

# Civil Aviation Authority of Sri Lanka



## Annual Report - 2011

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, civil 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:** Mr. Arisen Ahubudu  
**Singer:** Dr. Pundit W. D. Amaradewa  
**Melody:** Dr. Pundit W. D. Amaradewa

## HON. MINISTER OF CIVIL AVIATION

This Annual Report has been prepared in accordance with 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 ended 31st December 2011.

A handwritten signature in black ink, appearing to read 'Rohan De Silva Daluwatta', with a large, stylized flourish above the name.

**General Rohan De Silva Daluwatta**  
Chairman  
Civil Aviation Authority of Sri Lanka

24th February 2012

## TABLE OF CONTENTS

<b>THEME SONG OF THE CIVIL AVIATION AUTHORITY</b>	<b>3</b>
<b>ABBREVIATIONS</b>	<b>10</b>
<b>DIRECTORY</b>	<b>13</b>
<b>CHAIRMAN'S REVIEW</b>	<b>15</b>
<b>REVIEW OF THE DIRECTOR GENERAL OF CIVIL AVIATION AND CEO</b>	<b>18</b>
<b>PROFILE</b>	<b>22</b>
Overview	22
Members of the CAASL	22
Chairman	23
Vice Chairman	24
Members	25
<b>GOVERNANCE AND ACCOUNTABILITY OF CAASL</b>	<b>29</b>
Role of the Authority	29
Organizational Structure	29
Authority Committees	29
Staff Committee	30
Finance Committee	30
Planning Committee	30
Audit Committee	30
Civil Aviation Development and Education Committee (CADEC)	31
Connection with Stakeholders	31
Responsibility of the Authority and Senior Management	31

Accountability	31
Conflict of Interest	32
Internal Audit	32
Legislative Compliance	32
Ethics	32
<b>CIVIL AVIATION AUTHORITY OF SRI LANKA</b>	<b>33</b>
Vision	33
Mission	33
Motto	33
Philosophy	33
Goals	33
Strategies	33
Values	33
CAASL's immediate targets	34
Outcome	34
Outputs	35
<b>DIRECTION AND MANAGEMENT</b>	<b>36</b>
The Authority and its Committees	36
Board Members	36
CAASL Meetings	36
<b>SENIOR MANAGEMENT</b>	<b>36</b>
ICAO USOAP Audit Result	36
20th Steering Committee Meeting of COSCAP-South Asia	36
Aircraft Accident Investigation Unit	37
Internal Audit Section	37
<b>AERONAUTICAL SERVICES DIVISION</b>	<b>39</b>
<b>Aviation Security Section</b>	<b>39</b>
Aviation Security Training	39
Screener Certification	39
Approval for carriage of Munitions	39
Aviation Security Conferences & Meetings	39
Aviation Security Course & Seminar	39
<b>Special Projects Section</b>	<b>40</b>
Deyata Kirula Exhibition	40
Assistance to COSCAP-SA Project	40

CAASL Training Academy (CAATA)	40
Aviation Fuel Price Monitoring	41
Annual Report - 2010	41
Complementary items	41
<b>Aerodromes &amp; Navigation Services Section</b>	<b>41</b>
ATC Rating Assessments	41
Surveillance Activities	41
Water Aerodromes	41
Approvals for construction of High Rise Structures	41
Training Conducted	41
Overflying and Landing Permission	41
Aeronautical Information Service	42
Regulatory Assistance for the construction of Hambantota International Airport	42
<b>FLIGHT SAFETY DIVISION</b>	<b>43</b>
<b>Personnel Licensing Section</b>	<b>43</b>
Implementation of Safety Management System on approved Training Organisation	43
Appointment of Flight Test Examiners	43
Testing the Knowledge of Foreign Pilot Licence holders	43
Automation of functions of PEL Section	43
Designation of a Hospital for Medical checks	44
<b>Operations Section</b>	<b>44</b>
Foreign Air Operator Certification	44
Approval of Simulators	44
Designated Check Pilots	44
Air Operator Certificates	44
Amendments to Manuals of Operators	44
Review & approval to Training Programmes of the local Operators	44
USOAP Audit	45
<b>Airworthiness Section</b>	<b>45</b>
Continued Airworthiness	45
Aircraft Maintenance Organizations	45
Aircraft Registration	45
Safety Oversight	45
Recommendations for Visa	45
Maintenance Engineer License	45
Spare Parts Approvals	45

<b>CORPORATE DIVISION</b>	<b>46</b>
<b>Air Transport &amp; Legal Affairs Section</b>	<b>46</b>
Aviation Statistics	46
Airline Operations	46
Passenger and Cargo Movements.	46
Transit Passengers	46
Domestic aviation	46
Travel Agents	47
Bilateral Air Services Negotiations	47
Airline Reservation & Fares Calculation Course	48
Slot Co-ordination	48
General Inspectors Programme	48
APIG (Airport Process Improvement Group)	48
Consumer Complaints Handling	48
Meetings with Stakeholders in Air Transport Industry/Department of Commerce..	48
Internship for Undergraduates of Moratuwa University	48
<b>Human Resources &amp; Office Management Section</b>	<b>48</b>
Staffing	48
Staff Welfare	49
Trainings, Seminars, Workshops, Meetings, Conferences	49
Technical Library	49
CAASL Website	49
CAASL Corporate Plan and Work Programmes	49
Automation of CAASL	49
Shifting of CAASL to a new location	50
Access Control System	50
Leave availed by the CAASL Employees	50
<b>Finance Management Section</b>	<b>50</b>
Programme Budget.	50
CAA Revenue	50
<b>SUMMARY OF PERFORMANCE - 2011</b>	<b>51</b>
Performance of CAASL -2011	51
Safety and Security Oversight duties and functions	51
Section Specific Activities -2011	52
Direction and Management	52
Aviation Security (AV.SEC) Section	52
Special Projects (SP) Section	52



Air Navigation Services (ANS) Section	52
Personal Licensing (PL)	53
Operations (OPS)	54
Airworthiness (AW)	54
Air Transport & Legal Affairs (AT&LA)	55
Human Resources and Office Management (HROM)	55
Finance Management (FM)	56
Internal Audit (IA)	56
Aircraft Accident & Incident Investigation (AAIL)	56
<b>PERFORMANCE OF THE INDUSTRY - 2011</b>	<b>57</b>
<b>FINANCIAL STATEMENTS - 2011</b>	<b>59</b>
Statement of Responsibility of Members of the Authority to Financial Reporting	59
Balance Sheet as at 31st December 2011	61
Income Statement	62
Statement of Changes in Equity	63
Cash Flow Statement	64
Notes to the Financial Statements	65
Significant Accounting Policies	83
<b>AUDITOR GENERAL'S REPORT</b>	<b>86</b>
<b>REPLY TO THE AUDITOR GENERAL'S REPORT</b>	<b>93</b>
Appendix - 1: CAA Organogram	100
Appendix - 2: Aviation Occurrences - 2011	101
Appendix - 3: USOAP Audit Results	102
Appendix - 4: Aviation Fuel Price Variation	104
Appendix - 5: Collection of Embarkation Levy	105
Appendix - 6: Leave availed by CAA staff	106
Appendix - 7: Passengers Departures and Arrivals	107
Appendix - 8: Construction of Telecommunication Towers	108

## ABBREVIATIONS

A&NS	Aerodromes and Navigation Services
AA	Assistant Accountant
AAI	Assistant Aerodrome Inspector
AA(I)	Audit Assistant (Internal)
AASI	Assistant Aviation Security Inspector
AASL	Airport & Aviation Services (Sri Lanka) Ltd
AATO	Assistant Air Transport Officer
AAwE	Assistant Airworthiness Engineer
Acct	Accountant
AFM	Assistant Finance Manager
AFTN	Aeronautical Fixed Telecommunication Network
AGOI	Assistant Ground Operations Inspector
AI	Aerodrome Inspector
AIU	Accident Investigation Unit
AISO	Aeronautical Information Service Officer
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
ANSI	Air Navigation Services Inspector
AOC	Air Operator Certificate
AS	Aeronautical Services
ASI	Aviation Security Inspector
ASN	Aviation Safety Notice
AT&LA	Air Transport and Legal Affairs
ATC	Air Traffic Control/ Air Traffic Controller
ATO	Air Transport Officer
Av. Sec	Aviation Security

Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAASL	Civil Aviation Authority of Sri Lanka
CAATA	Civil Aviation Authority Training Academy
CEO	Chief Executive Officer
CIA	Chief Internal Auditor
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
Cp	Corporate
CSI	Cabin Safety Inspector
C of R	Certificate of Registration
DCA	Department of Civil Aviation
D	Director
DD	Deputy Director
DGCA	Director-General of Civil Aviation
DO	Documentation Officer
DPIG	Development Planning & Implementation Group
ELP	Equipment Loading Plan
EU-SA	European Union – South Asia
FAL	Facilitation
FIR	Flight Information Region
FOI	Flight Operations Inspector
FS	Flight Safety
GOI	Ground Operations Inspector
GSA	General Sales Agent
HR&OM	Human Resources & Office Management
HR&OMA	Human Resources & Office Management Assistant
HR&OMO	Human Resources & Office Management Officer
IA	Internal Audit
ICAO	International Civil Aviation Organization
MEL	Minimum Equipment List
NOTAM	Notice to Airmen
Ops	Operations
PA	Personal Assistant
PEL	Personnel Licensing
PLO	Personnel Licensing Officer
PA-AAI	Programme Assistant- Aircraft Accident Investigation
PA-AE	Programme Assistant- Aviation Examinations
PA-IT	Programme Assistant- Information Technology
PA-SP	Programme Assistant – Special Projects
S/CAASL	Secretary to the CAASL
SD	Senior Director

SAISO	Senior Aeronautical Information Service Officer
SARPs	Standards and Recommended Practices
SARAST	South Asia Regional Aviation Safety Team
SATO	Senior Air Transport Officer
SAwE	Senior Airworthiness Engineer
SFOI	Senior Flight Operations Inspector
SLCAP	Sri Lanka Civil Aviation Publication
SP	Special Projects
SEP	Safety & Emergency procedures
SMS	Safety Management System
SPLO	Senior Personnel Licensing Officer
SSP	State Safety Programme
TRCSL	Telecom Regulatory commission of Sri Lanka
USAP	Universal Security Audit Programme
USTDA	United States Trade and Development Agency
USOAP	Universal Safety Oversight Audit Programme

## DIRECTORY

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<b>Auditors</b>	<b>: Auditor General, Democratic Socialist Republic of Sri Lanka</b>
<b>Lawyers</b>	<b>: Attorney General, Democratic Socialist Republic of Sri Lanka</b>
<b>Banker</b>	<b>: Bank of Ceylon</b>
<b>Insurers</b>	<b>: Sri Lanka Insurance Corporation Ltd Ceylinco Insurance Company Ltd.</b>



## CHAIRMAN'S REVIEW



The year 2011, being our ninth year, saw some remarkable achievements in the Authority as well as in Civil Aviation in Sri Lanka.

The main activities performed by the CAA in 2011 were basically focused on the implementation of International Standards in the country. At the audit conducted by the International Civil Aviation Organization in 2010, to assess the degree of compliance of the international standards and requirements in the country, it was revealed that Sri Lanka has a value of effective implementation of international standards and requirements as high as 86.5%. This performance has helped Sri Lanka to achieve the first place among South Asian States and the fourth place out of 34 States in the Asia- Pacific Region according to the reports published by the International Civil Aviation Organization. It needs to be emphasized that this is a great accomplishment. As far as the maintenance of aviation safety standards are concerned only the Republic of Korea, Singapore and Japan have been able to surpass the performance level attained by Sri Lanka. In order to correct the remaining shortcomings and implement a flawless aviation safety system, a remedial action plan has been proposed by the Civil Aviation Authority, which has been endorsed by the International Civil Aviation Organization almost entirely.

The new Civil Aviation Act No.14 of 2010 came into operation with effect from 04th February 2011 through an order published in the Gazette by the Hon. Minister of Civil Aviation. The Civil Aviation Authority successfully completed all necessary action in regard to the above process

and has currently undertaken to implement the other relevant provisions of the new Act. Necessary action has been taken to appoint a Statutory Services Provider to provide specific aeronautical services as identified in the provisions of the Act and action will progressively be taken to complete the process for the appointment of other Service Providers as required under the Act. In addition, the areas for which new Regulations are required have already been identified, and the preliminary discussions are being held.

Necessary action has also been taken to ratify the Montreal Convention which will regulate the liability of international carriage of persons, luggage or goods performed by an aircraft.

The Civil Aviation Authority has also initiated the regulatory matters in respect of the Second International Airport being built at Mattala. The master plan of the Mattala Airport has been approved.

The prospects for the future of Civil Aviation in Sri Lanka took on a very positive dimension with the dawn of peace. The Tourism and Aviation sectors depend on each other, especially in an Island nation like Sri Lanka. Tourism continued its growth momentum surpassing 857,975 tourist arrivals in 2011, seeing the industry quickly forecasting its targets to reflect this positive trend. The Sri Lankan Airlines float Plane operation, has proved successful and more float planes are being added to their fleet. Approval for the operation of 15 water aerodromes has been issued by the Authority during the year 2011.

The restrictions imposed on domestic civil aircraft operations on account of security, were relaxed in 2011 letting the domestic aviation sector rejuvenate from its state of dormancy. Relaxation of restrictions was welcomed by the local community who are keen and enthusiastic to engage in domestic civil aviation. This includes the interest in, leisure flying, aero sports such as hang gliding, ballooning, heli skiing, para jumping, para sailing etc., the development of which would deliver significant economic and social benefits to the country.

The dividends of peace were seen to have directly contributed to the growth in the air transport sector with a record of 6.1 million passenger movements and 157 metric tons of air freight movements in 2011. It represents nearly 17 % of growth in passengers and 21 % in air cargo, compared to last year's figures.

At this juncture, the Civil Aviation Authority, which envisions to be a prime catalyst of the growing national economy has a major role to play in facilitating achievement of the Government's vision of making Sri Lanka an aviation hub in line with the 'Mahinda Chintana' by capitalizing on the country's strengths whilst making use of emerging market opportunities.

The work program of the CAASL had several important items. As a signatory to the Convention on International Civil Aviation, CAASL has a compelling obligation to ensure that the international standards and recommended practices adopted by the International Civil Aviation Organization (ICAO) are locally implemented and effectively enforced.

Thus the CAASL needs skilled and competent technical staff to maintain the proficiency of the industry. CAASL has already approved a proposal for restructuring its organizational structure whilst recruiting necessary staff to meet future demands.

One of the main parameters to ensure aviation safety is the process of issuance of Personnel Licenses to those categories of personnel who engage in critical aviation safety tasks, after completion of the required training courses, examinations and tests.

Over the last year, special emphasis was given for training and development of CAASL Human Resources as it is the most important and valuable asset that contributes to accomplish the CAASL's mission.

CAASL continued with its Medical Insurance Scheme as a welfare facility offered to employees and their immediate family members. A total of Rs 23.9 million was spent on staff loans facilitated. In addition to organizing a number of local training courses for the majority of the staff many were sent on overseas training programs.

Civil military co-ordination was given utmost importance over the last year and a significant improvement in relations between civil and military authorities was experienced during this period helping the domestic aviation industry. The CAASL identified many potential benefits the country could derive, when relevant civil and military institutions work in unison, and has strived to maintain the position.

CAASL has been able to continue successfully, the educational program which was commenced in 2010 with the intention of delivering basic knowledge in the field of aviation to the public, especially to school children. During the period under review, the program covered 05 educational Zones in the country where approximately 2600 school children from 160 schools which conducted G.C.E (A/L) classes have been benefitted. The quarterly education Magazine 'Guwansara' published by the CAA with the view to enhance the knowledge of school children in the field of aviation is being distributed on complimentary basis to 2800 schools which conduct G.C.E (A.L). Apart from these education related activities, the educational website 'Guwansara' was also launched in February 2011.

The CAASL's primary source of income continued to be the surcharge levied on airline tickets purchased overseas. The total income and expenditure of the CAASL for year 2011 was Rs. 744 million and Rs. 315 million respectively. The saving at hand would be an important asset to the CAASL as it has plans to acquire an aircraft capable of performing regulatory checks for pilots seeking various types of licences and ratings, and to support



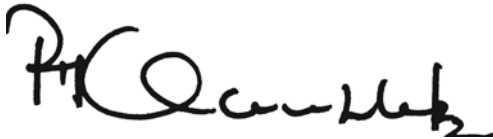
infrastructure development. Funds saved will also provide for development of infrastructure needed for regulatory functions.

Sri Lanka again achieved good performance in Aviation Safety in 2011 as well with no aviation accidents or fatalities recorded. The CAASL continues its efforts to maintain the best possible safety record during the next year as well.

Continuous exchange of ideas and cordial industrial relations has benefited us to maintain a good working relationship while ensuring

our Authority's goals and vision is met as the regulatory body in Sri Lanka.

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 also thank the Board of Directors who have been mindful of their responsibilities at all times, and for their guidance and co-operation. I also wish to thank the Secretary and all officials of the Ministry of Civil Aviation for the cooperation, guidance and support extended to this office.



**Air Chief Marshal W D R M J Goonetilleke**  
**Chairman**



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

### Global Situation:

Air Transport continues to be a global business and driver of economic and social development that is indispensable to governments. It is the primary means of moving people safely over long distances for the foreseeable future and has become a force for good in the world. Air Transport helps connect people and goods to markets reunites families and enables journeys of discovery. It remains to be a highly regulated industry. Sustainability of air transport is therefore depends not only on what industry partners do for themselves but also the policies adopted by governments.

In 2011, about 2.8 billion people flew and nearly 50 million tonnes of freight was carried in 38 million flights. The growth in volume of commercial scheduled flights continued in 2011 at the rate of 3.5%. This increase coincides with an increase of 3.7% in the global real Gross Domestic Product (GDP). Although air freight is 1 % of the volume of world trade shipments, it covered 35% by value of goods shipped. They included very high value commodities and often times perishable or time-sensitive goods.

As per statistics released by Air Transport Action Group (ATAG), in 2011 over 1,600 airlines operated a fleet of over 23,800 aircraft into and out of 3,500 airports in the globe serving over 35,000 city pairs and performing over 5 trillion passenger kilometres and 172 billion tonne kilometres of freight in a complex air space managed by over 190 air navigation service providers. If aviation were to be a country it ranked 19th in the world in terms of gross domestic product (GDP) of \$539 billion per annum.

The unique connectivity that aviation provides supports millions of jobs and contributes trillions of dollars in economic activity. Over 56 million people are employed worldwide in aviation and related tourism sectors. Of this, 8.36 million people work directly in the aviation industry. ICAO forecasts that the aviation industry will require additional cadre of 250,000 of pilots, 400,000 of aircraft maintenance engineers and 40,000 of air traffic controllers by 2030 to handle the growing demand. ICAO advocates the States to augment human resource capacity building programmes to be able to sustain the projected growth.

In 2011, flights worldwide released over 676 million tonnes of CO<sub>2</sub> to environment reflecting 2% of the overall global production of CO<sub>2</sub>. Aviation's contribution of CO<sub>2</sub> is 12% compared to road transport which is 74%. Over 80% of CO<sub>2</sub> emissions in aviation take place in long haul flights over 1500 km for which there is no practical alternative mode of transport. Industry has responded positively to the need of preserving environment by identifying biofuels produced from Algae, Jatropha and Calamine etc. as alternative sources of energy. Although the traffic is growing at an average 6% per annum the airport environs are becoming less noisy with new and quieter aircraft entering the market with around only 83 dB of noise at take-off. The aircraft of today can perform a non-stop flight of 15,200 km with a fuel efficiency of 3.5 litre per 100 passenger kilometres, compared to the first jet which could only flew a distance of 5,200 km.

Air Travel is becoming competitive with travel costs going down remarkably although the airlines' operating costs going up exponentially with the escalating fuel cost which accounts for an average of 32% of the airlines' revenues. In 2011, airline industry has achieved a global profit of \$3.5 billion with a 0.6% profit margin from a revenue of \$600 billion suggesting that Airline industry is all about turnover with very little leftover.

Safety continues to remain the number one priority in aviation for it to be sustainable. The number of aircraft accidents attributed to scheduled commercial flights in 2011 was 126 and the global accident rate per million departures was 3.4. The number of fatalities has decreased by 41.4% to a total of 414, making 2011 the safest year since 2004. Improved runway safety was a key element for this decrease with no fatal runway safety related accidents occurring in 2011.

Based on accident data covering the 2005–2010 time period, ICAO has identified three high-risk accident occurrence categories viz. runway safety related events, loss of control in-flight and controlled flight into terrain and these areas are given increased attention to further reduce accidents rates.

The ICAO Universal Safety Oversight Audit Programme (USOAP) and Universal Security Audit Programme continue to promote the systematic implementation of ICAO Standards and Recommended Practices (SARPs) relating to safety and security with a view to strengthening aviation safety, security, efficiency and regularity worldwide. As of the end of 2011, the USOAP had completed assessments of 95% of ICAO Member States, accounting for 99% of all traffic flown. Based on audit results, ICAO has raised Significant Safety Concerns on eleven (11) Member States which challenge their active engagements in international civil aviation.

Enhanced aviation safety is the result of concerted efforts made by industry partners to implement global standards effectively. ICAO is interacting closely with governments in its USOAP and USAP audit programmes. Concurrently IATA working with airlines through the IOSA audit standards, an agreement between IATA, ICAO,

the US Department of Transport and the EC has been entered to share safety information, and countless efforts are being made around the world to spread the implementation of best practice. By end of 2011, the EU had banned nearly three hundred airlines (300) airlines from operating into EU airspace due to non conformity with the applicable International Standards.

With growing traffic, it just around half of the global airspace is permanently open to civil aviation with the rest being controlled by the military. In view of the growing need for additional airspace capacity, ICAO is promoting States to implement dynamic airspace management which releases air space on need basis instead of static demarcations.

### Regional Situation

In 2011, Asia registered an average annual traffic increase of 7.8% which is the highest percentage growth rate experienced by all regions in the world. As a result, Asia's total traffic volume in 2011 ranked second to North America.

During commercial operations in 2011, airlines in Asia met with 22 aircraft accidents of which three were fatal resulting in 98 fatalities.

Most of the governments in the region have used aviation strategically expecting a dramatic economic progress. Accordingly those States unbundled the aviation industry from the restrictive economic regulations and relaxed taxation policies on the industry. Infrastructure, Investment Policies and Taxes on travel and fuel, have been the major issues that the industry has been focusing much attention in the region.

The Asia region has shown a good progress in the development of airport infrastructure with more States turning towards introducing public private partnerships (PPP) model. The region was more responsive to the demand for foreign direct investments in local airlines which allow strategic tie-ups with foreign airlines cemented by an equity stake.

Optimizing routes, improving air traffic management, investing in new and more fuel-efficient aircraft, application e-freight paperless mechanism for cargo handling etc. have been the priorities in the region. E-freight is the

single most important project to shore-up the competitiveness and efficiency of air cargo, the region showed increased interests in its implementation.

In 2011, Asia-Pacific carriers have made \$3.3 billion of revenue with a record of airlines making the largest absolute profit.

The aviation industry in neighboring India is growing at about twice the global average i.e. about 12% domestically and 8-9% internationally. With over three million tonnes of cargo annually, Hong Kong became the world's top port for international cargo whilst its national carrier, Cathay Pacific ranked third in the world in terms of freight tonne-kilometers performed.

### Local Situation

With the return of peace in 2009, Sri Lanka has rejuvenated its air transport sector. A phenomenal growth was observed in 2011 with 15% (6.2 million), 20% (158 thousand metric tonnes) and 27% (44 thousand) growth rates in passenger, cargo and aircraft movements respectively compared to the applicable figures in 2010. Out of the total of 3.1 million arriving passengers, nearly 24% (711 thousand) of passengers were transiting via the Bandaranaike International Airport, Colombo, indicating that the BIA is heading towards the hub status. It is also worth noting that 98% of those transit passengers have been carried into the country by SriLankan Airlines.

The passengers travelled in the fixed wing aircraft engaged in domestic air services did not show a significant increase in 2011. However, the demand for Helicopters for travel within the country was increasing. They were more used by businessmen and tourists. A good number of persons have also travelled in the float planes operated by SriLankan Airlines and the use of Hot Air Balloons for sight scene became popular in the year under review.

The government declared that aviation is one of the five primary hubs to be established for the accelerate development of national economy. In that context, the CAA being the regulator, had to play a greater role in creating a conducive environment for the making of an aviation hub by ensuring safe, secure, efficient and orderly

growth of aviation sector in the country. In this context, the CAA had to take series of measures in coordination with the respective government organizations and industry stakeholders to strengthen the State Safety Oversight capability, which the CAA performs for and on behalf of the State and which lays the foundation for a sound aviation system in the country.

Action was taken to give effect to Civil Aviation Act No.14 of 2010 effective 04th February 2011 superseding the Air Navigation Act No.15 of 1950 that was in place hitherto. Steps were also taken introduce a comprehensive set of new operating regulations under the Civil Aviation Act to meet the present day requirements of the industry.

The CAA was shifted to a better building at No.4, Hunupitiya Road, Colombo 2 with the objective of giving a good facelift to the organization that could create an impressive image in the minds of its visiting clients whilst providing more space, improved facilities and services to the working staff. The CAA was provided with a good communication network backed by Microsoft Exchange. All staff above the action officers were provided with a computer with a local area networking facility.

In the meantime, action was resumed to identify a suitable block of land for the construction of CAA headquarters, which was halted due to depleting revenues over the last few years.

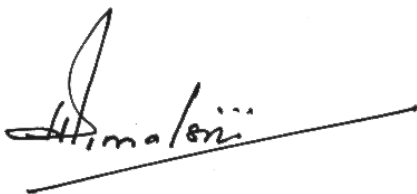
Dearth of local personnel with required competence and sufficient exposure in civil aviation regulatory affairs who meets the published guidelines for employment in the State sector, continued to be a major challenge faced by the CAA in staffing its important technical positions which have direct bearing on the effective discharge of Safety and Security Oversight functions. In this connection, the CAA had to give more prominence, weightage and priority to the need of achieving the required capacity to fulfill the CAA's legitimate functions which includes the effective safety and security oversight of the industry in compliance with the applicable international standards.

Required training was arranged to the staff for professional excellence whilst achieving

the corporate goals and objectives in line with the working strategies as enunciated in the Corporate Plan 2011-2013.

The CAA was required to submit the Corrective Action Plan to the ICAO for the deficiencies that ICAO had identified during its Safety Oversight Audit that was conducted on Sri Lanka during 24 Oct – 04th Nov 2010. In its final audit report, ICAO had raised 34 audit findings based on 100 Audit Protocol questions out of a total of 973 which Sri Lanka could not satisfactorily answer. The CAA did not agree with one of the findings relating to establishment of an Independent Entity for the conduct of aircraft accident and incident investigations and ICAO was informed accordingly. The rest of Corrective Action Plans submitted by the CAA in respect of remaining 33 audit findings were accepted by ICAO except for one finding which deals with the staffing and their training requirements. The CAA has to develop a strategy to find a long term solution to rectify that audit finding.

Towards the latter part of 2011, the ICAO released data relating to the audit results of all States that it had audited under the five year audit cycle commencing 2005 under its Universal Safety Oversight Audit Programme. According to those data, effective implementation of ICAO SARPS in Sri Lanka has been assessed to be over 87% which is well above the world average. As per the overall results released by ICAO, Sri Lanka has been ranked first place in South Asia,



**H.M.C.Nimalsiri,**  
Director General of Civil Aviation and Chief Executive Officer

4th place in Asia Pacific Region (34 States) and 19th Place in the globe (177 States), which is an impressive achievement compared to Sri Lanka's position highlighted by ICAO after an Assessment in 1997.

The continued effective discharge of CAA legitimate duties and functions and associated State Safety Oversight tasks will be dependent primarily on the availability of required level of proficient Staff in the CAA. Without competent staff in place at the respective positions of the organogram, the CAA cannot perform its functions effectively. It is a great challenge in the hands of the CAA to find an immediate and long term solution to address this issue to be able to retain the results achieved, under the present and emerging multifarious challenges.

The following pages in this report outline succinctly the achievement of the CAA in the year under review.

I wish to avail myself of this opportunity to thank Hon. Minister of Civil Aviation, his Secretary and all staff in the Ministry of Civil Aviation, Chairman and Board of Directors of Civil Aviation for the unstinted support, encouragement and cooperation extended to perform the tasks assigned to this office. At the same time I wish to thank all the employees of the CAA staff for their contribution to achieve the results which are summarized in the following chapters.



## 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 Enterprise 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 undertake activities that promote civil aviation safety, security, efficiency and regularity in keeping with International Standards and Recommended Practices adopted by the International Civil Aviation Organization (ICAO) and in pursuance of the provisions in the Civil Aviation Act No.14 of 2010 and to steer the civil aviation sector in Sri Lanka as a prime contributor to the growth of national economy, enhancing the quality of life of its citizens.

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.

The Secretary, Ministry of Defence, a representative of the Minister in- charge of the subject of Finance and the Director-General of Civil Aviation are serving the CAASL as the ex-officio members.

The term of office of the appointed members is three (03) years from the date of appointment.

The Authority is subject to direction and control of the Minister in-charge of the subject of civil aviation, who at present is the Minister of Civil Aviation.

### Members of the CAASL

#### Members appointed by the Minister

Air Chief Marshal W D R M J Goonetilleke (Chairman)

Mr J M S W Jayasundara (Vice Chairman)

Mr. K V N Jayawardene ( Member)

Mr. Zaki Alif (Member)

Mr Dinesh Gallage (Member)

#### Members - ex-officio

Secretary, Defence (Mr. Gotabaya Rajapaksha)

Representative of the Ministry of Finance (Mr. W I Tissera)

Director General of Civil Aviation (Mr. H M C Nimalasiri)



**Chairman**  
**Air Chief Marshal W D R M J Goonetilleke**  
**RWP & bar, VSV, USP, ndc, psc**

Air Chief Marshal W D R M J Goonetilleke completed his education at St. Peter's College, Bambalapitiya where he excelled both in studies and in sports. He is the eldest son of the 5th Commander of the Air Force, Air chief Marshal Harry Goonetilleke.

Air Chief Marshal Goonetilleke joined the Sri Lanka Air Force as an Officer Cadet in the General Duties Pilot Branch on 13 January 1978. On successful completion of flying training, he was commissioned in the rank of Pilot Officer on 24 August 1979. During his illustrious career of 28 years, he has held a number of command, operational and administrative appointments. Having logged many flying hours both in fixed wing and rotary wing aircraft; he served in the capacity of an operational pilot as the Commanding Officer of No 03 Maritime Squadron and the Commanding Officer of No. 04 Helicopter Wing. He took up senior operational command appointments as the Zonal Commander Northern Zone and Zonal Commander Eastern Zone.

He has also commanded Air Force Base in Katunayake, Anuradapura and China Bay. He served a very successful tenure as the Director of Operations / Deputy Chief of Staff Operations of the Air Force before being appointed as the Chief of Staff, until he took over office as the 12th Commander of the Sri Lanka Air Force on 11 June 2006. He retired from the post of Commander on 28th February 2011 and was appointed to the post of Chief of Defence Staff.

On 18 May 2009, with the successful conclusion of the Humanitarian Operations, he was promoted to the rank of Air Chief Marshal by HE the President, in appreciation of the valuable service rendered. His promotion was very significant as he was the only Air Force Commander to be promoted to the rank of Air Chief Marshal whilst on active service.

On 05 October 2009 he was appointed as the Chairman of the Civil Aviation Authority of Sri Lanka by H.E the President in addition to his duties as the Commander of the Sri Lanka Air Force. Further, he has also been vested upon the duties and responsibilities of over looking the office of the Chief of Defence Staff apart from the aforesaid post.

Air Chief Marshal Goonetilleke graduated from the Air Command and Staff College, Air University, Alabama, USA in 1994 and had also attended the prestigious National Defence College in Pakistan in 2001. In recognition of his distinguished service career he has been awarded the Uttama Seva Padakkama. He has been decorated with the 'Rana Wickrama Padakkama' for bravery displayed in the face of the enemy whilst engaged in operations on two occasions.



**Vice Chairman**  
**MR J M S W JAYASUNDARA**

Mr J M S W Jayasundara was an outstanding sportsman who had his primary education at Dharmaraja College Kandy. He joined the Police Department in 1971 and retired as a deputy Inspector General after 37 years of service with an unblemished record. He had been to Japan, Malaysia, Scotland Yard, USA and France for training during his illustrious career. He is also a life time member of the International Police Association. He was the Director Special Tasks-Airport and Aviation Services (Sri Lanka) Limited, before assuming duties as the Vice Chairman and a member of the Board of Civil Aviation Authority of Sri Lanka.





## **MR GOTABAYA RAJAPAKSA-RWP, RSP** Secretary Defence - Ministry Of Defence (Member Ex-Officio)

Mr. Gotabaya Rajapaksa RWP, RSP had his early education at Ananda College, Colombo. Being an alumni of Army Training Centre, Diyatalawa, he

was commissioned into Sri Lanka Signal Corps on 26th May 1972.

In 1974, he was transferred to Sri Lanka Sinha Regiment. He also has served in Rajarata Rifles (in 1980) and in Gajaba Regiment (in 1983), where he served until his premature retirement in 1991, at the rank of Lieutenant Colonel. During his illustrious

career in the Army Mr. Rajapaksa followed a number of prestigious courses including Defence Services Staff College at Wellington, India and the Infantry Officers' Advance Course in USA. Mr. Rajapaksa is a veteran of the Vadamarachchi Operation. He Commanded 1st Battalion of the Gajaba Regiment during this Operation.

He successfully commanded the same Battalion during Thrivida Balaya, Jayashakthi operations in 1990. He also held the post of Deputy Commandant of Kothalawela Defence Academy. He was also awarded Rana Wickrama and Ranasura Medals for his distinguished, outstanding and successful service career.



## **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

functioned as the Assistant Director (Operations) in the Department of Civil Aviation since 1987 and has been a pillar of strength in the CAASL. Mr. Nimalsiri is amongst a few officials who pioneered drafting the new legislative framework in Civil Aviation. He introduced institutional reforms in the former Department of Civil Aviation, which led to the formation of the Civil Aviation Authority of Sri Lanka and the introduction of the Civil Aviation Bill.

He has followed numerous training courses relating to air transport, aviation safety & security, navigation services, safety auditing, safety management systems etc/ and possesses an extensive knowledge and experience in Civil Aviation. He has participated in various regional and international conferences on Civil Aviation and has taken part in many bilateral air services negotiations with foreign States

representing the CAASL and the former Department of Civil Aviation. In 2007 he was seconded to ICAO as the Regional Programme Co-ordinator of COSCAP-SA which is under the International Civil Aviation Organization, for a term of three years under a leave of absence granted by the Government of Sri Lanka.

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. Mr. Nimalsiri 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 has 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 countries in the Asia and Pacific regions.



**MR W I TISSERA**  
Representative of the Ministry of Finance  
(Member Ex-Officio)

Mr Ivan Tissera started his career as a Government Accountant in 1982. He has served as the Accountant at the Kachcheri, Badulla from 1982 to 1993. He was promoted as the Deputy Director in 1993 and attached to the Department of State Accounts of the General Treasury. During his career in the Department of State Accounts he had the opportunity to serve in different subject areas such as cash management, revenue etc. During his tenure at the Department of State Accounts, he submitted new Guidelines on Government Fixed Asset Management as the Chairman of the Committee and submitted a comprehensive study report on Financial Management system in the Sri Lanka Army. In January, 2000 Mr. Tissera was appointed as the Senior Consultant and the Head of the Centre for Financial Management at the Sri Lanka Institute of Development Administration ( SLIDA ). In January, 2004, he was offered the post of Procurement Specialist in the Improving Relevance and Quality of Undergraduate Education (IRQUE) in the Ministry of

Higher Education. When the National Procurement Agency (NPA) was established in October, 2004, Mr Ivan Tissera was selected as the Director Capacity Building, Research and Development of the NPA. Mr. Tissera has introduced a new diploma program on 'Public Procurement and Contract Administration' to develop local expertise in public procurement and has trained thousands of public officers. After closing of the NPA, its activities were transferred back to the Department of Public Finance and Mr. Tissera was appointed as the Additional Director General in charge of procurement management. From January, 2011, he was appointed as the Additional Director General to the Department of Foreign Aid and Budget Monitoring of the Ministry of Finance and Planning.

Mr Ivan Tissera is a B.A Economics ( Hons ) graduate of the university of Peradeniya and has earned his Master of Commerce in Economics from the university of Wollongong, Australia. He is a fellow member of the Institute of Public Finance and Development Accountancy. At present he serves as a member in the boards of Ceylon Transport Board, Sri Lanka Institute of Standards and the Civil Aviation Authority.



**MR K V N JAYAWARDENE**

Mr. Jayawardene enrolled himself as an Attorney-at- Law of the supreme court of Sri Lanka in 1983 and was awarded the Masters Degree in Public International Law by the University College London after successful

completion of the Course, specializing in the area of Air and Space Law in the 1990-91 Academic-year. Mr. Jayawardene carries a vast experience in the field of Aviation Law being the Supervising Officer of Air Law at the Attorney General's Department from 1998 to May 2005. Mr. Jayawardene also functioned as a Legal Advisor to the Department of Civil Aviation and actively participated in the drafting of the Civil Aviation Authority Act and the Civil Aviation Bill. He has participated in the negotiation of numerous Bi- lateral

Air Services Agreements with various Countries, as the legal advisor to the Sri Lankan Delegation.

He also functioned as a member of the Team of Legal Consultants to the Public Enterprises Reform Commission from 1996. Mr. Jayawardene participated in the Company Law reforms process from May 1993 which resulted in the enactment of the Companies Act No. 7 of 2007.

As recognition of his significant contribution in the drafting process, he was appointed as a Member of the Company Law Advisory Commission in August 1998, in which capacity he continues to serve to-date. He is serving as a Director of Hotel Developers (Lanka) Ltd, the owning company of Hilton Hotel Colombo, was a Director of Milco (Private) Limited and Director and the founder Chairman of Lanka Sathosa Limited.



## MR. ZAKI ALIF

Mr Zaki Alif is the Director of Stassen Group of Companies, and is the Chairman of Dambadeniya

Development Foundation. In addition, he is the Managing Trustee of Hambantota Development Foundation.



## MR DINESH GALLAGE

Mr. Dinesh Gallage had his early education at Mahinda College, Galle. He has a B.Sc.(Hons) Degree in Electronics & Telecommunication Engineering from University of Moratuwa. He is a Chartered

Engineer recognized by the Institution of Engineering Sri Lanka (IESL). He is presently reading for a MBA at the University of Ruhuna.

Mr. Dinesh Gallage started his career as a Research Engineer at Arthur C Clarke Institute for Modern Technologies in year 1999. Then he has joined

General Sales Company Limited as a Bio Medical Service Engineer. He gathered his initial training and experience in data communication, while he was working at Suntel limited as an Engineer.

He resigned from Suntel Limited in 2001 and joined Sri Lanka Telecom as a Regional Manager and was subsequently appointed as the Operation & Maintenance Manager. Mr. Dinesh Gallage was promoted as the Deputy General Manager in year 2008 and is presently serving as the Deputy General Manager of Southern Province. He is an External Member of the Faculty of Engineering, University of Ruhuna. He is also a Corporate Member of the Institution of Engineering Sri Lanka (IESL).



# GOVERNANCE AND ACCOUNTABILITY OF CAASL

## Role of the Authority

**The Major role of the Authority includes, but is not limited, to the following:**

- » Communicating with the Hon Minister and other Government stakeholders to ensure their views are reflected in the planning of the Civil Aviation Authority;
- » Employment of qualified and skilled personnel and determine their terms and conditions of service including remuneration to be able to perform CAASL's functions and duties;
- » Setting policies and goals in the field of civil aviation and monitoring organizational performance towards achieving the objectives of the CAASL;
- » Delegating responsibility for the achievement of specific objectives of the Director-General of Civil Aviation who is also the Chief Executive Officer, CAASL - ex-officio;
- » Accountable to the Hon Minister on plans and progress towards the implementation and;
- » Ensuring systems of internal controls are maintained.

## Organizational Structure

The Authority is composed 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.

In terms of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002, the Cabinet of Ministers appoint 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 Ministers, 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 written law and, be charged with the general administration of the functions of the Authority. The Authority directs the Chief Executive Officer by delegating powers and functions for achievement of CAASL's objectives through setting policies.

## Authority Committees

The Authority has set up five standing committees viz, Staff Committee, Finance Committee, Planning Committee, Audit Committee and Civil Aviation Development and Education Committee to focus more attention on specific issues. Each committee has been delegated powers for establishing and monitoring the organization's progress towards meeting the objectives of the Authority.

## Staff Committee

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

1. Adoption of an organizational structure and modification thereto as and when necessary;
2. Determination of salaries and cadre;
3. Staff matters pertaining to selections, recruitments, appointments, promotions, demotions, retirements / terminations etc;
4. Staff disciplinary actions;
5. Monitoring the Annual Work Programme of the CAASL;
6. Development of Administrative Rules and Procedures for CAASL;
7. Development of Disciplinary Procedures for CAASL Staff;
8. Development of Office Procedures for CAASL;
9. Grant of scholarships for CAASL Staff;
10. Development of compensation schemes for premature retirement for DCA staff, and
11. Development of social and welfare schemes for CAASL staff.

**The Staff Committee comprises the following Members of the CAASL:**

1. Air Chief Marshal W D R M J Goonetilleke, Chairman
2. Mr. H M C Nimalsiri, DGCA/CEO
3. Mr. K V N Jayawardene, Member

## Finance Committee

**The Finance Committee is responsible to the Authority in respect of the following matters:**

1. Preparation of Annual Budget Programme;
2. Development of Financial Rules and Procedures for CAASL;
3. Monitoring the purchase of equipment, facilities or services;
4. Monitoring the avenues of revenue of the CAASL and
5. Thrift Management in CAASL.

**The Finance Committee comprises the following Members of the CAASL:**

1. Air Chief Marshal W D R M J Goonetilleke, Chairman
2. Mr. H M C Nimalsiri, DGCA/CEO
3. Mr. W I Tissera, Representative of the Ministry of Finance

## Planning Committee

**The Planning Committee is responsible for the following matters:**

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

The Planning Committee comprises of all eight Members of the Authority.

## Audit Committee

The Audit Committee is responsible for the following matters:

1. Determination of the responsibility of the Internal Audit Unit and review the annual audit plan;
2. Review and evaluate internal control systems for all activities of the entity;
3. Review performance at regular intervals to ensure cost effectiveness and to eliminate wasteful expenditure etc.,



4. Liaise with external auditors and follow up on Auditor General's management letters;
5. Ascertain whether statute, regulations, rules and circulars are complied with;
6. Review financial statements to ensure compliance with accounting standards;
7. Review internal audit / external audit reports, Management letters for remedial action;
8. Review implementation of recommendations/ directives of the Committee on Public Enterprises;
9. Prepare report on the findings of the Committee for inclusion in the Annual Report and
10. Report on all audit matters to the Authority as and when requested to do so by the Authority.

**The Audit Committee comprises of the following members**

1. Mr. W I Tissera-Chairman (Treasury Rep)
2. Mr Sarath Jayasundara, Vice Chairman
3. Mr Dinesh Gallage, Member
4. Mr. S M Chandrapala, Rep from Ministry of Civil Aviation

**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).

1. Mr. Dev Kowsala Samarajeewa-Vice Chairman
2. Mr. Gimhan Dabarera-Secretary
3. Ms.Manjula Wickramanayake-Treasure

**Members**

4. Ms. Dulanjali Mapitiyage
5. Ms. C.H Kodithuwakku
6. Mr. Nilantha Thennakoon
7. Mr. T.M.Y.B Tennakoon
8. Ms. G.E Millawithanachchi
9. Mr. M.H.I.K Gunawardane
10. Mr. S.P.B Wattewewa
11. Mr. R.L Talagala

**Connection with Stakeholders**

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

**Responsibility of the Authority and Senior Management**

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

The Authority concentrates on setting high level policies and strategies, and then monitors progress towards meeting the objectives.

The Senior Management is concerned with implementing these high-level policies and strategies.

The Authority stands apart and does not have responsibility for the specific regulatory obligations of the Director-General of Civil Aviation as set out in the Air Navigation Act or Regulations made thereunder or any other written law.

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 its 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 in its 3 year Business Plan.

### Conflict of Interest

The Authority maintains an Interests 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 staff.

### Internal Audit

While many of the Authority's functions have been delegated, the overall responsibility for maintaining effective systems of organisational 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 monitoring systems of internal control in each of the CAASL Sections. This unit is concerned with the quality of overall services rendered by the CAASL and reliability of financial and other information reported to the Authority.

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 organisation 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 staff is 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 organisations to the Authority would only be confined to the extent as may be determined by 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 examine its contents and decides as to the scope and extent of application of such directives.

### Ethics

The Authority, having developed a code of ethics, regularly monitors whether all members of the staff maintain high standards of ethical behavior and practice the principles 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-conformance 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 manner consistent 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.

## Motto

“Safe Skies for All”

## Philosophy

“Sri Lanka’s airspace is a public asset that shall be managed for the progress and well being of the posterity of Sri Lanka”.

## Goals

- » To achieve or exceed safety outcome targets set by the CAASL;
- » To be appropriately resourced;
- » To be professional and competent;
- » To attain wide credibility and recognition;
- » To sustain its achievements; 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;

- » 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 manner and communicating effectively both externally and internally;
- » 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 and realistic;
- » are willing and able to change in pursuit of continuous improvement;
- » work together to achieve success;
- » are open, honest and transparent;
- » promote efficiency 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;
  - » have a balanced home and work environment.
- (CAA organizational structure-please see Appendix 1)

### 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 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 minimize delays in on-time departures;
- » To make air travel affordable to people of average class;

- » To improve the quality of service in air travel;
- » To minimize congestion and expedite passenger processing at airports, whilst being mindful of the security requirements;
- » To minimize operational costs in the air transportation and eliminate waste; and,
- » To minimize adverse effects of aviation on the environment.

### 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;
- » International recognition of the civil aviation system of Sri Lanka which is free from embargoes / restrictions
- » Enhanced Safety, security, efficiency and regularity in civil aviation and consequential public confidence in the air transport system;
- » Optimum use of Sri Lanka airspace for the well being 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;
- » Dependable services in the field of civil aviation;
- » Education 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;
- » Environmental Sustainability

## Outputs

Output Class	Output
<b>Policy Advice</b>	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
<b>Safety Assessment &amp; Certification</b>	Risk management of: 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.
<b>Safety Analysis, Information and Promotion</b>	Safety investigation Safety analysis Safety information, education and promotion Aircraft Accident & Incident Investigations and implementation of safety recommendations
<b>Authorization</b>	Airline schedule approval Airfare approval Travel agent certification Registration of aircraft Authorization for import of aircraft spare parts Authorization of tall structure constructions Authorization for GSA Designation of local carriers for international operations
<b>Security Assessment</b>	Civil aviation sector security risk management
<b>Enforcement</b>	Responses to regulatory breaches Enforcement of public health and hygienic requirements
<b>Assistance to the Government</b>	Collection of embarkation levy from Airlines

# DIRECTION AND MANAGEMENT

## The Authority and its Committees

### Board Members

His Excellency the President, being the Minister of Ports and Civil Aviation appointed the Board of Members to the Civil Aviation Authority in terms of the CAASL Act 34 of 2002, on 13th May 2010. Air Chief Marshal W D R M J Goonetilleke, Mr J M S W Jayasundara (Vice Chairman), were appointed as the Chairman and Vice Chairman respectively.

### CAASL Meetings

The Civil Aviation Authority of Sri Lanka held nine (09) meetings during the period under review and passed two hundred and thirty four (234) resolutions for the progress and well being of both the CAASL and the civil aviation industry that it regulates. The Staff Committee met nine (09) times and Audit Committee of the CAASL met four (04) times respectively during the period under review.

### Senior Management

#### Icao Usop Audit Result

The International Civil Aviation Organization (ICAO) launched the Universal Safety Oversight Audit Programme (USOAP) in order to assess the degree of implementation of Standards and Recommended Practices (SARPs) by the contracting States and to assess the effectiveness of the aviation safety oversight capabilities of individual States.

The USOAP audit conducted by ICAO in Sri Lanka in year 2010 proved the country's

excellence in implementation of SARPs and maintenance of a high level of aviation safety. Out of the 34 States of the Asia and Pacific Region, Sri Lanka has achieved the 4th place in the level Effective Implementation of ICAO SARPs during the audit. This is a significant and creditable achievement of the country. The only States who have performed better in the Asia & Pacific Regions are Peoples Republic of Korea, Singapore and Japan. (Appendix 3)

As per USOAP assessment, 18 States in Asia & Pacific Region are above world average range of 59.8%. 16 States are below world average, of which 4 States are below half of the world average (29.9%). Highest performing countries in USOAP, in Asia & Pacific Region, in descending order, are:

- |                      |                |
|----------------------|----------------|
| 1. Republic of Korea | 5. Mongolia    |
| 2. Singapore         | 6. China       |
| 3. Japan             | 7. New Zealand |
| 4. Sri Lanka         | 8. Australia   |

Latest published information reveals that Sri Lanka is placed at the 19<sup>th</sup> place in the global audit results out of 177 audited states.

#### 20<sup>th</sup> Steering Committee Meeting of Coscap-South Asia

The 20<sup>th</sup> Steering Committee Meeting (SCM) of the Co-operative Development of Operational Safety and Continuing Airworthiness Programme - South Asia (COSCAP-SA) was held from 05<sup>th</sup> to 08<sup>th</sup> April 2011 in Colombo, chaired by the DGCA Sri Lanka who was the incumbent chairman of COSCAP-SA at the

time. Around fifty delegates participated in this three-day meeting. Members of the SCM are the Directors-General of Civil Aviation of the South Asian States. In addition to the SCM members, their respective delegates, representatives of the International Civil Aviation Organization, representatives of several leading global and local aviation organizations also participated.

The COSCAP-SA was formulated in 1998 through the mutual co-operative efforts of Directors-General of Civil Aviation of the South Asian States. The primary objective of the Programme is to provide technical assistance and enhance and update technical knowledge of the aviation regulators and the industry personnel of civil aviation in South Asian countries, develop procedures and guidance material in civil aviation for the use of aviation safety regulators and aviation industry personnel and to provide practical knowledge to the aviation safety inspectors. The Programme is managed by a Regional Programme Co-ordinator and has the services of technical experts in different subject matters, recruited from the South Asia region.

The Steering Committee Meeting take place annually. At the meeting, the progress of the work performed in the past year is assessed, the work programme of the ensuing year is reviewed and approved, financial position is assessed and new and evolving technologies are presented to the meeting by international experts. In this regard representatives from the International Civil Aviation Organization, the Federal Aviation Administration of the United States of America, Boeing Aircraft Company and Airbus Industry made presentations.

The three day meeting ended with productive outcomes. There were eleven discussion papers presented for discussion. Amongst many technical and flight safety matters discussed at the meeting, implementation of the Performance Based Navigation (PBN) in the South Asian States and implementation of State Safety Programme (SSP) in the respective South Asian States took high priority.

## **AIRCRAFT ACCIDENT INVESTIGATION UNIT**

Yet again 2011 was proved to be aircraft accident free and safer year for aviation in the country.

After the aircraft accident of Sri Lankan Airlines Flight UL316, Airbus A330-243, on 16th October 2005 at Bandaranaike International Airport, there were no further accidents took place in Sri Lanka.

The Unit mainly focused on implementation of the corrective action plan in relation to the ICAO safety oversight audit findings. As per the ICAO Audit team there were five findings in Aircraft Accident and Incident Investigation (AIG) and the actions to be taken have been recommended in the audit report.

The five findings were the absence of a separate independent body to conduct aircraft accident and serious incident investigations, lack of training for Investigators, absence of agreements of the CAA with other States & Judicial authorities to facilitate assistance and /or coordination throughout the investigation process, analyses of the safety data and establishment of a voluntary incident and occurrence reporting system.

To this end AIU has proposed the Authority to establish an independent agency in Sri Lanka such as NTSB of the USA to undertake accident investigation independently. Committee on Public Enterprises (COPE) also recommended the CAA to study the possibility of establishing such a separate entity to undertake accident investigations. The arrangement between Air Accident Investigation Bureau of Singapore and Civil Aviation Authority of Sri Lanka on cooperation relating to aircraft accident and incident investigation was finalized. The Memorandum of Understanding with the Ministry of Justice was initiated and the finalization is being in progress.

The Aircraft Accident and Incident Investigation Regulations were written and submitted for the approval of the Hon. Minister in order to promulgate.

Though there were no accidents or serious incidents reported during the year under review, an ATC incident, which took place in Colombo FIR between two aircraft in flight 05th February 2011, was investigated by CAASL.

## **INTERNAL AUDIT SECTION**

Internal Audit Section has been entrusted with an independent, objective assuring and consulting activity meant to improve the organization's

operations and add value to its services. Internal auditing helps the CAA to accomplish its objectives by applying a systematic and disciplined approach to evaluate and improve the effectiveness of the organizational performance and control & governance processes.

The Section has taken up steps to provide its professional service to technical Sections and to measure customers' satisfaction of the CAASL. In 2011, the Section conducted 3 audits on technical Sections and prepared a draft questionnaire to measure customer satisfaction. The technical Sections of CAASL have achieved

better results of improving quality and providing better regulatory services to its customers. Further, 13 audits on non-technical sections have been conducted, which should improve the efficacy of, especially the financial and human resource management areas of the organization.

The Section has provided the opportunity to its executive officer to participate in an overseas training programme on the subject of "New Dimension of Internal Audit" which was conducted in Singapore with a view to broaden up the knowledge of its' staff in order to enhance their professionalism and productivity.



## AERONAUTICAL SERVICES DIVISION

### AVIATION SECURITY SECTION

#### Aviation Security Training

The Section conducted training on Aircraft search & check for Airport and Aviation (Sri Lanka) limited security personnel for their initial & refreshed training. The training consisted of both theory and practical lessons.

#### Screener Certification

Aviation Security (Avsec) section continued the certification of aviation security screening personnel of Airport and Aviation (Sri Lanka) limited the airport operator in 2011. The Certification consists of a written examination, practical test and a viva. During the second phase of certification completed, 376 Aviation Security personnel qualified to be certified as Avsec Screeners. This is the second occasion that CAA undertook certification of Avsec personnel performing screening functions.

#### Approval for carriage of Munitions

Approval for carriage of munitions within the airspace of Sri Lanka and to/from airports within Sri Lanka being vested with the director general, a considerable amount of requests are made by the state and private organizations as well as private individuals for carriage of munitions for such purposes as VIP security, participation in united nation peace keeping force activities, acquisitions by the military and the police forces, participation at international sports tournaments/competitions and individuals for legitimate purposes and aircraft of other contracting states over flying the air

space of Sri Lanka or designating Colombo as an alternate airfield.

All exports and imports on being approved by the Ministry of Defence, approval for carriage through the air space or to land or take off with munitions is granted by the section on behalf of the Director General who is vested with the jurisdiction, under Air Navigation regulations 128 and 129 with strict compliance with the applicable specifications laid down in ICAO document 9284 (2009-2010 edition) or the 51st edition of Dangerous Goods regulations published by IATA.

Thirty six (36) approvals were granted on evaluation for carriage of munitions in the cargo hold and forty one (41) approvals for carriage on board concerning VVIP/VIP International travel during year 2011.

#### Aviation Security Conferences & Meetings

Mr. P A Jayakantha, Deputy Director Aviation Security attended Aviation Security Regulator's Meeting & Regional Aviation Security Conference in New Delhi-India & Singapore in June 2011.

#### Aviation Security Course & Seminar

Wg cdr (reted) Ajith Deveraja; Assistant Aviation Security Inspector attended Aviation Security Legal Aspects Seminar in Bangkok, Thailand in February 2011. The Officer completed to the Aviation Cargo Security Course in Hong Kong in July 2011 & successfully completed National Inspector course in Kenya in October 2011.

## SPECIAL PROJECTS SECTION

Special Projects Section annually organizes two out-door workshops for the staff of the Authority, with a view to enhancing inter personnel relationships, personality development as well as corporate productivity. One workshop is exclusively for executives with a view to inculcate essential traits needed for the management staff and the other is for the total cadre of the Authority aiming at promoting team work and productivity.

In the year 2011, a change was made in its style of out-door workshops and selected a total out-door activity package called "Wild-drift". This activity was very successfully aimed at team-building, courage, endurance and personality building. Initially this activity was conducted for the executive cadre of the CAA which was held at Belihuloya. Finding the successful outcome of the executive workshop, it was decided to grant the same exposure to the entire cadre of the CAA. Accordingly, the non-executive staff also were offered with the same workshop very successfully.

### Deyata Kirula Exhibition

A stall was run by the Civil Aviation Authority at Deyata Kirula-2011 Exhibition held in February 2011 at Buttala. This year the CAA used an AN24 Aircraft as the exhibit. The aircraft which was initially parked at Ratmalana airport was dismantled, transported to Buttala and assembled the aircraft at the Exhibition site by the Sri Lanka Air Force. The CAA staff could refurbish this abandoned aircraft to give a fresh look with interior and exterior renovations. In addition to the physical renovations, a video was displayed on each window and at the centre of the cabin, to simulate a real flight which was starting from Weerawila, flying over the southern part of Sri Lanka and finally landing at the same airport.

The large crowds of public who eagerly gathered at this special stall could closely observe this turbo-prop passenger transporter aircraft with a simulated flying experience, at no cost.

## Assistance to COSCAP-SA Project

The Civil Aviation Authority hosted the headquarters of COSCAP-SA in Colombo for the period September 2005 – July 2011 and also held the chairmanship of the Project for two years from 2009-2011. Facilitation to the ICAO sponsored COSCAP-SA project office which is functioning in Colombo is one of the services delivered by the Special Projects Section.

In pursuance of the agreement that has been reached by the Member States, at the formation of COSCAP-SA, the CAASL facilitated officials missions of the experts attached to the programme by providing gratis travel between Sri Lanka and other Member States on Sri Lanka registered airlines and airlines operating into Sri Lanka. Accordingly, the Special Section has arranged gratis a total of 46 gratis air tickets for COSCAP-SA experts and the breakdown of the tickets are as follows.

Sri Lankan Airlines	34 air tickets
Mihin Lanka	11 air tickets
Emirates	01 air ticket

## CAASL Training Academy (CAATA)

The CAATA is the training arm of the Authority. This unit, which consists of two fully-equipped training halls, is managed by the Special Projects Section. Besides in-house administrative activities, the CAATA facilities have been used for a total of 103 days for conduct of Examinations (AME, ELPC, AIR LAW, EB,RT)-[38 days], Airline Reservation Course, [14 days], Advance Cadet Pilot Programme [17 days] Basic Airworthiness Inspector Training (15 days) ,Meetings and miscellaneous activities conducted by the Authority[19 days].

The CAATA was located in a leased premises which belongs to the Ceylon Tourist Board. With a view to promote the usage of the CAATA, an e-mail advertising campaign was launched by the CAA, giving publicity to the availability of classroom facilities on rent. However, at the end of the year, the Ceylon Tourist opted for retaining the premises of the CAATA without extending the lease agreement with the CAA. Accordingly the CAA handed over the premises to the Ceylon Tourist Board.



## Aviation Fuel Price Monitoring

The Special Project Section collects monthly reports on aviation fuel prices from the Ceylon Petroleum Corporation and monitors the trend and makes available to the interested parties and decision makers. A chart showing fuel price prevailed over the last a few years is given in the Appendix-4 of this report.

## Annual Report-2010

The Annual Report-2010 was compiled, published and presented to the parliament, related government entities and other industry clientele.

## Complementary items

A Diary was printed and distributed as a symbol of curtesy among the valuable clientele of the Authority.

## AERODROMES & NAVIGATION SERVICES SECTION

### ATC Rating Assessments

ANS section played a major role to maintain the standard of the Air Traffic Control Training conducted by AASL by way of supervising the On the Job Training (OJT), conducting rating assessments and examining final practical examinations of Air Traffic Control Courses.

The section has conducted seven ATC rating tests for Air Traffic Controllers and examined seventeen practical examinations on ATC Simulator conducted for ATC Trainees.

### Surveillance Activities

The Surveillance Program of Aerodromes and Air Navigation Services Section includes monthly inspections of Air Traffic Servicers Provider, Aerodrome Operator and Aeronautical Information Services Provider in Sri Lanka on regular basis. The section has conducted 24 inspections on Air Traffic Servicers, 19 inspections on Aerodromes and 12 inspections on Aeronautical Information Services. Total number of inspections conducted by the section during the year 2011 are 55 inspections.

Deficiencies observed during those inspections have been notified to the Airport & Aviation

Services (SL) Ltd with recommendations and carefully observed that whether actions are taken to rectify deficiencies.

Aerodromes & Navigation Services Section is responsible for the investigation of ATS occurrences reported to the CAA and make recommendations to the service provider for corrective action. The section has investigated one Air Traffic Control Incident and One Runway Incursion Incident during 2011 and made recommendations for Air Traffic Service Provider, Airport & Aviation Services (SL) Ltd.

Further the section has participated/conducted approximately 70 meetings related to civil aviation regulatory matters.

### Water Aerodromes

After recommencing Air Taxi Service by SriLankan Airlines in the last year using Twin Otter type float planes Aerodromes & Navigation services Section approved 15 water Aerodromes for float plane operations for Sri Lankan Airlines.

### Approvals For construction of High Rise Structures

The Aerodromes & Navigation Services section has granted approvals for 572 telecommunication towers and 76 high rise buildings during the year 2011. The graph showing the approvals granted by CAA for the construction of telecommunication towers in Sri Lanka during the period 2005-2011. (Appendix -08)

### Training Conducted

In view of the planned implementation of ICAO New Flight Plan 2012 effective 15th November 2012, the section conducted three training sessions to AASL with the assistance from COSCAP – South Asia.

### Overflying and Landing Permission

During the year 2011 CAA has issued permission for 940 international flights to over fly Sri Lankan Territory and 630 international flights to land in Sri Lanka. This figure does not reflect the total number of flights over flown /landed Sri Lanka as AASL also grants approvals for such requests on behalf of CAA during outside office hours.

### **Aeronautical Information Service**

During the year 2011 the section has initiated / issued following Aeronautical Publications;

NOTAMS (Notice to the airmen)	197
Aeronautical Information Publication Amendments	02
Aeronautical Information Supplements	05
Aeronautical Information Circulars	10

### **Regulatory Assistance for the construction of Hambantota International Airport**

During the year the section has prepared regulations in the to declare protected areas in the vicinity of Habanatota International Airport and Instructions to restrict the height of constructions within those protected areas.

In addition the section has provides necessary regulatory guidance for the construction of Habanatota International Airport.

## FLIGHT SAFETY DIVISION

### PERSONNEL LICENSING SECTION

#### Implementation of Safety Management System on approved Training Organisation

Since 18th November 2010, it is mandatory for all ICAO contracting states to implement a safety Management System, as part of its State Safety Program on approved training organisations that are exposed to safety risks, when providing their services. In order to comply with this requirement Personnel Licensing Section held discussions and meetings with the flying schools to implement a system. Safety hazards were identified and remedial actions were proposed for implementation. Many inspections have been carried out on the training organisations to ensure that acceptable Safety Management System is in place in the organisations.

#### Appointment of Flight Test Examiners

Although DGCA has appointed several Flight Test examiners time to time to conduct flight tests on applicants on different types of aircraft, they all do not maintain current experience at all times. Generally two or three examiners will be readily available to check out applicants for pilot licences. In 2011, Personnel Licensing section evaluated credentials of two pilots and appointed them as Flight Test examiner on completion of required training and competency flight checks. CAA has now four current flight test examiners to test the skill of applicants seeking issue and renewal of Private Pilot Licences, Commercial Pilot Licences, Airline

Transport Pilot Licences, Instrument Rating and Assistant Flight Instructor Rating.

#### Testing the Knowledge of Foreign Pilot Licence holders

When pilots holding foreign pilot licences request to convert their licences to Sri Lankan pilot licences, DGCA Sri Lanka is required to test their technical knowledge inter alia with other requirements relevant to the category of the licence sought.

Until 2011, only the knowledge on Air Law of such pilots was tested by DGCA. In 2011 with the view to improve the quality and standards of converted pilots' licences, DGCA Sri Lanka introduced two more composite papers covering the technical subjects such as Navigation, Meteorology, Performance, Instrument, Flight Planning, Principals of Flight, and Human Performance in addition to the subject Air Law & Operational Procedures.

#### Automation of functions of PEL Section

Certification of Personnel and Aviation Training Organisations is the key activity of the personnel Licensing Section.

Personnel engaged in Civil Aviation activities and the organisations engaged in training personnel for Civil Aviation activities are issued with different category of licences and rating with limited validity. Continued Surveillance on competency of the personnel and the organisations are ensured by renewing the validity of the licences periodically. To carry out the tasks related to issue and renewal of various

categories of personnel licences and Aviation Training School licences, the section has to verify whether the personnel and the training organisations have satisfactorily completed the requirements specified in the regulation and procedures for the issue and renewal of the licences and ratings. In the existing system all these activities are done manually.

In order to provide an efficient and speedy service to the public in Aviation field, it was decided to automate the functions of the PL section. In this regard the section has conducted meeting and discussions with the parties' concerned, received proposals conducted system study called for quotations for software development and finally made an agreement with University of Colombo School of Computing (U.C.S.C) to commence the automation program in January 2012.

### Designation of a Hospital for Medical checks

The Authority designated Durdans Hospital (PVT) Ltd and Asiri Surgical Hospital respectively in 2006 and 2007 to provide services for medical checks and tests required for pilots and Air Traffic Controllers.

In 2011, the Authority signed an agreement with Lanka Hospital (PVT) Ltd to obtain their services, in addition to the above two hospitals. This arrangement was made to provide more options to the pilots and Air Traffic Controllers in selection of venue for their Medical checks and tests.

## OPERATIONS SECTION

### Foreign Air Operator Certification

Five (05) more airlines were granted Foreign Air Operator Certificates in pursuance of the ANR 251. A total of 50 Licenses have been issued to date.

### Approval of Simulators

The Ops Section approved one (01) simulator located at SriLankan Airlines for the conduct of flight crew training and checking of the local operators.

### Designated Check Pilots

Five (05) pilots who are employed by Sri Lankan Airlines, Mihin Lanka Ltd were delegated with authority to act as Designated Check Pilots.

### Air Operator Certificates

The Operations Section issued an Air Operator Certificate to Senok Aviation Services to engage in Helicopter Operations with two helicopters deployed for operations. The Section had received three more applications (Red Rock Ventures, Green Island Marketing, John Keells Holdings) for Air Operator Certificates and they were being processed. The certified the usage of a helicopter for the offshore operation related to Oil Exploration activities. In addition, operators have enhanced their fleets and altogether the section was involved in the processes of adding 6 large aircraft for international operations and 3 small aircraft for domestic operations.

### Amendments to Manuals of Operators

Amendments to following Manuals of Operators have been reviewed & approved

- Flight Operation Manual Rev. 02 - Mihin Lanka
- Flight Operation Manual Rev. 03 - Mihin Lanka
- Flight Operation Manual Rev. 01 - Expo Aviation
- Flight Operation Manual Rev. 02 - Expo Aviation
- Flight Operation Manual Rev. 04 - Mihin Lanka
- Flight Operation Manual Rev. 05 - Mihin Lanka
- Flight Operation Manual Rev. 12 & 13 - Sri Lankan Airlines
- Flight Operation Manual Rev. 06 - Mihin Lanka
- Flight Operation Manual Rev. 03 - Expo Aviation

### Review & approval to Training Programmes of the local Operators

The Operations Section Review & approval of following Training Programmes of the local Operators

- Pilot Training Contractual Cadet Manual -06
- Expatriate Crew Manual
- ETOPS Manual
- A320 - Command Course - SriLankan Airlines
- A330 - A340 Reactivation Course - SriLankan Airlines

SOP Manual - SriLankan Airlines  
 Flight Dispatch Manual - Expo Aviation  
 SMS Manual-Senok Aviation  
 Weight & Balace Rev. 07 - SriLankan Airlines  
 A320 Direct Entry First Officer Course (New Format) -SriLankan Airlines  
 A320 Junior First Officer Course  
 Weight & Balace Rev. 08 - SriLankan Airlines  
 A320 Regular Conversion Course - Mihin Lanka  
 ETOPS Ground Training Manual - SriLankan Airlines  
 A320 Reactivation Course-SriLankan Airlines  
 Contractual Type Rated Cadet Pilot Training Manual - Mihin Lanka  
 Transition Training Manual (A320 Transition Course SFT C04) - South Asia Aviation Services  
 A320 Type Rating Course- SriLankan Airlines  
 A320 Reactivation Course - SriLankan Airlines  
 Flight Dispatch Manual - Expo Aviation  
 Training Manual 06-Cessna Grand Caravan -Expo Aviation  
 A320 Transition course - South Asia Aviation Services

## USOAP Audit

The submitted corrective actions for the eight findings were accepted by the ICAO and two corrective actions need to be implemented within 2012.

## AIRWORTHINESS SECTION

### Continued Airworthiness

The Airworthiness Section conducted necessary surveillance activities for the maintenance of continued airworthiness of the fleet of SriLankan Airline which had a total fleet of 19 aircraft consisting Airbus A-320's, A-330's and A-340's. Airworthiness section also continued surveillance activities on General Aviation aircraft and issued a total of eighteen (18) initial Certificates of Airworthiness and renewed twenty seven (27) Certificates of Airworthiness.

## Aircraft Maintenance Organizations

Initial approvals for two (02) Aircraft Maintenance Organizations were granted after conducting the required evaluations. Forty (40) foreign base & line maintenance organizations and three (03) domestic maintenance organizations were renewed for the year 2011.

## Aircraft Registration

During the period under review, the CAASL granted initial registration for fourteen (14) Aircraft and renewed the Certificate of Registration of twenty four (24) Aircraft. Two aircraft de registered from Sri Lankan registry on request of the operators.

## Safety Oversight

In compliance with the approved Ramp inspection schedule, Thirty Six (36) ramp inspections on local A/C, Twenty (20) for the foreign operators and nine (09) for general Aviation were carried out during the year 2011.

## Recommendations for Visa

CAASL issued recommendations for landing endorsement and residence visas for ground engineers. During the period under review, CAASL issued thirty three (33) recommendations for ground engineers and forty five (45) for maintenance training students.

## Maintenance Engineer License

Airworthiness section conducted four (04) AME (BL) Examination and one (01) AMLE examinations for issuance of Aircraft Maintenance Engineering License for the personnel working in the industry. Further, two (02) Conversion Examinations (AME (BL) to AML), six (06) type exams and four (04) validation exams also were conducted by Airworthiness section for the year 2011.

## Spare Parts Approvals

DGCA approved import & export Aircraft spares on the recommendation of the Airworthiness Section. During the period, Airworthiness Section recommended thirty one (31) applications of Expo Aviation, twenty two (22) of Deccan Aviation, eight (08) of Asian Aviation Centre, ten (10) of Daya Aviation, twenty nine (29) of Cosmos Aviation Services, five (05) of Skyline Aviation, fifteen (15) of Open Skies and two (02) of Aero Lanka.



## CORPORATE DIVISION

### AIR TRANSPORT & LEGAL AFFAIRS SECTION

#### Aviation Statistics

The CAASL has fulfilled its obligations to ICAO by providing timely data and information about civil aviation activities in Sri Lanka.

#### Airline Operations

There were many new foreign Airlines that commenced operations to Sri Lanka during the year under review whilst some other Airlines resumed their operations to Colombo., Aerosvit (Ukraine) was the new scheduled Airline that commenced operations to Sri Lanka and Aeroflot resumed operations in the year under review. Enter Air from Ukraine was the new charter operator in 2011. Thai Air Asia which was scheduled to commence during the end of 2011 has now plans of commencing in March 2012.

Mihin Lanka launched passenger services to Indonesia and Bangladesh during the year and Srilankan Airlines increased their operating frequencies to Japan and China and recommenced operations to Zurich.

#### 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 were 3,079,126 and 3,095,089 respectively. The market share of SriLankan Airlines of these passengers were 1,508,288 and 1,511,333

representing fifty (50%) and forty nine percent (49%) respectively.

Out of a total of 95,411 cargo (metric tons) uplifted at BIA in 2011, SriLankan Airlines uplifted 43,516 claiming forty six percent (46%) market share. In regard to cargo that was discharged at BIA, out of a total of 63,161 cargo (metric tons), SriLankan Airlines discharged 37,890 claiming sixty percent (60%) market share.

#### 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 710,867 representing a 24% of total arrivals. Sri Lankan airlines had carried 98% of these transit passengers.

#### Domestic aviation

During the year under review there were no domestic fixed-wing operators engaged in scheduled passenger service operations. There was a minor increase in the number of passengers (94) travelled between Jaffna and Ratmalana v.v. in the year under review.

Deccan Aviation (Lanka) Ltd which commenced helicopter operations in June 2004 continued to operate to several destinations in the Country. Cosmos Aviation continued their helicopter operations during the year. Senok Aviation commenced helicopter operations at the end of 2011.

With the Tourism boom in the Country, Sri Lankan Airlines continued their Air Taxi operations throughout the year 2011. Daya Aviation Ltd continued with their private/Commercial operations.

### Travel Agents

As per the Air Navigation (Special Provisions) Act No 55 of 1992 and regulations made there under, all travel agents in Sri Lanka are required to obtain a license issued by the CAASL renewed on an annual basis. Considerable amount of employees are employed by these agents and following charts show the employment generated by this sector.

### Bilateral Air Services Negotiations

The CAASL took part in Bilateral Air Service negotiations held with the overseas Aeronautical Authorities. Five of the negotiations were held with individual states and CAASL took part in the International Conference on Air Service Negotiations (ICAN) which was held in India. The outcome of these negotiations are as follows.

#### Bilateral Negotiations held with respective states.

- » South Africa (Colombo in March)- An MOU was signed with a view to progressively modernizing the Air Services Arrangements between the two states and parties agreed to grant traffic rights up to 7 frequencies per week.
- » India (Delhi in April). A new Memorandum of Understanding was signed between the two States to provide for traffic rights up to 112 frequencies per week to the designated Airlines of each side. Many new frequencies to Chennai were obtained for Local carriers.
- » Russia (Moscow in July)- An MOU was signed with a view to progressively modernizing the Air Services Arrangements between the two states through correspondence on Articles on Safety, Security, Tariffs, Multiple Designation and Commercial Opportunities.
- » Philippines (Manila in July). An MOU was signed between the parties and traffic rights were increased up to 4 frequencies per week

between (600 seats per week) Colombo and Manila and unlimited frequencies and capacity from Colombo to any point other than Manila and vice versa.

#### Bilateral Negotiations held at the ICAN conference in Mumbai, India in October 2011.

SriLanka participated for the first time at the ICAO Conference on Air Services Negotiations (ICAN) held in Mumbai, India from 17th to 22nd October 2011. Some of the meetings SriLanka had were as follows:

- » Saudi Arabia The number of weekly frequencies per state was increased to 14 and multiple designation of Airlines was agreed.
- » Canada- parties agreed to discuss an Air Service Agreement between the two parties in May 2012.
- » France - Parties agreed to discuss enhancing the existing agreements.
- » Poland -An MOU was signed with a view to progressively modernizing the Air Services Arrangements between the two states through correspondence on Articles on Safety, Security, Tariffs, Multiple Designation and Commercial Opportunities.
- » Azerbaijan- An MOU was signed between the two states and parties also agreed to permit charter operations between the two respective states subject to adherence of the rules and regulations of the other party. A draft Air Services Agreement was also discussed to be signed in the future.
- » Norway/Denmark/Sweden Joint Delegation- An MOU was signed wherein it was stated that once SL signs the EU Horizontal agreement it would officially inform the Scandinavian Delegation and would discuss matters pertaining to the EU designation clauses.
- » United Arab Emirates- An MOU was signed and Temporary operating permits were confirmed and SriLanka delegation formally invited the UAE Airlines to commence operations to Mattala Airport
- » Spain -Initial discussions were concluded about entering into an Air Services Agreement

between Sri Lanka and Spain in the future to commence an Aviation Relationship.

- » Jamaica Positive Discussions were held about commencing and moving forward in the Bilateral Aviation Relationship.
- » Iceland- MOU was signed between the two parties and the Airlines of the two states were encouraged to commence codesharing/ Charter/Cargo Operations as early as possible.

### **EU Horizontal Agreement.**

Sri Lanka initialed the European Union Horizontal Agreement In October 2011, on certain aspects pertaining to its Aviation relationship with their Bilateral Partners in the European Union. Whilst Sri Lanka joined a large number of states that have signed the EU Horizontal agreement it also meant that the Bilateral Aviation Agreements Sri Lanka has with EU Countries is in line with European Community law.

### **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 4th Batch of students completed their studies in October 2011. The 5th Batch is scheduled to commence in January 2012.

### **Slot Co-ordination**

The Slot Allocation at BIA was 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.

### **General Inspectors Programme**

A pool of General Inspectors were established to conduct inspection on Travel Agencies, Commercial Operations at BIA. Inspectors were recruited and trained from the existing CAA staff members.

### **APIG (Airport Process Improvement Group)**

A small group of personnel were appointed by DGCA to address issues raised by industry stake holders to observe the operations at BIA. The Group was handled by the Section and observations were formulated with a view to suggest improvements.

### **Consumer Complaints Handling**

The section formulated a mechanism to handle Consumer Complaints in collaboration with the Consumer Affairs Authority in October 2011. Many complaints made against Airlines/ Travel Agents were resolved thereafter in a professional manner. There is a positive feedback for this initiative from the industry and travelling public.

### **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.

### **Internship for Undergraduates of Moratuwa University**

At the request of the University of Moratuwa, CAASL facilitated three (03) undergraduates to undergo in-plant training at the CAASL for six months in 2011. 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 7 such students from the Transport & Logistics Management Department with in-plant training.

## **HUMAN RESOURCES & OFFICE MANAGEMENT SECTION**

### **Staffing**

The CAASL at present consists of one hundred and sixty five (165) positions in its approved cadre



which comprises of a Chief Executive Officer, twenty six (26) Senior Executives, thirty five (35) Executives, fifty three (53) Action Officers and thirty (30) Support Staff. A total of one hundred and forty five (145) were in employment with the CAASL as at the end of December 2011 including thirty one (31) new recruitments.

### Staff Welfare

CAASL continued with its Medical Insurance Scheme as a welfare facility offered to employees and their immediate family members. A total of 113 employees enjoyed the medical insurance indoor facility worth Rs. 944,752/= and Out Door facility worth Rs. 933,462/= during the period commencing from May 2011.

The Accident Insurance Policy was renewed with Ceylinco Insurance PLC as they agreed to offer special coverage to Civil Aviation Inspectors, who sometimes may have to face potential situations harmful to their health, safety, and security.

As a helping hand to the staff, the CAASL granted a sum of Rs. 4,531,278/= as Distress loans for thirty (30) employees and Rs. 10,619,293/= as property loan for seven (7) employees during period under review. Besides this, sum of Rs.5,090,000/= was granted as loans to purchase Vehicles and Motor bikes in 2011. Three Wheeler loan was revised with more facilities to the employees and Rs 3,309,256/= has been granted to 9 employees.

### Trainings, Seminars, Workshops, Meetings, Conferences

A total of Rs. 22,782,411.78 was spent on Local and Foreign trainings, seminars, workshops, meetings, conferences for the staff of CAASL during the year. The training requirements, as identified in the Programme Budget 2011 and the Training Programme 2011 were facilitated within the annual budgetary allocation.

In all, ninety (90) human resource development activities were performed which includes foreign trainings, seminars, workshops, meetings and conferences opportunities offered to Executives and Civil Aviation Officers respectively. A total of one hundred and thirty five (135) local activities which includes trainings, seminars,

workshops, meetings and conferences opportunities were offered to Executives and Action Officers respectively. Accordingly, a total of two hundred and twenty five (225) trainings, seminars, workshops, meetings and conferences opportunities were offered in the year. Considering the year 2010, there is a significant increase in attending local and foreign trainings, seminars, workshops, meetings and conferences etc. by the staff.

### Technical Library

Serving the interested parties in Aviation being the major objective of the Technical Library, the CAASL library has been patronized by a number of users both within the staff of the CAASL and aviation industry personnel.

There is an increase of 25% in the year under review with regard to the number of outside users of the library. It serves as a resource and knowledge centre. A sum of Rs. 270,708/= was spent on the purchase of new publications to the library for the year 2011.

### CAASL Website

Improvements were made to the CAASL Website [www.caa.lk](http://www.caa.lk) and updated with the new technology introducing a content management system and new appearance. Information was re-organized considering the new requirements and new information was added and continued with updated information. Continuous updating of the Website was maintained

### CAASL Corporate Plan and Work Programmes

Corporate Plan for the year 2011-2013 was prepared and took initial steps to finalize same. Some of the Key activities were amended to better present the activities to be carried out which are considered as priority items.

### Automation of CAASL

The year under review was a remarkable year when Information Technology developments are concerned in CAASL. CAASL undertook upgrading mail server with Microsoft Licensed software, being the pioneer government organization to work with licensed version

of Microsoft 2010 applications. Assistance was provided by the SLAF for the technical recommendations and 130 licenses were purchased. Installation of Mail Server has shown a drastic improvement in communication in CAA, where an e-mail working environment was adopted in the organization.

Hardware items such as Blade servers, blade server chassis, Online UPS, External Hard Disk, Server rack and tape drive were purchased to upgrade the mail server system. Lync facility was introduced which further made easy in contacting people in CAASL. A total of nearly 13 Mn rupees was spent in this regard.

Wi-fi facility was installed for CAA 3rd floor, lobby area of the building and for Katunayaka and Rathmalana sub offices. A separate ADSL line provided for Rathmalana sub office.

Working facilities provided to the staff were further improved during the year by providing laptops for all Executive Officers. A total of Rs 7,645,820/= has been spent on IT Purchases during the year 2011.

### Shifting of CAASL to a new location

CAASL was with the ambition of relocating the Head Quarters due to several reasons from the Supreme Building, Colombo 3. As a result relocation of the Head Quarters of CAASL was fruitful during the year 2011. The new working environment with open space has improved the connectivity of people in the organization and the pleasant atmosphere has given a professional outlook for CAASL. The building was leased for initially three years and nearly 34 Mn. Rupees is spent annually for the building for lease. Partitioning, curtaining, carpeting, other interior decorative arrangements, security systems costs nearly Rs.28 Mn.

### Access Control System

With the relocation CAASL was able to restrict the unwanted entry to the office building by

introducing the Access Control Systems coupled with CCTV Cameras. Now the movements of personnel can be viewed through the cameras where better control of movements, unwanted entry is monitored. All the visitors to CAASL are facilitated with the permit cards where they are not disturbed with the improved control systems. The total system costs nearly Rs.4,430,231/=.

### Leave availed by the CAASL Employees

Close monitoring of late attendance records and short leave records were made during the year apart from the concessionary period granted in attendance due to difficulties faced by the staff when reporting to the office. Incentives such as the Leave Encashment facility have encouraged frequent attendance at work.

Please see Appendix 5

## FINANCE MANAGEMENT SECTION

### Programme Budget.

CAA prepared the Programme Budget- 2012, 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 income is Rs. 558 million as against the estimated expenditure, which is Rs. 1,077.9 million. The estimated expenditure has shown decrease of 9.6% compared to the last year and the forecast revenue has shown an increase of 11.7% compared to the forecasted revenue in year 2011.

### CAA Revenue

CAA revenue has shown 28% increase when compared to the previous year. Significant increase can be seen from the income from Overseas Sales Surcharge, Service Charges from Embarkation Levy and Regulatory Services. (Appendix 5)

## SUMMARY OF PERFORMANCE - 2011

### Performance of CAASL - 2011

	2010	2011
<b>SAFETY AND SECURITY OVERSIGHT DUTIES AND FUNCTIONS (NO OF REGULATIONS/NOTICES/RULES)</b>		
Aircraft Operation	14	-
Airworthiness	04	-
Air Transport	00	-
Initial Certification of Organizations / Personnel		
Airlines	03	01
Maintenance Organizations	05	03
Flying Training Schools	03	01
Maintenance and Engineering Schools	-	-
Pilots	199	273
Air Traffic Controllers	12	09
Aircraft Maintenance Engineers	53	04
Aircraft Maintenance Licence	-	56
Flight Dispatchers	02	01
Flight Instructors	02	10
Assistant Flight Instructors	00	11
Ground Instructor	05	25
ASO License	04	00
Cabin Crew Members	91	252
<b>SURVEILLANCE OF CERTIFIED ORGANIZATIONS / PERSONNEL</b>		
Ramp Inspections-Airworthiness	30	65
Ramp Inspections-Operation	26	105
Ramp Inspections-Combined	-	-
Aerodrome Inspections	09	20
Air navigation service providers' Inspections	30	36
Maintenance Organization Inspections	05	10
Flying Schools Inspections - Airworthiness	14	-
Flying School Inspections- Personnel Licensing	14	13
Aviation Security inspections	12	-
Simulator inspections	02	02
En-route inspection - Operations	08	12
Dangerous Goods Inspections	08	35
Station Facility Inspection-Airworthiness	05	10
Station Facility Inspection - Operation	05	04
<b>AUDITS COMPLETED</b>		
Airworthiness	01	-
Operations	01	-
Combined (Airworthiness-Operations)	-	-
Air Navigation Services	01	-
Aerodromes certification	-	-

## Section Specific Activities - 2011

Category	2010	2011
<b>DIRECTION AND MANAGEMENT</b>		
Authority meetings held	07	09
Audit Committee meetings held	04	04
Staff Committee meeting held	02	09
Development Planning and Implementation Group Meetings	04	5
Industry consultative meetings held	327	169
Appointment to outside organizations / personnel	223	248
Number of letters received	4940	6216
<b>AVIATION SECURITY (AV.SEC)</b>		
Approval for photography, video filming	17	-
Approval for flowers drops and leaflet drops from the air	05	-
Recommendation for issuance of airport access passes	10	11
Approval for carriage of weapons on board/cargo holds of an aircraft	72	77
Authorization for travel in flight deck	18	15
Amendments / Revisions to National Aviation Security Programme	-	-
National Aviation Security Meetings held	-	-
New Guidance Material issued	-	-
Existing Guidance Material revised	-	-
New Operator Manuals approved	-	04
Existing Operator Manuals reviewed / amended	02	04
New Aviation Security Notices Issued	-	-
Existing Aviation Security Notices revised	-	-
Security Surveillance Activities carried out	22	25
Security Training courses conducted for industry	01	-
Security Screeners certified	152	229
Security Training courses / seminars attended	03	03
AVSEC Examinations Conducted		35
Delivery of Avsec Presentations		04
<b>SPECIAL PROJECTS (SP)</b>		
Travel facilities arranged for COSCAP-SA Staff	50	46
Special projects launched	03	03
<b>AIR NAVIGATION SERVICES (ANS)</b>		
Approvals for construction of high rise structures	754	648
Approvals for issuances of NOTAM	114	206
Issuance of Aeronautical Information Circulars		12
AIP Supplement Issued		08
AIP amendment Issued		02
Issuance of over flying clearance	977	940
Landing permissions for non-schedule flights	622	630

New Aviation Safety Notices Issued	10	0
Existing Aviation Safety Notices revised	07	0
Training courses / seminars attended	23	19
New Guidance Materials issued	05	0
Existing Guidance Materials revised	01	01
Land Aerodrome Certificates issued	01	0
Land Aerodrome Certificates renewed	-	0
ATS providers certified	-	0
Approval for Water Aerodromes	-	15
Water Aerodrome Certificate renewed	-	0
Aerodrome Surveillance carried out	09	20
ATS Surveillance carried out	30	36
Aviation Occurrence received	55	114
Aviation Occurrence investigated	02	01
ATC rating test conducted	-	06
ATC Simulator test	-	17
Language Proficiency test	-	19
Lectures (COSCAP assistance)	-	05
<b>PERSONAL LICENSING (PL)</b>	-	
Student Pilot Licenses	142	115
Private Pilot Licenses	76	98
Commercial Pilot Licenses	300	317
Air Transport Pilot Licenses	359	382
Air Traffic Controller Licenses	91	81
Aircraft Maintenance Engineer Licenses	283	173
Aircraft Maintenance License	164	221
Cabin Crew Certificate	91	252
Flight Operation Officer License	02	01
Validation of Foreign Licenses (Pilots)	79	97
Free Balloon Pilot Licence	-	01
Flight Engineer Licence	-	01
Flight Navigator Licence	-	01
Validations (AME)	24	19
A/C Type Rating	87	146
FI Rating	02	21
Flying School Licenses-Renewal	01	04
Ground Instructor License	02	06
Ground Instructor Approvals	05	24
Air Traffic controllers Rating	12	103
Flying School Licenses	03	01
AME Category	10	07
ASO Licence	04	00
Approval to recruit foreign pilots	47	56
Issuance of visa recommendations	174	92
Issuance of verifications for personnel licenses	55	125



Issuance of NIB Clearances	172	373
Medical Examinations	926	1350
Examinations	-	-
1. PPL Examination	06	120
2. Special Air Law Examination	66	10
3. AME Examination	02	02
4. AML Examination	02	03
5. FOO Examination	00	00
6. CPL /IR(A) Examination	08	15
7. CPL(H)Examination	00	01
8. ATPL Examination	04	13
9. ATPL (H)Examination	00	20
10. ATPL Examination (CAAUK)	04	00
11. Foreign Licence Conversion Examination	55	57
12. English Language Proficiency Check	102	124
13. Reactivation of Lapsed Licence Examination (CPL/IR)	00	02
14. Radio Telephony Practical Test	26	31
15. Assistant Flight Instructor Examination	00	04
16. Flight Test Examiner Examination	00	03
17. PPL Examination for Examination	00	03
18. AML Conversion Examination	02	02
<b>OPERATIONS (OPS)</b>		
New Aviation Safety Notices issued	03	-
Revision of existing Aviation Safety Notices	14	-
Training courses / Seminars attended	07	07
New Guidance Material issued	06	-
Revision of existing Guidance Material	05	-
Special operations	13	10
Cabin crew authorization	105	252
Foreign air operator certificate - issuance	09	05
Foreign air operator certificate - renewal	26	27
Dangerous Good transport licenses - initial	-	01
Dangerous Good transport licenses - renewal	13	10
DCP Initial	07	05
DCP Renewal	10	22
Air Operator Certificate-initial	01	01
Air Operator Certificate-renewal	05	07
Approvals for simulator station facility	13	01
Simulator renewal	13	10
Check Authorization	113	244
Surveillance Activities Performed	81	181
Resolution of safety occurrences	06	-
<b>AIRWORTHINESS (AW)</b>		
New Aviation Safety Notices issued	02	01
Revision of existing Aviation Safety Notices	04	-

Training Courses/ Seminars attend	02	05
New Guidance Material issued	01	-
Revision of existing Guidance Material	01	-
Surveillance activities carried out	32	56
Certificate of Airworthiness of aircrafts-Initial	07	16
Certificate of Airworthiness of aircrafts-Renewal	26	28
Approval of workshop of aircraft maintenance organization.	36	09
Certificate of registration of aircrafts-Initial	07	22
Certificate of registration of aircrafts-Renewal	26	34
Approval of Maintenance Organization with facility inspection	29	57
Resolution of aviation occurrences	43	38
<b>AIR TRANSPORT &amp; LEGAL AFFAIRS (AT&amp;LA)</b>		
Draft new legislations produced	01	00
Draft new regulations produced	01	02
Training courses / seminars attended	01	02
New Guidance Material produced	00	01
Existing guidance material revised	01	01
Domestic flight schedule approvals	07	00
Surveillance of Air Transport Providers carried out	02	04
International flight schedule approvals	38	32
Visa recommendation for non-technical experts staff	18	11
Charter licenses for Sri Lanka Registered Airline	05	06
Airline licenses for Sri Lanka Registered Airline	03	03
Charter licenses – International Operations	03	03
Charter licenses - domestic regular Operations	03	05
Air transport provider's licenses	373	405
Private Operations license	01	02
New Air Service Agreements entered	01	01
Existing Air Services Agreements reviewed	02	14
Open skies air services agreements at the end of the year	06	06
<b>HUMAN RESOURCES AND OFFICE MANAGEMENT (HROM)</b>		
New rules on HR&OM issued	02	05 (Implement Standards)
Existing rules on HR&OM revised	02	03
Staff Recruitments	14	36
Total overseas training arranged	74	90
Total local training arranged	35	135
Total staff	124	148
General Staff Meetings held		01
Performance Evaluations conducted	68	68
Staff Retirements	01	03
Staff loans facilitated	Rs 12.5m	Rs 23.9m
Executive Staff Meetings held	07	08
Local workshops conducted	00	03



New Documents added to the Technical Library	103	117
Web site revisions (sent HROM)	211	12
Software upgrades	98	460
<b>FINANCE MANAGEMENT (FM)</b>		
Total Revenue collected	Rs 582.m	Rs 744m
Total expenditure incurred	Rs 197.m	Rs 315m
Total Staff salaries paid	Rs 43.m	Rs 125m
Vehicles purchased	02	05
Computers purchased	47	74
<b>INTERNAL AUDIT (AI)</b>		
Audits conducted	12	15
Findings raised	39	95
<b>AIRCRAFT ACCIDENT &amp; INCIDENT INVESTIGATION (AII)</b>		
Incidents reported	01	01
Accidents reported	00	00
Occurrence reported	00	114
Aviation Fatalities	00	00
Injuries to passengers or crew	00	00
Draft New Regulations produced	00	01
Training Courses/Seminars attended	00	01
New Guidance Material produced	00	01
Existing Guidance Material revised	00	01

## Performance of the Industry - 2011

	2010	2011
<b>Traffic Particulars</b>		
<b>International traffic</b>		
Passengers	5,931,559	6,885,082
Embarked	2,657,532	3,095,089
Disembarked	2,609,237	3,079,126
Transit	664,790	710,867
Cargo (Metric tons)	160,838	158,572
In bound	59,631	63,161
Out bound	101,207	95,411
Aircraft Movements	33,907	43,673
Scheduled flights	32,590	41,891
Charters flights	1,317	1,782
Number of airlines operated	32	36
Scheduled Services	23	28
Charters	04	04
All cargo	05	04
<b>Domestic traffic</b>		
Passengers Carried	3,976	2,047
Cargo (Metric tons)	0	0
In bound	-	-
Out bound	-	-
Aircraft Movements	500	392
Scheduled flights	-	-
Charters flights	-	-
Number of Airline Operated		
Scheduled flights	1	-
Charter flights	2	2
Number of Airlines operated		
Licensed airlines	07	08
Licensed flying schools	05	06
Approved Maintenance Organizations (initials)	05	08
Aircraft exceeding weight 22,000 lbs	20	25
Aircraft weight less than 22,000 lbs	10	17
Balloons	05	10
Others	-	-
Number of Aircraft accidents	-	-
Number of Aircraft incidents	46	01



## FINANCIAL STATEMENTS 2011

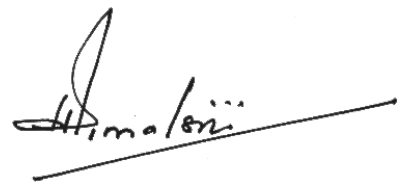
### Statement of Responsibility of Members of the Authority to Financial Reporting

In terms of Section 14 & 15 of Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 the Members of the Authority are 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.



**General Rohan De Silva Daluwatta**  
Chairman



**H. M. C. Nimalsiri**  
Director General of Civil Aviation  
& Chief Executive Officer.

**24 February 2012**



**BALANCE SHEET**

As at 31st December 2011

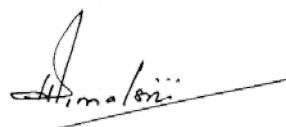
	Note	2011 Rs.	2010 Rs.
<b>TOTAL ASSETS</b>		<b>1,086,262,271.36</b>	<b>1,068,151,620.35</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment		110,099,478.51	50,449,662.26
<b>INVESTMENTS</b>			
Investments on Treasury Bills		351,203,735.08	466,296,789.40
<b>CURRENT ASSETS</b>	<b>10</b>	<b>624,959,057.77</b>	<b>1,017,701,958.09</b>
Consumable Stores		1,586,231.16	1,193,297.32
Staff Welfare and Social Security Fund		361,021.00	361,021.00
Accident Investigation Fund		50,000,000.00	50,000,000.00
Gratuity Fund		7,928,221.10	6,334,650.53
Debtors	10.1	53,197,554.60	31,976,133.86
Receivables	10.2	168,441,522.22	124,573,937.57
Prepayments	10.3	41,546,415.51	5,021,442.57
Treasury Current Account		246,014,436.24	261,992,863.30
Cash and Cash Equivalent	10.4	55,883,655.94	69,951,822.54
<b>EQUITY &amp; LIABILITIES, CAPITAL &amp; RESERVES</b>		<b>1,086,262,271.36</b>	<b>1,068,151,620.35</b>
<b>EQUITY</b>		<b>525,268,118.82</b>	<b>657,578,794.17</b>
Government Grants	11	9,168,434.05	9,774,488.05
Revaluation Surplus	12	13,485,465.44	13,652,001.91
Profit & Loss Account		502,614,219.33	634,152,304.21
<b>LIABILITIES</b>		<b>560,994,152.53</b>	<b>410,572,826.18</b>
<b>NON- CURRENT LIABILITIES</b>	<b>13</b>	<b>18,653,741.00</b>	<b>12,917,735.00</b>
Deposits - Bank Guarantee		8,490,000.00	4,211,064.00
Insurance Fund		562,850.00	496,700.00
Provision for Gratuity		9,239,870.00	7,848,950.00
Staff Welfare and Social Security Fund (Pension Fund)		361,021.00	361,021.00
<b>CURRENT LIABILITIES</b>	<b>14</b>	<b>542,340,411.53</b>	<b>397,655,091.18</b>
Accrued Expenses	14.1	37,472,007.48	78,834,795.91
Accident Investigation Fund		250,000,000.00	50,000,000.00
Creditors	14.2	8,853,968.31	6,827,431.97
Treasury Current Account	14.3	246,014,435.74	261,992,863.30

The Significant Accounting Policies and Notes to the Financial Statements disclosed on pages 65 to 82 are an integral part of these Financial Statements

Signed for and on behalf of the Civil Aviation Authority of Sri Lanka



**General Rohan De Silva Daluwatta**  
Chairman



**H.M.C. Nimal Siri**  
Director General of Civil Aviation  
& Chief Executive Officer.

24 February 2012

**INCOME STATEMENT***For the year ending 31st December 2011*

	Note	2011 Rs.	2010 Rs.
<b>INCOME</b>	01	744,057,943.73	582,183,425.12
<b>EXPENDITURE</b>		315,160,216.69	197,058,186.68
Staff Expenses	02	124,865,660.45	97,582,991.62
Meetings, Seminars & Workshops	03	18,970,807.98	8,668,611.28
Training	04	21,141,335.26	4,504,744.05
General Operating Expenses	05	33,078,312.66	27,892,111.98
Miscellaneous & Other Expenses	06	4,788,781.90	6,673,969.45
Common Expenses	07	88,066,576.19	39,207,093.32
Depreciation	08	24,248,742.25	12,528,664.98
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX</b>		428,897,727.04	385,125,238.44
<b>INCOME TAX</b>		120,091,363.57	134,793,833.45
<b>NET PROFIT AFTER TAX</b>		308,806,363.47	250,331,404.99
Provision for Accident Investigation Fund		200,000,000.00	20,000,000.00
<b>NET PROFIT AFTER TAX &amp; PROVISION</b>		108,806,363.47	230,331,404.99
<b>PROFIT &amp; LOSS A/C BROUGHT FORWARD</b>		393,807,855.87	403,820,899.22
Profit & Loss Account at the Beginning of the Year		634,152,304.21	368,376,847.77
Prior Year Adjustment		9,655,551.66	35,444,051.45
Grants to the Treasury		(250,000,000.00)	-
<b>PROFIT CARRIED FORWARD</b>		502,614,219.33	634,152,304.21



**STATEMENT OF CHANGES IN EQUITY***For the year ending 31st December 2011*

	<b>Government Grant Rs.</b>	<b>Accumulated Profit Rs.</b>	<b>Revaluation Surplus Rs.</b>	<b>Total Rs.</b>
Balance as at 31st December 2010	9,774,488.05	634,152,304.21	13,652,001.91	657,578,794.17
Charges for the Prior Year 2010		9,655,551.66		9,655,551.66
Net Profit for the Year 2011		108,806,363.47		108,806,363.47
Charges for the year 2011	(606,054.00)			(606,054.00)
Treasury Grants		(250,000,000.00)		(250,000,000.00)
Charges for the Year 2009			(166,536.47)	(166,536.47)
Balance as at 31st December 2011	9,168,434.05	502,614,219.33	13,485,465.44	525,268,118.82

**CASH FLOW STATEMENT***For the year ended 31st December 2011*

	Note	2011 Rs.	2010 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit before Taxation		428,897,727.04	
Adjustments for			
	08	24,248,742.25	
Depreciation		(55,832,002.10)	
Interest Income		66,150.00	
Insurance Fund		9,911,534.70	
Prior Year Adjustments		(440,519.25)	
Profit on Disposal of Discarded Assets		1,390,920.00	
Gratuity Fund		408,242,552.64	
Increase in Inventories	14	(392,933.84)	
Increase in Receivables	15	(100,651,627.63)	
Increase in Payables	16	(11,088,530.04)	
Cash Generating from Operations			296,109,461.13
Income Tax paid			(164,317,513.18)
Net Cash Flows from Operating Activities			131,791,947.95
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	17	(86,221,947.76)	
Decrease in Investments	18	184,822,750.44	
Investment on Gratuity Fund		(1,593,570.57)	
Interest Received		54,869,651.40	
Bank Guarantee		4,278,936.00	
Receipts from Sale of Discarded Assets		1,735,335.00	
Net cash used in Investing Activities			157,891,154.51
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Treasury Grants		(250,000,000.00)	
Net Cash Used in Financing Activities			(250,000,000.00)
Net Increase/Decrease in Cash and Cash Equivalent			39,683,102.46
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>			
			169,194,686.80
<b>CASH AND CASH EQUIVALENTS AS AT 31ST DECEMBER 2011</b>			
	20		208,877,789.26

## NOTES TO THE FINANCIAL STATEMENTS

Note No	2011 Rs.	2010 Rs.
<b>01 INCOME</b>	<b>744,057,943.73</b>	<b>582,183,425.12</b>
<b>Overseas Sales Surcharge (OSS)</b>	<b>559,570,672.40</b>	<b>414,144,008.07</b>
<b>Service Charge of Embarkation Levy</b>	<b>84,632,690.14</b>	<b>64,463,442.05</b>
<b>INITIAL ISSUE OF LICENCES / RATINGS / CERTIFICATE OF APPROVALS</b>	<b>2,057,720.00</b>	<b>1,328,790.00</b>
Private Pilot Licence (Aeroplanes / Helicopter)	54,510.00	28,290.00
Commercial Pilot Licence (Aeroplanes / Helicopter)	289,800.00	285,660.00
Airline Transport Pilot Licence (Aeroplanes / Helicopter)	600,300.00	210,450.00
Students Pilot Licence	64,860.00	60,030.00
Flight Instructor Ratings	33,120.00	8,280.00
Assistant Flight Instructor License Rating	8,280.00	-
Flight Engineer	6,900.00	-
Issue of Aircraft Type Rating	230,460.00	136,620.00
Charter	41,400.00	-
Flying School Licence	-	13,800.00
Validations of Foreign Crew Licence	241,500.00	186,300.00
Air Traffic Controller's Licence	4,140.00	5,520.00
Air Traffic Controller Ratings (M1)	3,450.00	-
Air Transport Providers Licence (A)	436,000.00	337,000.00
Air Transport Providers Licence (B)	38,000.00	32,000.00
Flight Operations Officer – Initial	-	16,560.00
Private Operations Licence	5,000.00	8,280.00
<b>RENEWAL OF LICENCES</b>	<b>3,613,552.00</b>	<b>3,439,544.00</b>
Private Pilot Licence (Airplanes/Helicopter)	22,080.00	126,960.00
Private Pilot Licence (Airplanes/Helicopter)	51,750.00	-
Private Pilot Licence (Airplanes/Helicopter)	2,760.00	-
Commercial Pilot Licence (Airplanes/Helicopter)	57,960.00	365,894.00
Commercial Pilot Licence (Airplanes/Helicopter) – Less than 40	308,432.00	888,375.00
Airline Transport Pilot Licence (Airplanes/Helicopter)	136,275.00	-
Airline Transport Pilot Licence (Airplanes/Helicopter)	662,400.00	-
Flight Engineer	6,210.00	-
Student Pilot Licence	20,700.00	29,670.00
Airline Licence	34,500.00	34,500.00
Flying School Licence	55,200.00	27,600.00
Charter Licence	241,500.00	172,500.00
Validations	13,800.00	-
Air Traffic Controller's Licence	1,380.00	9,315.00
Air Traffic Controller's Licence – Less than 40 years	10,350.00	-
Air Traffic Controller's – Between 40-50 years	4,140.00	-

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
Air Traffic Controller's – Over 50 years	3,450.00	-
Air Traffic Control Ratings	50,025.00	48,990.00
Air Transport Provider Licence (A)	1,580,000.00	1,400,000.00
Air Transport Provider Licence (B)	36,000.00	28,000.00
Air Craft Maintenance Engineers Licence	175,950.00	222,870.00
Air Craft Maintenance Licence	124,890.00	71,070.00
Private Operations Licence	13,800.00	13,800.00
<b>ISSUES / RENEWALS OF CERTIFICATES</b>	<b>10,214,298.50</b>	<b>8,182,381.00</b>
Certificate of Airworthiness - Initial issue	1,894,671.00	971,175.00
Certificate of Airworthiness - Renewal	7,051,187.00	6,344,550.00
Certificate of Registration (Aircraft) - Initial issue	110,400.00	75,900.00
Certificate of Registration (Aircraft) - Renewal	241,500.00	179,400.00
Organizational Approval	826,840.50	576,856.00
Validation of foreign AME's Licence	69,000.00	13,800.00
Change of Ownership	20,700.00	20,700.00
<b>AMENDMENTS TO AIRLINE LICENCE</b>	<b>10,726.00</b>	<b>8,280.00</b>
Air Transport Provider Licence	10,450.00	8,280.00
Flight Operation Officer	276.00	-
<b>MEDICAL EXAMINATION FEES</b>	<b>-</b>	<b>295,750.00</b>
Initial	-	110,000.00
Renewal	-	185,750.00
<b>EXAMINATIONS</b>	<b>2,532,726.75</b>	<b>1,249,343.00</b>
Private Pilot Licences (Aero Planes) - PPL	91,080.00	74,520.00
Private Pilot Licences (Aero Planes) - PPL- Subjects One	8,280.00	8,004.00
Private Pilot Licences (Aero Planes) - PPL- Subjects Two	9,384.00	7,728.00
Private Pilot Licences (Aero Planes) - PPL- Subjects Three	4,140.00	9,936.00
Private Pilot Licences (Aero Planes) - PPL- Subjects Four	4,416.00	5,520.00
Private Pilot Licences (Aero Planes) - PPL- Subjects Five	5,520.00	6,900.00
Private Pilot Licences (Aero Planes) - PPL - Maldives	81,321.75	-
Commercial Pilot Licence (Aeroplanes) - CPL	144,900.00	115,920.00
Special Air Law Examination	131,445.00	127,305.00
Grant of AME Licence	6,900.00	113,850.00
Extension of AME Rating	9,660.00	1,380.00
Issue of Additional AME Rating	13,800.00	41,400.00
Air Transport Provider - ATPL	5,000.00	-
English Language Proficiency Test	127,000.00	119,000.00
Aircraft Maintenance Licence - A	9,240.00	2,520.00
Aircraft Maintenance Licence - B-1	1,880,640.00	615,360.00

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
<b>REGULATORY SERVICES</b>	17,994,188.00	17,389,379.15
<b>Air Operator Certificates</b>		
<b>Evaluation of applications for Grant of an authorization or a AOC for</b>		
Aerial Work Operations	100,000.00	50,000.00
Charter - Domestic Operations	250,000.00	500,000.00
Charter - International Operations	-	-
Regular Public Transport - Domestic Operations	500,000.00	500,000.00
<b>Evaluation of applications for renewal of an authorization or a AOC for,</b>		
Private operations	5,000.00	2,500.00
Aerial Work Operations	15,000.00	5,000.00
Charter / Domestic Operations	175,000.00	100,000.00
Charter / International Operations	150,000.00	100,000.00
Regular Public Transport Domestic Operations	200,000.00	100,000.00
Regular Public Transport International Operations	300,000.00	200,000.00
<b>Aerodrome</b>		
Evaluation of applications for Amendment to the Licence of, A Certified Land Aerodrome	-	1,000,000.00
<b>Flying School Licences</b>		
Evaluation of application to Renewal of a Flying School licence	40,000.00	100,000.00
Evaluation of application for Amendment to a Flying School Licence	20,000.00	30,000.00
<b>Aircraft Maintenance Organization (AMO) Certificate</b>		
Evaluation of applications for approval of Aircraft Maintenance Organization		
Located in Sri Lanka	200,000.00	-
Located outside Sri Lanka	900,000.00	699,128.15
Evaluation of applications for Renewal of AMO Certificates		
Aircraft Maintenance Organizations - Located in Sri Lanka	90,000.00	40,000.00
Aircraft Maintenance Organizations- Located outside Sri Lanka	740,000.00	579,713.00
Evaluation of applications for Amendment to AMO Certificate		
Aircraft Maintenance Organizations- Located outside Sri Lanka	20,000.00	19,913.00
Effecting an Amendment to Aircraft Maintenance Organization		
Aircraft Maintenance Organizations- Located out side Sri Lanka	5,000.00	5,000.00
<b>Certificate Of Registration</b>		
Inspection of Aircrafts prior to grant of registration		
Balloon - Small	2,000.00	24,000.00

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
Balloon - Medium	4,000.00	10,000.00
Light Aircraft	20,000.00	-
Heavy Aircraft	300,000.00	150,000.00
Light Helicopter	20,000.00	-
<b>Issuing of a Certificate of Cancellation of Certificate of Registration of</b>		
Balloon - Small	500.00	-
<b>Amendment or addition of any information in the Civil Aircraft Registry of</b>		
<b>Sri Lanka and C of R at the request of the owner or operator of a</b>		
Heavy aircraft	10,000.00	-
Light Helicopter	1,000.00	-
Issuing of Noise Certificate	8,000.00	2,000.00
De- registration of an Aircraft in the existing registry		
Heavy Aircraft	15,000.00	5,000.00
Grant of a certified copy of information contained in the Civil Aircraft Registry of Sri Lanka	1,000.00	6,000.00
<b>Licences, Ratings and Validations</b>		
<b>Evaluation of applications for grant and re-activation of</b>		
Student Pilot Licence	56,000.00	48,500.00
Private Pilot Licence	27,500.00	21,000.00
Commercial Pilot Licence	156,000.00	202,140.00
Airline Transport Pilot Licence	214,000.00	94,000.00
Air Traffic Controller Licence	12,000.00	6,000.00
Flight Operations Officer Licence	-	12,000.00
Aircraft Maintenance Engineer Licence	111,000.00	117,000.00
Aircraft Maintenance Licence	219,000.00	240,000.00
Any Other Licence or Certificate not specified above	4,000.00	6,000.00
<b>Evaluation of applications for validation of any Foreign Licence</b>		
Foreign Student Pilot Licence	10,500.00	3,000.00
Foreign Private Pilot Licence	112,500.00	81,000.00
Foreign Commercial Pilot Licence	270,000.00	186,000.00
Foreign Aircraft Maintenance Engineer Licence	99,000.00	36,000.00
Any other Foreign Licence or Certificate	-	18,000.00
<b>Evaluation of applications for endorsement of additional type rating on a Licence</b>	186,500.00	123,000.00

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
<b>Evaluation of applications for endorsement-type rating - for the purpose or up-grading</b>	16,000.00	10,000.00
<b>Evaluation of applications for renewal of the Licences &amp; Ratings of</b>		
Student Pilot Licence	13,500.00	11,500.00
Private Pilot Licence	5,000.00	2,500.00
Private Pilot Licence – Less than 40 Years	30,000.00	41,000.00
Private Pilot Licence – Between 40-50 Years	1,000.00	1,250.00
Commercial Pilot Licence	27,750.00	119,250.00
Commercial Pilot Licence – Less than 40 years	232,501.00	109,500.00
Airline Transport Pilot Licence	51,000.00	312,000.00
Airline Transport Pilot Licence - Less than 40 years	390,000.00	180,000.00
Air Traffic Controller Licence	22,500.00	18,000.00
Air Traffic Controller Licence – Between 40-50 years	9,750.00	-
Air Traffic Controller Licence – Over 50 Years	8,250.00	-
Flight Operations Officer Licence	-	
Aircraft Maintenance Engineer Licence.	339,750.00	436,500.00
Aircraft Maintenance Licence (AML)	267,000.00	138,000.00
Conducting Oral exam of above	1,500.00	-
<b>Evaluation an application for renewal of the validation of</b>		
Foreign Air Traffic Controller Licence	49,500.00	-
Foreign Aircraft Maintenance Engineer Licence (AME)	-	10,000.00
Foreign Aircraft Maintenance Licence (AML)	10,000.00	-
<b>Endorsement of Additional Type Rating on Licences</b>	36,000.00	29,000.00
<b>Evaluation of Applications for Re-activation of Ratings.</b>	20,000.00	44,000.00
<b>Recommendations for visas (Except for students)</b>	362,000.00	170,000.00
<b>Verification of Licences (Except for foreign CAA)</b>	37,000.00	23,000.00
<b>Providing technical opinions regarding competency and eligibility of the</b>		
<b>Foreign Licences holders for recruitments.</b>	67,500.00	37,500.00
<b>Express Evaluation (Within 24 hours) of applications for grant /reactivation of</b>		
Student Pilot Licence	4,000.00	-
Private Pilot Licence	-	3,000.00
Commercial Pilot Licence	15,000.00	6,000.00
Airline Transport Pilot Licence	8,000.00	6,000.00



**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
Air Traffic Controller Licence	-	4,000.00
Aircraft Maintenance Licence	6,000.00	-
Any other licence or certificate	2,000.00	-
<b>Express Evaluation for Endorsement of Additional Type Rating on a Licences</b>	<b>44,000.00</b>	<b>52,000.00</b>
<b>Express Evaluation of applications for Renewal of Licences &amp; Ratings of</b>		
Student Pilot Licence	1,000.00	500.00
Private Pilot Licence	1,500.00	500.00
Commercial Pilot Licence	22,530.00	24,000.00
Airline Transport Pilot Licence	101,000.00	62,000.00
Aircraft Maintenance Engineer Licence	9,000.00	18,000.00
Aircraft Maintenance Licence	6,000.00	6,000.00
<b>Express (within 24 hours) recommendation for visas (Except for student)</b>	<b>16,000.00</b>	<b>4,000.00</b>
<b>Facilitation fees for conduct of Medical Examinations for</b>		
Initial	237,000.00	215,000.00
Recurrent	291,500.00	361,515.00
<b>Facilitation fees for conduct of Medical Boards on a Licensee who's medical fitness is in question</b>	<b>5,000.00</b>	<b>35,000.00</b>
AME Licences Issuance Charges	4,140.00	16,560.00
AML Licences Issuance Charges	202,860.00	273,240.00
<b>Certificate of Competency for Cabin Crew Members</b>		
Evaluation of an application for initial issue of Certificate of Competency for Cabin Crew Members	250,000.00	92,000.00
Evaluation of an application for initial issue of Certificate of Competency for Cabin Crew Members	1,000.00	500.00
<b>Certificate to transport Dangerous Goods by Air</b>		
<b>Evaluation of an application for grant – Only for International operators</b>	<b>25,000.00</b>	<b>-</b>
<b>Grant of a Certificate for Transport Dangerous Goods by Air - for one year</b>	<b>10,000.00</b>	<b>-</b>
Only International operations	210,000.00	189,000.00
Renewal of an approval for one year	120,000.00	110,000.00
<b>Act as an Instructor</b>		
Evaluation of applications for Grant Approval	60,000.00	80,000.00

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
Grant of approvals	20,000.00	14,000.00
Evaluation of applications for Renewal	18,000.00	3,000.00
<b>Use of Synthetic Flight Trainer</b>		
Evaluation of an application for renewal of approval for use of a synthetic flight trainer	1,250.00	1,250.00
Renewal of approval for use of a synthetic flight trainer.	1,250.00	1,250.00
<b>Simulator</b>		
Evaluation of applications & Inspection prior to use simulator	100,000.00	400,000.00
Grant of approvals to use a simulator	50,000.00	200,000.00
Evaluation of applications for Renewal	90,000.00	150,000.00
Renewal of approvals to use a simulator	60,000.00	100,000.00
<b>Pilot Training Programme</b>		
Evaluation of applications for Grant Approval	30,000.00	75,000.00
Grant of Approvals	6,000.00	15,000.00
Amendment to an approve Pilot Training Programme.	-	
<b>Operations Manuals</b>		
<b>Evaluation of applications for approval or amendments excess of 50% of initial Volume -</b>		
Regular Public/Charter Operations	150,000.00	100,000.00
Regular Public/Private Operations	-	5,000.00
Regular Public/Charter Operations	-	12,500.00
<b>Evaluation of applications for approval or amendments excess of 25% of initial Volume -</b>		
Regular Public/Charter Operations	12,500.00	75,000.00
<b>Grant Approval for Flight Operations Manual</b>		
Regular Public & Charter Operations	25,000.00	5,000.00
<b>Maintenance Control Manual</b>		
Evaluation of applications for approval or amendments excess of 50% of initial Volume	-	70,000.00
Grant Approvals	15,000.00	25,000.00
Evaluation for amendments (for each 25% of initial volume)	37,500.00	12,500.00
<b>Maintenance Schedule</b>		
Evaluation of Applications for Approval	90,000.00	60,000.00
Grants of approval	2,000.00	-
Evaluation of Amendments	4,900.00	9,400.00

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
<b>Engineering Training Manual</b>		
Evaluation of a request of approval	-	25,000.00
Grant of Approval	-	2,000.00
<b>Air Transport Statistics</b>		
For less than one year.	5,000.00	5,500.00
For more than one year & less than five years	37,500.00	55,000.00
For more than Five Year & less than ten years	4,500.00	-
<b>Use of Technical Library</b>		
Photocopy /Scanning documents.	295,565.00	330,770.00
CAA Manuals, Hand Books, Broachers, or any other publications	145,500.00	170,200.00
<b>Air Transport Providers Licence</b>		
Evaluation of applications for the Initial Issuance	310,000.00	225,000.00
<b>Foreign Air Operator Certification</b>		
Initial Issue – International Airline Licences for Foreign Scheduled Airlines after FAOC programme.	500,000.00	900,000.00
Renewal of International Airlines Licences for scheduled Operators	2,175,000.00	2,175,000.00
<b>Ferry Flight/Test Flight Permit</b>		
Evaluation of Applications for Grant permit	170,100.00	70,000.00
Grant Permits	17,000.00	7,000.00
<b>Permissions to operate Foreign Registered Aircrafts on Wet Lease/ Dry Lease/Charter by an AOC Holder-</b>		
Evaluation of applications to operate on Wet Lease	700,000.00	200,000.00
Grant approvals to operate on Wet Lease	175,000.00	50,000.00
<b>Approval for Maintenance Activities</b>		
Evaluation of applications to Grant one time approval for specialized Maintenance Activities.	10,000.00	10,000.00
Evaluation of applications to Grant validations to Foreign Licence Holders for a specific task or a Special Maintenance on Sri Lankan registered aircraft.	60,000.00	40,000.00
Grant one time Approvals for specialized Maintenance Activities	17,500.00	12,500.00
<b>Special Flight Authorization to Operations Specifications of an AOC</b>		
Evaluation of applications to Grant approval	50,000.00	40,000.00
Grant Approvals	30,000.00	24,000.00

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
<b>Special Operations</b>		
Evaluation of applications for approval of any special operation	120,000.00	80,000.00
Grant of Approvals (per activity)	60,000.00	40,000.00
Grant of Approval for Amendment	5,000.00	21,000.00
<b>Engineering Workshop Capability Level</b>		
Evaluation of applications for approval	54,500.00	96,500.00
Grant Approvals	37,500.00	57,500.00
Evaluation of applications to Grant approval for modifications of an aircraft		
Minor modifications	25,000.00	25,000.00
<b>Third Party work per Airline for one year</b>		
Aircraft Engineering & Maintenance	300,000.00	375,000.00
<b>Training Programmes</b>		
Evaluation of an applications for Grant Approval	80,000.00	90,000.00
Grant Approval	60,000.00	67,500.00
Evaluation of an application for Amendments. (for each 25% of initial volume)	-	35,000.00
Grant of Approval for Amendment	-	17,500.00
<b>Air Traffic Services (Operations)/ Aerodrome Aeronautical Information Services Manual.</b>		
Evaluation- Air Traffic Services (Ops) Manual	15,000.00	50,000.00
Grant Approval- Air Traffic Services (Ops) Manual	10,000.00	10,000.00
Evaluation- Aerodrome Manual	-	50,000.00
Grant Approval- Aerodrome Manual	-	10,000.00
Evaluation- Aeronautical Information Services Manual	-	50,000.00
Grant Approval- Aeronautical Information Services Manual	-	10,000.00
<b>Renewal of Lapsed Licences/Certificates (Except Personnel/ Airline Licences)</b>		
Less than 06 months	18,147.00	3,450.00
Between 06-24 months	600.00	10,350.00
<b>Renewal of Lapsed Air Transport Provider Licence.</b>		
Less than 06 months	94,402.00	53,300.00
Beyond 06 months	387,800.00	449,600.00
Administrative Fine	2,000.00	-
<b>Grant of No Objection Letters</b>	19,143.00	7,000.00
<b>Grant of Certified Copies of Any Licence / Certificate/ Authorization issued by DGCA</b>	122,000.00	61,000.00
<b>Making available to an air operator or potential Air Operator CAA Inspectors to visit overseas for inspections.</b>	1,850,000.00	1,320,000.00

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
<b>Export Certificate of Airworthiness</b>		
<b>Evaluation of applications to grant approval</b>		
Aircrafts above 5700Kgs	25,000.00	25,000.00
<b>Issue of Approvals</b>	2,000.00	2,000.00
<b>Flight Check En-Route Surveillance – Revision of Manuals</b>	10,000.00	27,100.00
Transport including driver and vehicle	7,500.00	
Revision of Manuals/ Per page	53,000.00	
<b>INTEREST INCOME</b>	55,832,002.10	63,327,924.14
Interest from Staff Loans	2,153,770.85	1,250,211.65
Treasury Bills	43,505,705.82	54,476,225.87
Fixed Deposit	831,276.71	-
Call Deposit	9,341,248.72	9,601,486.62
<b>OTHER INCOME</b>	7,599,367.84	8,354,583.71
IFR Maps	32,900.00	33,600.00
Issue ANS Safety Notice	700.00	834.00
Issue of Pilot Log Book	20,010.00	15,870.00
Issue Aircraft/Engine Log Book	26,220.00	13,110.00
Staff vacancies Application	-	2,000.00
Telecommunication Tower Approvals - A	212,000.00	132,000.00
Telecommunication Tower Approvals - B	5,512,472.00	6,330,000.00
Late Submission Fees	500.00	-
Miscellaneous Income	165,959.33	19,157.35
Rental Income (Official Quarters)	80,283.75	72,017.10
CAATA Income- Hiring Charges	162,309.00	19,000.00
Nation Building Tax	496,294.51	1,332,859.26
Air Fare & Ticketing Course -Income	449,200.00	384,136.00
Profit from Disposal of Discarded Assets	440,519.25	-
<b>02 STAFF EXPENSES</b>	124,865,660.45	97,582,991.62
Salaries & Wages	53,145,019.80	42,929,388.04
Other Allowances		
Cost of Living Allowance	9,142,350.00	7,114,414.49
Transport Allowance	20,967,387.10	9,888,671.21
Professional Allowance	2,557,500.00	3,780,483.87
Leave Encashment	3,523,919.00	3,006,231.58
Vehicle Allowance	-	180,000.00
Special Allowance	1,342,068.52	6,619,112.92
Employee's Provident Fund	12,133,292.52	9,032,189.08
Employee's Trust Fund	2,427,978.38	1,806,437.93

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
PAYE Tax	2,967,595.83	3,467,718.97
Bonus	3,685,959.32	3,525,615.56
Gratuity	1,781,080.00	1,861,073.00
Welfare Expenses	11,191,509.98	4,371,654.97
<b>03 MEETINGS, SEMINARS &amp; WORKSHOPS</b>	<b>18,970,807.98</b>	<b>8,668,611.18</b>
Local	2,781,417.45	898,856.71
Foreign	16,189,390.53	7,769,754.47
<b>04. TRAINING</b>	<b>21,141,335.26</b>	<b>4,504,744.05</b>
Local	968,788.48	412,135.00
Foreign	20,172,546.78	4,092,609.05
<b>05. GENERAL OPERATING EXPENSES</b>	<b>33,078,312.66</b>	<b>27,892,111.98</b>
Overtime & Holiday Pay	3,959,225.22	3,897,469.18
Traveling Expenses - Local		154,123.00
Board Payments	617,500.00	123,680.00
Stationery/Consumables	4,757,560.74	4,344,011.02
Other Supplies	650,560.18	314,981.84
Telecommunication	3,889,075.73	2,117,110.95
Postal charges	157,056.22	156,658.97
Subscriptions to Local / International organizations	14,200,269.47	14,381,191.56
Subscriptions / Publications / Newspapers	1,286,156.72	532,844.57
Examination (Payment to Examiners)	579,209.57	28,342.70
Printing Expenses	1,362,503.46	869,104.77
Civil Aviation Authority Training Academy	1,238,927.26	840,432.30
Airfare & Ticketing Course - Expenses	380,268.09	132,161.12
<b>06 MISCELLANEOUS AND OTHER EXPENSES</b>	<b>4,788,781.90</b>	<b>6,673,969.45</b>
Miscellaneous Expenses	2,169,631.74	5,728,977.42
Maintenance of Plant, Machinery & Equipment	1,401,512.36	944,992.03
COSCAP Committee Meeting	1,217,637.80	-
<b>07 COMMON EXPENSES</b>	<b>88,066,576.19</b>	<b>39,207,093.32</b>
Fuel & Lubricants	4,791,129.40	3,730,289.50
Maintenance of Vehicles	4,811,114.27	4,453,293.53
Rent & Hire Charges	1,462,288.08	-
Maintenance of Office Building & Quarters	55,116,397.34	27,237,337.66
Rent of the Building	35,372,317.08	16,349,760.37
Electricity	7,695,214.25	6,570,671.00
Water	695,732.42	507,948.02
Security	1,792,480.76	1,061,995.25
Janitorial	795,679.75	758,765.00
Repair and other works to Buildings	8,764,973.08	1,988,198.02

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

<b>Note No</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Social Responsibility Levy	-	427,505.00
Nation Building Tax	595,128.00	1,294,910.59
Aviation Development	5,802,932.19	1,937,777.04
Dayata Kirula Exhibition	5,473,873.16	-
IT Development	6,986,497.51	-
Miscellaneous - Common	3,027,216.24	
Donations	-	125,980.00
<b>08 DEPRECIATION</b>	<b>24,248,742.25</b>	<b>12,528,664.98</b>
Buildings	63,117.59	15,776.05
Vehicles	8,804,037.14	6,117,673.90
Plant, Machinery and Equipment	11,346,098.27	4,655,725.83
Furniture and Fittings	4,035,489.25	1,739,489.20



## PROPERTY, PLANT AND EQUIPMENT

NOTE NO. 09  
PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles	Plant Machinery & Equipment	Furniture And Fittings	Other Fixed Assets	Total
<b>COST / VALUATION</b>							
Cost as at 01.01.2011	5,359,200.00	9,327,445.05	35,586,295.20	21,890,478.97	8,470,100.56	999,079.00	81,632,598.78
Additions during the year 2011	-	2,054,737.00	35,465,463.29	29,507,250.47	19,194,497.00	-	86,221,947.76
Disposals/Transfers During the Year	-	-	(1,500,000.00)	(566,614.00)	909,168.06		(1,157,445.94)
Cost as at 31.12.2011	5,359,200.00	11,382,182.05	69,551,758.49	50,831,115.44	28,573,765.62	999,079.00	166,697,100.60
<b>DEPRECIATION</b>							
Accumulated depreciation as at 01.01.2010		4,924,886.15	10,516,152.46	11,777,216.11	3,025,279.73	949,036.00	31,192,570.45
Charges for the year 2011							
Profit & Loss Account		63,117.59	8,804,037.14	11,346,098.27	4,035,489.25	-	24,248,742.25
Government Grants		606,054.00					606,054.00
Disposals/Transfers During the Year	-		(380,034.25)	(227,331.96)	1,157,621.60		550,255.39
Accumulated depreciation as at 31.12.2011		5,594,057.74	18,940,155.35	22,895,982.42	8,218,390.58	949,036.00	56,597,622.09
Net book value as at 31.12.2011	5,359,200.00	5,788,124.31	50,611,603.14	27,935,133.02	20,355,375.04	50,043.00	110,099,478.51
Net book value as at 31.12.2010	5,359,200.00	4,402,558.90	25,083,642.74	10,109,396.79	5,444,820.83	50,043.00	50,449,662.26

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
<b>10 CURRENT ASSETS</b>	624,959,057.77	1,017,701,958.09
Consumable Stores	1,586,231.16	1,193,297.32
Staff Welfare and Social Security Fund	361,021.00	361,021.00
Accident Investigation Fund	50,000,000.00	50,000,000.00
Gratuity Fund	7,928,221.10	6,334,650.53
<b>10.1. Debtors (a + b + c)</b>	53,197,554.60	31,976,133.86
<b>Loans - (a)</b>	45,482,096.02	29,303,171.13
Staff Loans (Existing Staff)	45,482,096.02	29,303,171.13
<b>Advances - (b)</b>	2,675,560.86	1,911,373.60
Staff - for operating activities	2,530,560.86	1,786,373.60
JHS Enterprises (Fuel)	145,000.00	125,000.00
<b>Other Debtors - (c)</b>	5,039,897.72	761,589.13
COSCAP Office	56,225.22	149,783.43
Other Payments	-	322.00
Sri Lankan airlines- Inspections	4,332,619.33	27,259.85
Qatar Airways – Deposit Inspection	80,896.50	80,896.50
Deposit publications	150,557.00	150,557.00
Other Institutions	-	350,117.10
Other	2,653.25	2,653.25
Deposit – Expenses for WHT	3,759.59	-
Deposit – Exam Fees	409,844.74	-
Mega Global Air Services	3,342.09	-
<b>10.2. Receivables</b>	168,441,522.22	124,573,937.57
Value Added Tax	31,692,486.18	14,434,077.21
Interest Income	35,695,988.19	34,733,637.49
OSS (EJ Tax) & Regulatory Services income	101,053,047.85	75,406,222.87
<b>10.3. Prepayments</b>	41,546,415.51	5,021,442.57
<b>Staff Expenses -</b>		
Welfare Expenses	365,207.65	884,014.67
<b>General operating Expenses</b>		
Telecommunication	-	18,503.78
Postal Charges	2,500.00	
Subscriptions/Publications/Advertisement	-	1,520.00
<b>Miscellaneous and Other Expenses –</b>		
Maintenance of Plant, Machinery	10,914.55	156,596.94
<b>Common Expenses-</b>		
Building Rent – C.A.S. Abesekara	41,045,714.34	3,841,970.38
Vehicle Maintenance	117,488.97	118,836.80
Maintenance of Building	4,590.00	-

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
<b>10.4. Treasury Current Account</b>	246,014,436.24	261,992,863.30
<b>Cash (Current Account No: 0002026678)</b>	42,994,133.32	49,742,864.26
Investments	203,020,302.92	212,249,999.04
Treasury Bills	93,020,302.92	162,749,999.04
Call Deposits	110,000,000.00	49,500,000.00
<b>10.5. Cash and Cash Equivalent</b>	55,883,655.94	69,951,822.54
Cash (Current Account No: 0002026666)	18,883,655.94	24,951,822.54
Call Deposits	37,000,000.00	45,000,000.00
<b>11 GOVERNMENT GRANTS</b>	9,168,434.05	9,774,488.05
Land	5,359,200.00	5,359,200.00
Buildings	3,620,539.95	4,226,593.95
Vehicles	-	-
Other Fixed Assets	188,694.10	188,694.10
<b>12 REVALUATION SURPLUS</b>	13,485,465.44	13,652,001.91
Vehicles	4,720,625.00	4,720,625.00
Plant, Machinery and Equipment	3,855,992.93	3,929,672.93
Furniture and Fittings	4,908,847.51	5,001,703.98
<b>13 NON-CURRENT LIABILITIES</b>	18,653,741.00	12,917,735.00
13.1. Deposits - Bank Guarantee	8,490,000.00	4,211,064.00
13.2. Insurance Fund	562,850.00	496,700.00
13.3. Provision for Gratuity	9,239,870.00	7,848,950.00
13.4. Staff Welfare and Social Security Fund (Pension Fund)	361,021.00	361,021.00
<b>14 CURRENT LIABILITIES</b>	542,340,411.53	397,655,091.18
Accrued Expenses (d + e + f + g)	37,472,007.48	78,834,795.91
<b>Staff Expenses (d)</b>	3,744,960.52	3,494,229.08
Salaries & Wages	93,878.15	-
Special Allowance	2,500.00	-
Pay As You Earn Tax	-	395,401.17
Transport Allowance	-	103,653.25
Employee Provident Fund	34,204.79	43,607.93
Employee Trust Fund	-	797.65
Leave Encashment	3,531,822.00	2,950,769.08
Welfare	53,309.00	-
Bonus	29,246.58	-

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No	2011 Rs.	2010 Rs.
<b>General Operating Expenses (e)</b>	2,904,937.17	885,842.97
Overtime and Holiday pay	324,672.30	-
Travelling Expenses-Local	-	400.00
Stationary	800.00	3,750.00
Other Supplies	12,925.00	1,060.00
Telecommunication	844,605.44	11,937.97
Postal Charges	-	3,785.00
Subscriptions for Publications and Advertisements	69,628.57	21,060.00
Audit Fees	358,328.00	358,328.00
Training Academy Expenses	92,899.26	108,721.00
Stamp Duty	400,399.00	373,801.00
Printing	800,679.60	-
<b>Miscellaneous and Other Expenses (f)</b>	38,171.45	
Miscellaneous Expenses	5,500.00	
Maintenance Plant, Machinery & Equipment	32,671.45	-
<b>Common Expenses (g)</b>		
Fuel & Lubricants	276,732.90	49,215.00
Vehicle maintenance	267,881.84	13,656.87
Rent & Hire Charges	9,875.00	-
Income Tax - SRL	-	88,960.00
Income Tax /ESC	28,958,346.84	73,184,496.45
Common - Miscellaneous	6,450.00	507,528.40
Aviation Development	27,280.00	-
Dayata Kirula	6,067.00	-
Nation Building Tax	83,245.00	113,276.82
Building Maintenance		
Water	25,094.70	1,025.00
Security	163,225.81	11,689.92
Electricity	539,265.00	200,235.40
Janitorial	49,317.25	-
Repair & Other	371,157.00	1,700.00
Purchase of Plant, Machinery	-	282,940.00
<b>Accident Investigation Fund</b>	250,000,000.00	50,000,000.00
<b>Creditors</b>	8,853,968.31	6,827,431.97
Deposit – Inspection Charges -	3,986,046.37	1,859,687.35
Expo Aviation (Pvt) Ltd.	1,526,133.20	943,021.31
Jordan Aircraft Maintenance	164,928.44	-
Kuwait Airways	-	31,698.84
Asian Aviation Center	-	331.00
Mihin Lanka	232,277.92	140,214.94

## NOTES TO THE FINANCIAL STATEMENTS Cont...

Note No	2011 Rs.	2010 Rs.
Malaysian Airlines	-	27,402.00
Aero Lanka (Pvt) ltd.	-	36,655.40
K.L.M. Royal Dutch Air	-	29,317.00
Decan Aviation (Pvt) Ltd	-	229,124.89
Gulf Air	-	23,848.45
Emirates	-	23,903.78
SIA Engineering Co.	-	12,911.68
MTU Maintenance Organization	-	68,376.21
Daya Aviation	-	35,709.00
Oman Air	-	52,947.68
IHI Corporation	-	192,460.17
JSC Aeroflot Russian Air	-	11,765.00
Air Works India Engi.(Pvt) Ltd	684,836.00	-
Asia Academy Aeronautics	56,982.60	-
Senok	801,808.24	-
Building – Comfort Interiors	81,312.00	-
Plant Machinery & Equipment – Akro (PVT) Ltd	416,347.97	-
Furniture & Fitting – R.S Commercial	21,420.00	-
<b>Deposit – Operations</b>	<b>5,891,031.63</b>	<b>4,967,744.62</b>
Sri Lankan Airlines	1,517,480.00	1,264,019.00
Expo Aviation (Pvt) Ltd.	1,337,946.17	1,673,192.17
Mihin Lanka (Pvt) Ltd.	23,786.13	23,786.13
Creditors - Income	788,534.57	788,534.57
Deposit – WHT (Inland Revenue Dept.)	157,074.00	92,879.00
Deposit - Medical (For Doctors)	61,108.24	125,108.24
Deposit - Other	125,305.00	125,305.00
Deposit – Expenses for WHT	-	4,999.05
Deposit - Common	829,280.28	779,022.21
Deposit - Insurance	27,407.55	24,155.55
Deposit – Exam Fees	-	66,743.70
Deposit- Airfare & Ticketing Course		
<b>Treasury Current Account</b>	<b>246,014,435.74</b>	<b>261,992,863.30</b>
Civil Aviation Authority of Sri Lanka	6,150,360.89	6,550,343.08
Airport & Aviation Services (Pvt) Ltd.	159,909,383.23	170,295,686.155
Sri Lanka Tourism Development Authority	79,954,691.62	85,147,843.07
<b>15. PRIOR YEAR ADJUSTMENTS</b>	<b>9,911,534.70</b>	
As per the Final Accounts	9,655,551.66	
Adjust: Non Cash Transaction		
Depreciation	251,483.04	
Correction- Plant Machinery Cost	(9,000.00)	
Correction – Vehicle Cost	13,500.00	

**NOTES TO THE FINANCIAL STATEMENTS Cont...**

Note No		2011 Rs.	2010 Rs.
<b>16</b>	<b>INCREASE IN INVENTORIES</b>		
	Consumable Stores	392,933.84	
		392,933.84	
<b>17</b>	<b>INCREASE IN RECEIVABLES</b>		
	Staff Loans	100,651,627.63	
	Advances	16,178,924.89	
	Debtors	764,187.26	
	Other Receivables (except Interest Income)	4,278,308.59	
	Prepayments	42,905,233.95	
		36,524,972.94	
<b>18</b>	<b>INCREASE IN PAYABLES</b>		
	Creditors	(11,088,530.04)	
	Accrued Expenses (except Income Tax)	(13,951,891.22)	
		2,863,361.18	
<b>19</b>	<b>PURCHASE OF PROPERTY, PLANT &amp; EQUIPMENT</b>		
	Vehicles	86,221,947.76	
	Plant, Machinery & Equipment	35,465,463.29	
	Furniture & Fittings	29,507,250.47	
	Building	19,194,497.00	
		2,054,737.00	
<b>20</b>	<b>INCREASE IN INVESTMENTS</b>		
	Treasury Bills - CAA	(184,822,750.44)	
	Treasury Bills – E.L.	(115,093,054.32)	
	(69,729,696.12)		
<b>21</b>	<b>CASH &amp; CASH EQUIVALENT AT THE END OF THE YEAR</b>		
	Current Account – Authority (Account No: 0002026666)	208,877,789.26	
	Call Deposit- Authority	18,883,655.94	
	Current Account – E.L.	37,000,000.00	
	(Current Account No: 0002026678)	42,994,133.32	
	Call Deposits –E/L	110,000,000.00	

## SIGNIFICANT ACCOUNTING POLICIES

### 1. GENERAL POLICIES

#### 1.1 Statement of Compliance.

The Financial Statements are prepared under the historical cost convention in conformity with generally accepted accounting principles, and the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. It also provides the information as required by the Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995.

#### 1.2 Responsibility for Financial Statements.

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

### 2. PROPERTY, PLANT AND EQUIPMENT

**2.1** Property, Plant and Equipment transferred from General Treasury/ Government initially stated at the valuation of purchases of 2003, whereas the Property, Plant and Equipment acquired after 2003 and during the current financial year have been valued at cost.

Two Vehicles 65/3651 and 65/3653 Toyota Land Cruisers, which are registered under the UNDP Representative, have not been transferred to the Authority .

Plant and equipment is stated at cost / revalued amount, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

#### 2.2 Depreciation

The provision for depreciation is calculated on the straight-line basis on the valuation of the Property, Plant and Equipment (Assets) acquired from the Department of

Civil Aviation at the time of formation of the Authority, whereas the depreciation of the assets purchased thereafter were calculated at cost. 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, by equal instalments,

Buildings	6 2/3 %
Motor Vehicles	25 %
Plant, Machinery & Equipment	50 %
Furniture & Fittings	25 %

Up to year 2008, no depreciation is provided on Property, Plant and Equipment (other than Land) in the year of purchase, whilst full year depreciation is deducted when dispose the particular asset. At the end of depreciation process, 10% of the current written down value of the Property, Plant and Equipment is retained as book values as required by the standard. After the year 2009 depreciation has been charged commencing the year of purchase and 10% of the cost/revaluation amount would be retained as residual values. From the year 2010 depreciation has been charged commencing the date of purchase and 10% of the cost/revaluation amount would be retained as residual values.

### 3. INVENTORIES

All inventories have been valued at the cost.

### 4. DEBTORS AND RECEIVABLES

Debtors are stated at book values.

### 5. LIABILITIES AND PROVISIONS

**5.1** All known liabilities have been accounted for, in preparing the Financial Statements.

#### 5.2 Gratuity

Provision has been made for gratuity for employees who have completed one year of service in terms of Payment of Gratuity Act No. 12 of 1983.

### Accident Investigation Fund

The States obligation of accident investigation and search and rescue vests with the Civil Aviation Authority. Rs. 20 Mn provision had been made in year 2006 accounts as a fund to be utilized to set off expenses likely to be incurred to meet these obligations. Another Rs. 10 Million has been provided in the year 2009 to cover the escalation of prices of services. The above fund has been further increased by Rs. 20mn in the year 2010. In the year 2011 the Board of CAA has decided to increase the fund up to 250mn.

### 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. The amount lying in the name of each retired officer will be released at the time of retirement from the Civil Aviation Authority of Sri Lanka.

## 6. INCOME TAX

Provision for Income Tax is made on the basis of the profit reported in the Financial year and adjusted for the purpose in terms of the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto.

## 7. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are defined as the balance of Cash Book and call deposits.

## 8. 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 depreciation.

Government Grants as at 01.01.2011	-	Rs. 9,774,488.05
Less: Charges for the year 2011	-	Rs. 606,054.00
Government Grants as at 31.12.2011	-	Rs. 9,168,434.05

## 9. TREASURY CURRENT ACCOUNT

The treasury current Account reflects the money collected on Embarkation Levy pursuant to the Finance Act No. 25 of 2003.

Airport and Aviation Services (Sri Lanka) Ltd.	-	Rs. 159,909,383.23
Tourism Development Fund	-	Rs. 79,954,691.62
Civil Aviation Authority of Sri Lanka	-	Rs. 6,150,360.89

## 10. POST BALANCE SHEET EVENTS

No circumstances have arisen since the Balance Sheet date, which requires adjustments to, or disclosure in the final accounts.



## PRIOR YEAR ADJUSTMENTS

### 11. PRIOR YEAR ADJUSTMENTS

Following adjustments have been made to the Income Statement in respect of the prior year (2010) transactions.

	Debit (Rs.)	Credit (Rs.)
<b>STAFF EXPENSES</b>		
Salaries & Wages	468,144.44	50,545.00
Leave Encashment	71,894.08	
Special Allowance	99,200.00	
Transport Allowance	92,105.00	4,950.00
PAYE Tax		316.37
EPF	3,000.00	21,177.65
ETF	600.00	
Bonus	15,491.80	
Welfare	4,711.55	
<b>Meetings, Seminars , Workshops- Foreign</b>	350,117.10	
<b>General Operating Expenses</b>		
Telecommunication	175,947.62	
Printing	19,000.00	
Examination Fees	16,000.00	
Subscriptions /Publications/Newspapers	6,480.00	
CAATA Expenses	396,380.00	108,721.00
<b>Miscellaneous and Other Expenses</b>		
Maintenance of Plant & Machinery	48,716.67	9,000.00
Misc. Expenses	45,054.28	
<b>Common Expenses</b>		
Vehicle Maintenance	13,500.00	
Building Maintenance - Repairs	6,050.00	
Building Maintenance - Water	5,438.40	
Income Tax	322.00	
Nation Building Tax		113,276.82
Social Responsibility Levy	601,518.00	88,960.00
<b>Deposit-Inspections</b>		776,451.10
Depreciation – Plant & Machinery	251,483.04	
<b>Income</b>		
EL Service Charge		11,173,307.70
<b>Total</b>	<b>2,691,153.98</b>	<b>12,346,705.64</b>

### 12 REPORTING FORMAT

The reporting format has not been changed in the financial year under review.

## AUDITOR GENERAL'S REPORT

TC/B/CAASL/FA/2011

07 December 2012

The Chairman,  
Civil Aviation Authority of Sri Lanka.

### Report of the Auditor General on the Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act No. 38 of 1971 and Section 14(4) of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002. My comments and observations which I consider should be published with the annual report of the Board in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7)(a) of the Finance Act will be furnished to the Chairman, of the Authority in due course.

### 1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

### 1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## 1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## 2. Financial Statements

### 2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Civil Aviation Authority of Sri Lanka at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

### 2.2 Comments on Financial Statements

#### 2.2.1 Sri Lanka Accounting Standards

The following observations are made.

- a) Although the closing stock for the year under review should be shown on cost or net realizable value according to the Sri Lanka Accounting Standard 05, the cost value amounting to Rs. 1,586,231 had been shown as closing stock. However, even though a considerable amount of stock of stationery in this stock had become unusable due to discolor, action had not been taken to condemn the value of this stock of stationery as loss of stock.
- b) The contingent tax liability amounting to Rs. 110,632,274 that had not been concerned to agreement between two parties according to Sri Lanka Accounting Standard 36 had not been disclosed in the financial statements.

#### 2.2.2 Accounting Deficiencies

Computer software costing Rs. 6,986,498 purchased during the year under review that should have been shown under non-current assets had been charged against revenue.

#### 2.2.3 Accounts Receivable and Payable

A sum of Rs. 214,805,125 in respect of accounts receivable as at the end of the year had been outstanding and out of this, Rs. 14,584,634 had been outstanding for more than one year. Similarly, a sum of Rs. 46,325,975 in respect of accounts payable as at the end of the year had remained unsettled and out of this, Rs. 812,320 had remained unsettled for more than one year.

#### 2.2.4 Lack of Evidence for Audit

As confirmations had not been furnished to audit in respect of 16 accounts items of balances receivable amounting to Rs. 214,805,125 and 35 accounts items of balances payable amounting to Rs. 46,325,975 they could not be satisfactorily vouched in audit.

#### 2.2.5 Non compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules Regulations and Management Decisions	Non-compliance
(a) <b>Finance Act No. 38 of 1971</b> (i) Section 10 (5)	Although the net surplus revenue after the distribution should be credited to the Consolidated Fund, the cumulative profit amounting to Rs. 502,614,219 had not been credited even upto 31 December 2011.

Reference to Laws, Rules Regulations and Management Decisions	Non-compliance
(ii) Section 11	A sum of Rs. 507,937,571 had been invested in Treasury Bills and Fixed Deposits in 31 instances without obtaining the prior approval of the Treasury.
<b>(b)</b> Section 111(a) of Inland Revenue Act No. 38 of 2000 and the Budget Speech 2011.	Although the PAYE Tax should be paid personally by the Officer of the Authority from his salary and other remunerations, the PAYE Tax amounting to Rs. 11,916,740 had been paid for the period of 05 years from the year 2007 to 2011 out of the funds of the Authority.
<b>(c)</b> Public Administration Circular No. 14/2008 dated 26 June 2008.	Transport allowances amounting to Rs. 15,000 and Rs. 10,000 had been paid monthly to the staff and non- staff grade officers who were not entitled for according to the circular. The Transport allowances paid during the year and previous year amounted to Rs. 9,888,671, and Rs. 20,967,837 respectively.
<b>(d) Management Services Circulars</b> (i) Circular No. 34 (1) dated 01 June 2009	Contrary to the payment of subsistence allowances amounting to Rs. 350 to Rs.500 payable to the staff of Government Corporations, subsistence allowances amounting to Rs. 1,500 to 3,500 had been paid. The total payments made during the first 10 months of the year under review amounted to Rs.1,247,500.
(ii) Circular No. 47 dated 22 December 2011	Performance allowance had been paid to all employees to the maximum of Rs. 27,500 per employee in addition to the annual bonus of Rs.7,500 approved by the Treasury per employee. The total payments made contrary to the circular during the year under review amounted to Rs. 3,367,897.
<b>(e) State Enterprises Circulars 1994</b> (i) Circular No. 95 dated 04 June	Professional allowance amounting to Rs. 25, 000 to Rs. 75,000 to the staff and special allowances amounting to Rs. 750 to Rs. 5,000 to 4 staff had been paid monthly contrary to the relevant circular had not been taken proper approval of the Treasury. The professional allowance paid during the year under review amounted to Rs. 2,557,500.

	Training workshops had been conducted for the employees in a private organization out of the Authority, special allowance amounting to Rs.603,750 had been paid to the employees participated in the workshop without the approval of the Treasury.
(ii) Circular No. 60 dated 29 April 2011.	Five officers over the age of 60 years had been engaged in the service by the Authority without the approval of the Cabinet of Ministers and Rs.4,007,140 had been paid as salaries and allowances.

### **2.2.6 Transactions in Contentious Nature**

Following observations were made.

- a) Entertainment expenditure on food and drink amounting to Rs. 873,160 to be incurred personally by the officers and welfare societies had been spent out of the funds of the Authority during the year under review.
- b) A sum of Rs. 1,254,000 had been spent on purchase of 08 model aero planes to keep in the office of the Authority to implement programmes regarding the enhancement of aero safety and security. An office space of a building rented out also had been included in the keeping of these aero planes.
- c) A sum of Rs.3,421,142 had been spent on foreign travel of the Minister and his officers out of the funds of the Authority.

### **2.2.7 Apparent Irregularities**

A letter of appointment had been issued to an officer as recruitment for the post of Coordinator of the Plan Implemented of the Authority who had been receiving salaries from the Line Ministry and for the service of the Ministry and salaries and allowances amounting to Rs.1,200,390 had been paid during the year under review without getting any work done by him. Accordingly, he had been given an opportunity to receive 2 salaries. Similarly, payments amounting to Rs.462,135 for the fuel to the official vehicle provided by the Authority had been made by the Authority and a sum of Rs.258,901 had been paid by the Authority for the air tickets for the participation of foreign travels.

## **3. Financial and Operating Review**

### **3.1 Financial Review**

According to the financial statements presented, the financial results for the year ended 31 December 2011 amounted to a profit of Rs. 428,897,727 before tax compared to the corresponding profit of Rs. 385,125,238 before tax, thus showing an increase in the financial results by Rs.43,772,489. Increases in operating income and the income received by providing services had mainly contributed for the improvement in the financial results.

### **3.2 Analytical Financial Review**

An increase of 27.80% in the income and an increase of 59.93% in the expenditure during the year under review are shown when compared to the preceding year and the profit before tax from the operating activities had increased by 11.37% during the year under review as compared to the preceding year.

## 4. Operating Review

### 4.1 Performance

According to the following indicator, an improvement in the performance during the year under review when compared to the preceding two years is shown.

Subject	Details	2011	2010	2009
(a) Air craft movement	(i) Charters flight	1,782	1,317	1,057
	(ii) Scheduled flight Regular Air transport (companies flights)	41,891	32,590	27,545
(b) Audits completed	(i) Operations	-	01	01
	(ii) Combined (Airworthiness and Operations)	-	-	-
	(iii) Airports	-	-	01
(c) Safe/ Secure and Supervision activities performed	(i) Ramp Inspection	65	30	72
	(ii) No. of Ramp nspection			
	(iii) Airports	20	09	10
	(iv) Dangerous goods	35	08	19

### 4.2 Uneconomic Transactions

During the year 2011, 525 neck-ties had been purchased for Rs. 284,866 at the rate of Rs. 475 per tie to the Air Service Inspectors of the Authority and the ties had been idling in the stores as they were not upto the standard.

### 4.3 Management Inefficiencies

Following matters were observed.

(a)(i) A building belonging to a private party had been rented out for the period of 3 years and Rs. 28,214,123 had been spent out of the funds of the Authority on construction and renovation of store room and rest room for drivers in the building premises. Similarly, the monthly rent had been paid from the month of March 2011 and as the owner of the building had not attended to carry on the various constructions and repairs to the building, a delay of 02 months had occurred to shift the official activities of the Authority to a new building. Accordingly, payments amounting to Rs. 3,283,657 including VAT for two months of April and May 2011 during which the official activities had not been carried out in the building and a further sum of Rs. 1,340,412 had been paid for the old building where the official activities had been carried out and the amounts totalling Rs.4,624,069 had been spent fruitlessly on building rents from the funds.

(ii) when signing of the rent agreement for the building rented out, without including a condition that the owner of the building had to attend all the repairs and taxes according to the instruction

of the Government Chief Valuer. the agreement had been signed and due to the annual tax had been increased a sum of Rs.269,535 had been paid out of the funds of the Authority and the half of the expenditure which could have been incurred according to any of the agreement had to incur by the Authority.

- (b) The charges recoverable on providing the services such as provision of pilot licenses, granting approval for high buildings etc by the Authority had not been revised for the past 06 years. Due to these reasons it was observed that the adequate charges had not been received by the Authority on providing these services.

#### 4.4 Deficiencies In Contract Administration

It could not be accepted in audit that the procurement procedures had been properly carried out as a Director (corporate) functioned as a member of the Departmental Procurement Committee also had functioned as the Chair person of the Evaluation Committee for taking a building on rent. As it is not sufficient to obtain approval from an ordinary Departmental Procurement Committee when making payment of Rs.78,807,771 as building rent during the year under review and although it was necessary to refer it to the Ministry Procurement Committee such approval had not been obtained.

#### 4.5 Resources of the Authority Given to Other Government Organizations

Contrary to Section 8.3.9 of the Treasury circular No. PED 12 dated 02 June 2003, 3 vehicles belonging to the Authority had been given to the use of the Minister and a sum of Rs. 632,581 had been spent on fuel out of the funds of the Authority during the year under review.

#### 4.6 Personnel Administration

The position of the approved and actual cadre of the Authority as at 31 December 2011 had been as follows:

Category of Employees	Approved Cadre	Actual Cadre
Director General / Chief Executive Officer	01	01
Senior Executive Officers	34	26
Executive Officers	41	35
Operational Officers	55	53
Office Assistants	34	30
<b>Total</b>	<b>165</b>	<b>145</b>

In this respect the following observations were made.

- a) A female officer who had not possessed the qualifications according to the scheme of recruitment had been appointed for acting in the post of Deputy Director - Finance by suppressing the posts of Finance Manager and Deputy Finance Manager and acting allowances had been paid for the period of more than 4 years.
- b) According to the Ministry of Finance and Planning Circular No 124 dated 27 October 1997, the Authority was unable to fill 7 vacancies for a long time of 2 years to 6 years and officers had been appointed on acting basis and acting payments had been made and a sum of Rs.2,124,313 had been paid as salaries including acting allowance.

### 5. Accountability and Good Governance

#### 5.1 Budgetary Control

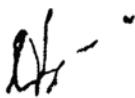
As the variance ranging from 85% to 179% had been observed between the estimated and actual income and expenditure during the year under review, it was observed that the budget had not been made use of an effective instrument of Management control.



## 6. Systems and Controls

The deficiencies observed in audit had been notified to the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of controls.

- a) Accounting
- b) Collection of Revenue
- c) Expenditure Management
- d) Compliances with Government Laws, Rules, Regulations etc.
- e) Contract Administration
- f) Personnel Management



**H. A. S. Samaraweera**

Auditor General

## THE REPLY OF THE CIVIL AVIATION AUTHORITY TO THE AUDITOR GENERAL'S REPORT

FN/12/4

2013-02-12

Auditor General  
Auditor General's Department  
Battaramulla.

### Report of the Auditor General on the Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2011 in terms of Section 14(2)(C) of the Finance Act No 38 of 1971

Reference your report no TC/B/CAASL/FA 2011 dated 2012-12-07.

The views of this Authority on the matters contained in the report are given below.

## **2.2 Comments on Financial Statements**

### **2.2.1 Sri Lanka Accounting Standards**

- (a) We agree with your observation. Hereafter, action will be taken to show consumable stores at cost or its net realizable value, whichever is less according to the Sri Lanka Accounting Standards No 5 hereinafter.

Action will also be taken to writ-off the value of the consumable items which cannot be used.

- (b) Agree, with your observation. Action will be taken hereafter to disclose in the financial statements any contingent liabilities on which the two parties could not reach an agreement according to Sri Lanka Accounting Standards 36.

### **2.2.2 Accounting Deficiencies**

We agree with your observation. This error found in the Financial Statements of 2011 has already been rectified.

### **2.2.3 Accounts Receivable and payable**

Your observation is accepted. The following action has been taken in this regard.

<b>Amount Receivable (Rs)</b>	<b>From whom Receivable</b>	<b>Reason</b>	<b>Action taken to collect the Amount</b>
14,43,077.21	Inland Revenue Department	Amount that should be returned out of the value added Tax charged.	Commenced discussion with the Department of Inland Revenue
150,556.79	Cosmos Airlines and Helitours Company	Money spent on publishing newspaper notices calling for public comments on the said Companies in the process of certifying them, which is a legal requirement. The payment had been done on reimbursable basis.	The relevant companies have been asked to pay the due amounts immediately.

Amount Receivable (Rs)	From whom Receivable	Reason	Action taken to collect the Amount
358,328.20	Auditor General's Department	Non receipt of the relevant invoice	Action has been taken to pay the Audit fees due for 2009/2010
788,534.57	No proper identification	Lack of proper identification	Relevant adjustments have been made after proper identification

#### **2.2.4 Lack of Evidence for Audit**

Agree with your observation. This problem has arisen as the relevant parties have failed to furnish the required confirmation documents in support of receivable and payable balances to this Authority in due time. The parties have now been asked to submit the relevant information to this Authority without further delay with copy to Auditor General. This Authority will take steps to avoid delays of this nature in future.

#### **2.2.5 Non compliance with Laws, Rules Regulations and Management Decisions**

##### **(a) Finance Act No 38 of 1971**

##### **(i) &(ii)**

Financial provision required by this Authority to perform its statutory duties, functions and responsibilities is not provided annually through the national budget. The Authority should by itself earn the required funds through its annual activities. The main source of income of this Authority and the amounts of money generated through them are both indefinite. Further, in terms of section 7 of the Finance Act No 38 of 1971. It becomes a responsibility of the Board of Directors of a Government Corporation to maintain and handle the surplus of its Revenue Account in such manner that it would be able to cover the expenses of the corporation that it would incur during the ensuing five years. Hence, this Authority has obtained the written approval of the Minister in charge of the subject of Civil Aviation and that of the Minister of Finance as far back as in 2003 to invest such surplus money so that it could generate funds needed for the contemplated activities during the ensuing five years. The activities on which this surplus money would be spent have been clearly stated in the Corporate Plan (Business Plan) of the Authority of which copies have been submitted to the Minister in charge of the subject and to the Ministry of Finance annually. It had been decided by this Authority, to use this surplus money in activities such as the construction of the main building for branch office within the Mattala Airport Complex, the construction of a Staff Quarters for the employees etc. However this Authority has remitted to the General Treasury a sum of Rs 250 million in the year 2011 and further sum of Rs 350 million in the year 2012 out of this surplus money. As the present depleted surplus owned by the Authority is insufficient to meet the requirements of section 7 of the Finance Act No 38 of 1971 action has been taken to obtain the current approval of the Minister in charge of subject and that of the Minister of Finance to invest the balance surplus money.

##### **(b) Section III (a) of the Inland Revenue Act No38 of 2000 and the Budget speech 2011**

The salaries and other remuneration paid to the officers of this Authority are much lower than the salaries and remuneration received by employees of similar status in the Civil Aviation industry. Therefore with the intention of narrowing this difference

at least to a certain extent and thereby retain and maintain a skilled, competent and efficient staff inside the Authority enabling it to perform its duties and functions effectively and efficiently the PAYE Tax due from the officers of this Authority has been paid by the Authority on their behalf. This payment has been made the accordance with the provisions of the Staff Rules and Administrative Procedures Manual of the Authority, which has the approval of the Cabinet of Ministries.

**(c) Public Administrative Circular No 14/2008 dated 2008.06.26**

According to the definition given in the Establishment Code Corporation employees are not regarded as public servants. Therefore the Authority is not directly applying the provisions of Public Administration Circulars in the administrative functions of the Authority. Instead the Authority follows the provisions of the Staff Rules and Administrative Procedures manual (SLCAP 5000) of the Civil Aviation Authority which has the approval of the Cabinet of Ministers. The transport allowance in question can be paid according to the provisions of the said manual. Further, as the Public Administrative Circular no 14/2008 of 2008.06.26 has only been addressed to Secretaries of Ministries, Provincial Council Secretaries and Heads of Departments. Hence, this Authority is not bound to abide by its provisions. As the total number of employees working in this Authority in fewer than 150 and very few persons travel the same main route is coming to office it is impracticable and also uneconomical to arrange a common official transport facility to cover the entire staff. In the circumstance the transport allowance is paid to the entire staff with the approval of the Board of Directors.

**(d) Management Service Circular**

**(i) Circular No 34(i) dated 2009-06-01**

Circular No 34(i) dated 2009-06-01 is only applicable to the payment of subsistence allowance. The allowance in question does not fall in to the category of subsistence allowances. It is purely an incentive allowance approved by the Board of Directors and paid to the officers engaged in special activities such as Civil Aviation Development and Education, aimed at improve performance.

**(ii) Circular No 47 dated 2011-12-22**

This performance allowance has been paid to the entire staff of this Authority with the approval of the Board of Directors in appreciation of the enormous service rendered by them as a team specially during the latter part of 2010 and during the first three quarters of 2011 in connection with the pre arrangement and follow up phases of the Safety Oversight Audit conducted by the International Civil Aviation Organization in Sri Lanka during October 2010. However in the ensuing years relevant approvals will be followed in this regard.

**(e) Public Enterprises Circulars**

**(i) Circular No 95 dated 1994-06-04**

Every person or organization entering the Civil Aviation Industry in Sri Lanka shall have to fulfil the requirements stipulated by the International Civil Aviation Organization as International Standards and Recommended Practices in order to engage in Civil Aviation Activities. The responsibility of certifying such persons and organizations and monitoring their activities lies with the Civil Aviation Authority of Sri Lanka as states regulatory body of Civil Aviation activities. The Civil Aviation Authority needs a skilled

and efficient staff with persons who possess specialized knowledge in various areas of the Civil Aviation Industry to perform these regulatory functions effectively. In order to obtain the services of such qualified persons they should be offered salaries and other remuneration commensurate with their qualifications and experience. While Legal provisions have been made in the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 enabling the Civil Aviation Authority to employ such qualified persons in its workforce offering them salaries and other remuneration comparable to the salaries paid to the employee of similar status in the Civil Aviation industry, the Civil Aviation Authority has also been empowered to implement the said provisions. A formal methodology to follow the relevant procedure has been established in the Staff Rules and Administrative Procedure manual (SLCAP 5000) which has the approval of the Cabinet of Ministers. The professional Allowance in question has been paid accordingly.

Monthly allowances ranging from Rs 750/= to Rs 5000/= have been paid to 4 officers with the approval of the Board of Directors in consideration of the nature and volume of duties performed in addition to their normal duties at the request of the Authority.

The workshop in question was conducted in accordance with the applicable Annual Work Plan of the Authority. The intention of the workshop was to provide practical training on the importance of working as a team, and improve leadership qualities of the employees. As a place with a suitable environment was need for the workshop a private institution was selected subsequent to an inspection carried out accordingly to a good methodology. As the workshop was conducted during 2 days in the weekend the allowance in question was paid as an incentive aimed at maximizing attendance with the approval of the Board of Directors.

**(ii) Circular No 60 dated 2011-04-29**

The provisions of Circular No 60 of 2011-04-29 are related only to the retirement and extension of service of the employees in Public enterprises. In accordance with the provisions of the Staff Rules and Administrative Procedures Manual of the Civil Aviation Authority which has the approval of the Cabinet of Ministers an employee in the service of the Civil Aviation Authority is allowed to continue in service up to the age of 60 years. The Civil Aviation Authority has never extended the service of any employee beyond the age of 60 contrary to these provisions or the provisions laid down in the aforesaid circular. However this Authority had to re employ a limited number of employees over 60 years of age on contract basis on few occasions considering the service requirements and priorities. The Civil Aviation Authority Act No 34 of 2002 has laid down Legal provision for such re employment. However the Authority has now decided not to employ persons on contract basis in position where specialized knowledge, experience and skilled are not required.

**2.2.6 Transactions of Contentious Nature**

- (a) The entertainment expenditure in question has been borne by the Authority for the refreshments supplied to persons who took part in activities of official or institutional nature function undertaken on Government orders or Authority decisions.
- (b) The Civil Aviation Authority is the state's regulatory body in charge of Civil Aviation Activities. Foreign diplomatic missions, representatives of foreign Aviation Organizations, Including the International Civil Aviation Organization, local and foreign airline representatives and airline pilots regularly visit this office for various reasons. Researchers in the field of Civil Aviation and school children also visit the Authority.

Creating a pleasant and attractive environment at the very entrance to the office will be helpful in generating a healthy attitude and goodwill in the minds of those visitors towards the Authority and the country as a whole. Keeping this as the objective this authority has purchased few attractive aircraft models have been taken in to books as assets to the Authority any question of loss of resources does not arise.

- (c) In terms of a written order received from the Minister in charge of subject of Civil Aviation to the effect that expenses incurred for foreign travel related to Civil Aviation subject matter should be met out of the Authority funds this Authority had to pay said foreign travel expenses of the Minister and his staff. The Authority is bound by section 31 of the act by which it was established to obey any written order received from the Minister.

### **2.2.7 Apparent Irregularities**

The secretary of the Ministry in charge of the subject of Civil Aviation has pointed out that when the written order was received from the Minister in charge of the subject of Civil Aviation under section 31(l) of the Civil Aviation Authority Act No 34 of 2002 to appoint the officer in question to the staff of the Authority and release him for duties in the Ministers office the Authority should have issued him with a letter of assignment of duties instead of a formal letter of appointment and has given further instructions to rectify the error. The Board of Directors of the Authority has now decided to act accordingly.

## **4. 4.2 Uneconomic Transactions**

The neck –ties in question has been purchased according to a decision of the Board of Directors of this Authority to be purchased to special guest visiting the Civil Aviation Authority as souvenirs. These neck- ties will also be presented to the school children who will participate and win in various events related to Civil Aviation Education and Development organized by the Authority furthermore these neck-ties will be issued to Civil Aviation Inspectors as well. This authority does not agree with the allegation that these ties were not up to the required standards.

## **4.3 Management inefficiencies**

- (a) (i) Before it was shifted to the present premises the Civil Aviation Authority was housed in the “Supreme” building situated at No 64, Galle Road. Ministry of Tourism had rented it out. 4 stories on rent and a part of one more story were given to the Civil Aviation Authority on a rent sharing arrangement. When the 2010 Government formed the Economic Development Ministry joining the Ministry of Tourism and several other institutions it needed more space and the Civil Aviation Authority was asked to evacuate the premises and hand it over soon. Accordingly this Authority called for quotation through a newspaper notice stating the space requirements and other facilities needed to rent out another building. Out of all the quotations received the price quoted by owner of the present building (Rs 100/= per 1 sq.ft) happened to the lowest. However as this price was also higher than the assess price of the Government Chief Valuer the matter was referred to the Secretary Ministry of Finance for a ruling. The Secretary Ministry of Finance approved it and the present building was accepted. According to the office plan approved by the Board of Directors certain facilities such as driver’s rest rooms and stores rooms had to be constructed temporarily outside the main building. Partitioning of office rooms inside the entire building (4 stories) had to be done. The full amount of money spent on these two activities was Rs 28,214,123/= when this full amount is distributed over a period of three years the ultimate cost per 1 square foot amounted Rs 125/= which happened to be the lowest among all qualified quotations received.



No building owner would agree to undertake the partitioning work inside their buildings. They would also not agree allow a rent-free period of time while the partitioning is being done. As this Authority was compelled to operate in the former building until the partitioning work inside the new building is completed the payments in question has to be effected.

- (ii) Normally the rates of a building do not increases in quick succession. Even if they come they come in very small percentages. The owner of the building did not agree to include the conditions recommended by the chief valuer in the agreement. However we could not find any other building in the Colombo 02 area which could be rented out at a price comparable to the present building owner's price.
- (b) This Authority agrees with your observation Action is now being taken to revise the charges levied for regulatory services. Revision of charges were delayed, as with the conditions that prevailed in the country up to the year 2009 such a revision would have had adverse effects on the development of the Civil Aviation Industry in the country.

#### **4.4 Deficiencies in Contract Administration**

This Authority agree with your observation. Steps have been taken to avoid deficiencies of this nature in the future.

#### **4.5 Resources of the Authority given to other Government Organizations**

In accordance with section 31(I) of the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 and approved by the Board of Directors the vehicle in question have been given to the Ministry to be used in observation activities of the local Airport Development Projects and new Airport construction projects implemented by the Ministry of Civil Aviation.

#### **4.6 Personnel Administration**

- (a) When the Authority prepared it's approved organizational plan few supplementary posts other than the essential posts were created to allow promotional opportunities for the employees. Post of Assistant Finance Manager is one such post. At the beginning the Authority decided to keep it vacant and later freezed it for a period of five years. In the meantime the post of Deputy Director Finance fell vacant and the efforts taken to fill it were unsuccessful. Therefore in order to continue the Finance Management Functions of the Authority without disruption the Accountant who happened to be the senior most officer in the Finance Management Section was appointed to act in the post of Deputy Director Finance. Later while the post of Deputy Director Finance was permanently filled with a suitable officer and the freezed post of Assistant Finance Manager was revived as 5 years period was completed by then. Applications were called for the post of Assistant Finance Manager and the Accountant who had the required qualifications was appointed as the Assistant Finance Manager.
- (b) Although officers had been appointed to act in this post purely due to service requirements these acting appointments have ceased to exist by now.

### **5. Accountability and Good Governance**

#### **5.1 Budget control**

Agree with your observation. Action will be taken to prepare the budget in a more realistic and effective manner in the future.

### **6. System and Controls**

The serious attention has been focused on the matters raises at the Audit. All necessary steps will be taken to avoid the occurrence of deficiencies pointed out at the Audit. I would like to mention to you most kindly that due consideration should be given in Audit matters relating to



this Authority to the fact that this Authority is shouldering an enormous responsibility in managing the Civil Aviation Industry in Sri Lanka ensuring that the industry is maintained in conformity with the International Standards and recommended Practices and facing numerous audits conducted by the International Civil Aviation Organization.

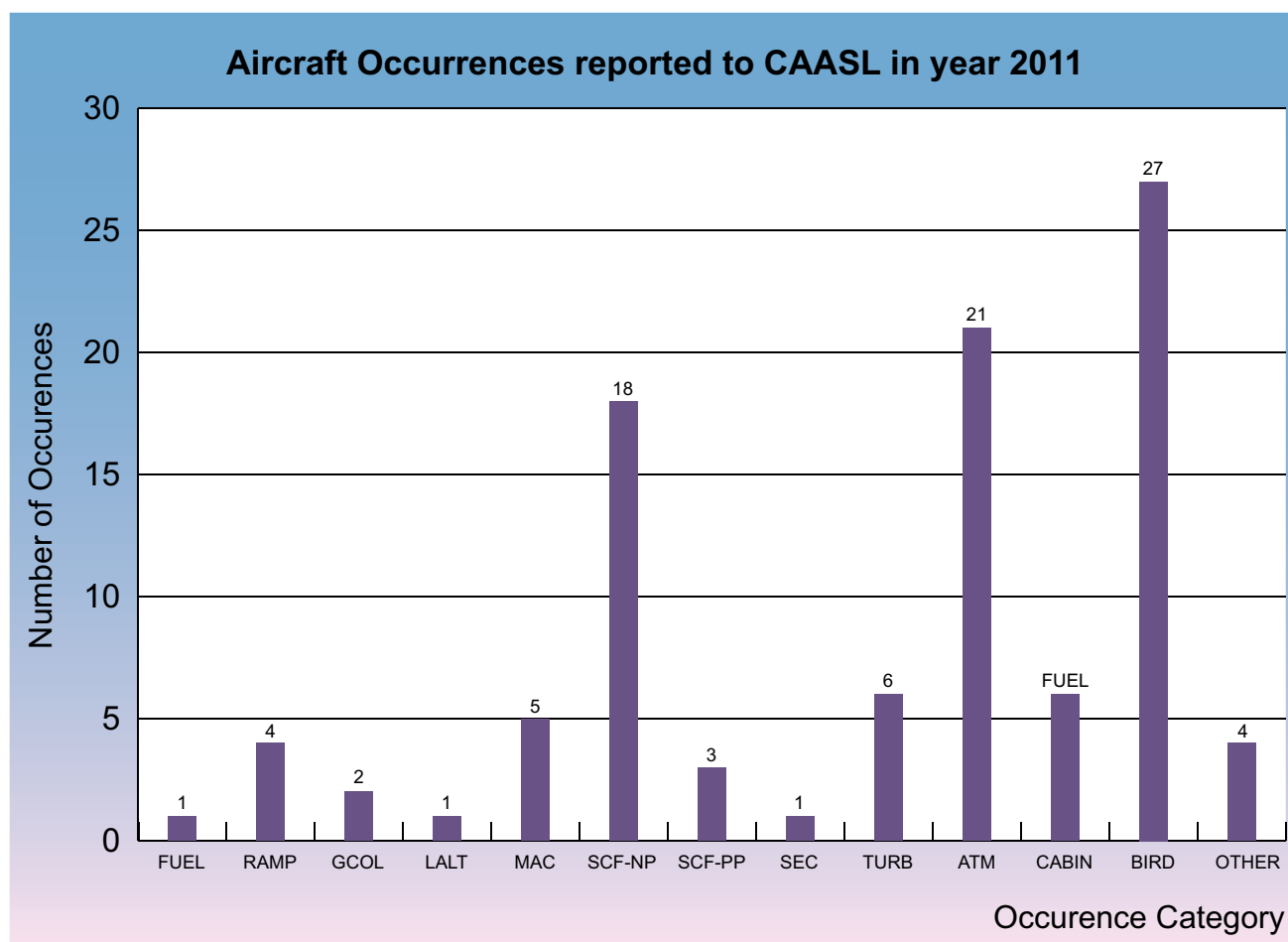
Primary Audit queries relating to some paragraphs of your report have been sent to this office only after the issue of the report. I would like to inform you that this Authority has not been allowed an opportunity to express its views regarding those paragraphs in a formal manner.



**General Rohan De Silva Daluwatta**  
Chairman  
Civil Aviation Authority of Sri Lanka



## APPENDIX - 2: AVIATION OCCURRENCES – 2011

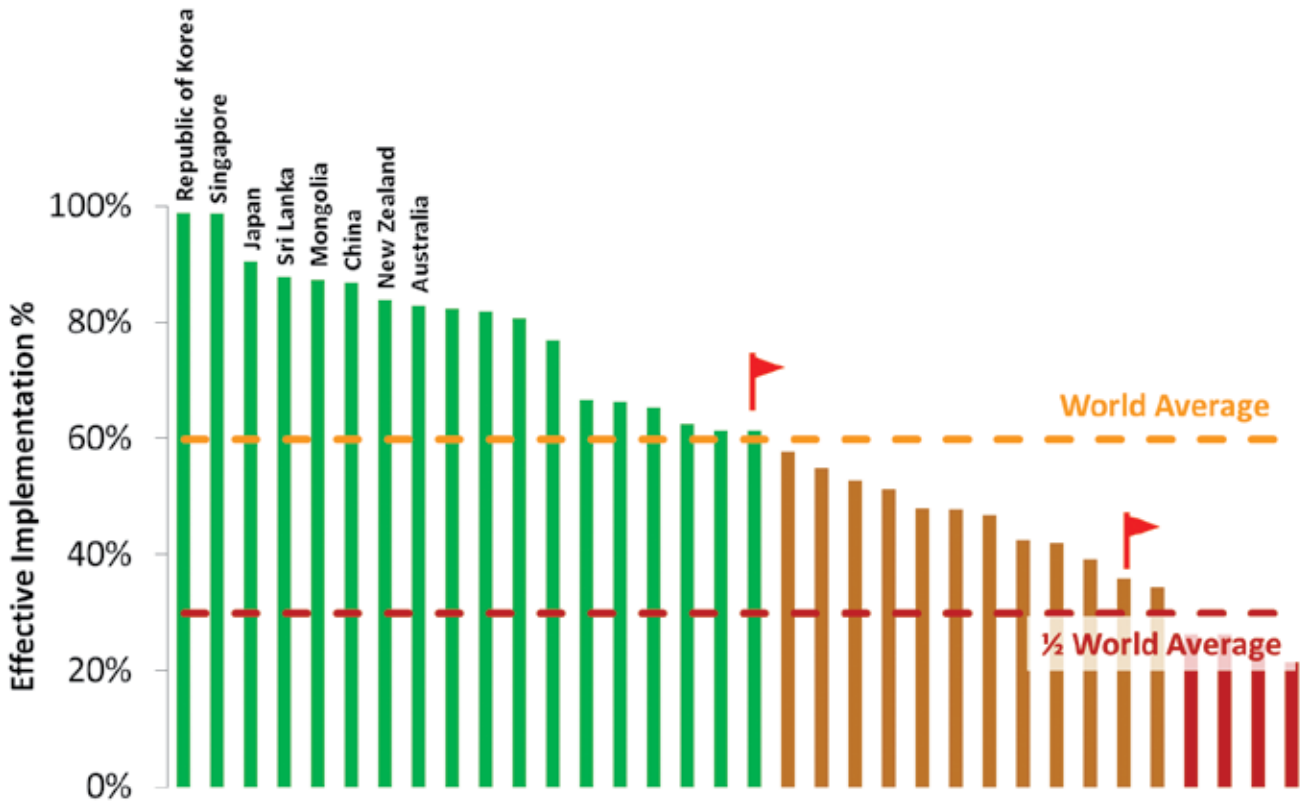


<b>FUEL</b>	Fuel related	<b>SEC</b>	Security related
<b>RAMP</b>	Ground Handling	<b>TURB</b>	Turbulence encounter
<b>GCOL</b>	Ground collision	<b>ATM</b>	Air Traffic Management/ No Contact
<b>LALT</b>	Low altitude operations	<b>CABIN</b>	Cabin safety events
<b>MAC</b>	AIRPROX/near miss/ midair collision	<b>BIRD</b>	Bird strikes
<b>SCF-NP</b>	System/component failure or malfunction (non- power plant)	<b>OTHER</b>	Other
<b>SCF-PP</b>	Power plant failure or malfunction		

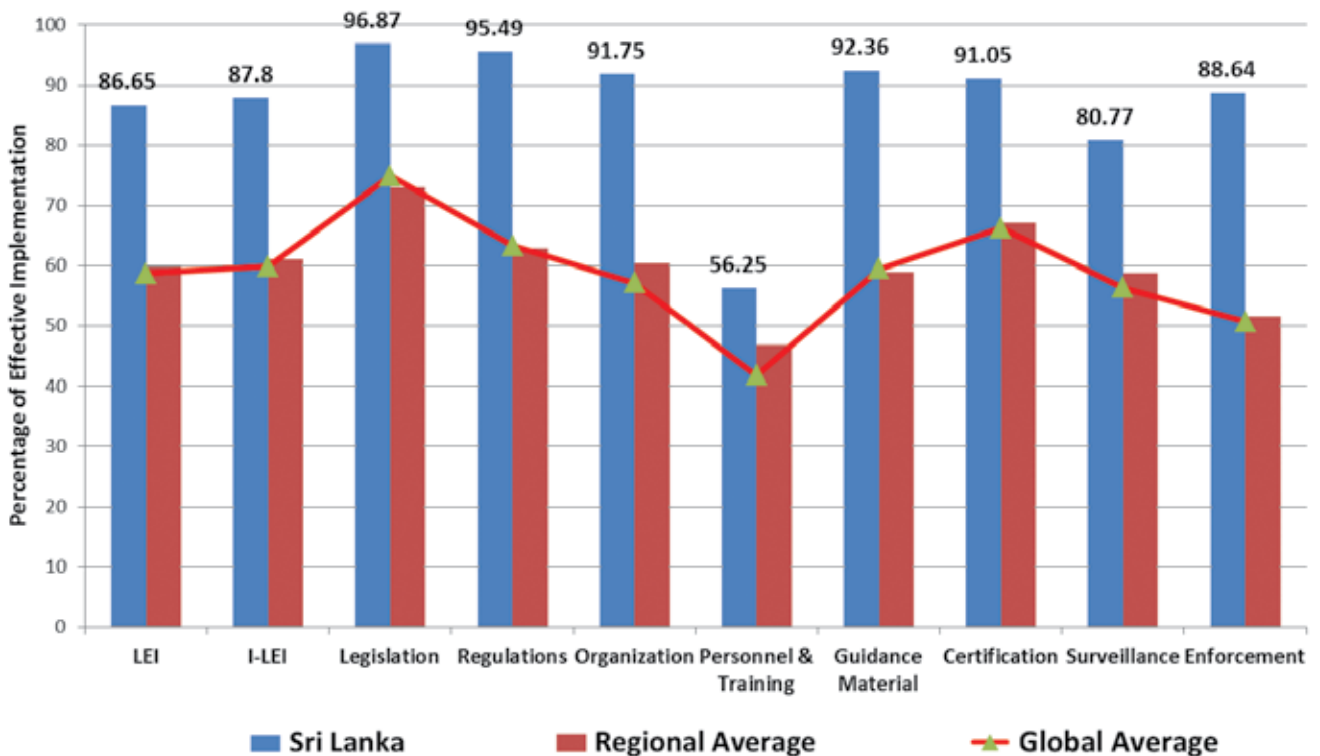
**Note :** All aircraft occurrences reported during the year 2011 from aircraft registered in Sri Lanka and occurrences occurred into any aircraft within the territory of Sri Lanka

**APPENDIX - 03: USOAP AUDIT RESULTS**

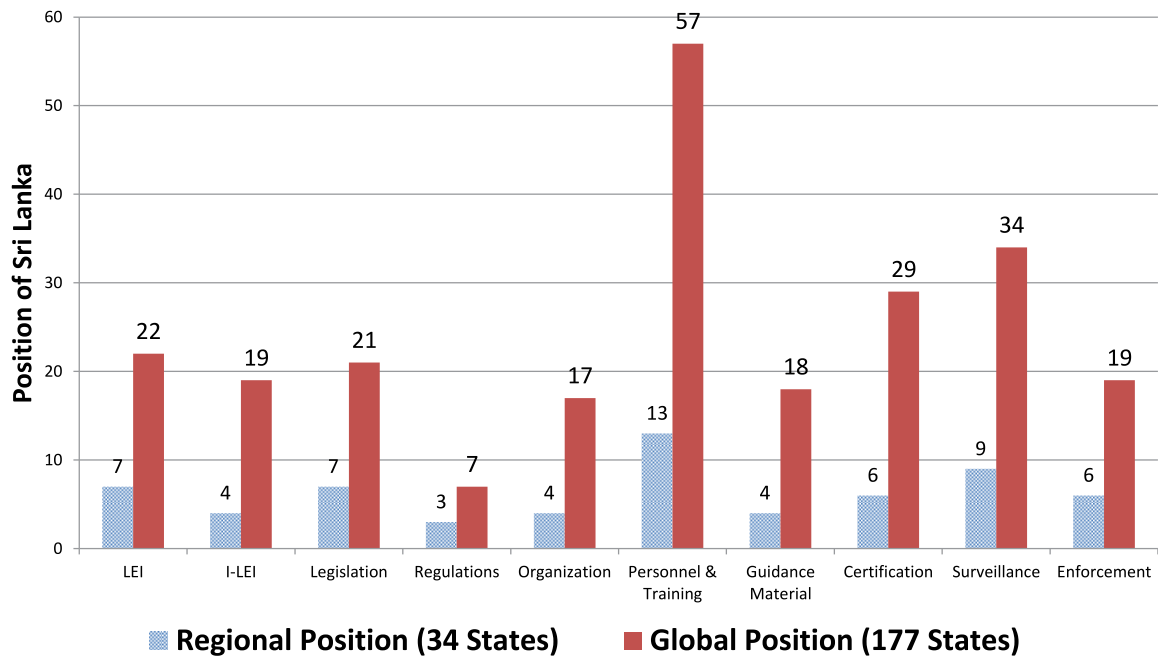
**Safety Oversight Capabilities of States**



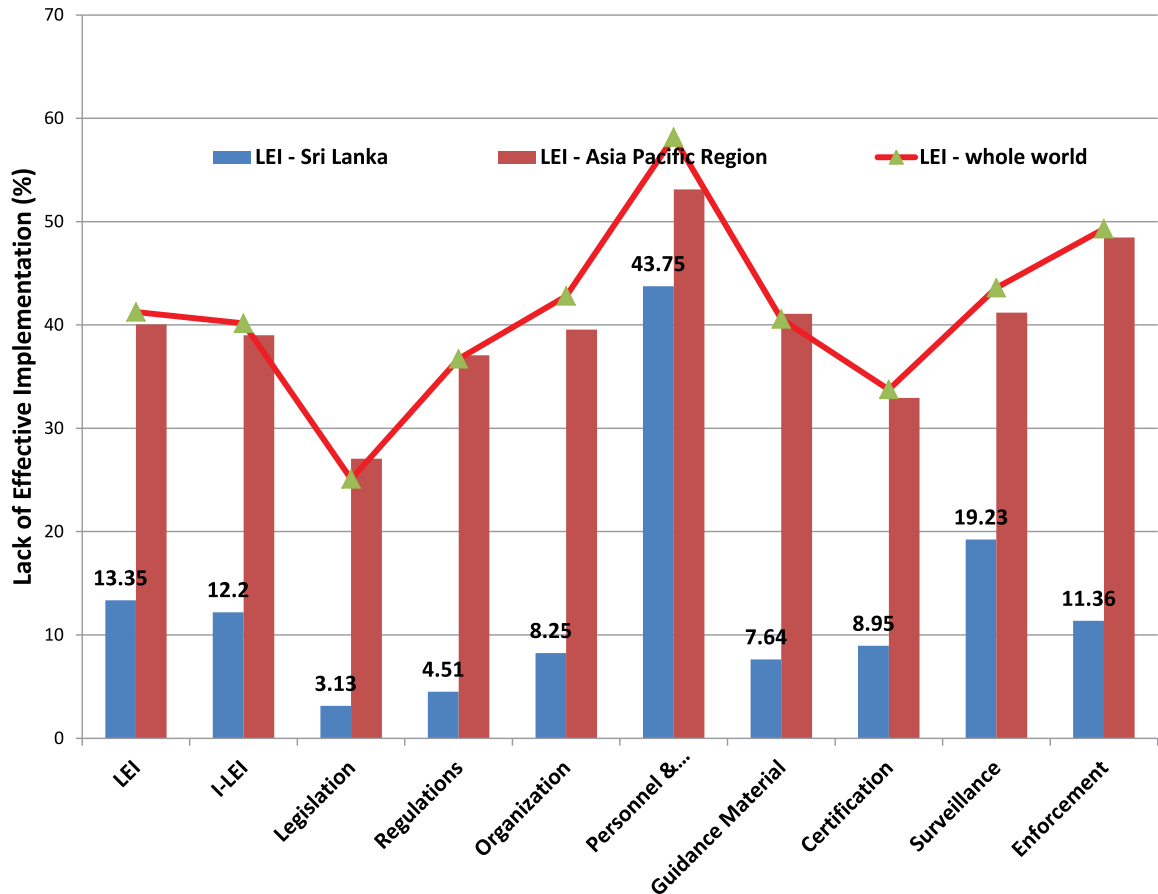
**ICAO Safety Oversight Audit Results % of Lack of Effective implementation**



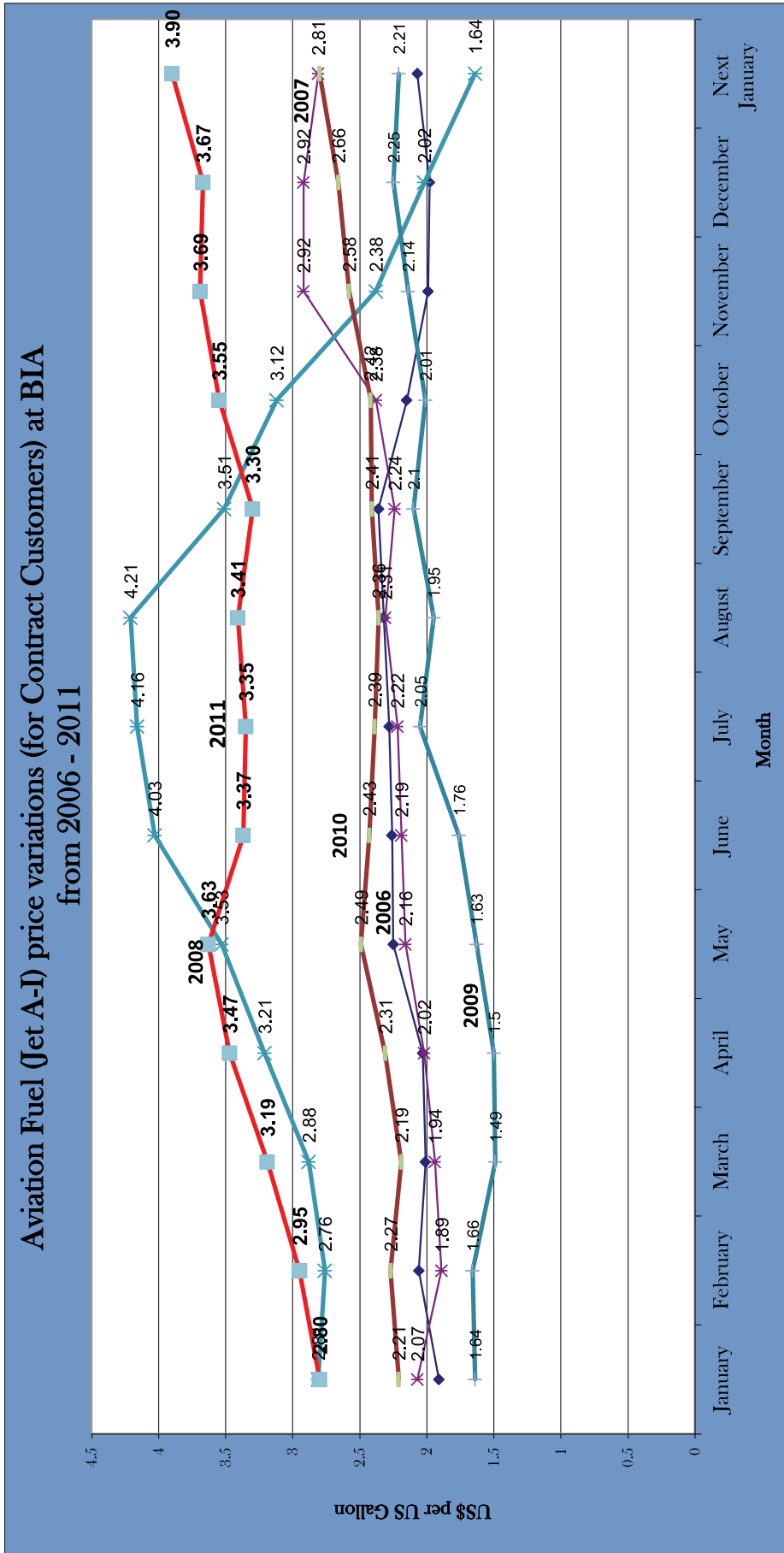
### Safety Oversight Capabilities of States ICAO Audit Results (2005-2010)



### ICAO Safety Oversight Audit Results % of Lack of Effective implementation



APPENDIX – 4 : AVIATION FUEL PRICE VARIATION

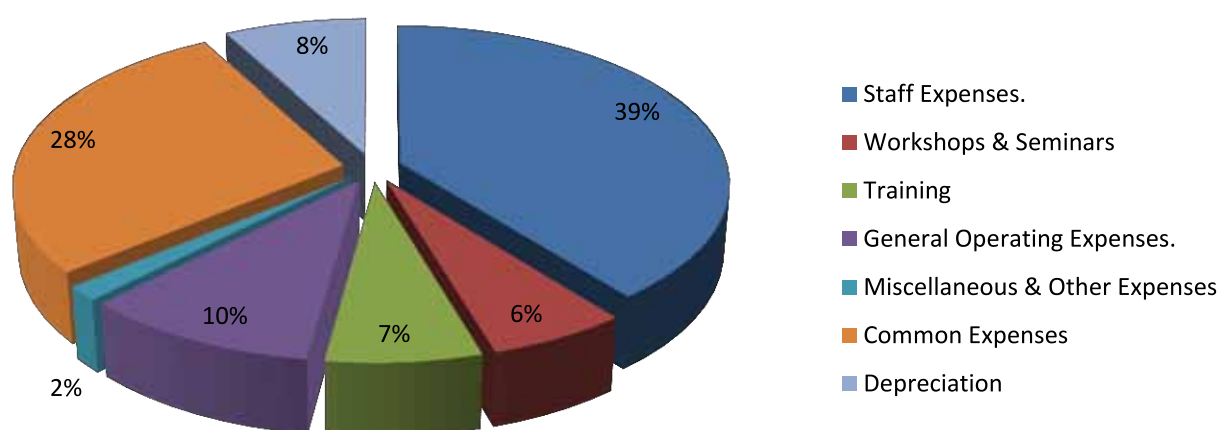


## APPENDIX - 5: COLLECTION OF EMBARKATION LEVY

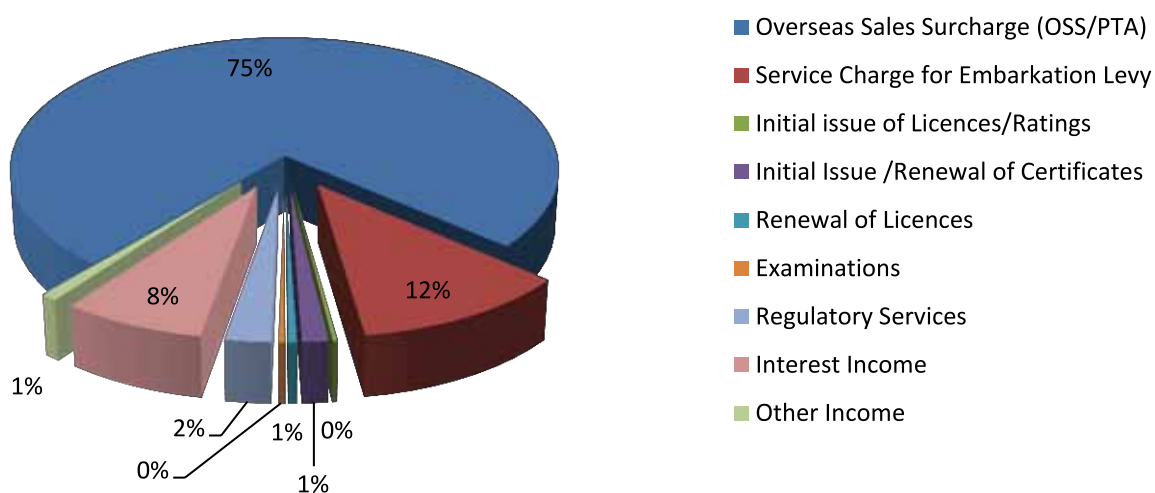
Beneficiary	(Rs. Mn.) 2009	(Rs. Mn.) 2010	(Rs. Mn.) 2011
AASL.	1,499	1,887	1,927
Ceylon Tourist Board / Sri Lanka Tourism Development Authority.	749	943	976
Civil Aviation Authority of Sri Lanka	53	72	84.6

### Income & Expenditure - 2011

#### Expenditure

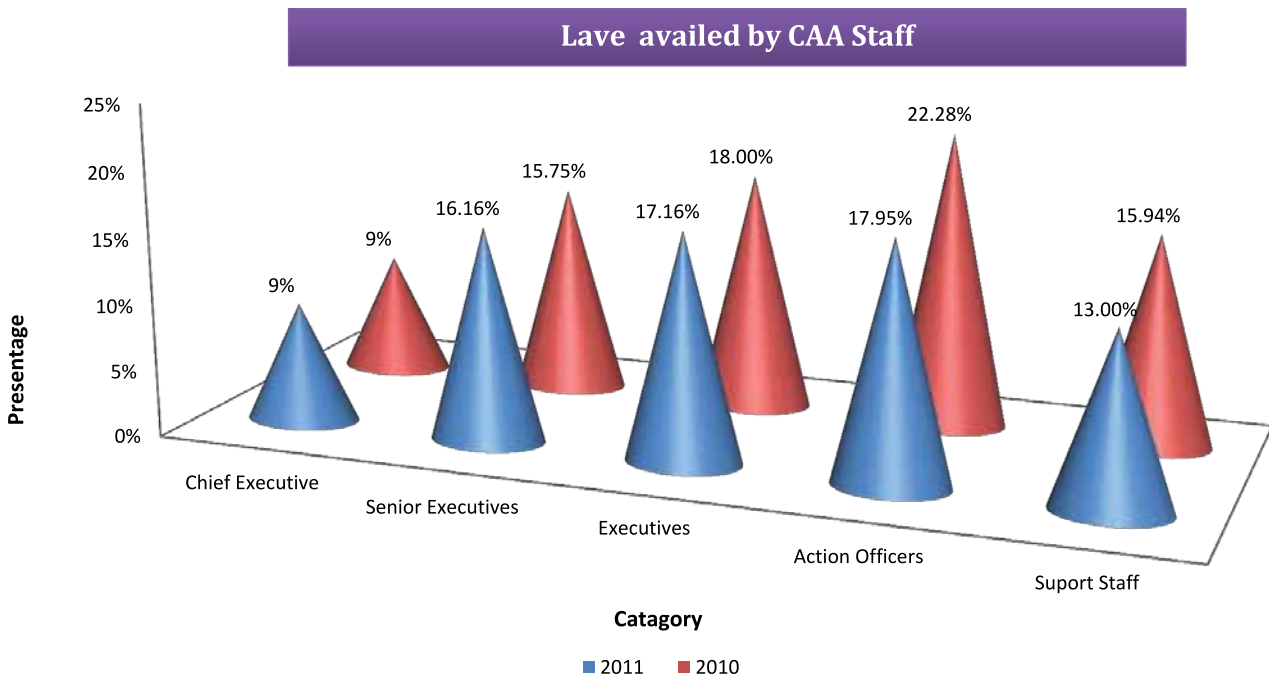


#### Income

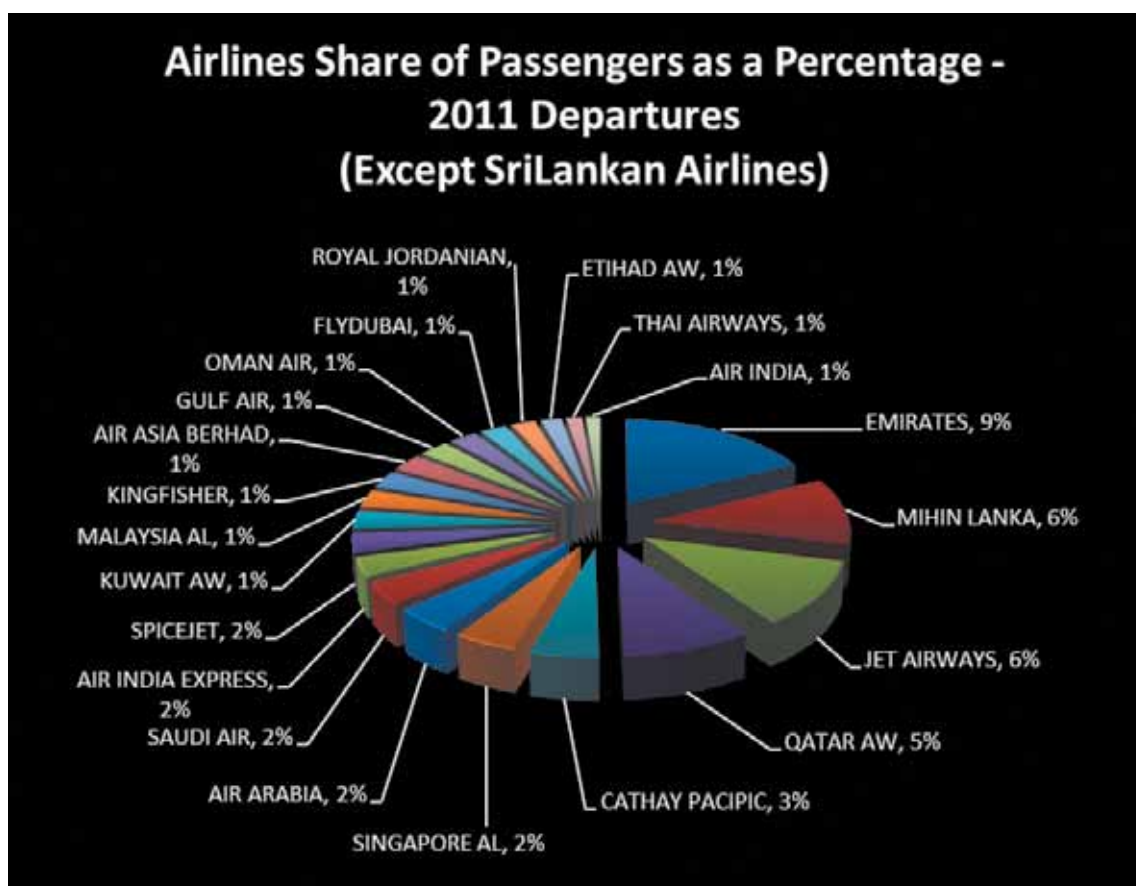
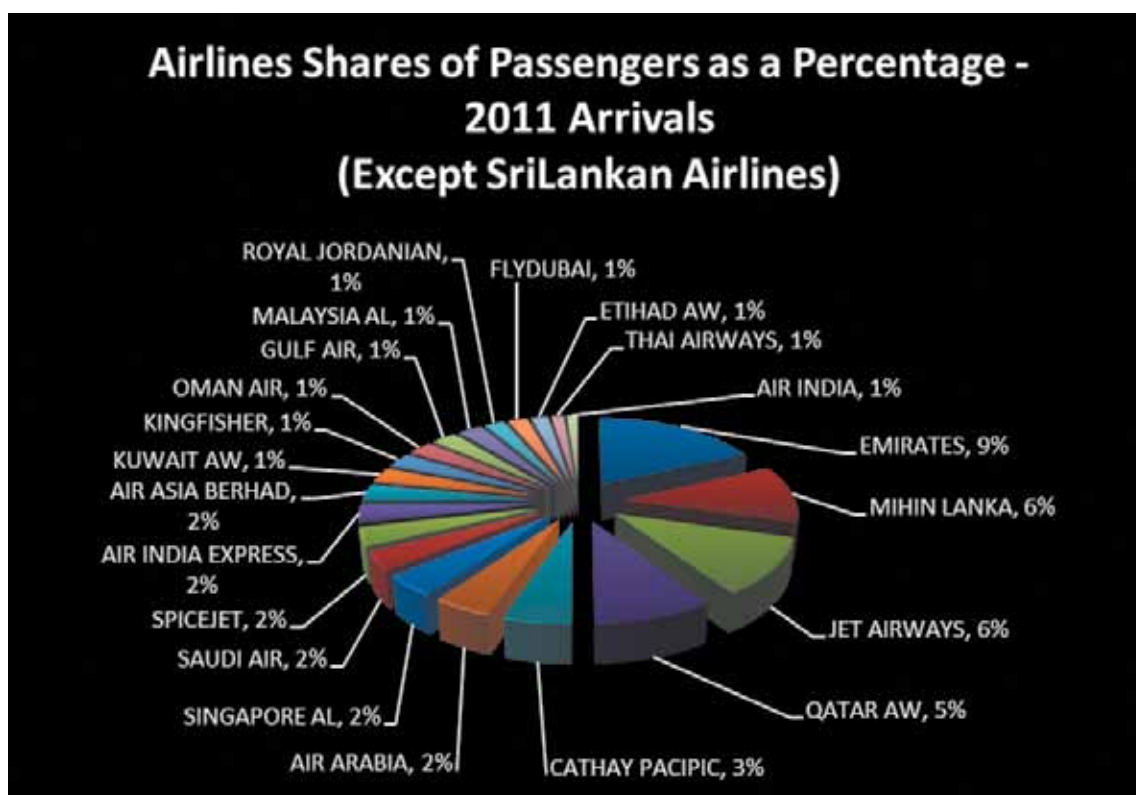




## APPENDIX - 06 - LEAVE AVAILED BY CAA STAFF



**APPENDIX - 07 - PASSENGER DEPARTURES AND ARRIVALS**



## APPENDIX - 08 - CONSTRUCTION OF TELECOMMUNICATION TOWERS

