
Airlines			
Local Airlines engaged in domestic air services	08	08	-
Local Airlines engaged in international air services	03	03	-
International Foreign Airlines	27	24	11.11
Training Organizations			
Flying Schools	09	08	11.11
Engineering/Maintenance Schools	05	05	-
Air Traffic Services related	01	01	-
Aeronautical Services Providers			
Aerodromes	01	01	-
Air Traffic Services	01	01	-
Aeronautical Ground Aids	01	01	-
Aeronautical Telecommunication Services	01	01	-
Aviation Security Services	01	01	-
Ground Handling Services	01	01	-
Catering Services	01	01	-
Aircraft Refueling & Lubricant supply	01	01	-
Maintenance & Repair	01	01	-
Aircraft			
H (Heavy) aircraft types of 136 000 kg (300 000 lb) or more;	16	16	-
M (Medium) aircraft types less than 136 000 kg (300 000 lb) and more than 7 000 kg (15 500 lb); and	22	22	-
L (Light) aircraft types of 7 000 kg (15 500 lb) or less	39	33	15.38
Flying Training Devices			
Local full flight Simulators-A320	03	03	-
Foreign based full flight Simulators	03	03	-
Personnel			
Student Pilot Licence Holders	154	211	-37.01
Private Pilot Licence Holders	120	151	-25.83
Commercial Pilot Licence Holders	292	394	-34.93
Air Transport Pilot Licence Holders	352	350	0.57
Air Traffic Control Licence Holders	81	85	-4.94

Aircraft Maintenance Engineer Licence Holders	3	5	-66.67
Air Craft Maintenance Licence Holders	472	436	7.63
Flight Dispatcher Licence Holders	199	190	4.52
Aeronautical Station Operator Licence Holders	04	04	-
Cabin Crew Member Certificate Holders	1240	1198	3.39
Flying Instructors	15	12	20.00
Assistant Flying Instructors	14	24	-71.43
Ground Instructors	16	22	-37.50
Flight Examiners	07	12	-71.43
Designated Check Pilots	41	34	17.07
Designated Aeronautical Medical Examiners	05	06	-20.00
Certified Aviation Security Screeners	626	571	8.79
Air Transport Service Providers			
Global Distribution Service Providers	4	4	-
Air Transport Service Provider Licence –Group A	533	550	-3.19
Air Transport Service Provider Licence –Group B	56	38	32.14
General Sales Agents	18	23	-27.78
High Rise Constructions			
Telecommunication towers	6204	6126	1.26

ACCIDENT INVESTIGATION UNIT

There were 276 occurrences reported throughout the year in respect of aircraft registered in Sri Lanka and occurrences into foreign registered aircraft within the territory of Sri Lanka. Of this, 258 were on aircraft registered in Sri Lanka while the balance 18 were on foreign registered aircraft occurring within the territory of Sri Lanka.

Of the all occurrences, there were 92 Bird Strikes which accounted for the highest number of occurrences reported in one category. There were 61 System/Component failures or malfunctions and 49 ATM/Communication related events reported. Amongst reported bird strikes there were 43 occurred at Bandaranaike International Airport, 12 were at Mattala Rajapaksa International Airport and the rest were outside the country. From the 49 ATM/Communication occurrences, 36 events were reported due to no contact with ATS units with the highest number was 'No Contact' within Bombay FIR.

The investigation of incident occurred into Millennium Airlines aircraft Cessna 152, 4R-DJD during a solo circuit training flight operated from Colombo Airport, Ratmalana on 14th June 2014 was completed. The Final report was distributed to the relevant organizations for their actions which are addressed in the safety recommendations in the Report.

The incident of SriLankan Airlines flight UL 134, Airbus A320-200, bearing registration 4R-ABL, take off from Tiruchirappalli International Airport, India to Colombo International Airport on 08th Oct 2014, which was returned to the base at Flight Level 190 due to a technical reason. The said incident was investigated and Final Report was completed.

The incident reported on Mihin Lanka flight MJ 408 during en-route to Colombo International Airport from Sharjah International Airport on 01st May 2015 was investigated. This had been reported in electronic media, where there had been an incident involving the Pilot in Command not open the cockpit door for First Officer of the flight to get him into the flight deck. The investigation of the incident and the final report was completed.

In addition to the above, investigation of a serious incident which occurred in 2013 at Bandaranaike International Airport, Katunayake, involving a Sri Lankan Airlines flight was completed. The Final Report had been drafted.

Regulations on Aviation Disaster Family Assistance was drafted as guided in the ICAO Circular 285, Guidance on Assistance to aircraft victims and their families.

The third meeting of the Asia Pacific Accident Investigation Group (APAC AIG) and ICAO Regional Accident Investigation Workshop were held in Colombo. These two events were jointly organized by CAASL and ICAO Asia and Pacific Office. The objectives of APAC-AIG meeting are to assist States in keeping abreast of developments in the area of accident investigation; enhance the capabilities on investigation and promote the sharing of expertise, experience, etc.

The ICAO Regional Accident Investigation Workshop - 2015, was the ninth in the series. There were 53 participants from 19 States and 7 international organizations. The participants were mainly from Asia Pacific Regional States. In addition to the above, 20 number of participant from local aviation industry were given opportunity to attend this workshop.

INTERNAL AUDIT SECTION

The main objective of the Internal Audit section is to enhance the quality management of the CAA. The internal audit process provides an assurance on the organization's risk management, internal control environment and governance framework through review and appraisal of the extent of compliance with relevant statutory requirements. The internal audit section has further taken necessary steps to ensure the integrity of the CAASL's accounting and financial reporting system and effectiveness of the internal control systems via the review and monitoring of such systems on a periodic basis.

During the year 2015, 26 no's of audits were carried out including 08 technical audits and 09 financial audits.

SECTION HIGHLIGHTS

Section	No. of Audits
FM	09
HROM	07
Technical sections	08
Other	02
Total no. of audits carried out	26

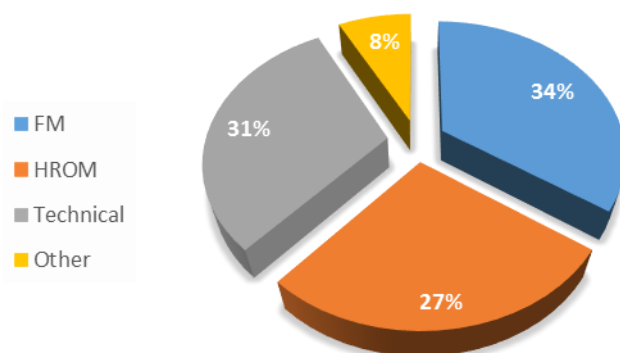


Table 1: Number of audits carried out – 2015

FLIGHT SAFETY DIVISION

Flight Operations Section

Regulatory Development

Pursuant to the Civil Aviation Act no. 14 of 2010, in 2015 the Operations Section has issued following two (02) Implementing Standards (ISs).

- i) IS – 033 Admission to Flight Crew Compartment.
- ii) IS – 054 Limitations on Flight Time, Duty Periods and Rest Periods of Flight Crew Members and Cabin Crew Members conducting Commercial Air Operations

In addition the section revised following five implementing standards which were issued previously to implement the amendment 38 to ICAO annex 06 requirements in Sri Lanka.

- i) IS – 011 Compliance to Annex 6 Part I Chapter 1 - Definitions
- ii) IS – 013 Compliance to Annex 6 Part I Chapter 4 - Flight Operations
- iii) IS – 015 Compliance to Annex 6 Part I Chapter 6 - Aeroplane Instruments, Equipment and Flight Documents
- iv) IS – 021 Compliance to Annex 6 Part I Chapter 12 - Cabin crewmembers
- v) IS – 022 Compliance to Annex 6 Part I Chapter 13 - Security

Guidance Material

In 2015 the section published SLCAP 4520 Manual - Performance Based Navigation Operational Approval Handbook is one in a set of manuals forming the technical guidance provided for the conduct of aviation safety oversight by the Civil Aviation Authority of Sri Lanka (CAASL) for PBN operations. The Handbook provides guidance to personnel responsible for the assessment of applications for operational approval to conduct Performance Based Navigation Operations. The section has revised the SLCAP 4210 Manual - Limitation for Flight Time, Flight Duty Periods, Duty Periods and Rest Periods for Fatigue Management of Flight Crewmembers and Cabin Crewmembers which came into effect from June 2015. The draft manual for Cabin Crewmember Training in compliance to ICAO DOC 10002 was published and discussions were held with the approved cabin safety instructors of Sri Lankan Airlines and Mihin Lanka.

Certification of Air Operators

The Operations Section issued two Air Operator Certificates to IWS Aviation and Skylark Aviation to engage in Domestic Helicopter Commercial Air Operation. In addition to that F-Airways, Fly Southern and Lakwin Aviation who has commenced the certification process are now at the Document Evaluation phase prior to certification in the process of obtaining the Air Operator Certificate (AOC). The issue of an AOC will depend upon their commitment and demonstration of an adequate organization, method of control and supervision of flight operations, training programmes, ground handling and maintenance arrangements consistent with the nature and extent of the operation specified.

Further the requests of Melco Holdings and Air Linkers who expressed their intention for obtaining of AOC were processed. In order to assess the competence of these applicants to grant the AOC, the operation section embarked in an in-depth evaluation of the proposed operation which should at least cover organization, staffing, equipment & facilities, proposed routes, level and type of service and finances.

Subsequently the section was involved in an inspection process of renewing three international AOCs and five domestic AOCs. Only the renewal of the AOC of Cosmos Aviation is pending due to their organizational and operational complications. Additionally the operations section evaluated 18 applications for amending Operations Specifications issued to AOC holders and granted the approvals after comprehensive evaluation process. Moreover amendments to Flight Operations Manuals, Cabin Crewmember Safety & Emergency Procedures Manual and Ground Operations Manuals submitted by current AOC holders were evaluated for approval as an obligation to the Air Operator Certification.

Foreign Air operator certification was carried and International Airline License was issued to Air China, Air Asia, Malindo Airways and Austrian Airlines to conduct operations to Sri Lanka. Moreover the section renewed the international Airline license of 25 foreign air operators who are already conducting operations to Sri Lanka.

Permit for Transport of Dangerous Goods (DG) by Air

In 2015 this office renewed 13 DG permits of Foreign Airlines and 02 DG permits of Local Airlines for transport of Dangerous Goods by air. In addition to that the Operations Section involved in issuance of 22 special DG approvals to Airlines for Transport of DG by air.

Surveillance

The section continuously conducted surveillance on Local and Foreign Air Operators for the compliance of CAASL Regulatory Requirements with the approved Surveillance Plan to ensure the effectiveness of the Safety Oversight System in Sri Lanka and was involved in investigation into several incident/accident occurred during this year. Total of 122 surveillance activities were carried out in 2015 by the operations section including Ramp Inspections, En-route Inspections, DCP Monitoring Activities, Main Base Inspections and other inspections including Training Programme Observations as well.

A Comprehensive Regulatory Audit on Helitours was carried out with the view of renewing their AOC by the section on 3rd & 4th September 2015 to ascertain the level of compliance by the AOC holder for the stipulated ICAO SARPs and promulgated local regulations/procedures.

Designated Flight Operations Inspectors (DFOIs)

Due to shortage of competent FOIs employed with the CAASL in adequate numbers to accomplish regulatory functions including specially surveillance activities, Operations section initiated the process of employing DFOIs in 2014. In 2015 one DFOI was deployed with delegated powers by the Authority to perform certain regulatory duties and functions for or on behalf of the CAASL as & when required.

ICAO Universal Safety Oversight Audit Programme (USOAP)

Continuous Monitoring Approach (CMA), as a proactive methodology adopted by ICAO to monitor the safety oversight capabilities of Member States ongoing basis with the ultimate objective of improving the global aviation safety, Operations section throughout 2015 was in the process of providing up to date data/information pertaining to the Safety Oversight Capabilities of Sri Lanka.

Personnel Licensing Section

Personnel Licensing Section of the Civil Aviation Authority has shown further developments in the year 2015 as well, to cater to the needs of the aviation community making the clientele satisfied. Key areas intended for improvements are listed below.

Development of system for computer based AML Examinations

Personnel Licensing Section has initiated developing a system to conduct Computer Based AML Examinations. The sections has obtained a question bank consisting of all 12 modules from Joint Aviation Authorities, European Union. The section has initiated steps to obtain services form a suitable system developer in order to develop the existing Computer Based Examination system to cater AML examinations.

Development of conducting Radio Telephony (RT) examinations for PPL & CPL applicants

Personnel Licensing Section has incited steps to improve the quality of conducting RT examinations for Aircrews by introducing two way radio communications equipment. A demonstration was conducted and procurement of equipment is in progress.

7th SARI PART 66 (Aircraft Maintenance Licence regulation)/147(Maintenance Training Organization regulation) Working Group Meeting

The Personnel Licensing Section organized the 7th South Asian Regional Initiative (SARI) Part66/Part 147 Working Group Meeting held from 25th February- 27th February 2015 in Colombo, hosted by the CAA Sri Lanka. Around 26 delegates including working group members & representatives of several aviation organizations from Pakistan, Bangladesh, Sri Lanka, European Aviation Safety Agency (EASA), participated in this three-day meeting.

The overall objective of the SARI is to create a forum for the Civil Aviation Authorities to foster regulatory convergence in South Asia. The SARI 66 / 147 Working Group is expected to Review of National Regulation status of each states, Development of SARI Part 147 (from AMC 147.B.10(b), Clarification on Part 66 interpretations and Review preliminary draft SARI Part 66 and reduction of National Variants and Actions to be completed before next meeting. During the meeting, various subject related matters were discussed, deliberated & finally agreed upon with the participation of local industry with the guidance of the two EU expert resource personnel.

SARI Part 66 –Aircraft Maintenance Licence Implementation Workshop

The Personnel Licensing Section organized the SARI Part 66 –Aircraft Maintenance Licence Implementation Workshop held from 07th September- 10th September 2015 in the CAA Sri Lanka.

Civil Aviation Authority of Sri Lanka Developed SARI Part 66, a harmonized regulation based on European Aviation Safety Agency (EASA) Part 66 for Aircraft Maintenance Licence .This regulation was developed by the SARI 66 Working Group and its first issue published in December 2012.

SARI is a grouping of authorities from South Asia that was created during the EU-South Asia Civil Aviation Cooperation Program that ended in 2006. The Civil Aviation Authorities of SARI members have agreed to a

common comprehensive and detailed aviation requirements, with a view to make it compatible for maintenance carried out in one Member State to be accepted by the Civil Aviation Authority in another Member State. EASA and the European Aerospace Industry support the activities of SARI.

The SARI partners agreed in the beginning of 2007 to work on convergence of maintenance regulation in South Asia which was considered as a priority.

Several states have either adopted the EASA parts or developed a new set of maintenance regulation using the EASA parts as a reference. However these national regulations still include differences in their structure or in the associated guidance material or in the working procedures although the concepts they are based on are identical.

To eliminate these remaining obstacles towards sound regulatory convergence in South Asia the SARI states agreed to develop a harmonized regulation for aircraft maintenance based on EASA. This regulations were developed by the SARI Working Groups.

The SARI 66 / 147 Working Group consists of 7 members, each of them appointed by each of the 7 SARI Civil Aviation Authorities.

SARI Part-66, requirements for Issuance of Aircraft Maintenance License has been developed to address issuance of license of personnel involved in the maintenance of large aircraft or of aircraft used for commercial air transport, and components intended for fitment thereto.

The main objectives of the SARI Part 66 Implementation workshop is to assess how the local CAA implement their National regulation based on SARI Part 66 and into the aviation maintenance industry, to identify its main difficulties in this implementation process and to recommend solutions. The workshop was included a visit to two CAA SL Part 145 organisations in order to verify how the Sri Lankan licence holders discharge their responsibilities with respect to the privileges of their licences and to understand the authorization process in place in these two organizations.

This was the first SARI implementation workshop conducted in Sri Lanka and was carried out by a team of 4 experts representing EASA, representing SARI from CAA Pakistan (PCAA), (Observer) from CAA Nepal (CAAN), (Observer) from CAA Maldives (CAAM).

This was followed by a question and answer session open to all in CAA and industry. A wide variety of questions were aired particularly on the subject of training and qualification of individuals in various roles.

Certification of New Flying Schools.

Fairways Aviation Academy and Fits Air Flight Academy have been given approval to commence Ground training for Private Pilot Licence by Personnel Licensing Section during the year.

Surveillance on Flying Schools /Aviation Training Organizations/ Designated Hospitals

Surveillance activities conducted by the CAASL in 2015 in the Personnel Licensing area covered 08 Flying training Schools and 03 hospitals designated to conduct personnel licensing medical tests and investigations.

Participation in international Meetings/Workshop

- i. Sectional Head of the Licensing section attended English Language Proficiency Seminar in Kuwait convened by International Civil Aviation Organization.
- ii. One inspector from the Personnel Licensing Section attended SARI Part 66 Implementation Workshop as an observer representing SARI held in the Civil Aviation Authority of Pakistan in Karachchi
- iii. Represented WHO (SEARO) Regional Meeting on International Health Regulations at Points of Entries, from 25-26th June 2015 and organized a field visit to BIA for the WHO specialists to get first –hand exposure to the preparedness activities implemented at the International Airport with regard to public health emergencies of international concern as per the National Civil Aviation Preparedness Plan for Public Health Emergencies of International Concern which was published by CAASL.

Medical Examination / Medical Board Meetings

The Aero Medical Centre of the Personnel Licensing Section has conducted following Medical Examinations for the issuance of personnel licences to pilots and Air Traffic Controllers.

1. Initial Medical Examination - 169
2. Renewal of Medical Examination - 860

And the Aero Medical Centre has held 02 Medical Board Meetings throughout the year to resolve borderline cases of Medical certificates.

Renewal of agreement with designated Hospitals

The section has renewed agreements with designated hospitals of Asiri Surgical Hospital, Durdans Hospital, The Central Hospital and Hemas Hospital to conduct medical investigations for Pilots and Air traffic Controllers. Hospital inspections were carried out prior to the renewal of the agreement to assess the services & standards of the hospital.

Refresher seminar on Aviation Medicine & ICAO requirements was organized and held from 17^t to 19th November 2016.

This seminar cum workshop equipped Civil Aviation Medical Examiners, Designated Consultants and Medical Assessor with the required knowledge to assess medical fitness of the applicants for the issue or renewal of various licences (Class 1, 2 and 3 licences) in accordance with ICAO's SARPS, including the amendments to ICAO Annex 1. Participants were better appreciated the aviation environment and its interaction with various clinical conditions. Particular emphasis placed on aeromedical decision making within the context of risk management in aviation medicine

Airworthiness Section

The section carried out Airworthiness related functions on all aircraft registered in Sri Lanka.

The total fleet composition is given below.

1. No aircraft in Registry – 77 includes 38 large aircraft(MTOW>5700KGS), 21 Light aircraft,13 Helicopters, 3 Baloons and 2 Ultra lights
2. Sri Lankan Airlines and Mihin Lanka fleets are as follows :

Aircraft Type	SLA Fleet	MJ Fleet
A330-200/300	14	0
A340-300	2	0
A320	6	1
A321	2	2
A319	0	1

A total of 11 initial Certificates of Airworthiness were issued together with 55 renewals of certificates of Airworthiness.

Aircraft Maintenance Organizations

Two new AMO licences were issued whilst 60 AMO licences were renewed. Three new 3rd party Maintenance approvals were also validated.

A total of 36 Workshop approvals were also granted.

A comprehensive audit was conducted on Helitours Maintenance facility. Audits were also conducted at 4 overseas Line stations.

Aircraft Registrations

11 new Registrations were issued whilst 63 were renewed.

During the period a total of 5 aircraft from the Sri Lankan fleet and 1 aircraft from FITS Air fleet were de-registered.

Safety oversight:

A total of 75 Ramp inspections were performed on aircraft flying on International routes. Greater emphasis was given to monitoring domestic industry for streamlining the organisations for improved compliance via close surveillance , regular inspections, and Safety awareness meetings and interactions with Post Holders and Management.

A total of 121 Occurrence reports were received from the industry and analysed as part of Safety Oversight programme.

Recommendations for issue of Visas

Recommendations for Landing endorsement and Residence visas 91 foreign nationals working in the local industry and studying in local organizations.

Flying schools and Engineering Training schools

A total of 7 AMTO Licences were renewed.

Fairway Aviation Academy commenced operations as the newest Flying Training school.

A comprehensive audit was conducted on the Sri Lankan Technical Training School.

Certification of new Training Schools

Lanka Pacific Aviation Academy that currently functions under the EASA 147 Regulations made an application to establish a Maintenance Organization under the CAASL Approval. The application is in process with preliminary audits performed.

Aircraft Maintenance Licence Examinations

CAASL conducted one AML Examination during the year.

Spare Parts Approval

A total of 251 letters were issued to numerous operators and Maintenance facilities to Import/Export Spares needed for Maintenance of Aircraft.

Acceptance Checks on new aircraft

The section participated in performing Acceptance Inspections on 5, A330-300 aircraft inducted to the Sri Lankan fleet.

AERONAUTICAL SERVICE DIVISION

Aviation Security Section

In the year 2015 Aviation Security Section got involved in every aspect of regulatory functions in the field of Aviation Security in Sri Lanka. All surveillance activities were carried out in accordance with the approved Aviation Security Surveillance Activity Schedule 2015. 24 Inspections, 01 test, 01 Audit, 01 survey and monitoring of security of 09 VVIP Flights were carried out.

A comprehensive inspection was carried out covering most important aspects of MRIA with regard to the re-certification of aerodrome.

The undermentioned vital tasks were also carried out by the section in addition to the regulatory functions mentioned above.

Certification of Aviation Security Service Provider at BIA

It is a regulatory requirement to appoint an Aviation Security Service Provider with a license issued by CAASL for the provision and maintenance of an Aviation Security Service at the airports as specified in the chapter 11 of Civil Aviation Act No 14 of 2010.

Certification process of service provider organizations for aviation security was commenced. The certification Audit was conducted in the month of March and a comprehensive report was submitted to AASL for the rectification of identified deficiencies.

Certification of Aviation Security personnel

Certification and re certification of Avsec screeners, instructors and Avsec managers of AASL & Sri Lankan airlines were continued. There were 09 Aviation Security Managers, 55 Aviation Security Screeners certified and 08 Aviation Security Managers, 06 Aviation Security Instructors and 444 Aviation Security Screeners were re certified during the year. Evaluation of the knowledge on the implementation of aviation security measures of the staff employed at Fits Air & Cinnamon Air was carried out.;

Resumption of National Civil Aviation Security Committee

The establishment of National Civil Aviation Security Committee and conduct of regular meetings is an international standard with the view of coordinating security activities between the departments, agencies and other organizations, airport & aircraft operators responsible for the implementation of various aspects of NCASP. The section was able to take initiative to resume the National Civil Aviation Security Committee and held a meeting in the month of November.

Development of Regulations

The Avsec Section reviewed the model Regulations received from CASP-AP and based on which, a new set of Aviation Security Regulations was developed.

Evaluation of Security Programmes

Security programmes of aircraft operators and airport operator are evaluated in order to ascertain whether the aviation security measures of controls are being implemented in accordance with the National Civil Aviation Security Programme by the respective operators. The security programmes of 03 local & 16 foreign airlines were evaluated in 2015.

Approval for carriage of munitions

Approval for the carriage of munitions within the airspace of Sri Lanka and to / from airports within Sri Lanka is vested with the Director General Civil Aviation and a considerable amount of requests are made by the state and private organizations as well as individuals for the carriage of munitions for following purposes.

- a. VIP/VVIP security
- b. Participation in United Nation Peace Keeping Force activities
- c. Acquisitions by the Military and the Police force
- d. Participation at International sports tournaments/ competitions
- e. Individuals for legitimate purposes
- f. Aircraft of other contracting States over flying the Sri Lanka's airspace and transit at airports in Sri Lanka.

In this context, there were 148 approvals granted for carriage of munitions in the cargo hold and 37 approvals for carriage on board concerning VVIP/VIP International travel during year 2015.

Aviation Security Meetings/Seminars

Attended 12th Steering Committee meeting of CASP-AP in Laos and 6th Asia Pacific Aviation Security Heads of Regulators meeting in Singapore by the Head of Section.

TSA Inspection at BIA

A team of transportation security specialists of the Transportation Security Administration (TSA) office of Global Strategies reviewed the implementation of International Civil Aviation Organization (ICAO) Standards and Recommended Practices at BIA in the month of October 2015 by conducting a comprehensive inspection. CAA-SL facilitated to this inspection by coordinating all other relevant organizations involved in Aviation Security functions at BIA.

Aerodromes and Air Navigation Services Section

Surveillance activities

The surveillance programme on ATS units sums up to a total of 29 inspections which includes the three Towers at BIA/RMA/MRIA and the Approach Radar Centre and Area Control Centre.

The surveillance programme on AIS units completed a total of 19 inspections which included the three AIS Units at BIA, RMA and MRJA.

ATC Rating Assessments

ANS section has conducted assessments for the issuance following ATC Ratings:

- (i) 23 Area Control Radar Ratings
- (ii) 17 Area Control Procedural Ratings
- (iii) 13 Approach Control Procedural Rating
- (iv) 03 Approach Control Radar Ratings, and,
- (v) 01 Aerodrome Control Rating for BIA

Language Proficiency & Radio Telephony Procedure tests

ANS Section collaborated with PEL Section in conducting Language Proficiency tests & also represented the Examination Panel for R/T Examinations conducted on Pilots of private Flying Schools for CPLs and PPLs.

Accordingly, 40 PPL R/T tests, 22 CPL R/T tests and 12 ELPC Tests were conducted.

Investigations

Conducted investigations on the Mandatory Occurrence Reports (MORs) on minor ANS-related incidents received from Airlines & ATC and implemented remedial actions to avoid recurrence.

Granting Approvals

Granting approvals for non-scheduled Tech-stops/non-commercial landing flights & overflights continued satisfactorily. Approvals for Aerial Work Operations were also granted subject to additional approvals from other associated agencies such as MOD, SLAF, Archeological Dept; etc; depending on the location of intended operation.

Accordingly, ANS Section granted approvals for 921 non-scheduled over flights, 891 non-scheduled Landing flights, 98 no-objection notes to diplomatic over flights, 90 no-objection notes to diplomatic landing flights, 75 Aerial Photography flights.

Furthermore, approvals were also granted for 16 Drone operations which has shown a rapid increase in popularity in the country.

PBN Implementation

In continuation on the efforts of Sri Lanka's implementation of PBN Flight Procedures, the ANS section guided the AASL with a revised time-lined working programme for the Implementation of PBN Flight procedures for BIA, having coordinated for the ground validation of designed PBN procedures through the assistance of FPP of ICAO. PBN safety assessment was also conducted & also served in the TEC for procurement of PBN Flight Validation Services from a foreign agency.

The implementation of PBN is expected to be completed in the 1st half of Y2016.

Enhancement of Operational Hours of Visual Flights

Collaborated with Meteorological Department to successfully grant an additional window of 20 minutes after sunset and before sunrise for visual flights operations within Colombo Flight Information Region (FIR)

AIP Amendments, AIP Supplements, Aeronautical Information Circulars (AICs) & NOTAMs

One AIP Amendment, six AIP Supplements and seven AICs related to ANS were issued while 359 NOTAM on Operational ANS activities were scrutinized and granted approval for issuance.

Agreements with neighboring States for Search and Rescue (SAR) Assistance

Signed SAR arrangements with Australia and Maldives, while India and Indonesia have forwarded the Final drafts agreed to their respective Ministries for approval and awaiting feedback from them for signing the agreement.

Commenced initial discussions with Department of Disaster Management for the establishment of a mechanism to obtain assistance from SL Army, SL Navy, SL Air Force for Search & Rescue operations.

Implementation of APANPIRG Decisions of ICAO

Established a mechanism between CAASL and AASL for timely implementation of applicable APANPIRG Decisions. ANS Section shouldered the responsibility of the functions of the newly launched SLANPIRG (Sri Lanka Air Navigation Planning & Implementation Review Group) which is spearheaded by the DGCA to ensure Sri Lanka's compliance of APANPIRG Decisions. The effective implementation of APANPIRG decisions was also monitored during routine Inspections to ATS/AIS Operational Centre's.

Service Agreements

Renewed the Service Agreement with Jeppesen to receive free Supply of Aeronautical Maps & Charts both Printed & Electronic Versions.

ANS Regulatory Aspects

The conversion of all ANS related Aviation Safety Notices (ASNs) to Implementing Standards (ISs) was completed.

ANS Section participated in the Civil Aviation Regulatory Development & Implementation Project (CARDIP) which is the Working Group formed within CAASL to fulfill the task of drafting new Air Navigation Regulations.

Implemented ICAO State Letters & all other requirements related to ANS with regular coordination with ANS Division of AASL and other relevant stake-holders of the Aviation industry while a new more systematic mechanism was also introduced to further improve this aspect.

Making arrangements for effective management of Sri Lanka Air Space in Coordination with SLAF and ANS Provider

Coordinated for NOTAM Action as and when Special Use Airspaces (SUAs) are activated and reviewed for any possible alterations to the existing VCR and VCD airspaces to cater to the planned implementation of PBN Procedures

Assistance for ANS Dues recovery from airlines

Assisted AASL the ANS Provider with special letters to our counterparts urging some Airline operators to settle long-overdue payments on Overflying/landing. As a result, a number of Airlines settled their long-overdue overflying charges to AASL during 2015.

Improvements/Contribution in Corporate affairs & Office Management

Through continuous reference and reviews, updated the existing Manuals/Checklists/Guidance material, ANS Inspector Handbook & ANS Chapter of CAASL's Office manual.

Special Projects Section

Special Projects Section of CAA functioned under the Directorate of ASSR during the year 2015. The major tasks performed during the year are as follows.

Construction of Head Office Building for CAASL

With the revised decisions of the Cabinet of Ministers the contract of construction of the Head Office Building was awarded to the State engineering Corporation. The work started on 14th December 2015 and the foundation laying ceremony was held on the same day with the participation of the Hon. Minister of Transport and Civil Aviation.

53rd DGCA Conference arrangements

DGCA's Conference in the Asia Pacific (APAC) Region is an annual event at which nearly 400 high level foreign delegates in the aviation sector are participated including all DGCA's of the states in the Asia Pacific (APAC) Region

In line with the DGCA's conference two other meetings will also be held every year as per the arrangements of ICAO Asia Pacific Regional Office which are "Regional Aviation Security Coordination Forum" (RASCF) and "Regional Aviation Safety group Meeting" (RASG). RASCF focuses on Aviation Security related matters and RASG meeting focuses on Aviation Safety related issues in the region. Most of the participants of these two meetings will participate at DGCA's conference too.

The purpose of the DGCA's conference is to bring all Directors General of Civil Aviation in Asia Pacific Region together in order to build consensus on improving aviation safety through coordinated action by all Contracting States in the APAC Region, ICAO, and the aviation industry. It also allows the Directors Generals of Civil Aviation to discuss any issue, pertaining to any aspect of civil aviation, openly and frankly and facilitates bilateral and regional cooperation in areas of common interest.

The States in the APAC region take turns to host this conference annually. Accordingly Sri Lanka undertook the responsibility of hosting 43rd DGCA's Conference in 2006. However due to the prevailing situation of the country at that time it was not possible to hold the conference in Sri Lanka. As such Indonesia came forward to host this conference.

Sri Lanka has been invited again to consider hosting the 53rd DGCA's Conference in 2016 during the recent times.

Regional office of ICAO Asia Pacific Region has requested Sri Lanka to host the 53rd Conference of the Directors Generals of Civil Aviation of the Asia Pacific Region in 2016. The period given for the DGCA's Conference and other two meetings (RASCF and RASG) is 01 – 05 August 2016.

Hence preliminary arrangements was done for the organizing said conference.

52nd DGCA Conference

The 52nd conference of DGCA's was held in PICC Manila, Philippines from 26th to 30th October 2015. Sri Lanka had a special role to play at the 52nd DGCA's conference as the next host country for the 53rd conference.

Sri Lanka had a stall to promote the country and later it was decided that operating the stall be done through Sri Lankan Airlines, in order to harmonize the participation of Sri Lanka at the conference in Manila.

Logistics arrangements for the Workshops/ Meetings

Special Projects section contributed in arranging the logistics required for SARI meeting, SARI Part 66, Accident Investigation Workshop and CAMI workshop during the year 2015.

1. SARI 66 & 147 Working Group 7th Meeting (25th-27th February 2015
Galadari Hotel, Colombo – Sri Lanka

11. Third Meeting of the Asia Pacific Accident Investigation Group (APAC/AIG/3) of the ICAO Asia Pacific Regional Aviation Safety Team and Regional Accident Investigation Workshop, Asia & Pacific Region (23-26 June 2015)

The Civil Aviation Authority (CAA) of Sri Lanka hosted the 3rd Meeting of the Asia Pacific Aircraft Accident Investigation Group and Asia Pacific Regional Aircraft Accident Investigation Workshop of the International Civil Aviation Organization from 23rd to 26th June 2015 at Ramada Hotel, Colombo.

45 delegates from 20 countries including Sri Lanka participated this important aviation activity of the Asia and Pacific regions which was under the annual event calendar of the Asia and Pacific Regional Office of the International Civil Aviation Organization (ICAO). In addition, Regional Officer Flight Safety of ICAO Bangkok Regional Office participated representing the Regional Director. Sri Lanka represented at the AIG Meeting by a 3 member delegation from the Civil Aviation Authority while 30 delegates from the CAA and the local industry attended the workshop.

The purpose of both events was to assist the States in keeping abreast of developments in the area of aircraft accident investigation, enhance and promote investigation capabilities and share expertise, experience and information among accident & incident investigation bodies. The meeting was also deliberate on the action plan in the Asia Pacific regions to improve the aircraft accident investigation capabilities and recent global initiatives in accident investigation.

At the Workshop, there was 15 experienced investigators speaking on a wide range of subject matter which was include their experiences in investigations in to the recent major aircraft accidents, investigations under challenging environment including sea search operations and underwater wreckage recovery and equipment. Two leading aircraft manufactures, Boeing from the United States of America and Embraer from Brazil made presentations on Special Techniques in aircraft accident investigation.

Conduct of this event in Sri Lanka would further strengthen the co-operative partnership of the State in civil aviation with the other Asia and Pacific States. It will also reaffirm the country's commitment to global aviation safety where Sri Lanka is an active member of the International Civil Aviation Organization which is a UN specialized agency established in 1944 to set the international Standards and Recommended Practices in aviation safety, security, efficiency and regularity of global air transportation.

Civil Aviation Awareness Programme

The CAASL has also embarked on a project to develop future man power needs for aviation. As a move forward, the CAASL established a Civil Aviation Development and Education Committee (CADEC) which functions under the Special Projects Section to develop awareness of school children in aviation.

CADEC conducts Aviation Awareness Programmes in schools, encourages formulation of Aeronautical Clubs in schools and publishes a quarterly aviation education magazine titled 'Guwansara' with the view to enhance the knowledge of school children in the field of aviation.

During the year 2015, two school programmes were conducted and supported formulation of a total of 584 Aeronautical Clubs by the end of 2015. Three Guwansara magazines were issued and distributed to 3100 schools on complimentary basis.

Publications/ Reports

The Annual Report-2014 was compiled, in accordance with the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 in order for the Hon. Minister to present it before the Parliament.

Physical and Progress Reports, Committee Stage Budget Report, Projects Development Reports etc. were submitted to the line Ministry and Central Bank as and when requested for such reports.

CORPORATE DIVISION

Air Transport and Legal Affairs Section

The Year 2015 was a remarkable year where there was growth in the Air Transport Sector with an increase of passenger, cargo and aircraft movements. Improved air services arrangements during year also helpful for the growth of air transport sector in the year.

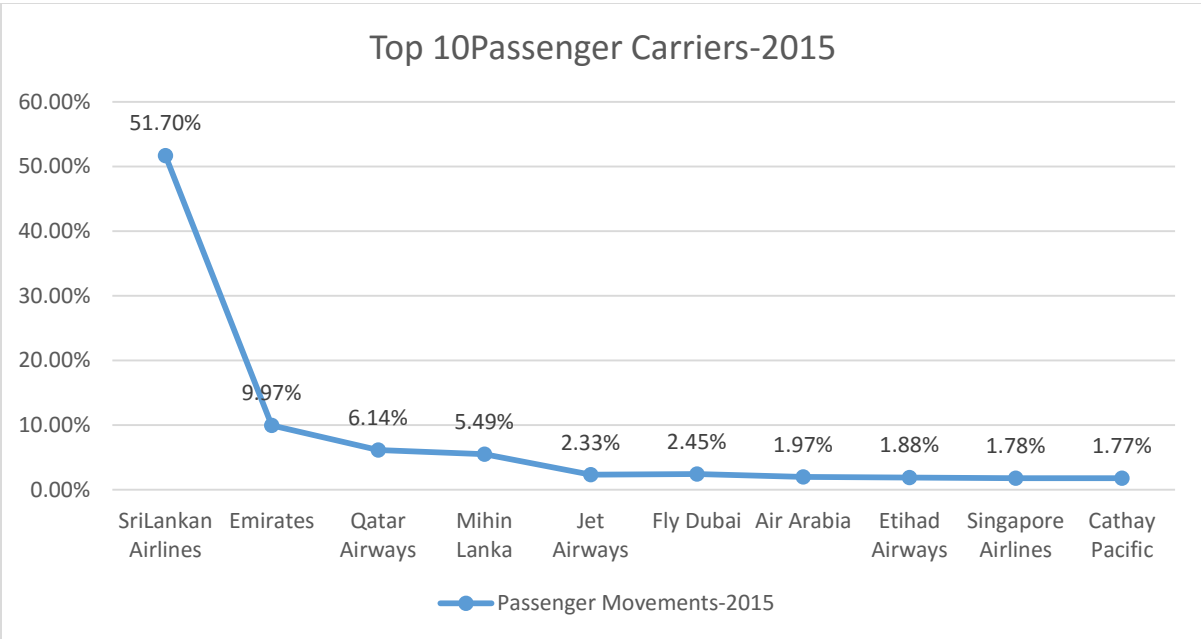
Airline Operations

Almost all the foreign airlines which operated within 2014 continued their operations to Sri Lanka during 2015 whilst Malindo Air a Malaysian Carrier, commenced scheduled services as a new operator to Sri Lanka. Air Asia, a leading budget carrier recommenced their operations to Sri Lanka during the year under review.

Recommencement of operations of Austrian Airlines, after suspension of operations in 2008 was can be highlighted as a significant event in the year 2015.

The world's leading legacy airlines like Emirates, British Airways, Singapore Airlines, Thai Airways, Etihad Airways, Qatar Airways, and Korean Air along with Sri Lankan Airlines contributed to the growth of passenger operations in Sri Lanka during the year.

SriLankan Airlines	UL	51.70%
Emirates	EK	9.97%
Qatar Airways	QR	6.14%
Mihin Lanka	MJ	5.49%
Fly Dubai	FZ	2.45%
Jet Airways	9W	2.33%
Air Arabia	G9	1.97%
Etihad Airways	EY	1.88%
Singapore Airlines	SQ	1.78%
Cathay Pacific	CX	1.77%



Air Asia X, Air Asia, Air Arabia, Fly Dubai and Spice Jet along with Mihin Lanka continued their operations to Sri Lanka as budget operators providing significant passenger movement to the Aviation industry in Sri Lanka.

Further to the aforementioned scheduled operators, Lot Polish (from Warsaw) and Transaero (from Moscow) continued their charter operations to Sri Lanka during IATA winter season 2015/16 as Inclusive Tour Charter Operators. Ukraine Airlines (Kiev) recommenced their operations during the year and Azur Air (Moscow) commenced their charter operations as a new operator to Sri Lanka. Further Iceland Air, Thompson Air and Mahan Air operated inclusive tour charter flights as ad-hoc charter operators.

Scheduled operators Air Asia X (from Kuala Lumpur), and British Airways (from Gatwick) ceased their operations to Sri Lanka during the year under review.

Most of the leading international Online operators significantly increased their codeshare operations to Sri Lanka with third party airlines during the year which was a boost to the choice of destinations available to/from Sri Lanka to the traveler. This was also vital to provide visibility and connectivity to lesser known cities of the world.

Etihad Airways, Malaysia Airlines, Emirates were the top online airlines which performed the most number of codeshare operations as operating carriers among the foreign airlines during the year under review. Upon joining the “One World” airline alliance in May 2014 Sri Lankan Airlines’ route network expanded by nearly 1000+ destinations and the Airline was also the leading Codeshare operating carrier in the Sri Lanka Market.

Mihin Lanka is the only home based budget carrier and they increased operations to Lahore (LHE), Pakistan and Dhaka and Chittagong in Bangladesh. Mihin also continued its codeshare operations with SriLankan airlines to many destinations.

Sri Lankan Airlines and Mihin Lanka ceased their operations to Mattala in 2015 whilst FlyDubai and Rotana Jet continued their operations via Mattala.

Passenger and Cargo Movements.

There was a significant improvement recorded in the passenger and cargo movements during the year under review. Total Numbers of passengers arrived at and departed from BIA and MRIA were 4,273,959 and 4,252,619 respectively. The market share of SriLankan Airlines of these passengers were 51.70% of the total passenger numbers.

Out of a total of 116,585,620.9 (Kgs) uplifted at BIA and MRIA in 2015, SriLankan Airlines uplifted 53,371,788. In regard to cargo that was discharged at BIA and MRIA, out of a total of 98,446,799.

SriLankan Airlines discharged 49,848,755.

	Passengers			Cargo (metric tons)		
	Departures	Arrivals	Total	Loaded	Unloaded	Total
2011	3,095,089	3,079,126	6,174,215	95,411	63,161	158,572
2012	3,554,969	3,590,122	7,145,091	108,043	66,602	174,645
2013	3,621,822	3,690,047	7,311,842	119,447	71,776	191,224
2014	3,926,447	3,893,400	7,819,847	115,400	77,040	192,440
2015	4,252,619	4,273,959	8,528,593	116,585	98,446	215,032
2016 (forecast)	4,420,782	4,451,452	8,874,249	120,262	103,660	223,922
Predicted Growth	3.95%	4.15%	4.05%	3.15%	5.30%	4.13%

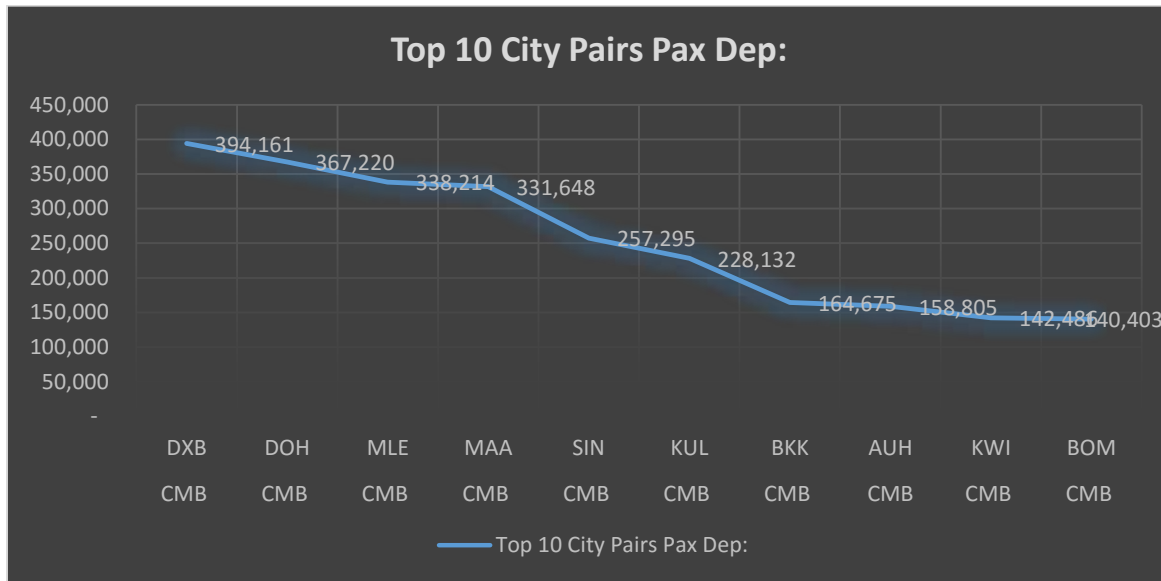
Change in Passenger, Cargo and Mail operations in 2014 Vs. 2015

From Colombo			
	Passenger	Cargo	Mail
2015	4,252,619	116,585,621	934,807
2014	3,926,447	115,399,998	659,689
Growth	8.30%	1.02%	41.70%

To Colombo			
	Passenger	Cargo	Mail
2015	4,273,959	98,446,799	1,383,160
2014	3,893,400	77,040,000	1,054,592
Growth	9.77%	27.78%	31.15%

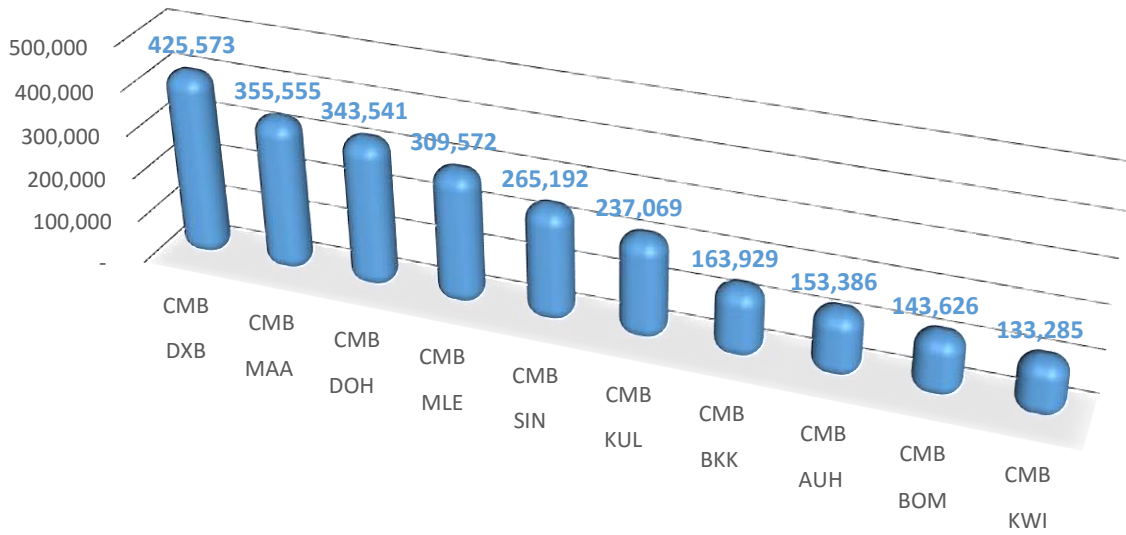
Ten of the most favorite cities that were connected Sri Lanka during the 2015 under review are follows

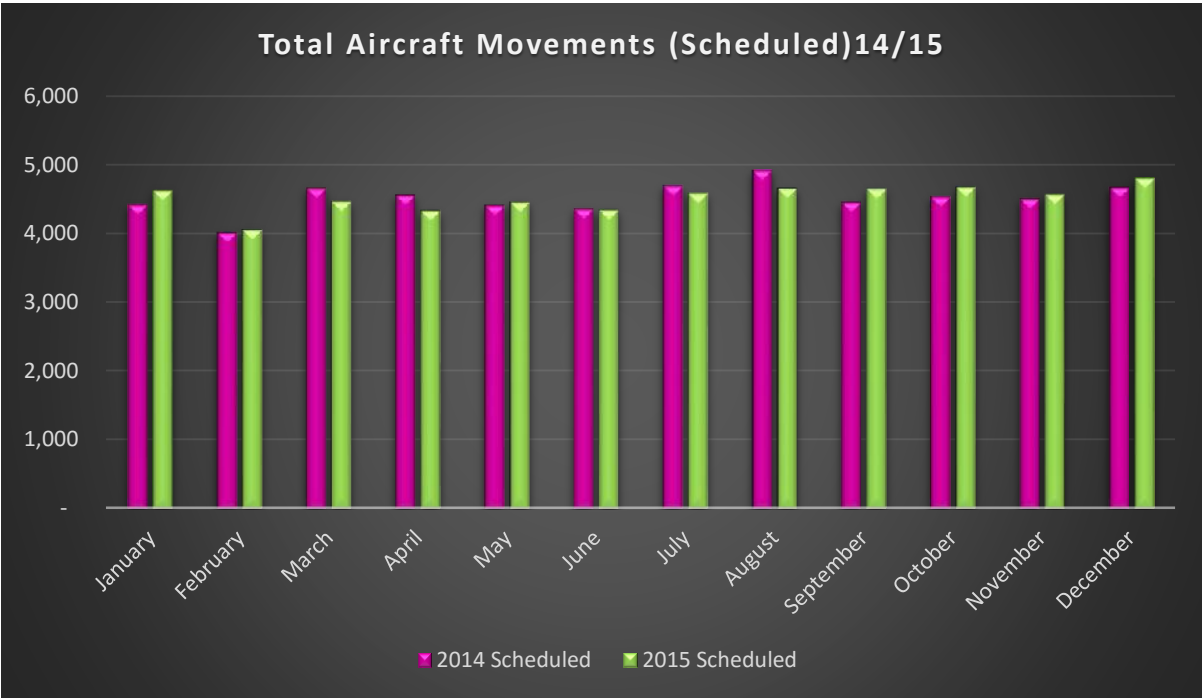
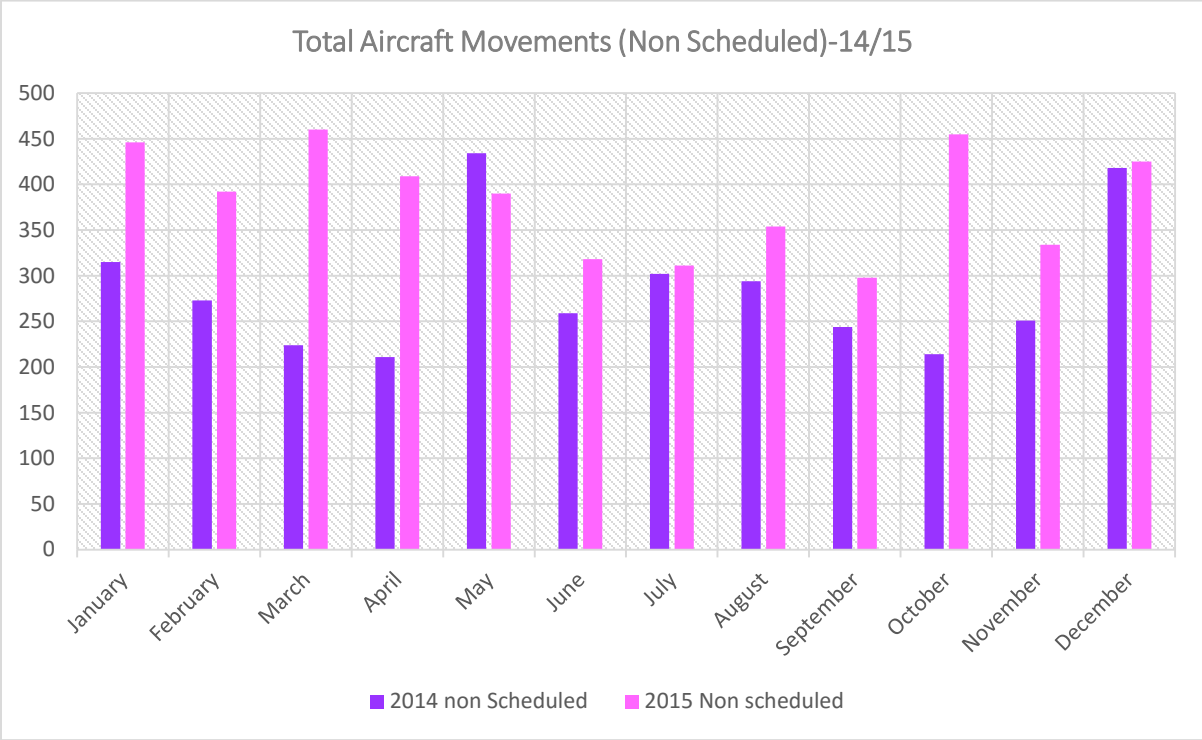
<i>Top ten cities of Departures (Passenger)</i>	
<i>City</i>	<i>Departure</i>
<i>Dubai (DXB)</i>	<i>394,161</i>
<i>Doha (DOH)</i>	<i>367,220</i>
<i>Male (MLE)</i>	<i>338,214</i>
<i>Chennai (MAA)</i>	<i>331,648</i>
<i>Singapore (SIN)</i>	<i>257,295</i>
<i>Kuala Lumpur (KUL)</i>	<i>228,132</i>
<i>Bangkok (BKK)</i>	<i>164,675</i>
<i>Abu Dhabi (AUH)</i>	<i>158,805</i>
<i>Kuwait (KWI)</i>	<i>142,486</i>
<i>Mumbai (BOM)</i>	<i>140,402</i>



<i>Top Ten Cities of Arrivals (Passenger)</i>	
<i>City</i>	<i>Arrivals</i>
<i>Dubai (DXB)</i>	<i>425,573</i>
<i>Chennai (MAA)</i>	<i>355,555</i>
<i>Doha (DOH)</i>	<i>343,541</i>
<i>Male (MLE)</i>	<i>309,572</i>
<i>Singapore (SIN)</i>	<i>265,192</i>
<i>Kuala Lumpur (KUL)</i>	<i>237,069</i>
<i>Bangkok (BKK)</i>	<i>163,929</i>
<i>Abu Dhabi (AUH)</i>	<i>153,386</i>
<i>Mumbai (BOM)</i>	<i>143,626</i>
<i>Kuwait (KWI)</i>	<i>133,285</i>

TOP 10 CITY PAIRS PASSENGER ARRIVALS





Transit Passengers

If BIA is to be developed as a hub airport in the region an important area to improve and develop would be to increase the number of transit passengers passing through the Airport. The total number of passengers who

were in transit at BIA is 1,247,453. representing a 29 % of total arrivals. Sri Lankan airlines had carried 83% of these transit passengers.

Domestic aviation

During the year under review Cinnamon Air continued their operations as domestic fixed-wing/Amphibian scheduled passenger service operator to approved water aerodromes in the country. Daya Aviation Ltd continued with their private/Commercial fixed wing operations during the year.

Millennium Airlines (Pvt) Ltd continued to operate to several destinations in the Country using fixed and rotor wing aircraft. Cosmos Aviation Ltd has been lay off their private / commercial operations from March 2015. Senok Aviation continued helicopter operations during 2015. IWS Aviation Ltd and Richy skylark commenced their commercial operations in the country using rotter wing aircraft.

Statistics relating to passenger transportation by local operators in few years under review are as follows.

Traffic Particulars 2015				
Domestic Operations				
	2012	2013	2014	2015
Passenger Carried	8,421	7,694	28,568	15,463
Aircraft Movements	1,715	1,842	3,296	3,462
No of Aircraft operators	3	8	8	8
Scheduled Flight	1	2	2	1
Charter Flight	2	6	6	7

The Fixed wing aircraft were engaged in the operation of passenger flights between domestic airports. Statistical data of passengers operations on most popular routes are as follows.

Colombo (CMB)	Sigiriya (GIU)	714
Colombo (CMB)	Mattala (HRI)	2343
Colombo (CMB)	Trincomalee (TRR)	561
Polgolla (KDZ)	Waters' Edge (DWO)	406
Sigiriya (GIU)	Colombo (CMB)	446

The Rotter wing aircraft were engaged in the operations of passenger flights to any districts. Statistic relating to passengers on most popular district as follow.

Colombo	957
Galle	935
Kandy	208
Nuwara Eliya	307
Kaluthara	150

Travel Agents

As per the regulations made under the Air Navigation (Special Provisions) Act No 55 of 1992, all travel agents and other Air Transport Providers in Sri Lanka are required to obtain a license issued by the CAASL renewed on an annual basis.

At the end of the year there were 565 Air Transport Providers licensed by the CAASL. The List of license holders is updated on the CAASL website on a monthly basis.

The Authority introduced a new system to obtain Bank Guarantees from Travel Agents for new license holders as well as existing holders that renew. This was done with a view to protecting the traveling public against unscrupulous agents that dupe their customers. The Global Distribution Service providers have been strictly advised not to issue any connections to unlicensed agents.

Bilateral Air Services Negotiations

The CAASL took part in several Bilateral Air Services negotiations held with overseas Aeronautical Authorities as a member of the delegation of Sri Lanka. Five of the negotiations were held with individual states and CAASL also took part in the ICAO Conference on Air Services Negotiations (ICAN) which was held in Bali, Indonesia. The outcome of these negotiations were as follows:

Bilateral Negotiations held with respective states:

- Cambodia (Colombo – March)-The First ever Bilateral Air Services Agreement was initialed between Sri Lanka and Serbia. A Memorandum of Understanding (MOU) was also signed to permit the designated airlines of both states to operate up to 7 frequencies per week on the agreed services.
- Austria (Vienna–November) – A new Air Transport Agreement was initialed to replace the previous Agreement of 1970. A MoU was signed permitting the designated Airlines of each Country to exercise 3rd and 4th Freedom traffic rights without any restrictions.

Bilateral Negotiations held at the ICAN conference in Antalya, Turkey in October 2015.

Sri Lanka participated at the ICAO Conference on Air Services Negotiations (ICAN) held in Antalya, Turkey in October 2015. Sri Lanka delegation met the following states:

The summary of the outcome of consultations of Sri Lanka were as follows:

01. Pakistan

An MOU was signed between the two parties to reflect the discussions that took place:

- i. 28 frequencies per week for the designated airlines of Pakistan and open skies at Mattala Rajapakse International Airport for 3rd, 4th and 5th Freedom traffic Rights.
- ii. 36 frequencies per week for the designated airlines of Sri Lanka; From Sri Lanka to Karachi(14), Lahore(05),Islamabad(03),Multan(07),Faisalabad(03), Sialkot(04). Open Skies was granted to Quetta.
- iii. Both countries agreed for 5th Freedom Traffic Rights on all frequencies on any intermediate and beyond points.
- iv. Pakistan side also offered flight calibration services to Sri Lanka side. SL offered to positively consider same.

02. United Republic of Tanzania

An MOU was signed between the two parties to reflect the discussions that took place:

- i. A new Bilateral Air Services Agreement (BASA) was initialed between parties with provisional application pending signature.
- ii. Both parties agreed for the designated airlines of each party to be entitled to operate 14 frequencies per week.
- iii. Although Sri Lanka requested for 5th Freedom Traffic Rights between Sri Lanka and Seychelles, the Tanzanians stated that they have to revert after internal consultations.

03. Bangladesh

An MOU was signed between the two parties to reflect the matters discussed:

- i. Bangladeshi designated Airlines are entitled to operate a total of 28 frequencies per week with 7 from Dhaka, 7 from Chittagong and 14 from Dhaka and/or Chittagong to points in Sri Lanka.
- ii. Sri Lanka designated airlines are entitled to operate a total of 28 frequencies per week from points in Sri Lanka to Dhaka (7), Chittagong (7) and to Dhaka and/or Chittagong (14).
- iii. SL delegation requested 5th freedom traffic rights to SAARC Countries, both delegations agreed to take these matters up at a later date.
- iv. SL delegation requested to open the freighter regime as it exercises an open skies policy for freighter operations, both delegations agreed to take it up at later stage.

04. Morocco

An MOU was signed between the two parties to reflect the matters discussed:

- i. A new Bilateral Air Services Agreement (BASA) was initialed between parties with provisional application pending signature. (Except the Designation Clause, which is to be agreed between the parties due to variance of policies)
- ii. Morocco designated Royal Air Morocco with additional airlines to be designated in due course. Sri Lanka designated SriLankan Airlines and Mihin Lanka and any additional airlines to be designated in due course.
- iii. Both parties agreed for a total of 7 flights per a week for their designated Airlines, with 5th Freedom Traffic rights subject to an agreement between the aeronautical authorities of both parties. A Code share provision was also agreed upon.

- iv. Both parties also agreed to permit non-scheduled/charter passenger and all cargo services in terms of the frequencies allocated.
- v. Both parties also agreed to recommend to their relevant authorities to conclude a double taxation agreement.

05. Qatar

Qatar side requested for unlimited 5th Freedom Traffic rights out of Colombo. Sri Lanka reiterated its request for the inclusion of Mihin Lanka as a 2nd designated Airline. Qatar side explained that the reason for not acceding to the request for designation of Mihin was due to the fact that the current ASA only permits single designation. They also indicated their preference to confine the designation to the two national carriers, i.e. QR and UL, even though SL explained that Mihin was also a state-owned carrier.

Due to insufficient time as Qatar was involved in another negotiation at the same time, both parties agreed to meet on a later date to discuss the outstanding requests.

06. Bulgaria

Bulgaria and Sri Lanka had an informal meeting to discuss the way forward to sign the BASA which was initialed in 2014. Sri Lanka stated that all necessary steps for conclusion of internal procedures to sign the BASA will be taken shortly. Both parties also discussed ways to mutually assist the respective aviation industries.

07. Oman

An MOU was signed between the parties to reflect the discussions:

- i. The Temporary operating permit (TOP) granted to Oman Air was formalized, as a result airlines of both parties are now entitled to 14 frequencies per week.
- ii. Paragraph 1(a) of the Record of Discussion signed in October 2014 (i.e. - the option of one party using the unutilized frequencies of the other) was repealed in terms of the new frequencies allocated.
- iii. Oman requested for 5th Freedom Traffic Rights to which the SL delegation responded by stating its inability to agree at the present juncture.

08. Denmark/Sweden/Norway

An MOU was signed between the two parties reflecting the discussions that took place:

- i. A new Air Services Agreement was initialed between the parties with provisional application for the designated airlines of both parties.
- ii. 3rd, 4th and 5th freedom traffic rights were fully liberalized for both passenger and freighter operations.

- iii. The Scandinavian delegation proposed the inclusion of a fair competition clause in the ASA in line with the recently proposed standard EU clause, which the SL delegation was not prepared to accept at the present juncture.

09. Turkey (Host nation)

An MOU was signed between the two parties reflecting the discussions that took place:

- i. Both parties agreed to include a new Tariffs Clause to the ASA with provisional application until internal processes are completed.
- ii. The Turks requested for exemption from customs duties for their promotional materials. The SL delegation agreed to pursue the matter with the relevant authorities.
- iii. The Turks also requested for approval to station additional Turkish nationals at their office in Colombo in addition to the current approval for 3 personnel, the SL delegation stated that they could do so only if there was a change in the policy of the Aeronautical Authorities.
- iv. The Turks also requested for permission to operate its own office in Colombo instead of a GSA. The SL delegation stated that this matter is being currently reviewed by the new administration and will revert with the outcome.

10. Rwanda

An MOU was signed between the parties to reflect the discussions that took place:

- i. A new Bilateral Air Services Agreement (BASA) was initialed between parties with provisional application pending signature.
- ii. Both delegations agreed to permit 7 frequencies per week on 3rd and 4th Freedom Traffic Rights for passenger and cargo services for the designated airlines.
- iii. 5th Freedom Traffic rights are subject to approval of the parties.

11. Nigeria

The parties signed an MOU to reflect the discussions that took place:

- i. The delegations negotiated and initialed a text of an Air Services Agreement with provisional application until signature.
- ii. Both delegations agreed to permit 7 frequencies per week on 3rd and 4th Freedom Traffic Rights for passenger and cargo services for the designated airlines.
- iii. 5th Freedom Traffic rights are subject to approval of the parties.

12. UAE

The parties signed an MOU to reflect the discussions that took place:

- i. UAE delegation on behalf of Etihad Airways requested an increase of 7 additional frequencies.
- ii. UAE delegation on behalf of Emirates Airlines requested that the Temporary Operating Permit (TOP) for 7 frequencies per week granted to the Airline be confirmed.
- iii. UAE on behalf of flydubai airlines requested that the SL delegation formalize all the TOPs granted in respect of the airline.
- iv. UAE delegation on behalf of Air Arabia requested for an additional 7 frequencies per week.

In response to the above requests, the SL delegation responded by stating that the status quo has to be maintained until the new Aviation Policy of the Government is finalized.

Airline Reservation & Fares Calculation Course

The Airline Reservation and Fares Calculation Course which was commenced in 2009 has made steady progress in providing skilled human resources to the travel industry. The Course reached an important milestone of completing 10 successful Batches of students completing their studies during the year.

Since its commencement, a total of 173 students have followed this course, with many progressing to secure gainful employment with Airlines and Travel agents in Sri Lanka and overseas.

Slot Co-ordination

The Slot Allocation at BIA and HRI were conducted in terms of the agreed criteria of the Slot Committee during the year. With the peaceful environment in the Country, BIA is becoming a preferred destination for many Airlines and passengers and therefore there may be capacity restrictions in the future. Also operations of HRI were increased in a considerable number and slot coordinator encouraged operators for their operations.

Consumer Complaints Handling

A Total number of 18 complaints were addressed and complaints made against Airlines/ Travel Agents were resolved in a professional manner. There is a positive feedback for this initiative from the industry and the general public.

Regulating the Air Transport Industry

Evaluation Meetings were conducted as a part of the licensing process of Travel Agencies. The suitability of the staff members were ascertained in the evaluation meeting. Moreover, the prospective management was educated on responsibilities of Travel Agents towards the industry and to the general public.

There are four Global Distribution Systems (GDSs) namely Amadeus, Abacus, Galileo and Worldspan currently providing airline inventories to the Sri Lankan market. All travel agent bookings are done through one of these GDSs and the section was able to make the Air Transport Providers (Passenger) License as one of the main requirements to have a GDS connection. The Section introduced a surveillance program to remove unlicensed agents with the help of GDSs and it was very successful.

A new bank guarantee (BG) requirement was introduced as one of the requirements to obtain the license and it will help to prevent financially unhealthy agents in the industry. Also one of the aims was to use the BG to compensate the passengers who may be misled by travel agents.

Meetings with Stakeholders in Air Transport Industry/Department of Commerce.

The Section coordinated regular meetings with industry bodies such as Board of Airline Representatives, Sri Lanka Association of Airline Representatives, Travel Agents Association of Sri Lanka, IATA Agents association and with Government Institutions such as Department of Commerce to ensure a positive development in the Air Transport industry. DD (AT/LA) also attends meetings at IATA BSP's local managing forum, the Agency Program Joint Council (APJC) as an observer of the DGCA.

Internship for Undergraduates of Moratuwa University

At the request of the University of Moratuwa, CAASL facilitated one (01) undergraduate to undergo in-plant training at the CAASL for six months in 2014/15. This training program was coordinated by the section and the undergraduates were given the exposure to the industry by arranging and coordinating educational visits. DD (AT&LA) acted as their supervisor. CAASL has so far accommodated 13 such students from the Transport & Logistics Management Department with in-plant training.

Human Resources and Office Management Section

Organizational Reforms and staff Recruitment

The CAASL consists of hundred and eighty nine (189) positions in its approved cadre under organizational reforms. The process of approval for the relevant Scheme of recruitment was completed at the later part of November 2015. Sixteen (16) vacancies were filled in the newly approved cadre during the period under review. A total of hundred and forty four (144) employees are in employment with CAASL as at the end of December 2015 when consider both reformed cadre and the existing cadre. This includes seven (7) contract employees as at 31.12.2015. There are four (4) trainees and four (4) Assistant Managers on temporary basis apart from the cadre. There are three (3) consultants also attached to CAA apart from the 144 employees as at 31.12.2015, making a total of 151 employees.

Staff Welfare

The premium paid for the Medical Insurance Scheme during the year was Rs.7, 343,798.34 as a welfare facility offered to employees and their immediate family members. A total of One hundred forty six (146) employees has enjoyed the medical insurance Out Door facility worth Rs.3, 839,940.34 claims during 2015 the period commencing 1st January 2015.

The Accident Insurance Policy was renewed with MBSL Insurance PLC at the cost of Rs.783, 675.25 as they agreed to offer special coverage to Civil Aviation Inspectors, who sometimes have to face potential situations harmful to their health, safety, and security.

A total of Rs.4, 556,412/= has been granted as Distress loans for 32 employees and Rs.60, 000/= as Distress Special Loan. The amount granted on property loans was Rs.1, 947,300/= and a sum of Rs.81, 005/= granted as Property Loan Expenses Special Loan for an employee in the year 2015. Besides this, a sum of Rs.13, 424,410/= was granted as loans to purchase Vehicles, Motor bikes, Three Wheelers and Push bikes in year 2015 for 19 employees.

Trainings, Seminars, Workshops, Meetings, Conferences

A total of Rs.23, 220,563.04 was spent on overseas travel for participation at trainings, meetings, seminars, workshop and conferences including bilateral meetings. Out of which Rs.13,727,782.18 has been spent for Meetings and conferences for 118 man days. In total 14 events have been participated by CAASL officials spending Rs.9,098,752.59 as training, workshops and seminars abroad which consist of 89 man days. Further Rs.4, 054,190.29 has been spent abroad for carrying out inspections by the CAASL officials.

There is a 36% lesser when compared with 2014 on the number of man days on training during 2015. There had been 24 training attended by the staff during 2014 and it had been reduced to 14 in the year 2015. There is an increase of 6.4% on participation at the Meetings by CAA in 2015 when compared to the last year.

A total of one hundred twenty nine (129) local activities totaling to three hundred fifty eight (358) man days which includes trainings, seminars, workshops, opportunities were offered to Executives and Action Officers aiming at enhancing human resource capacity building. Accordingly Rs.219,950/= and Rs.1, 080,100/= has been spent for Executives and Action officers in this regard locally.

Technical Library

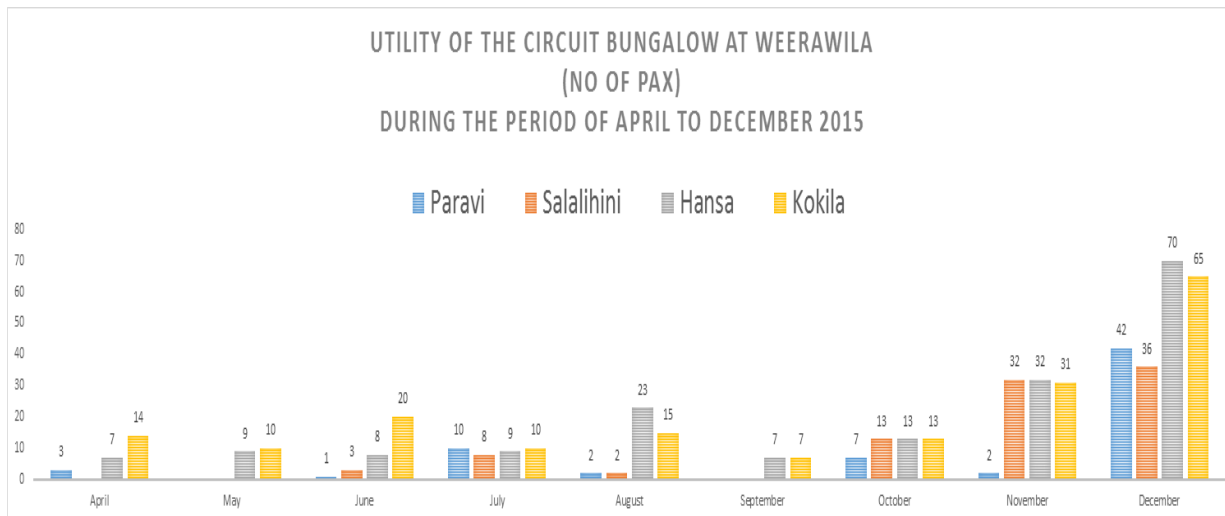
More than 288, number of outsiders utilized the library materials in the year under review. A sum of Rs.149, 400/= was spent on the purchase of new publications to the library for the year 2015. In addition to that in order to enhance the dissemination of information among staff, Sectional Libraries were maintained by main the Technical Library with on-going scheme of updating ICAO documents.

CAASL Website and the new website of DGCA conference

CAASL website www.caa.lk was maintained with relevant updates and also a separate website as lounged specifically for the upcoming 53rd DGCA conference to be held in Colombo. The DGCA conference website was launched at the 52nd Conference held in Manila by the Secretary General of ICAO.

Circuit Bungalow of CAASL – Weerawila

Circuit Bungalow complex of Civil Aviation Authority of Sri Lanka was completed in the 2014 at Weerawila and since the inception of opening for the staff for accommodation a good response have been received. There had been 55 number of occupancy days in the year 2015 with total users 524 in the four Holiday Bungalows. HROM has thriving hard to maintain the bungalows at a high standard with limited resources.



Archives Management of CAASL

Archives of CAASL was shifted to Mattala in order to have more spacious, systematic arrangements in storing the documents. During the year 3661 files have been archived and 7 have been taken back from archives.

Leave Availed by the CAASL Employee

Close monitoring of late attendance records and short leave records were made even in the year 2015. Leave Encashment details of the staff could be finalized on the 01st Jan itself facility as a result of such monitoring. when analyses the leave pattern obtained by all staff is it reported that the staff has utilized 17% Casual Leave of the total quota, 67% out of the Vacation Leave quota and 25% of Medical leave quota on an average of total leave available for the staff as an overall.

Board Resolutions

Twenty Seven (27) Board resolutions have been implemented during the year 2015.

Finance Management Section

Programme Budget

The Programme Budget- 2015, which sets out the expenditure of the ensuing year under four major programmes viz. Direction and Management, Aeronautical Services, Flight Safety and Corporate. The forecast revised income calculated as Rs. 1,497 million as against the revised estimated expenditure of Rs. 712 million. The estimated recurrent expenditure has shown decrease of 9% compared to the last year actual expenditure and the forecast revenue has shown increase of 02% compared to the previous year actual revenue.

CAA Revenue

CAA revenue has shown 6% increase when compared to the previous year actual income amounting to Rs 1,473Mn to Rs.1, 560Mn. significant increase can be seen from the income from Overseas Sale Surcharge Income and Regulatory Service Income.

Management Information

The Financial Management Information Statements have been prepared in accordance to the Sri Lanka Financial Reporting Standards.

Infrastrue Facilities

CAA has laid foundation to construct its Head Office at Nikanda, Katunayake for the cost of Rs.803mn where by expected annual saving from rental Expenses of Rs. 44 mn.

SUMMARY OF PERFORMANCE -2015

Performance of CAASL -2015

<u>Safety and Security Oversight duties and functions</u> <u>(No of Regulations /Notices/Rules issued)</u>	2015	2014
Air Transport	01	03
<u>Initial Certification of Organizations/Personnel</u>		
Airlines	00	02
Maintenance Organizations	02	10
Pilots	196	255
Air Traffic Controllers	00	12
Aircraft Maintenance Licence	10	32
Flight Dispatchers	08	01
Flight Instructors	04	03
Assistant Flight Instructors	05	10
Ground Instructors	15	22
Cabin Crew Members	139	77
<u>Surveillance of Certified Organizations/personnel</u>		
Ramp Inspections -Airworthiness	75	187
Ramp inspections-operations	24	48
Aerodrome Inspections	37	38
Air Traffic Service Inspections	29	35
Aircraft Maintenance Organization inspections	62	67
Flying Training School inspections	08	09
Aviation Security Inspections	24	25
Simulator Inspections	03	02
En-rout Inspections-Operations	03	05

Dangerous Goods Inspections	00	02
Station Facility Inspections-Airworthiness	04	00
Aeronautical Information Services Inspections	16	27
Main Base Inspections/Instructor Observations	53	30
Designated Check Pilot (DCP monitoring)	42	24
<u>Audit Completed</u>		
Air Navigation Services	00	01
Aviation Security	01	00

Section Specific Activities -2015

Category	2015	2014
Direction and Management		
Authority meetings	08	09
Audit Committee meetings	04	04
Staff Committee meetings	07	07
Development Planning and Implementation Group Meetings	00	02
Industry consultative meetings	47	108
Appointment to outside organizations / personnel	190	255
Number of letters received	4214	5493
Aviation Security Section		
Recommendation for issuance of airport access passes	27	33
Approval for carriage of weapons on board/cargo holds of an aircraft	181	250
Authorization for travel in flight deck	00	00
Amendments / Revisions to National Aviation Security Programme	02	02
Security Surveillance Activities	44	44
Security Screeners certified (Issuance+ Renewals)	499	571
Security Training courses / seminars attended	05	03
Aviation Security examinations conducted	35	10
Delivery of presentation on Aviation Security	03	07
Special Projects Section		
Construction of CAASL Head Office Building		
Meetings with consultant	05	12

Site visits	06	1
Meeting with Contractor	06	00
Internal meetings	03	10
Guwansara Magazines published	01	03
CADEC programmes conducted	02	02
Workshops for school principals	00	00
Workshops for school students	01	00
Workshops for school students clubs	01	00
Conduct special activities	00	02
CAPSCA	00	01
Deyata Kirula National Exhibition	00	01
Organizing CAA stalls at Exhibitions	00	02
CAA Annual Report	01	01
Other Publications/reports	05	05
Sectional statistics	12	12
CAA statistics	121	121
Air Navigation Services Section		
Approvals for construction of high rise structures	141	255
Approvals for issuances of NOTAM	353	240
Issuance of Aeronautical Information Circulars		08
AIP Supplement Issued	07	05
Issuance of over flying clearance.	921	1033
Landing permissions for non-schedule flights	891	868
Training courses / seminars attended	49	26
Approval for Water Aerodromes	00	02
Aerodrome Surveillance carried out	36	38
ATS Surveillance carried out	28	35
AIS Surveillance carried out	16	27
Personal Licensing		

Student Pilot Licences (SPL) (Issuance+ Renewals)	154	211
Private Pilot Licences (PPL) (Issuance+ Renewals)	120	151
Commercial Pilot Licences(CPL) (Issuance+ Renewals)	292	394
Airline Transport Pilot Licences (ATPL) (Issuance+ Renewals)	352	350
Air Traffic Controller Licences (ATC) (Issuance+ Renewals)	51	50
Aircraft Maintenance Engineer Licences (Issuance+ Renewals)	03	04
Aircraft Maintenance Licence-(Issuance +Renewals)	472	436
Aircraft Maintenance Licence-Type Ratings-Issuances	20	12
Aircraft Maintenance Licence-Categories-Issuances	00	06
Cabin Crew Certificate-Issuance	242	134
Flight Operation Officer Licence-Issuance	08	01
Free Balloon Pilot Licence- (Issuance +Renewals)	01	01
Flight Engineer Licence - (Issuance +Renewals)	00	00
Aircraft type Rating for Commercial Pilot Licence (CPL)/ Airline Transport Pilot Licences (ATPL) Issuances	131	120
Assistant Flight Instructor (AFI) /Flight Instructor (FI) Rating - (Issuance +Renewals)	29	36
Flying School Licences-Renewal	06	07
Ground Instructor Licence		00
Ground Instructor Approvals	16	22
Air Traffic Controllers Rating (Issuance+ Renewals)	177	145
Flying School Licences-Issuances	00	01
Issuance of visa recommendations	30	48
Issuance of NIB Clearances	93	75
Medical Examinations	909	972
Personnel Licencing Examinations		
PPL Examination	354	378
Flight Operations Officer Examination	12	28
AML Examination applicants	01	02

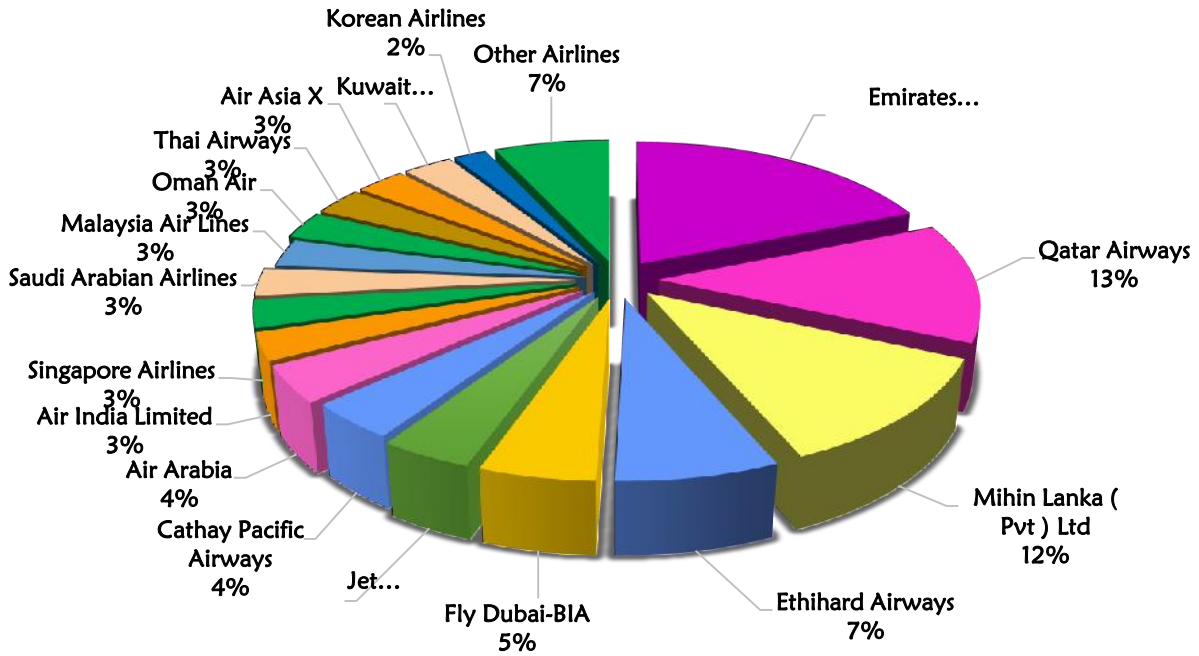
	319	521 applicants
ATPL (A) Examination	1674	1548
ATPL (H) Examination	26	20
Foreign Licence Conversation Examinations	02	02
English Language Proficiency Check	98	179
Reactivation of Lapsed Licence Examination (CPL/IR)	00	03
Radio Telephony Practical Test	64	84
Assistant Flight Instructor Examination	04	11
Flight Test Examiner Examination	00	00
AML Conversion Examination	00	00
Operations		
Training courses / Seminars attended	00	05
Special operations	18	26
Foreign Air Operator Certificate –initial	05	01
Foreign Air Operator Certificate - renewal	18	13
Dangerous good transport Licences - initial	00	01
Dangerous good transport Licences - renewal	18	13
DCP Initial	10	11
DCP Renewal	31	35
Air Operator Certificate-initial	00	02
Air Operator Certificate-renewal	08	09
Simulator renewal	07	03
Check Authorization	199	227
Surveillance activities performed	62	115
Airworthiness		
New Aviation Safety Notices issued	00	00
Training Courses/ Seminars attended	01	04
Surveillance activities carried out (Ramp, Audit)	199	192
Certificate of Airworthiness of aircraft-Initial	11	14

Certificate of Airworthiness of aircraft-Renewal	55	52
Approval of workshop of aircraft maintenance organization.	36	43
Certificate of Registration of aircraft-Initial	11	16
Certificate of Registration of aircraft-Renewal	63	54
Approval of Maintenance Organization with facility inspection(Initial +Renewals)	62	77
Resolution of aviation occurrences	121	127
Air Transport & Legal Affairs		
Draft new regulations produced	01	03
Training courses / seminars attended	03	01
New Guidance Material produced	00	03
Existing Guidance Material revised	01	01
Domestic flight schedule approvals	11	22
Surveillance of Air Transport Providers and evaluation meetings carried out	67	120
International flight schedule approvals	180	175
Visa recommendation for non-technical experts staff	52	41
Charter Licences for Sri Lanka Registered Airlines	09	08
Airline Licences for Sri Lanka Registered Airlines	09	04
Charter Licences – International Operations	03	03
Charter Licences - domestic regular Operations	05	05
Air Transport Provider’s Licences	589	588
Private Operations Licence	01	02
New Air Service Agreements entered	01	05
Existing Air Services Agreements reviewed	03	10
Open skies air services agreements	07	10
Human Resources and Office Management		
New rules on HR&OM issued	00	07
Existing rules on HR&OM revised	00	01
Staff recruitment	17	13

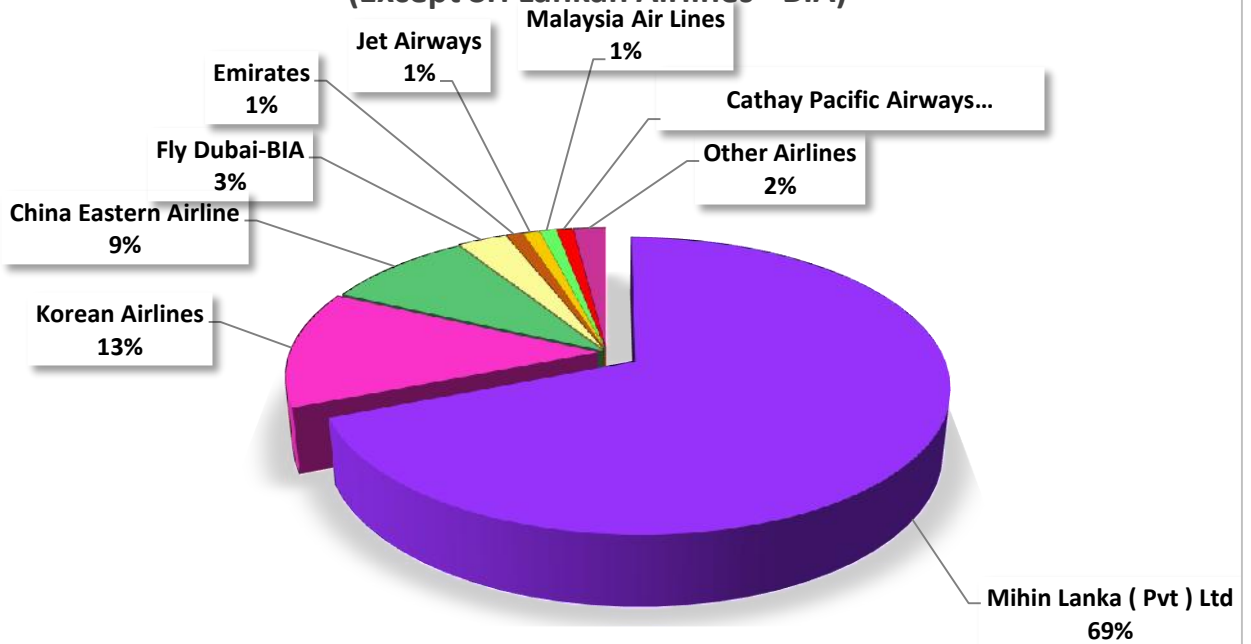
Total overseas training arranged	14	23
Total local training arranged	30	25
Total staff	144	143
Performance evaluations conducted	27	28
Staff retirements	04	04
Staff loans facilitated	Rs 21.1m	Rs 14.3m
New documents added to the Technical Library	19	18
Finance Management		
Total Revenue collected	1476m	1,474m
Total expenditure incurred	346m	661m
Total Staff salaries paid	177m	169m
Vehicles purchased	00	03
Internal Audit		
Audits conducted	26	39
Findings raised	84	148
Aircraft Accident & Incident Investigation		
Incidents reported	01	04
Accidents reported	00	00
Occurrence reported	276	239
Serious injuries to passengers or crew	00	00
Minor injuries to passengers or crew	13	00
Training courses/seminars attended	02	02
Existing Guidance Material revised	00	02

Traffic Particulars		
International Traffic		
	2015	2014
Passengers		
Embarked	4,252,619	3,926,447
Disembarked	4,273,959	3,893,400
In Transit	1,247,453	1,237,513
Cargo(Metric tons)		
In bound	98,446	77,040
Out bound	116,585	115,400
Aircraft movements		
Scheduled flights	54,137	51,897
Charters flights	4,592	3,391
Number of airline operated		
Scheduled services	27	26
Charters	08	05
All Cargo	03	02
Domestic Traffic		
Passengers carried	15,463	28,568
Aircraft movements	3,462	3,296
Number of airlines operated	08	08
Scheduled flights	01	02
Charter flights	07	06

Airlines Share of Passengers as a Percentage of 2015 Departures (Except Sri Lankan Airlines)



Airlines Share of Transit Passengers Departed in Year 2015 (Except Sri Lankan Airlines - BIA)



CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31st DECEMBER 2015

	Note	2015 Rs.	2014 Rs.
Income		1,578,892,574	1,472,749,016
Operating Income	(1)	1,462,339,535	1,358,103,190
Non-Operating Income	(2)	116,553,039	114,645,826
Expenditure		364,420,158	349,316,640
Staff Expenses	(3)	186,176,165	168,773,003
Meetings, Seminars and Workshops	(4)	16,953,174	15,356,111
Training Expenses	(5)	8,756,865	9,363,596
Administration and Other Expenses	(6)	124,068,461	129,813,357
Depreciation	(8)	28,465,493	26,010,573
Profit/(Loss) from Ordinary Activities before Taxation		1,214,472,416	1,123,432,376
Taxation	(7)	343,184,623	311,354,961
Net Profit/(Loss) for the year		871,287,793	812,077,415

CIVIL AVIATION AUTHORITY OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2015

	Note	2015 Rs.	2014 Rs.
ASSETS		3,195,629,176	2,556,206,402
Non-Current Assets		388,271,116	207,299,701
Property, Plant & Equipment	(8)	215,905,872	190,801,764
Work in Progress	(9)	172,365,244	16,497,937
Current Assets		2,807,358,060	2,348,906,701
Inventories		5,450,817	5,277,706
Trade Receivables	(10)	242,091,717	240,794,935
Staff Loans	(11)	46,112,586	32,747,144
Financial Assets	(12)	1,582,300,523	1,307,590,343
Advances, Prepayments and Other Receivables	(13)	102,402,377	127,033,897
Cash and Cash Equivalents	(14)	829,000,040	635,462,676
EQUITY AND LIABILITIES		3,195,629,176	2,556,206,402
Capital and Reserves		1,972,396,173	1,457,726,915
Government Grants	(15)	29,170,677	7,350,272
Revaluation Surplus	(16)	29,050,410	8,764,840
General Reserve	(17)	1,150,000,000	1,200,000,000
Accumulated Profit		764,175,086	241,611,803

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2015

		2015	2014
		Rs.	Rs.
<i>Non-Current Liabilities</i>		314,132,959	287,716,100
Deferred Tax Liabilities	(18)	11,330,044	8,197,697
Deferred Interest Adjustment		28,805,992	-
Provisions and Other Liabilities	(19)	265,927,756	267,039,023
Retirement Benefits Obligation	(20)	8,069,167	12,479,380
<i>Current Liabilities</i>		909,100,044	810,763,387
Trade Payables	(21)	723,166,052	587,018,009
Other Payables	(22)	15,086,796	46,932,609
Income Tax Liabilities	(23)	170,847,196	176,812,769

The Accounting Policies on pages 84 to 94 and Notes to the Financial Statements on pages 95 to 103 form an integral part of these Financial Statements. These Financial Statements give a true and fair view of the state of affairs of the Authority as at 31.12.2015

Director – Revenue and Financial Management

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Director General of Civil Aviation &

Chairman

Chief Executive Officer

March 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Government Grant Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1st January 2014	7,956,326	13,485,465	485,000,000	389,813,763	896,255,555
Profit for the period				812,077,414	812,077,414
Appropriation of net surplus – Consolidated Fund				(250,000,000)	(250,000,000)
Transfer of net surplus - General Reserve			715,000,000	(715,000,000)	-
Amortization for the year	(606,054)			-	(606,054)
Transfer from Revaluation Surplus		(4,720,625)		4,720,625	
Balance as at 31st December 2014	7,350,272	8,764,840	1,200,000,000	241,611,803	1,457,726,915
Profit for the period				871,287,793	871,287,793
Transfers during the year	22,365,308	22,049,992	(50,000,000)	50,000,000	44,415,300
Revaluation surplus on disposals		(1,764,422)		1,764,422	-
Disallowable VAT 2012				(488,932)	(488,932)
Appropriation of net surplus – Consolidated Fund				(400,000,000)	(400,000,000)
Amortization for the year	(544,903)				(544,903)
Balance as at 31st December 2015	29,170,677	29,050,410	1,150,000,000	764,175,086	1,972,396,173

CIVIL AVIATION AUTHORITY OF SRI LANKA
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31st DECEMBER 2015

	2015	2014
	Rs.	Rs.
Cash Flows from Operating Activities		
Profit/(Loss) from Ordinary Activities before Taxation	1,214,472,416	1,123,432,376
Adjustments for		
Depreciation	28,465,493	26,010,573
Amortization of Government Grant	(544,903)	(606,054)
Income from Investments	(109,877,199)	(104,055,369)
Provision for Insurance Fund	(46,400)	(656,117)
(Profit)/Loss on sales of Property, Plant & Equipment	193,604	(3,328,979)
Disallowable VAT	(488,932)	
Provision for Defined Benefit Plans	<u>(4,307,213)</u>	<u>1,839,308</u>
Operating Profit/(Loss) before Working Capital Changes	1,127,866,866	1,042,635,738
Increase in Inventories	(173,111)	(671,896)
Increase in Trade Receivables	(1,296,781)	(56,843,716)
Increase in Staff Loans	(13,365,442)	3,023,030
Increase in Advances, Prepayments and Other Receivables	(18,122,293)	(1,108,306)
Increase in Trade and Other Payables	104,302,230	(170,054)
Cash Generated from Operations	1,199,211,470	986,864,796
Defined Benefit Plan Costs Paid (Gratuity)	(103,000)	(649,155)
VAT Refund	(5,057,598)	-
Income Tax Paid	(340,960,252)	(254,358,647)

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31st DECEMBER 2015

	2015	2014
	Rs.	Rs.
Net Cash From Operating Activities	853,090,620	731,856,994
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(9,747,885)	(124,751,855)
Increase in Work in Progress	(155,867,307)	58,043,245
Proceeds from Sale of Property, Plant & Equipment	399,980	3,756,791
Acquisition of other Investments	(245,904,188)	(506,543,823)
Interest Received	152,631,011	84,618,076
Bank Guarantee	(1,064,867)	5,843,500
Net Cash Used in Investing Activities	(259,553,256)	(479,034,066)
Cash Flows from Financing Activities		
Consolidation Fund	(400,000,000)	(250,000,000)
Net Cash Used in Financing Activities	(400,000,000)	(250,000,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	193,537,364	2,822,928
Cash and Cash Equivalents at the beginning of the year	635,462,676	632,639,748
Cash and Cash Equivalents at the end of the year	829,000,040	635,462,676
<i>Analysis of Cash & Cash Equivalents</i>		
Cash at Bank	479,000,040	504,462,676
Short term investments	350,000,000	131,000,000
	829,000,040	635,462,676

STATEMENT OF RESPONSIBILITY OF MANAGEMENT OF THE AUTHORITY TO FINANCIAL REPORTING

In terms of Section 14 & 15 of Civil Aviation Authority of Sri Lanka Act No 34 of 2002, the Management of the Authority is responsible for,

- i. Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.
- ii. Preparing accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 for the purpose of presenting a true and fair view of the financial performance and the financial condition of the Authority.
- iii. Taking appropriate steps to safeguard the assets of the Authority and to establish appropriate internal controls to prevent and detect frauds and other irregularities.

H.M.C. Nimalsiri
Director General & Chief Executive Officer
Civil Aviation Authority of Sri Lanka

Ananda Wimalasena
Chairman

March 2016

1. GENERAL INFORMATION

- 1.1. Civil Aviation Authority of Sri Lanka having its registered office at No 04, Hunupititya Road Colombo 02.
- 1.2. The Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31. December 2015 were authorized for issue in accordance with the resolution of the Civil Aviation Authority on 04th March 2016.
- 1.3. The Civil Aviation Authority of Sri Lanka was established under the Civil Aviation Authority Act No 34 of 2002 on 27th December 2002 and is deemed a Statutory body ,in which its function are regulate safety, efficiency and regularity in civil aviation and its impact on environment in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization under the legislative provisions in the Civil Aviation Authority of Sri Lanka Act No.34 of 2002 and Civil aviation Act No.14 of 2010.

SIGNIFICANT ACCOUNTING POLICIES

2.GENERAL POLICIES

2.1. Statement of Compliance.

The statement of financial position, Comprehensive income, Changes in Equity, Cash flow and notes together with summery of significant accounting policies (the “financial statements”) of the authority have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs) as issued by The Institute of Chartered Accountants of Sri Lanka (CA), which represent International Financial Reporting Standards (“IFRS”), as issued by the International Accounting standard Board. **Responsibility for Financial Statements.**

The Management of Civil Aviation Authority of Sri Lanka is responsible for the preparation and presentation of the financial statements.

2.2. Going Concern

When preparing the financial statements the Management has assessed the ability of the Authority to continue as a going concern. The Management has a reasonable expectation that the Authority has adequate resources to perform its legitimate duties and functions and continue in operational existence for the foreseeable future. The Authority does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Authority continues to adopt the going concern basis in preparing the financial statements.

2.3. Significant accounting judgments, estimates and assumptions

The preparation of the Authority's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include judgment, estimate and assumptions.

Judgments

In the process of applying the Authority's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, and where observable market data are not available, judgment is required to establish fair values.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. Investment in Treasury Bills are shown at their Face Value whereas previous years shown at their cost.

The carrying value at the balance sheet date of financial Instruments is Rs. 1,932,300,523. (2014 Rs:1,438,590,342)

(b) Valuation of defined benefit obligation

The cost of defined benefit pension plans is determined using the formula method as per the Sri Lanka Accounting Standard 19(LKAS)

The carrying value at the balance sheet date of defined benefit obligation is Rs. 8,069,166.54 (2014: Rs. 12,479,380)

(c) Fair Value

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair value of a financial asset quoted in an active market is generally the bid price and, for a financial liability quoted in an active market, the fair value is generally the ask price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

(d) Income Tax

The Authority is subject to income taxes and significant judgment is required in determining the overall provision for income taxes.

2.4 Functional and Presentation Currency

The functional currency of the Authority is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

3. SPECIFIC ACCOUNTING POLICIES

3.1 Financial assets

The Authority classifies its financial assets into the following categories: loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

31.1 Classification

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

(b) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the authority's management has the positive intention and ability to hold to maturity, other than: those that

- The Authority upon initial recognition designates as at fair value through profit or loss; or
- The Authority designates as available for sale; and
- That meets the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'Investment income'.

(c) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

3.1.2 Recognition and measurement

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the authority has also transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realized gains/losses on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement.

3.1.3 Determination of fair value

The fair value of loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

3.1.6 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) The Authority has transferred substantially all the risks and rewards of the asset, or
- (b) The Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Authority's continuing involvement in it. In that case, the Authority also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Cost / Revaluation

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of property and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use. Where items of property and equipment are subsequently re-valued, the entire class of such assets is re-valued. The Authority has changed the policy of revaluing assets every 03 years to every 05 years with effect from 2014. However, when the fair value of assets subject to revaluation defers materially from the carrying amount a further revaluation is done.

When an asset is re-valued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognised as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

- 4.2** Property, Plant and Equipment transferred from General Treasury/Government are stated at the fair value as of the date of receipt of the assets. (Valuation was done in 2003.) For the purpose IFRS conversion, revalued amounts of the said assets have been considered deemed cost as at 1st January 2011.

4.3 Depreciation

The provision for depreciation is calculated on the straight-line basis on the Cost/ valuation (less 10% of the residual value of the cost/valuation of the asset) of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually on the following percentages in order to write off such amounts over the useful lives.

Buildings	6.67%
Motor Vehicles	12.5 %
Plant, Machinery & Equipment	25 %
Furniture & Fittings	25 %
IT software	50%

Depreciation has been charged to profit & loss account on month basis commencing the date of purchase and 10% of the cost/revaluation amounts have been retained as residual value in determining the depreciable amount of the individual assets.

During the year under review economic life time of the property, plant and equipment were reassessed as required by the LKAS 16 based on the best of the information available. As a result depreciation rates were changed for some property, plant and equipment. The resulting impact of change in economic life time of the assets will be adjusted in the financial statements commencing from the 2012 onwards.

Effective life time of motor vehicles were reassessed and depreciation rate was revised from 25% to 12.5% for the motor vehicles purchased after 2008. Rate of Depreciation of motor vehicles purchased before 2008 remained unchanged as those vehicles have been condemned and being in disposal process.

4.4 De-recognition

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the income statement.

4.5 Impairment of Tangible Assets

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

5. INVENTORIES

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First out basis. (FIFO)

6. OTHER ASSETS

Other assets include Other Debtors and Receivables, Advances, Deposits, Prepayments, Taxation Receivable.

(a) Advances, Deposits, Prepaid Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

(b) Other Debtors

Other debtors are recognized at cost less impairment loss.

(c) Taxation Receivable

Taxation receivable is recognized at cost.

(d) Prepaid Staff Cost

This represents the balance arising from the staff loans given at concessionary rates to the employees of the authority.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks. Investments with short maturities are also treated as cash equivalents. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

8. PROVISIONS

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

8.1 Employee Benefits

Defined Contribution Plans

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Authority pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Authority is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on the half month salary multiplied by number of years in service and calculations are based on the formula method as of LKAS 19 .

8.2 Accident Investigation Fund

The States obligation of accident investigation, search and rescue in respect of air accidents vests with the Civil Aviation Authority. For this purpose a provision of Rs.250 Mn has been made in the financial statements. Value of the Provision has been determined based on the judgment of the Management of the Authority.

8.3 Staff Welfare & Social Security Fund

The Staff Welfare & Social Security Fund has been created in terms of section 20(5) of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002, in respect of the public officers, who have retired from the public service and joined with the Civil Aviation Authority. The amount lying in the name of each retired officer with accumulated interest will be released at the time of retirement from the Civil Aviation Authority of Sri Lanka.

9 FINANCIAL LIABILITIES

9.1 Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Authority's financial liabilities include trade and other payables.

10. OTHER LIABILITIES

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

11. GENERAL RESERVE

Rs.1,150 mn has been reserved for meeting capital expenditure on construction of head Office building requisite at the 95th CAA Board meeting in terms of the Section 10.2 (e) of the Finance Act No 38 of 1971

12. INCOME RECOGNITION

12.1 Overseas sales surcharge/Service charge of embarkation levy/Initial issues & the renewal of licenses / Amendments to Airline License/Regulator service fees/Examination fees.

Revenue from above services / fees is recognized at fair value in the period in which the related services are rendered.

12.2 Interest Income

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' in the income statement using the effective interest rate method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

12.3 Other Income

Other income is recognized on an accrual basis

13 EXPENSES RECOGNITION

All expenses are measured at fair value of the consideration given and recognize in the period to which those expenses relate.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period and are treated as a change in an accounting estimate.

14 BORROWING COSTS

Borrowing costs are interest & other costs incurred by the Authority in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred.

15. CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the statement of financial position date. Accordingly, provision for taxation is made based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit, is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Authority controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized

16 FOREIGN CURRENCY TRANSLATION/TRANSACTIONS

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees, using the exchange rates prevailing at the time the transactions were effected. At each Statement of Financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the Reporting Date. Non-monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognized in the income statement in the year in which they arise.

17. EVENTS AFTER THE REPORTING PERIOD

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

18 CONTINGENT LIABILITIES

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

19 CASH FLOW STATEMENT

The cash flow statement has been prepared by using Indirect Method in accordance with the Sri Lanka Accounting Standard No. 9 on Cash flow statements.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows

20. GOVERNMENT GRANTS

The value of the Government Grant reflects, assets transferred from Department of Civil Aviation at the time of formation of the Authority less accumulated amortization.

A Block of Land extending to 0.2590 hectares has received as Government Grant during the year, therefore total land area for deed No 3927 counting to 0.5325 hectares at Nikanda, Katunayake.

Government Grants as at 01.01.2014	-	Rs.	7,956,326
Less: Amortization for the year 2014	-	Rs.	<u>(606,054)</u>
Government Grants as at 31.12.2014	-	Rs.	7,350,272
Add: Grants Received during the year	-	Rs.	22,365,308
Less: Amortization for the year 2015	-	Rs.	<u>(544,903)</u>
Government Grants as at 31.12.2015	-	Rs.	29,170,677

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
(1) Operating Income	1,462,339,535	1,358,103,190
Overseas Sales Surcharge	1,236,794,398	1,159,989,676
Service Charge of Embarkation Levy	151,426,238	137,052,748
Income from Regulatory Services	73,532,009	59,569,578
Other Operating Income	586,890	1,491,188
(2) Non-Operating Income	116,553,039	114,645,825
Rental Income	101,195	87,054
Profit from Disposal of Fixed Assets	155,581	3,456,770
Reservation of Circuit Bungalow	132,480	
Interest Income from Staff Loans (IFRS)	3,505,538	5,239,523
Amortization of Government Grant	544,903	606,054
Tender Application Fees	7,000	363,250
Miscellaneous Income	2,229,143	837,805
Interest Income		
Interest from Staff Loan	3,304,833	3,722,749
Interest from Treasury Bill	86,807,695	84,324,797
Interest from Fixed Deposits		762,746
Interest from Call Deposits	19,764,671	15,245,077
(3) Staff Expenses	186,176,165	168,773,003
Salaries and Wages	88,552,947	66,279,813
Other Allowances	51,888,006	50,042,599
Employee Provident Fund	20,964,759	16,892,281
Employee Trust Fund	4,230,804	3,378,108
PAYE Tax	1,404,046	4,224,140
Leave Encashment	4,269,777	4,261,069

NOTES TO FINANCIAL STATEMENT

Note	2015 Rs.	2014 Rs.
Death Grant for Employees	-	328,536
Bonus	3,373,323	3,415,645
Welfare Expenses	9,394,980	8,535,304
Gratuity	(4,307,213)	1,839,308
Over time and Holiday Payment	2,899,198	4,336,677
Staff Cost on Loan Benefits – (IFRS Adjustments)	3,505,538	5,239,523
(4) Meetings, Seminars and Workshops	16,953,174	15,356,111
Workshop and Seminar Expenses		
Local	2,266,491	50,000
Foreign	14,686,683	15,306,111
(5) Training Expenses	8,756,865	9,363,596
Training Expenses		
Local	1,459,430	1,168,113
Foreign	7,297,435	8,195,483
(6) Administration and Other Expenses	124,068,461	129,813,357
Travelling Expenses - Local	12,793	20,770
Board Payments	933,000	1,138,000
Interview Board Payments	527,500	
Stationery and Consumable Expenses	6,107,865	5,976,941
Other Supplies	914,537	276,720
Telecommunication	3,941,136	4,003,905
Postal Charges	225,104	200,902

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
Subscription , Contributions to Local/International Organizations	22,860,390	14,330,339
Subscription for Publication & Advertisement	1,719,463	1,149,342
Examination Fee	153,245	115,564
Printing Expenses	607,077	2,938,064
Airfare and Ticketing Course Expenses	103,510	381,004
Bank Chargers	-	4,498
In-house Meeting Expenses	434,097	325,406
Inspections/Outdoor Meeting	283,412	3,488,187
Translation and Typing Expenses	175,015	72,452
Maintenance of Property, Plant and Equipment	1,340,159	817,032
Audit Fee	500,000	500,000
Loss on Disposal of Assets	349,184	37,791
Fuel	5,250,349	9,665,987
Vehicle Maintenance	9,263,305	10,631,580
Rent and Hire Charges	2,253,060	1,024,704
Expenses for Office Building and Quarters	60,014,757	58,520,290
Common – Welfare	266,088	214,815
Welfare Utilities – Sports	293,490	1,445,255
Dayata Kirula Exhibition	-	609,285
Aviation Development	1,531,185	6,154,905
IT Development	974,891	1,081,677
Corporate Social Responsibility	25,000	1,923,290
Regulatory Development	-	390,000
Sundry Expenses	42,164	90,745
Organizational Events	428,951	2,283,905

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
Consultation and Legal Fees	257,000	-
External Technical Assistance	419,516	-
DGCA's Conference Expenses	1,861,218	-
(7) Taxation	343,184,623	311,354,961
Income Tax 28% for the current year	340,052,276	314,561,065
Over Payment Recoveries – 2011/2012		(6,745,596)
Deferred Tax	3,132,347	3,539,492

Note

NOTES TO FINANCIAL STATEMENT

(8) Property, Plant and Equipment (Rs.)						
Cost/Valuation	Balance as at 01/01/2015	Additions/ Transfers	Disposals	Balance as at 31/12/2015	Balance as at 31/12/2014	
Land	5,359,200	44,415,300	-	49,774,500	5,359,200	
Building	101,833,927	38,705	-	101,872,632	101,833,927	
Vehicles	110,315,313	-	-	110,315,313	110,315,313	
Plant and Machinery	57,871,451	5,065,367	3,691,299	59,245,520	57,871,451	
IT Software	14,163,748	1,096,875	-	15,260,623	14,163,748	
Furniture and Fittings	29,825,968	3,546,938	608,980	32,763,927	29,825,968	
Other Fixed Assets	999,079	-	462,133	536,946	999,079	
Total	320,368,686	54,163,185	4,762,412	369,769,460	320,368,686	
Depreciation	Balance as at 01/01/2015	Charge for the year	Depreciation for Disposals	Balance as at 31/12/2015	Balance as at 31/12/2014	
Building	9,636,325	6,105,709	-	15,742,034	9,636,325	
Vehicles	44,039,535	10,247,492	-	54,287,027	44,039,535	
Plant and Machinery	43,362,811	6,192,977	3,181,718	46,374,070	43,362,811	
IT Software	9,013,309	2,625,639	-	11,638,948	9,013,309	
Furniture and Fittings	22,565,906	3,293,676	548,082	25,311,501	22,565,906	
Other Fixed Assets	949,036	-	439,027	510,009	949,036	
Total	129,566,923	28,465,493	4,168,827	153,863,589	129,566,923	
Written Down Value				215,905,872	190,801,764	

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
(09) Work in Progress	172,365,244	16,497,937
Katunayaka Head Office	172,278,334	12,865,249
CAASL Web Site	86,910	
Weerawila Quarters	-	2,768,688
Examination System	-	600,000
FP Manual	-	264,000
(10) Trade Receivables	242,091,717	240,794,935
OSS & Embarkation Service Charge Income Receivable	241,869,191	223,428,820
Other Debtors	222,526	17,366,115
(11) Staff Loan	46,112,586	32,747,144
Staff Loans	70,445,908	61,246,792
Deferred Staff Cost (Loans)	(24,333,322)	(28,499,648)
(12) Financial Assets	1,582,300,523	1,307,590,343
Fixed Deposits	301,123	301,123
Treasury Bills	1,581,999,400	1,307,289,220
(13) Advances, Prepayments and Other Receivables	102,402,377	127,033,897
Advances	1,285,550	1,342,750
Prepayments	10,651,525	3,335,747
VAT Receivable	65,340,654	50,310,614
Interest Income Receivable	791,326	43,545,138
Prepaid Staff Cost	24,333,322	28,499,648

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
(14) Cash and Cash Equivalents	829,000,040	635,462,676
Cash at Bank		
Current Account: 0002026666	82,779,658	4,396,541
Current Account: 0002026678	396,220,382	500,066,135
Short term investments	350,000,000	131,000,000
(15) Grants Received	29,170,677	7,350,272
Land	27,724,508	5,359,200
Buildings	1,802,378	2,408,432
Other Fixed Assets	<u>188,694</u>	<u>188,694</u>
Total	29,715,580	7,956,326
Amortization for the year	<u>(544,903)</u>	<u>(606,054)</u>
Balance at the end of the year	29,170,677	7,350,272
(16) Revaluation Surplus	29,050,410	8,764,840
Land	22,049,992	
Plant, Machinery and Equipment	2,636,245	3,855,993
Furniture and Fittings	4,364,173	4,908,847
(17) General Reserve	1,150,000,000	1,200,000,000
Balance at the beginning of the year	1,200,000,000	485,000,000
Transfers during the year	(50,000,000)	715,000,000
(18) Deferred Tax Liabilities	11,330,044	8,197,697
Balance at the beginning of the year	8,197,697	4,658,205
Reversal for the year	<u>3,132,347</u>	<u>3,539,492</u>
Balance at the end of the year	11,330,044	8,197,697

NOTES TO FINANCIAL STATEMENTS

Note	2015 Rs.	2014 Rs.
(19) Provisions and Other Liabilities	265,927,756	267,039,023
Provision for Insurance	-	46,400
Staff welfare fund	301,123	301,123
Provision for Accident Investigation Fund	250,000,000	250,000,000
Deposits Received	15,626,633	16,691,500
(20) Retirement Benefits Obligation	8,069,167	12,479,380
Balance at the beginning of the year	12,479,380	11,289,227
Provision for the year	(4,307,213)	1,839,308
Paid during the year	<u>(103,000)</u>	<u>(649,155.)</u>
Balance at the end of the year	8,069,167	12,479,380
(21) Trade Payables	723,166,052	587,018,009
Deposit Inspection Charges and Operation	5,311,769	3,893,585
Payable to AASL, Tourism Development Authority and Government Treasury	711,220,381	576,066,135
Other Creditors	6,633,902	7,058,289
(22) Other Payables	15,086,796	46,932,609
Accrued Expenses		
- Staff Expenses	10,008,668	5,909,332
- General Expenses	5,078,128	41,023,277
(23) Income Tax Liabilities	170,847,196	176,812,769
Balance at the beginning of the year	176,812,769	123,355,948
Adjustments to Tax Year 2011/2012	-	(6,745,596)
VAT Refund	(5,057,598)	-
Provision for the year	340,052,276	314,561,065

NOTES TO FINANCIAL STATEMENTS

Note	2015	2014
	Rs.	Rs.
Paid during the year	<u>(340,960,252)</u>	<u>(254,358,648)</u>
Balance at the end of the year	170,847,196	176,812,769