



CIVIL AVIATION AUTHORITY OF SRI LANKA

ANNUAL REPORT – 2004

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

Hon. Minister of Ports and 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.
- Public Finance Circular No. PF/PE/21 dated 24th May 2002.
- Public Finance Circular No. PED/08 dated 21st May 2003.
- Public Enterprises Guidelines for Good Governance issued by the Department of Public Enterprise, Ministry of Finance in June 2003 which supercedes Public Enterprises Circular No.PED/11 dated 05th June 2003.

The report covers the activities of the Civil Aviation Authority of Sri Lanka for the year ended 31st December 2004.



Air Vice Marshal (Retd.) P.H.Mendis
Chairman
Civil Aviation Authority of Sri Lanka

January 2005

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ABBREVIATIONS

A&NS	Aerodromes and Navigation Services
AA	Assistant Accountant
AAI	Assistant Aerodrome Inspector
AASI	Assistant Aviation Security Inspector
AASL	Airport & Aviation Services (Sri Lanka) Ltd
AATO	Assistant Air Transport Officer
AAwE	Assistant Airworthiness Engineer
Acct	Accountant
AD	Assistant Director
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
AMO	Approved Maintenance Organization
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
ATO	Air Transport Officer
AvSec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAA	Civil Aviation Authority of Sri Lanka
CAATA	Civil Aviation Authority Training Academy
CEO	Chief Executive Officer
Cp	Corporate
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
CSI	Cabin Safety Inspector
Danida	Denmark Development Assistance
DCA	Department of Civil Aviation
DD	Deputy Director
DGCA	Director-General of Civil Aviation
DO	Documentation Officer
DPIG	Development Planning & Implementation Group
EU-SA	European Union – South Asia
FAL	Facilitation
FIR	Flight Information Region
FM	Finance Manager
FOI	Flight Operations Inspector
FS	Flight Safety
GOI	Ground Operations Inspector
GSA	General Sales Agent
HR&OM	Human Resources & Office Management
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
PL	Personnel Licensing
PLO	Personnel Licensing Officer
S/CAA	Secretary to the CAA
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
SLAF	Sri Lanka Air Force
SLCAP	Sri Lanka Civil Aviation Publication
SP	Special Projects
SPLO	Senior Personnel Licensing Officer
USTDA	United States Trade and Development Agency
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

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Branch Office	: Civil Aviation Authority of Sri Lanka, “Hilltop”, Naikanda, Minuwangoda Road, Katunayake. Telephone : 94 -11-2251076 Facsimile: 94 -11-2251076 E-mail: katcaa@sltnet.lk
Sub-office	: Airworthiness Sub Office, Civil Aviation Authority of Sri Lanka, Bandaranaike International Airport Colombo, Katunayake. Telephone: 94 -11-2252269 E-mail : aidbcaa@sltnet.lk
	: Airworthiness Sub Office, Civil Aviation Authority of Sri Lanka, Colombo Airport, Ratmalana. Telephone : 94 - 11 - 2635756 E-mail : aidccaa@sltnet.lk
Auditors	: Auditor General, Democratic Socialist Republic of Sri Lanka
Lawyers	: Attorney General, Democratic Socialist Republic of Sri Lanka
Banker	: Bank of Ceylon
Insurer	: Sri Lanka Insurance Corporation Ltd.

PROFILE

Overview

The Civil Aviation Authority of Sri Lanka (the “CAA”) 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.

It’s primary function is to undertake activities that promote civil aviation safety and security in keeping with International Standards and Recommended Practices adopted by International Civil Aviation Organization (ICAO) and to steer the aviation sector in Sri Lanka as a prime contributor to the growth of national economy, enhancing quality of life of it’s 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 the three (03) members serving the CAA as ex-officios. The term of office of the appointed members is three (03) years.

The Authority is subjected to the direction and control of the Minister in charge of the subject of civil aviation who at present is the Minister of Ports and Aviation, and it reports directly to him.

Members of the Civil Aviation Authority of Sri Lanka



(Seated – Left to right – Mrs.C.S.Kumarasinghe, Representative of Ministry of Finance, Mr.Norman Gunewardene, Vice Chairman, AVM. P.H.Mendis, Chairman, Mr. Cyril Herath, Secretary, Ministry of Defence, Mr.H.M.C.Nimalsiri, DGCA & CEO.
Standing – Left to right – Mr.Nihal Jayawardene, Mr.Ananda Goonatilleke, (Executive Director), Mr.G.S.Withanage.)

Members appointed by the Hon. Minister of Ports and Aviation

1. Air Vice Marshal P.H.Mendis, (Chairman)
2. Mr. Norman Gunewardene, (Vice Chairman)

3. **Mr.Ananda Goonatilleke, (Executive Director)**
4. **Mr.G.S.Withanage**
5. **Mr.Nihal Jayawardene**

Members ex-officio

1. **Secretary, Defence**
(Mr. Cyril Herath)
2. **Representative of the Minister of Finance**
(Mrs. C.S.Kumarasinghe)
3. **Director General of Civil Aviation**
(Mr. H.M.C.Nimalsiri)

AIR VICE MARSHAL (RETD.) P. H. MENDIS
Chairman

Air Vice Marshal P. H. Mendis counts fifty four (54) years of service in aviation and is a well known and much respected figure in the Sri Lankan aviation field.

He joined the Royal Ceylon Air Force as a Cadet Pilot in 1951 and was trained in UK at the Royal Air Force College, Cranwell. After his graduation in 1954 he was trained as a Fighter Pilot on Vampire jet aircraft at RAF Merryfield UK and returned to Ceylon at the end of 1954. He was trained as a Flying Instructor at the Central Flying School UK, and also attended the Defence Services Staff College, Wellington, India and the Imperial Defence College, London.

He held several major appointments both on Flying and Administrative duties and was given Command of the Sri Lanka Air Force in 1970. As Commander, he introduced the Board of Management in the Air Force, established overhaul facilities for Piston Engines, Propellers, Avionics and Instruments. He formed Heli Tours, the Commercial Arm of the Air Force, which proved profitable and very useful for the continuation training of his pilots.

In 1973 he was concurrently appointed Advisor to the Government of the Republic of Maldives and formed Air Maldives with Sri Lankan and Maldivian crews. This was to be the catalyst to the Maldivian tourist industry.

On retirement from the Air Force in 1977 he functioned as Chairman, Air Ceylon, Managing Director of Lankair (PVT) Ltd and was the founder and Executive Director of Lionair (PVT) Ltd.

NORMAN GUNewardENE
Vice Chairman

Mr.Norman Gunewardene is a well-known figure both in Sri Lankan business and diplomatic circles. He counts 44 years of service in Aitken Spence & Co. Ltd., and was it's Chairman in 1995/96 and remained a non-executive director until his retirement, in 2002. He is the Chairman of his Investment Company, Nordel Investments (Pvt) Limited, Chairman of Odel Foundation and has been the Honorary Consul for New Zealand since 1987.

He joined the Royal Ceylon Navy in 1952 and had his training at the Royal Naval College, Dartmouth, UK and the Indian Midshipman's Training Establishment, Bombay where he won the President of India's plaque for the best all round Midshipman of the course. After serving a short term with the Royal Ceylon Navy, he joined Bonars Ceylon Limited, a marine engineering company, in 1956, and then Aitken Spence & Company Limited in 1958.

He served as a Member of the Telecommunications Regulatory Commission from 1997-2000 and as a Director of Sri Lanka Telecom Limited from 2000-2003.

H.M.C.NIMALSIRI
Director General of Civil Aviation and Chief Executive Officer

Mr. Nimalsiri is the Chief Executive Officer of the Civil Aviation Authority of Sri Lanka since its inception in 2002. Prior to his appointment as the DGCA/CEO, he functioned as the Assistant Director (Operations) having joined the Department of Civil Aviation in 1987 and has been a pillar of strength in the CAA. Mr.Nimalsiri is amongst a few officials who pioneered drafting the new legislative framework in Civil Aviation and introducing institutional reforms in the former

Department of Civil Aviation, which led to the formation of the Civil Aviation Authority of Sri Lanka and introduction of the Civil Aviation Bill.

He has followed numerous training courses relating to air transport, aviation safety & security and navigation services and possesses an extensive knowledge and experience in Civil Aviation. He has participated in various regional and international conferences on Civil Aviation and taken part in numerous bilateral air services negotiations with foreign States representing the CAA and the former Department of Civil Aviation .

Mr.Nimalsiri has obtained a B.Sc (Hons) degree from the University of Colombo and has completed a M.Sc degree in computer science from the same University. He has also obtained a Flight Operations Officer Licence after following a qualifying training course in Ulyanovsk, Russia.

Being the DGCA, he has specific statutory powers and functions under the Air Navigation Act and Regulations made thereunder including exercising control over entry into the civil aviation system through granting of civil aviation documents (such as licences, certificate of approvals etc.).

He is the designated Government authority responsible for Civil Aviation security in Sri Lanka.

ANANDA GOONATILLEKE
Executive Director

Mr.Ananda Goonatilleke in addition to being an Attorney-at-Law brings to the CAA his experience on Boards of various establishments. He was the Director Operations of Associated Newspapers of Ceylon Limited (Lake House) and the working Director of Sri Lanka Broadcasting Corporation. He was also a Board member / Director of the Sri Lanka Telecom Limited from 1998 to 2004. He was the Chairman, Common Amenities Board and is currently the Chairman of Shakthi Publishers Limited (Dinakara).

Mr.Goonatilleke has a B.A. degree from Colombo Campus, University of Ceylon. He is also a member of the Bar Council of the Bar Association of Sri Lanka since 1992.

G S WITHANAGE
Member

Mr. G. S. Withanage has held many senior positions in various government establishments and has considerable experience in public administration. He has completed 14 years of service in the field of Civil Aviation and obtained professional training in Air Transport, Civil Aviation Management and Airport Development in reputed aviation academies in various countries. He has participated in numerous bilateral air services negotiations with other countries as a member of Sri Lanka's delegation

Mr.Withanage obtained his Bachelor of Science Special Degree in the field of Business Administration from the University of Sir Jayawardanapura and completed Master of Business Administration Degree at the University of Colombo. He serves as the Additional Secretary (Aviation) in the Ministry of Ports & Aviation and is a Class I officer of the Sri Lanka Administrative Service.

NIHAL JAYAWARDENE
Member

As a holder of a Masters Degree in Law at University College, London, specializing in Air Law, Space Law, Carriage by Air, Comparative Immigration & Nationality Law and being a Senior State Counsel, Mr.Nihal Jayawardene brings to the CAA a wealth of knowledge and experience in legal and aviation field. He has participated at numerous Bi-Lateral Air Services negotiations with other countries as a member of the Sri Lanka's delegation and assisted the former Department of Civil Aviation in the legal reforms undertaken for the establishment of Civil Aviation Authority of Sri Lanka.

Mr.Jayawardene was called to the Bar as an Attorney-at-Law of the Supreme Court of Sri Lanka in November 1983.

Mr. Jayawardene has passed the Final Examination at Sri Lanka Law College in December 1982 and was enrolled as a solicitor of the Supreme Court of England and Wales on 15th November 1991. He has followed a Summer Course in Public International Law at The Hague Academy of International Law (July – August 1988).

CYRIL HERATH
Secretary, Ministry of Defence

Mr.Cyril Herath is a prominent senior administrator who retired after a distinguished service as the Inspector General of Police, Sri Lanka, from December 1985 to August 1988. He has been heading the National Savings Bank as the Chairman for a long period of time.

Mr.Herath holds a Bachelor of Arts degree and served the Civil Aviation Authority of Sri Lanka as an ex-officio Member in his capacity as the Secretary Defence until he retired from that post in November 2004.

Major General (Retd.) Asoka Jayawardhana who succeeded Herath as the Secretary, Ministry of Defence, serves the CAA at present as an ex-officio Member.

CHITRA SWARNAPALI KUMARASINGHE
Representative of the Minister of Finance

Mrs.C. S. Kumarasinghe has wide experience in public administration. She is working as an Additional Director General, Department of National Budget. Mrs. Kumarasinghe has been appointed to serve as a member of the National Education Commission and the State Development Construction Corporation. She has served as a member of the Land Reforms Commission, Rubber Research Institute, Tertiary and Vocational Education Commission, Coconut Cultivation Board and the State Printing Corporation.

Mrs.Kumarasinghe obtained a B. A. (Honours) degree from the University of Ceylon, Colombo. She has obtained her Post Graduate Diploma from the Institute of Social Studies, Netherlands and a M.Sc from the University of Otago, New Zealand. She joined the Sri Lanka Administrative Service in 1973 and served various government departments in different capacities.

CHAIRMAN'S REVIEW

2004 saw the completion of our second year of operation. This has been a very busy year for the Authority, which was reconstituted in May 2004. The Authority welcomed Mr. Norman Gunawardene as Vice Chairman and Mr. Ananda Goonatilleke as the Executive Director, together with Mr. Nihal Jayawardene and Mr. G.S. Withanage who were also appointed to the CAA.

The Committees of the CAA were also reconstituted to include the new members of the CAA, and these Committees met regularly throughout the year. During the year under review we were able to fill the vacancies that had existed earlier. We are most fortunate to have obtained the services of several senior staff from Sri Lankan Airlines and the Airport and Aviation Services (SL) Ltd. However, these officers had to be taken on contract due to age and other reasons. It is imperative that we formulate training and a programme of progression, so that these posts can be filled in later years from within our own ranks.

The staff at the Civil Aviation Authority is highly motivated and most enthusiastic which is partly due to the internal training programmes in the form of weekend workshops.



Aviation Policy

A comprehensive Aviation Policy was drawn up after consultation with the National Airline, Travel Agents, and others connected with aviation industry. This policy has been submitted to the Ministry and awaits the approval of the Hon Minister and the Cabinet of Ministers.

Regulatory Functions

The DGCA implements the regulatory functions of the Authority with the assistance of the CAA staff. A very high standard is being maintained. The cooperation of all aviation related organizations has been very good and is greatly appreciated. The inspection and licensing of BIA was undertaken this year with the aegis of an ICAO consultant. He has also trained members of the CAA for future inspections and licensing duties.

Development of Aviation.

Another function of the Authority is the development of aviation in the country and several milestones were achieved during the year under review.

The Ruhunu Open Skies Project envisages the development of general aviation in the South, away from the conflict areas where security considerations are paramount. The Sri Lanka Air Force has cooperated with the CAA in this regard and several aviation functions can be carried out in an area which is to be demarcated.

A Sea/Air Cargo Hub is to be created at BIA with a view to attracting mega cargo carriers and to provide efficient transshipment of sea and air cargo by air.

The domestic aviation sector has shown a minor decline in traffic to Jaffna after the opening of the A9 highway. The increase in fuel prices has also affected this traffic.

During the year under review the Cabinet approved the designation of domestic carriers to operate international routes. It is expected that the three domestic operators will operate regionally to South Indian ports whilst two new companies have sought approval to operate with big jets on international routes. These applications are being processed. The SriLankan Airlines floatplane operation has proved successful and more floatplanes are being added to their fleet.

A new operator from India, Deccan Aviation has been granted approval to operate helicopter services in joint venture with a locally incorporated company. This service will be most useful under the Ruhunu Open Skies Project.

Sri Lanka has entered into three (3) open skies agreements with neighbouring countries and hopes to extend it further.

Accident Investigation

An AIU has not yet been formed due to lack of suitable staff and training. However, a foundation for this has been laid down and two minor accidents were investigated at this end.

Civil -Military Relationships

The airspace over Sri Lanka is a national asset, which is used by both the civil and military. Whilst cooperation has improved, there is still room for improvement and a Civil-Military Coordinating Committee has been established.

All airfields, other than BIA and Ratmalana are under the control of the SLAF and an agreement has been reached for the vesting of some of these airfields in the CAA in order that foreign funding may be available for renovation and maintenance before they can be used for civil operations.

Finance

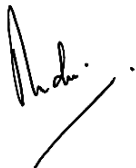
The CAA is presently a self-financing organization and receives no funds from the General Treasury. It generates its own funds mainly by way of premiums on PTA's, but this is reducing rapidly due to the increased competition among airlines and the decreasing fare levels. The CAA has rescheduled its charges with a view to increasing revenue, but these charges will not be able to compensate for the lowering of PTA income.

The CAA continues to collect the embarkation levy on behalf of the Government and awaits an early decision from the Treasury as to what percentage may be retained to compensate for the CAA's labour and expenses.

Conclusion

The relationship between Aviation and Tourism is very close and being conscious of this, the CAA works very closely with the Ministry of Tourism. Aviation is a great contributor to the National Economy and the development of aviation is a very vital function of the CAA. Opening our skies to all scheduled passenger aircraft and the creation of hub facilities for both passenger and cargo aircraft are our goals of the immediate future.

I take this opportunity to thank the members of the board who have painstakingly advised and assisted me in my functions, and to the highly motivated and efficient staff of the CAA led by the indefatigable Director General.



Air Vice Marshal (Retd.) P.H.Mendis
Chairman

January 2005

GOVERNANCE AND ACCOUNTABILITY

Role of the Authority

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

- Communicating with the 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 CAA's functions and duties;
- Delegating responsibility for the achievement of specific objectives of the Director-General of Civil Aviation and Chief Executive officer CAA;
- Monitoring organizational performance towards achieving these objectives;
- Accounting to the Minister on plans and progress towards the implementation and
- Ensuring systems of internal controls are maintained.

Structure of the Civil Aviation Authority of Sri Lanka

Five (05) of the Authority Members are appointed by the Minister of Ports and Aviation and three (03) of the Authority Members are ex-officio. 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 appoints the Director-General of Civil Aviation who shall also be the Chief Executive Officer of the Civil Aviation Authority by statute. He shall be subject to such terms and conditions of employment as shall be determined by the Cabinet of 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 CAA's objectives through setting policies.

Committees of the Authority

The Authority has set up four standing committees viz, Staff Committee, Finance Committee, Planning Committee and Audit Committee to provide a more detailed level of focus on particular issues. Each committee has been delegated powers for establishing and monitoring the organization's progress towards meeting objectives prescribed by the Authority. The Authorities Standing Committees include:

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 CAA;
6. Development of Administrative Rules and Procedures for CAA;
7. Development of Disciplinary Procedures for CAA Staff;
8. Development of Office Procedures for CAA;
9. Grant of scholarships for CAA Staff;
10. Development of compensation schemes for premature retirement for DCA staff and
11. Development of social and welfare schemes for CAA staff.

The Staff Committee comprises the following Members of the CAA:

1. Air Vice Marshal P.H.Mendis, Chairman
2. Mr. H.M.C.Nimalsiri, DGCA &CEO
3. Mr. Ananda Goonatileke, Executive Director

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 CAA;
3. Monitoring the purchase of equipment, facilities or services;
4. Monitoring the avenues of revenue of the CAA and
5. Thrift Management in CAA.

The Finance Committee comprises the following Members of the CAA:

1. Air Vice Marshal P.H.Mendis, Chairman
2. Mr. Norman Goonawardene, member
3. Mr. H.M.C.Nimalsiri, DGCA & CEO
4. Ms. C.S.Kumarasinghe, member