

BLUE SKIES GREEN AVIATION

CIVIL AVIATION AUTHORITY OF SRI LANKA
ANNUAL REPORT 2023



Safe and Efficient Skies for All





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Safe and Efficient Skies for All

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BLUE SKIES

GREEN AVIATION

As we conclude this year, the CAASL is honored to present an overview of our dedicated efforts towards advancing safety, security, sustainability, and national development within the aviation sector.

We launched several green initiatives aimed at reducing carbon emissions, promoting the use of sustainable aviation fuels, and enhancing energy efficiency throughout our operations, thereby underscoring our commitment to environmental stewardship. Furthermore, we continue to make a significant contribution to the nation by expanding our aviation capabilities, and steadily improving national and international connectivity. Our steadfast commitment to excellence has driven significant progress in aviation development, safety protocols, and the implementation of environmentally sustainable practices as we take on the blue skies with our own brand of green aviation.



Presented to Hon. Minister of Ports, Shipping and Aviation,

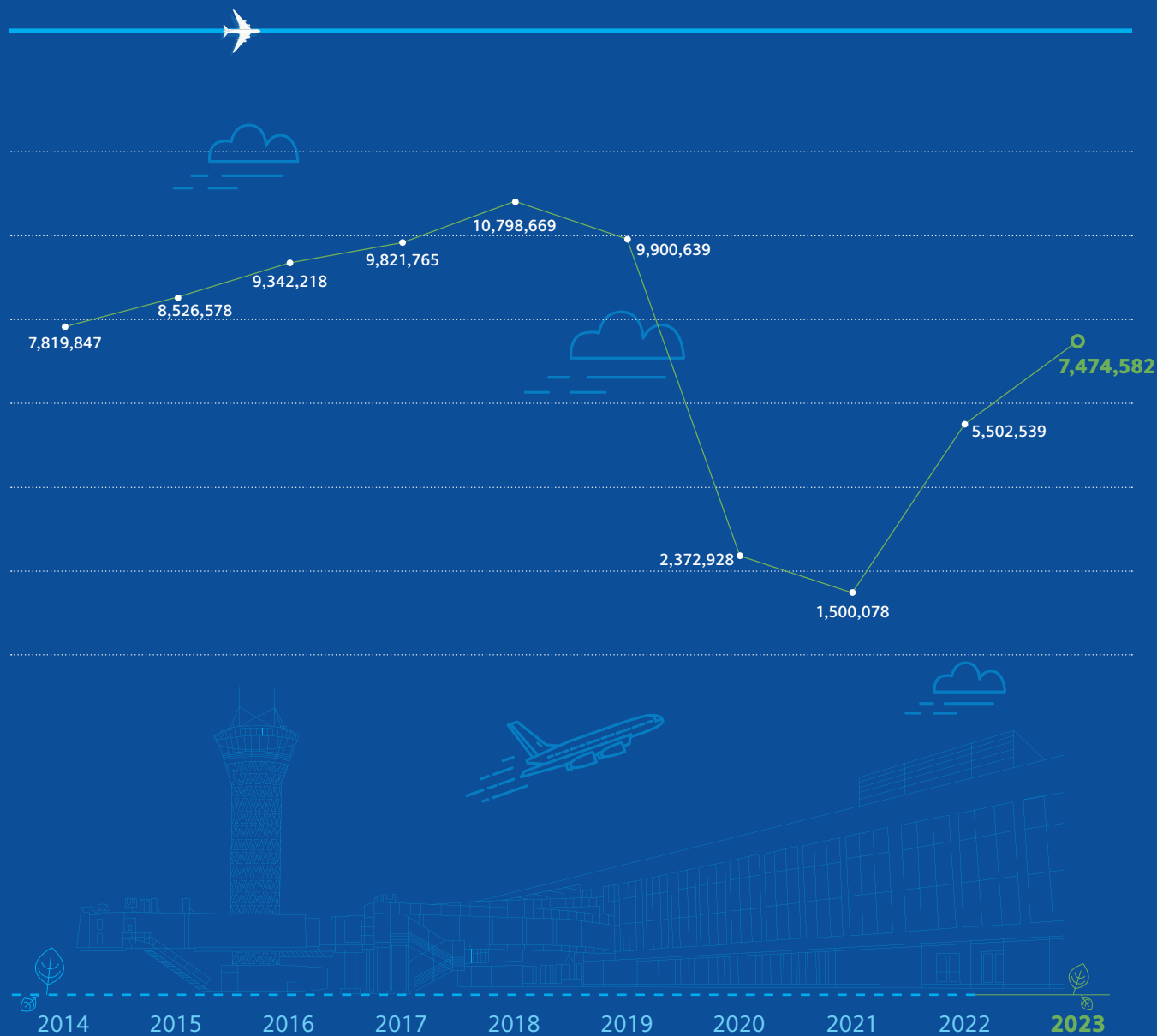
The Annual Report - 2023 was prepared in fulfilment of the legislative requirement stated under Section 15 of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002. It contains a summary of major activities that the Civil Aviation Authority of Sri Lanka performed during the period from 01st January 2023 to 31st December 2023 and the Statement of Financial Position of the Authority for the Financial Year 2023.

G.S Withanage
Chairman

Civil Aviation Authority of Sri Lanka
27 February 2024

Air Transport Statistical Highlights

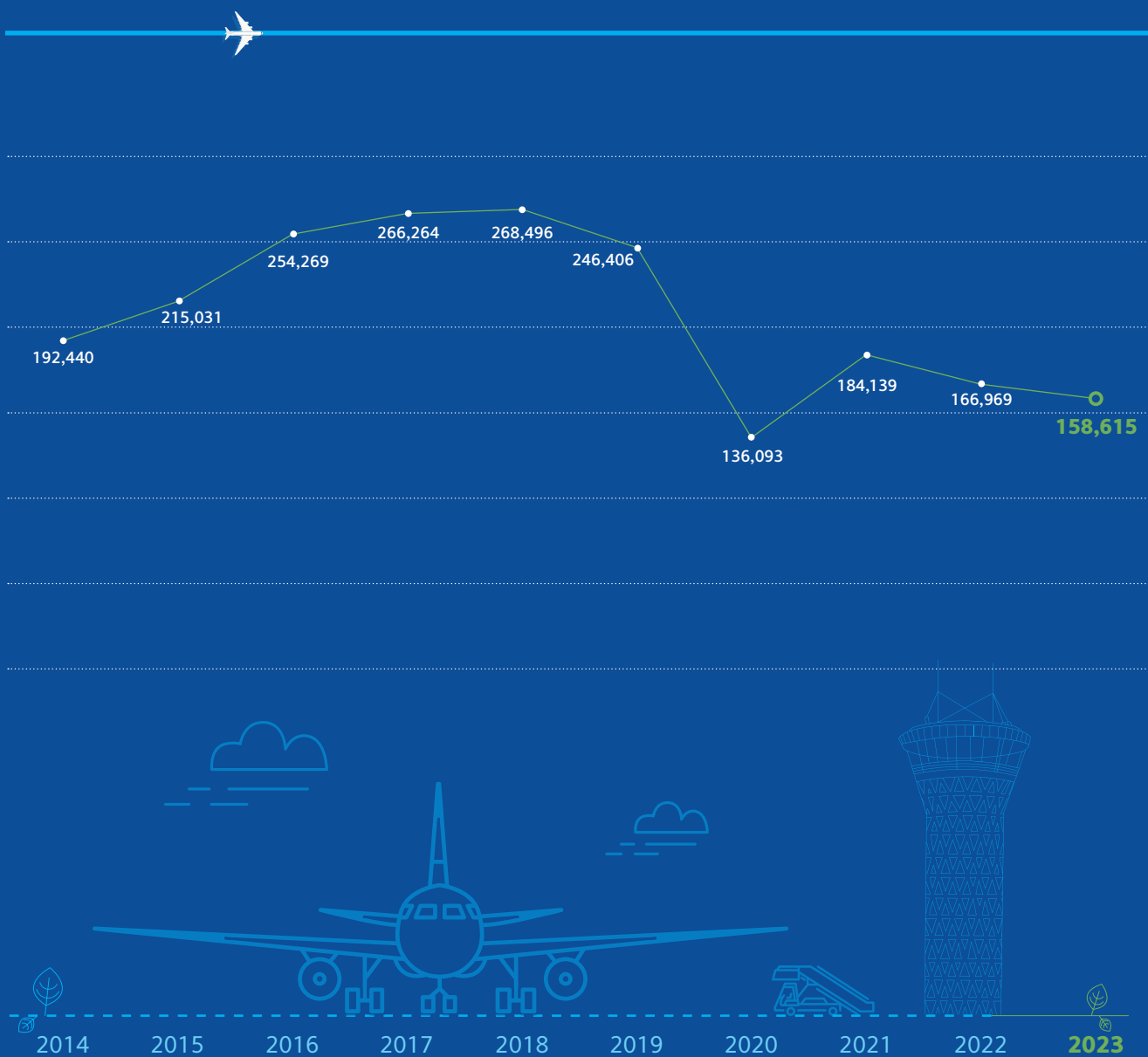
Passenger Movements





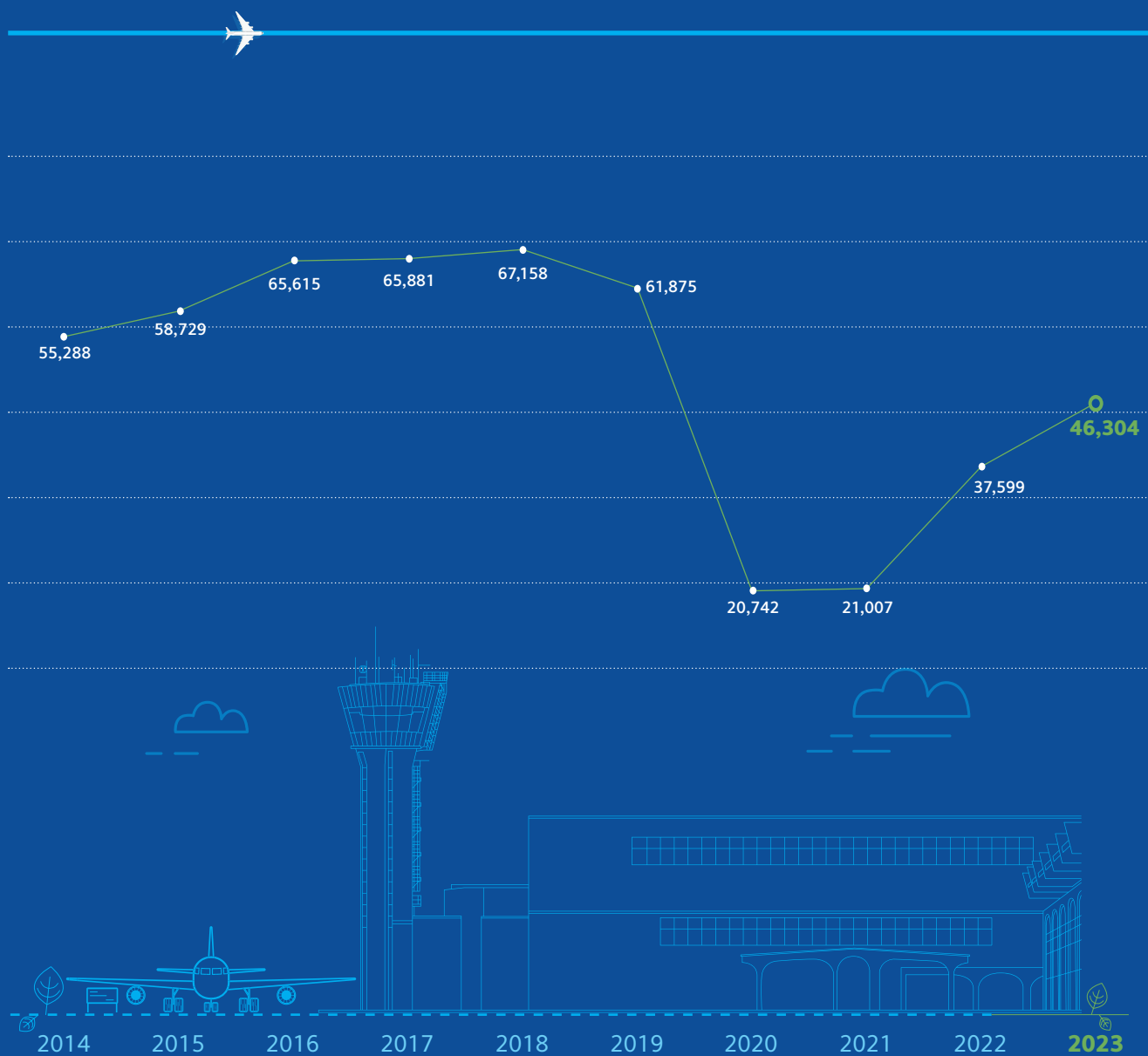
Air Transport Statistical Highlights

Cargo Movements (MT)





Aircraft Movements





Presented to Hon. Minister of Ports,
Shipping and Aviation

Air Transport Statistical
Highlights

Chairman's
Message



Chairman's Message



Strategic initiatives such as the National Aviation Safety Plan (NASP), the ongoing Civil Aviation Master Plan (CAMP), and the National Sustainable Aviation Environment Policy (NSAEP) underscore our commitment to sustainable growth and maintaining high safety and security standards within Sri Lanka's aviation sector.

These initiatives also reflect Sri Lanka's dedication to contributing towards the achievement of the United Nations Sustainable Development Goals, reflecting our proactive approach to global sustainability efforts.



In the CAASL Annual Report for 2023, we take pride in recounting the notable progress and achievements witnessed within Sri Lanka's aviation sector over the past year. Amidst the backdrop of global challenges, including the lingering effects of the pandemic and economic downturn, our airports have displayed resilience and recovery. Bandaranaike International Airport (BIA), along with Mattala Rajapaksha International Airport (MRIA) and Jaffna International Airport (JIA), have demonstrated commendable growth, with BIA achieving a commendable 70% restoration of pre-pandemic passenger and aircraft movements.



At the heart of our operations lies a steadfast commitment to safety oversight, guided by international standards set by the International Civil Aviation Organization (ICAO). Our proactive approach to ensuring compliance with these standards has been pivotal in navigating the evolving landscape of air transport demands. This commitment is exemplified by our successful completion of the ICAO USAP-CMA audit, where Sri Lanka achieved an exceptional Effective Implementation rate of 92%, positioning us as a leader in aviation security within the South Asian region.

Legislative amendments have been pivotal in shaping the future trajectory of Sri Lanka's aviation sector. Updates to the Civil Aviation Act and the Carriage by Air Act signify our dedication to modernizing the regulatory framework, fostering an environment conducive to industry growth and innovation. These amendments notably enable private sector participation in essential aviation services and aim to bolster the competitiveness of domestic air carriers by reducing operational costs.

Strategic initiatives such as the National Aviation Safety Plan (NASP), the ongoing Civil Aviation Master Plan (CAMP), and the National Sustainable Aviation Environment Policy (NSAEP) underscore our commitment to sustainable growth and maintaining high safety and security standards within Sri Lanka's aviation sector.

These initiatives also reflect Sri Lanka's dedication to contributing towards the achievement of the United Nations Sustainable Development Goals, reflecting our proactive approach to global sustainability efforts.

In tandem with these strategic endeavors, efforts to enhance airport infrastructure are underway, with projects such as the expansion of departure terminal facilities at BIA aimed at accommodating the surging air traffic demand and enhancing passenger experience.

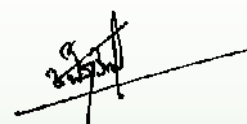
Our commitment to fostering international partnerships is evident in the forging of new air services agreements between the UAE and Sri Lanka. These agreements, meticulously tailored to align with the shifting dynamics of the global aviation landscape, are poised to unlock new avenues of connectivity and operational optimization between the two nations.

Beyond operational enhancements, we remain steadfast in our mission to promote aviation awareness and education. Initiatives such as Airport Awareness Workshops, School Programme & 'Guwan Sarisara' Television Programme serve as invaluable tools in nurturing a culture of aviation literacy, particularly among school children. Furthermore, our financial performance underscores our self-sufficiency and positive contribution to the national economy, highlighting the vital role of the aviation sector in driving economic growth and prosperity.

I am also pleased to announce that Sri Lankan Catering Ltd has been certified and licensed by our Authority to provide aviation catering services for all aircraft operating to Sri Lanka. This certification followed a comprehensive evaluation of the company's regulatory compliance, organizational structure, capabilities, and the availability of suitably qualified and trained staff. Additionally, we assessed the necessary instruments, equipment, and other facilities, as well as the maintenance of essential documentation required for the certification process.

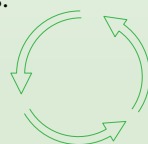
In another strategic move, we have taken initiatives to recruit suitably qualified technical staff for senior managerial and key technical positions within the CAASL cadre. These efforts were made possible by recent approvals from the line ministry and relevant authorities, addressing a long-standing recruitment constraint. This strategic recruitment aims to enhance the expertise and efficiency of our senior management and key technical teams, ensuring that we continue to meet the highest standards in aviation safety and service.

In closing, I extend my sincere gratitude to all CAASL employees, industry stakeholders, and government officials for their unwavering support and dedication. Special recognition is also extended to the Director General of Civil Aviation DGCA & CEO and the Board of Directors for their visionary leadership. Lastly, I express my heartfelt appreciation to the Honourable Minister of Ports, Shipping, and Aviation, the Secretary, and all ministry officials for their invaluable guidance and cooperation in advancing our shared vision for the Sri Lankan aviation sector.



G.S Withanage
Chairman

Civil Aviation Authority of Sri Lanka





Review of the Director General of Civil Aviation and Chief Executive Officer



In May 2023, Sri Lanka achieved a remarkable 92% score in the ICAO USAP- CMA Audit, reflecting significant advancements in aviation security systems and state oversight capabilities. Conducted by ICAO Aviation Security experts, the audit thoroughly evaluated our regulatory framework, national policies, airport security programs, and procedures. This outstanding result places us on par with leading regulatory bodies in the Asia-Pacific region.

best practices; safety and security enhancement, which improves aviation safety, security, and emergency response capabilities in accordance with ICAO standards; and sustainability initiatives, which promote green aviation policies and sustainable practices to mitigate environmental impacts. By operationalizing CAMP, CAASL aims to position Sri Lanka as a leading aviation hub in the region, capable of meeting the growing demands of air travel, cargo logistics, and tourism. CAMP serves as a guiding framework for strategic investments, policy interventions, and collaborative partnerships, driving the nation towards a future of prosperity and connectivity.

In addition to strategic planning, CAASL has taken proactive steps to enhance safety and security within the aviation sector. Recognizing the importance of crisis management and response, CAASL has established a Hostage Negotiation Team comprised of senior police officers trained to manage critical incidents such as hijackings and hostage situations. This specialized unit underscores CAASL's commitment to safeguarding passengers, crew, and airport personnel, ensuring a secure and resilient aviation environment.

Furthermore, CAASL is actively engaged in the establishment of an independent Aircraft Accident Investigation Bureau (AAIB), in accordance with international standards and obligations under the Convention on International Civil Aviation (Chicago Convention). While awaiting legislative approval for the AAIB, CAASL has proposed interim measures to ensure the impartial and thorough investigation of aviation accidents and incidents. These measures include the appointment of expert panels, training programs, and collaborative partnerships with international agencies, laying the groundwork for a robust accident investigation framework in Sri Lanka.

As we reflect on the achievements and milestones of the past year, it becomes evident that 2023 was a period of significant progress and transformation for the Civil Aviation Authority of Sri Lanka (CAASL). Amidst the challenges posed by the global pandemic and economic uncertainties, CAASL remained steadfast in its commitment to advancing the nation's aviation sector, driving innovation, and fostering excellence across all facets of civil aviation.

At the forefront of CAASL's strategic initiatives is the development and implementation of the Civil Aviation Master Plan (CAMP), a visionary blueprint that sets the course for the nation's civil aviation development over the next decade. Conceived in alignment with the recommendations of the International

Civil Aviation Organization (ICAO), the CAMP represents a holistic approach to modernizing Sri Lanka's aviation infrastructure, enhancing safety standards, and fostering sustainable growth.

The formulation of the CAMP has been a collaborative effort involving experts from CAASL, government agencies, industry stakeholders, and international partners. Through extensive consultations, research, and analysis, CAMP has evolved into a comprehensive roadmap addressing the diverse needs and priorities of Sri Lanka's aviation ecosystem. Key components of CAMP include infrastructure development, which prioritizes projects to enhance airports, air navigation systems, and ancillary facilities; regulatory reform, which streamlines processes, updates legislation, and aligns standards with international

CAASL continues to uphold rigorous standards for the certification of essential aeronautical services, including ground handling, flight catering, and aviation security. Through comprehensive audits and evaluations, CAASL ensures that service providers adhere to stringent regulatory requirements, maintaining the highest levels of safety, quality, and reliability. By certifying aeronautical services, CAASL fosters trust and confidence among airlines, passengers, and industry stakeholders, positioning Sri Lanka as a preferred destination for air travel and cargo operations.

Moreover, CAASL is committed to enhancing the professionalism and competence of its workforce through the standardization of inspector certification and the introduction of National Civil Aviation Inspector Certification. By providing ongoing training, accreditation, and career development opportunities, CAASL empowers its inspectors to uphold the highest standards of safety oversight, regulatory compliance, and operational excellence. Through these initiatives, CAASL ensures that Sri Lanka's aviation industry remains at the forefront of global best practices, driving continuous improvement and innovation.

As part of our commitment to improving aviation services and safety, we have developed the National Aeronautical Search and Rescue Plan (NASARP), aimed at enhancing coordination in aviation and maritime search and rescue operations. The NASARP assists stakeholders in meeting their search and rescue (SAR) needs and fulfilling commitments under various international conventions, such as the Convention on International Civil Aviation, the Safety of Life at Sea (SOLAS) Convention, and the United

Nations Convention on the Law of the Sea (UNCLOS). Through NASARP, Sri Lanka aims to establish a well-designed and efficient response capability for aviation emergencies. This plan, key to implementing CAASL's Aeronautical SAR policy, was officially promulgated on January 10, 2023, by the co-chairs of the National Aeronautical Search and Rescue Committee and other key stakeholders. Following its promulgation, the plan was published in the government gazette and is pending parliamentary approval after receiving cabinet consent.





Review of the Director General of Civil Aviation and Chief Executive Officer

In May 2023, Sri Lanka achieved a remarkable 92% score in the ICAO USAP- CMA Audit, reflecting significant advancements in aviation security systems and state oversight capabilities. Conducted by ICAO Aviation Security experts, the audit thoroughly evaluated our regulatory framework, national policies, airport security programs, and procedures. This outstanding result places us on par with leading regulatory bodies in the Asia-Pacific region.

To address challenges faced by flying schools in enrolling foreign students due to prolonged security clearance times, we introduced a new security clearance procedure in collaboration with the Ministry of Defence (MOD) and the Chief of National Intelligence (CNI). Under this streamlined process, applicants submit their documents to the CNI's office, which issues temporary or provisional clearance within 14 days, allowing students to begin their ground training promptly while the full security clearance is processed concurrently.

Recognizing the impact of climate change, we have developed a Green Aviation Policy to mitigate environmental risks and promote sustainability. This policy outlines clear objectives and guidelines to ensure the growth of Sri Lanka's aviation industry while maintaining environmental integrity and competitiveness. It aligns with national and international obligations and supports strategies for sustainable development over the next 30 years .

Based on the cabinet decision to develop Hingurakgoda Airport up to international standards, the line ministry in collaboration with the Ministry of Defense directed this authority to provide necessary technical expertise to develop the Runway at Hingurakgoda airport to meet the international standards as the first phase of the said development.

Our senior technical staff, under my guidance, have developed a concept paper proposing the implementation of Rapid Exit Taxiways (RETs) at BIA instead of constructing a second runway. This cost-effective and sustainable solution aims to improve flight operations, fuel efficiency, and environmental sustainability, aligning with international best practices.

We have established a collaborative agreement with the Sri Lanka Television Corporation to enhance airport educational workshops. This initiative aims to provide insights into the aviation industry and educate students on available employment opportunities. Up to 10 groups of school students will participate in these workshops, with the selection process automated and applications advertised on national television. The workshops will be broadcast nationwide, ensuring widespread access to aviation education.

Our total income for the reporting period surged to LKR 5,530.64 million from LKR 4,268.30 million, driven by increases in both operating income (LKR 4,267.57 million from LKR 3,685.22 million) and non-operating income (LKR 1,263.07 million from LKR 583.08 million).

On the expenditure side, we maintained prudent fiscal management with total expenses increasing modestly to LKR 973.44 million from LKR 880.54 million. Notably, staff expenses slightly decreased to LKR 432.94 million from LKR 457.97 million, reflecting our focus on optimizing workforce efficiency. Investments in meetings, seminars, and workshops increased marginally to LKR 8.06 million from LKR 7.51 million, while training expenses rose to LKR 9.66 million from LKR 1.47 million, underscoring our commitment to employee development. Administrative and other expenses also increased significantly to LKR 365.42 million from LKR 260.89 million, while depreciation and amortization remained relatively stable. These investments were essential in supporting our operational activities and strategic initiatives.

Our profit before tax surged to LKR 4,557.20 million from LKR 3,387.76 million, and after income tax expenses of LKR 208.92 million, our net profit for the year stands at an impressive LKR 4,348.28 million, up from LKR 2,743.24 million. This outstanding performance reflects our strategic focus, operational efficiency, and the dedicated efforts of our entire team. We are confident in our trajectory and remain committed to delivering sustained growth and value to our stakeholders.

In an increasingly interconnected and competitive global aviation landscape, collaboration and partnerships play a crucial role in driving growth and innovation. CAASL actively fosters collaboration with government agencies,

industry partners, international organizations, and academia to exchange knowledge, share best practices, and promote synergy across the aviation ecosystem. Through strategic alliances and engagement platforms, CAASL enhances connectivity, fosters innovation, and promotes the exchange of ideas and expertise, positioning Sri Lanka as a key player in the global aviation community.

As we look towards the future, CAASL remains committed to its mission of promoting safety, efficiency, and excellence within Sri Lanka's aviation sector. Through strategic planning, regulatory oversight, and stakeholder engagement, CAASL will continue to drive innovation, foster collaboration, and unlock new opportunities for growth and development. By embracing sustainability, technology, and innovation, CAASL will ensure that Sri Lanka's aviation industry remains resilient, competitive, and poised for success in the years to come.

In closing, I extend my sincere appreciation to all stakeholders, including government agencies, industry partners, aviation professionals, and the wider community, for their unwavering support and commitment to advancing the goals of CAASL. Together, we will navigate the challenges and opportunities that lie ahead, shaping a brighter and more prosperous future for civil aviation in Sri Lanka.

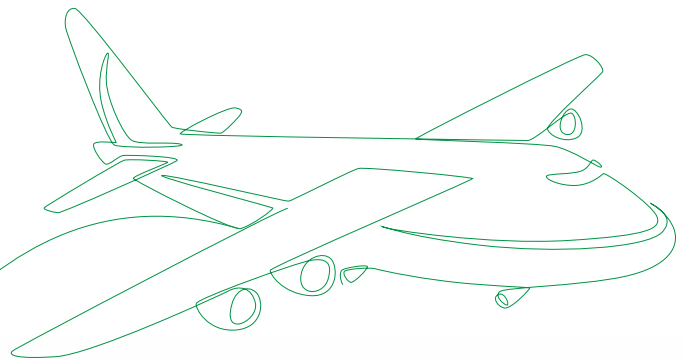
The Hon. Minister of Ports, Shipping and Aviation, Secretary to the Ministry and all officials thereof, are also respectfully acknowledged for their directions, guidance and cooperation.



P.A. Jayakantha

Director General of Civil Aviation
and Chief Executive Officer

Civil Aviation Authority of
Sri Lanka





Board of Directors Members of the Civil Aviation Authority of Sri Lanka

14th Board of the Civil Aviation Authority of Sri Lanka (CAASL)

01. Mr. G.S Withanage

Chairman

Member of CAASL - Appointed
(From 14/01/2023 to Date)

02. Mr. D. W.S Narangoda

Vice Chairman

Member of CAASL - Appointed
(From 22/02/2023 to Date)

03. Air Vice Marshal H.M.S.K.B Kotakadeniya (Retd.)

Member of CAASL - Appointed
(From 12/08/2022 - to Date)

04. Captain Milinda Ratnayake

Member of CAASL - Appointed
(From 12/08/2022 - to Date)

05. Mr. Mangala Wijesinghe

Member of CAASL - Appointed
(From 10/01/2023 - to Date)

06. General Kamal Gunarathne (Retd.)

The Secretary to the Ministry of
the Minister-in-Charge of the
Subject of Defence

Member of CAASL - Ex Officio
(From 19/11/2019 - to Date)

07. Mr. A.K Seneviratne

The Representative of the
Ministry of the Minister-in-
Charge of the subject of Finance
nominated by the Minister

Member of CAASL - Ex Officio
(From 18/08/2022 - to Date)

08. Mr. P.A Jayakantha

Director General of Civil
Aviation and Chief Executive
Officer of Civil Aviation
Authority of Sri Lanka

Member of CAASL - Ex Officio
(From 01/08/2022 - to Date)







CAASL Brief Introduction



“

Our primary focus is ensuring the safety, security, efficiency, and sustainability of civil aviation operations, maintaining the industry's integrity and reliability.

”

As the Civil Aviation Authority of Sri Lanka (CAASL), we oversee and regulate the aviation sector in our country. Our primary focus is ensuring the safety, security, efficiency, and sustainability of civil aviation operations, maintaining the industry's integrity and reliability. We cover a wide range of areas, including safety regulations, certification, licensing, oversight of aerodromes, air navigation services, aviation security, environmental protection, and economic supervision.

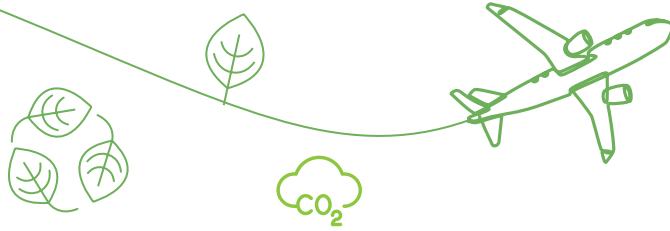
By implementing stringent safety regulations and standards, we enhance safety within the aviation sector, conducting regular inspections and audits to ensure compliance. We work closely with relevant authorities to establish robust security measures, including stringent screening procedures, enhanced surveillance systems, and regular security drills.

To improve overall efficiency, we streamline processes and procedures, optimize air traffic management systems, and implement advanced technologies. Committed to minimizing the environmental impact of aviation, we promote eco-friendly practices, fuel-efficient operations, noise pollution reduction, and waste management strategies.

We also monitor and regulate economic aspects such as pricing, competition, and market entry, ensuring a fair and competitive environment. By conducting economic assessments, analysing market trends, and implementing policies that promote healthy competition and sustainable growth, we contribute to the economic growth of Sri Lanka and improve the quality of life for its citizens.

Our role is defined by the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 and the Civil Aviation Act No. 14 of 2010, aligning with International Standards and practices endorsed by the International Civil Aviation Organization (ICAO). Our governance structure includes eight board members, with five appointed by the Minister in charge of Civil Aviation, and ex-officio members including the Secretary of the Ministry of Defence, a representative of the Minister in charge of Finance, and the Director-General of Civil Aviation. The Chairman and Vice Chairman are appointed by the Minister, while the Director-General of Civil Aviation, appointed by the Cabinet of Ministers, serves as our Chief Executive Officer. The term of office for appointed members is three years.

Through our comprehensive regulatory role, we strive to enhance the aviation sector, contributing to the economic growth and quality of life in Sri Lanka.



Vision

To be an adept and credible aviation safety regulator assuring safe skies for all.



Our Mission

To facilitate through strategic planning and effective regulation, the operation of a safe, secure, efficient, regular, and environmentally friendly national civil aviation system that conforms to international standards and recommended practices and national legislative requirements.

Motto

‘Safe and Efficient Skies for All’



CAASL's Overview

CAASL's Immediate Targets

- ➔ Enhance safety measures to prevent fatal accidents in the commercial aviation sector.
- ➔ Implement robust security protocols to prevent hijacking and unlawful interference in civil aviation.
- ➔ Implement preventative measures to reduce general aviation accidents.
- ➔ Implement safety measures to prevent fatal aviation-related accidents on the ground at airports.
- ➔ Enhance safety protocols to reduce accidents in engineering/ maintenance workshops.
- ➔ Minimize adverse aviation occurrences through proactive measures.
- ➔ Improve efficiency to minimize delays in on-time departures.
- ➔ Enhance the quality of service to improve the air travel experience.
- ➔ Implement measures to reduce congestion and expedite passenger processing at airports while maintaining security.
- ➔ Implement strategies to minimize operational costs and reduce waste in air transportation.
- ➔ Implement measures to minimize adverse environmental effects of aviation.
- ➔ Conduct educational programs to inform school children about the benefits of civil aviation.
- ➔ Develop programs to mentor and train the next generation of aviation professionals.

Stance

We firmly acknowledge the airspace above us as a fundamental public asset, rich in potential for driving socioeconomic development. As the custodian of civil aviation, we advocate for its vigilant and responsible management to not only facilitate the progress and prosperity of our nation but also to secure lasting opportunities for future generations. By ensuring the prudent utilization of this resource, we aim to foster a sustainable aviation ecosystem that not only benefits the present but also safeguards the interests and aspirations of posterity.

Goals

- ➔ Exceed safety and security outcome targets.
- ➔ Ensure adequate resourcing.
- ➔ Maintain professionalism and competence.
- ➔ Gain broad credibility and recognition.
- ➔ Continuously improve achievements.
- ➔ Maximize productivity in all activities.
- ➔ Uphold high compliance with international standards.
- ➔ Serve as a leading facilitator for civil aviation planning and development.

Expected Outcomes

- ➔ Ensure the State's adherence to international obligations in civil aviation, rigorously implementing and enforcing international standards and recommended practices to achieve a high level of effective SARPS implementation.
- ➔ Secure international recognition for Sri Lanka's civil aviation system, maintaining freedom from embargoes or restrictions and proactively addressing any safety concerns raised by ICAO.

- ➔ Enhance safety, security, regularity, and efficiency in civil aviation operations, fostering public confidence in the air transport system.
- ➔ Elevate customer satisfaction levels within the aviation sector.
- ➔ Enhance the financial performance of the Authority through strategic improvements.

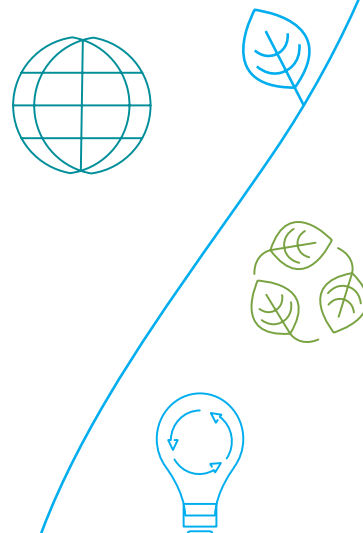
Strategies

- ➔ Enhance and ensure consistent implementation of statutory functions while fulfilling social obligations in accordance with relevant international standards and recommended practices.
- ➔ Identify and implement effective solutions to address significant aviation challenges.
- ➔ Introduce targeted culture change initiatives to promote positive shifts within the organization.
- ➔ Foster cooperation and partnership with stakeholders in the aviation industry.
- ➔ Operate transparently and consistently, facilitating effective communication both externally and internally.
- ➔ Uphold the effectiveness and consistency of all documents, materials, and internal procedures.
- ➔ Implement innovative technology solutions to enhance operational efficiency and safety standards.
- ➔ Foster a culture of continuous learning and professional development to adapt to evolving industry trends and challenges.
- ➔ Explore opportunities for sustainable aviation practices to minimize environmental impact.

- Enhance customer experience through the implementation of user-friendly interfaces and streamlined processes.
- Foster collaboration with international counterparts to share best practices and promote global aviation standards.
- Invest in research and development initiatives to anticipate and address future challenges in the aviation sector.
- Implement proactive risk management strategies to mitigate potential threats and disruptions to operations.
- Embrace diversity and inclusivity initiatives to foster a more representative and inclusive aviation workforce.
- Foster a culture of innovation and creativity to encourage employees to contribute ideas and solutions for improvement.

Values

- Prioritize aviation safety above all else and foster a culture of safety.
- Strive for excellence in all services provided to our clients.
- Embrace a proactive 'can do' attitude in every task undertaken.
- Demonstrate reliability, realism, and consistency in our actions.
- Embrace change as a means of continuous improvement.
- Collaborate as a team to achieve success and overcome challenges.
- Maintain open, honest, and transparent communication.
- Promote efficiency, productivity, and regularity in all activities.
- Cultivate trust, respect, and teamwork among colleagues.
- Recognize and value everyone's contributions.
- Fulfil social responsibilities and obligations.
- Find enjoyment and fulfilment in our work.
- Take pride in maintaining a professional approach.
- Strive for a balanced home and work environment.





Overview of Sections & Units



Aerodromes Section

The Aerodromes Section is mainly responsible for the civil aerodromes in Sri Lanka and provides assistance to the Director General of Civil Aviation (DGCA) on the regulatory and oversight matters pertaining to the civil aerodromes in Sri Lanka. Currently, five civil aerodromes operated by the statutory service provider are under the Section's purview. Four of the aerodromes have obtained international status through the Civil Aviation Authority (CAASL) certification process, which is a major activity in the Section to ensure safe and efficient conduct of the aerodrome operations. Apart from the land aerodromes the

Section involves in safety oversight for water aerodromes in Sri Lanka. Eleven water aerodromes are in operation and their operational status and activities have been regulated through surveillance activities. Management of obstacle limitation surfaces around civil aerodromes has been another responsibility that has been entrusted with the section which enables the development sector to carry out infrastructure development without hindering safe aircraft operations and maximise the usability factor of all aerodromes in Sri Lanka. In order to regulate and improve the aviation industry the Aerodromes Section formulates Implementing Standards, guidance materials and procedures based on International Civil Aviation Organisation (ICAO) publications.



Air Navigation Service Section

The primary responsibility of the Air Navigation Services (ANS) Section is to formulate rules and regulations governing the provision of air navigation services within the Colombo Flight Information Region (Colombo FIR) in accordance with the applicable international Standards and Recommended Practices (SARPs) adopted by International Civil Aviation Organisation (ICAO) and ensure that those standards are complied with by the air navigation service provider in Sri Lanka.



Aircraft Registration and Airworthiness Section

The Aircraft Registration and Airworthiness Section is vested with the major responsibility of developing rules and procedure for registration of civil aircraft in Sri Lanka in accordance with the applicable international standards and recommended practices. It includes granting of approval for Maintenance Training Organisations, Continuing Airworthiness Management Organisations and Aircraft Maintenance Organisations and monitoring their activities.



Training Organisation and Personnel Licensing Section

The Training Institutions and Personnel Licensing (TOPL) Section is responsible for updating and developing the laws, rules and procedures for the certification and monitoring of training institutes and personnel engaged in security sensitive activities in relation to civil aviation in accordance with applicable international standards and recommended practices. It is responsible for the certification and continuous surveillance of training organization adopting the ICAO Annex 1 and local regulations in conformity with the applicable international standards and recommended practices for the issuance, revalidation and renewal of Licences for personnel engaged in safety sensitive activities.

The Section has to carry out many functions which are normally organized around five major functional areas. These areas are: Regulatory, Licensing, Training, Examinations, and Administration. The TOPL Section of the CAASL undertakes licensing of Flight Crew, Aircraft Maintenance Personnel, Air Traffic Controllers, Aeronautical Station Operators, Flight Operations Officers & Cabin Crew Members. The section also conducts knowledge examinations for the issuance of Flight Crew Licences, Aircraft Maintenance Licences and Flight Dispatcher Licenses. Further the section carries out the duties related to certification of Flying Training Organisations, Air Traffic Controller Training Organisations and Flight Dispatcher Training Organisations. Surveillance of

the Approved Training Organisations and Licences issued by TOPL section are also one of the responsibility of the section. In addition, the TOPL Section may be called to cooperate or assist in the investigation of an accident or an incident as and when necessary.



Aircraft Operations Section

The Aircraft Operations Section under the division of Flight Safety Regulations is primarily responsible for the development of local regulations, rules, directives, and procedures in conformity with the applicable international Standards and Recommended Practices (SARP) adopted by the International Civil Aviation Organization (ICAO) for the effective safety oversight of operators.



Aviation Security Section

The primary objective of the Aviation Security Section is the development, maintenance, and implementation of the National Civil Aviation Security Programme to meet all International Civil Aviation Security Standards to ensure a secure environment for civil aviation operations in Sri Lanka.



Overview of Sections & Units



Air Transport and Economic Regulations Section

The Air Transport and Economic Regulation section is under the Corporate Management division of the Civil Aviation Authority of Sri Lanka with the responsibility to regulate the aviation industry in Sri Lanka.



Human Resources and Property Management Section

Human Resources and Property Management Section (HRPM) ensures that the right personnel are employed in CAASL to perform duties. Further, it creates opportunities to facilitate

and motivate individuals and group of employees to grow and advance their performance in CAASL. The section is also responsible for the office administration and management of properties of the Authority.



Financial and Revenue Management Section

The section is responsible for managing limited financial resources efficiently, effectively and economically in accordance with the CAASL/Government policies, rules and procedures and maintaining books in conformity with the Generally Accepted Accounting Principles, Sri Lanka and the Accounting Standards published by the ICASL and providing with the true and fair status of financial accounts.



Environment, Research and Project Section

The Environment Research and Project Section is responsible for conducting research related to aviation, managing the CAASL Statistical Programme, conducting CAASL events, physical infrastructure developments, publication of CAASL documents/reports/bulletins and implementation of Carbon Offsetting and Reduction Scheme for the International Aviation (CORSIA) Programme. The section also handles all procurements for the CAASL.



Information & Communication Technology (ICT) Unit

Provides an efficient, secure, reliable, and sustainable IT infrastructure to meet the business and service needs of the CAASL.



Legal Affairs and Enforcement Unit

The main objective of the Legal Affairs & Enforcement unit (LA&E) is to streamline the work relating to the legal and enforcement matters of the CAASL. The LA & E Unit is primarily responsible for the Ratification/Accession of International Civil Aviation Conventions, reviewing, updating and developing aviation primary

and subsidiary legislations, strengthening the CAASL Enforcement Policy and capacity and protection of the rights and interests of the CAASL.



Quality and Internal Audit Section

The Quality and Internal Audit Section provides independent assurance that the CAASL's risk management, governance and internal control processes are operating effectively and ensures that quality requirements are fulfilled.



Aviation Safety Monitoring Unit

The Aviation Safety Monitoring Unit is responsible for ensuring the State's obligations in relation to aircraft accident and incident investigations and implementation of State Safety Programme (SSP) in conformity with the International Standards and Recommended Practices contained in ICAO Annex 13 and Annex 19 respectively and regulating Unmanned Aerial Vehicle operations within the Country.



Civil Aviation Promotion and Media Unit

The Civil Aviation Promotion Unit is responsible for creating an aviation culture in Sri Lanka through enhancing aviation knowledge among the public especially amongst the younger generation including school children, updating the community with current and most reliable aviation related news and promoting CAASL's activities via electronic, printed and new media platforms.



Aeromedical Services Unit

The Aeromedical Services Unit not only provides facilities to medical evaluation of CAASL license holders, but covers a vast area which includes other major fields of speciality namely, aeromedical training, research, creating aeromedical awareness amongst staff and other stakeholders, public health services at points of entries, surveillance activities, facilitation activities with other sections of CAASL and other relevant stakeholders, ensuring welfare of CAASL clients and staff. Further, the Aeromedical Services Unit continues to provide aerospace safety solutions and public health safety solutions to the state and the aviation industry. All facets of activity in the Aeromedical Services Unit are essentially aimed at enhancing aerospace safety.

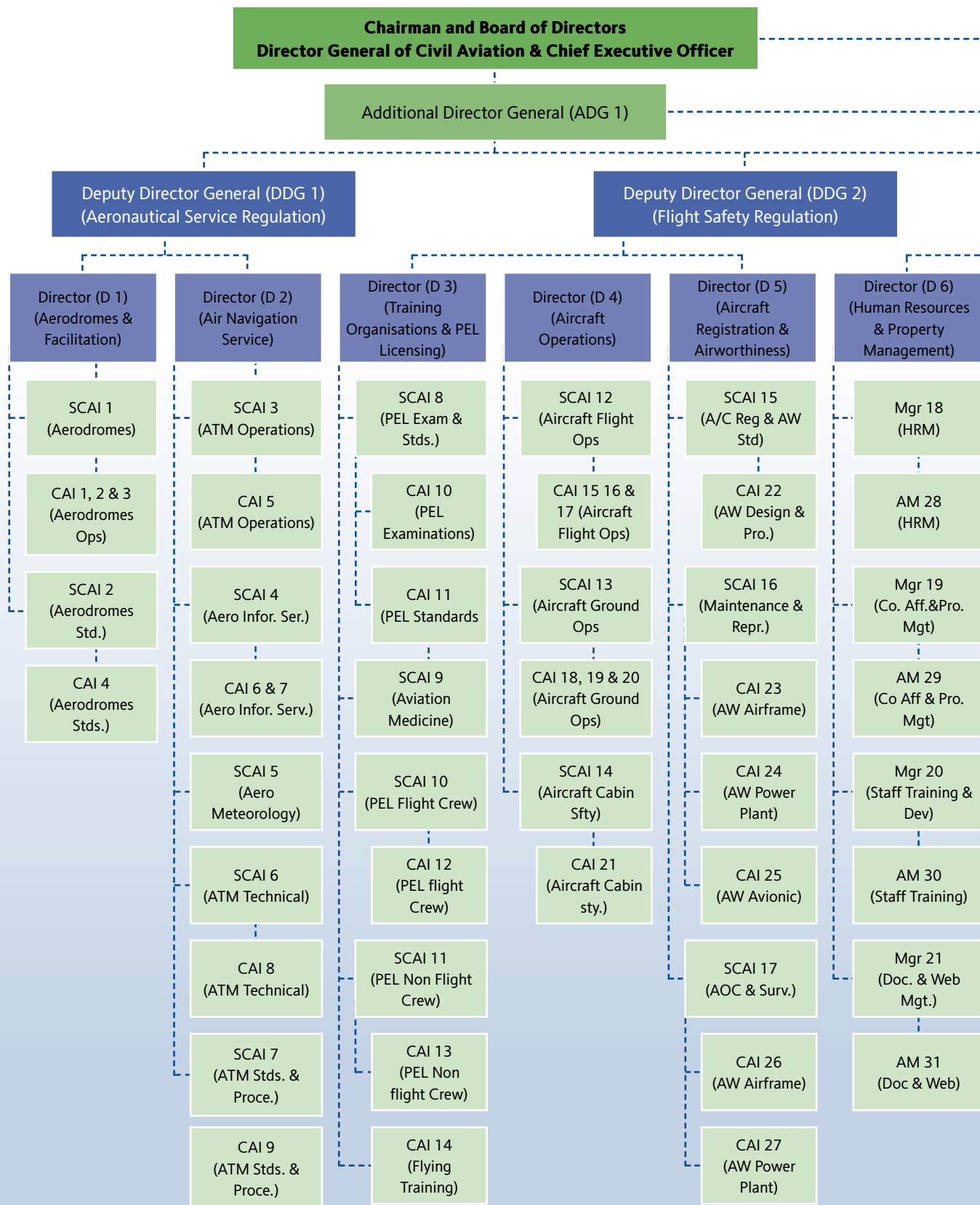


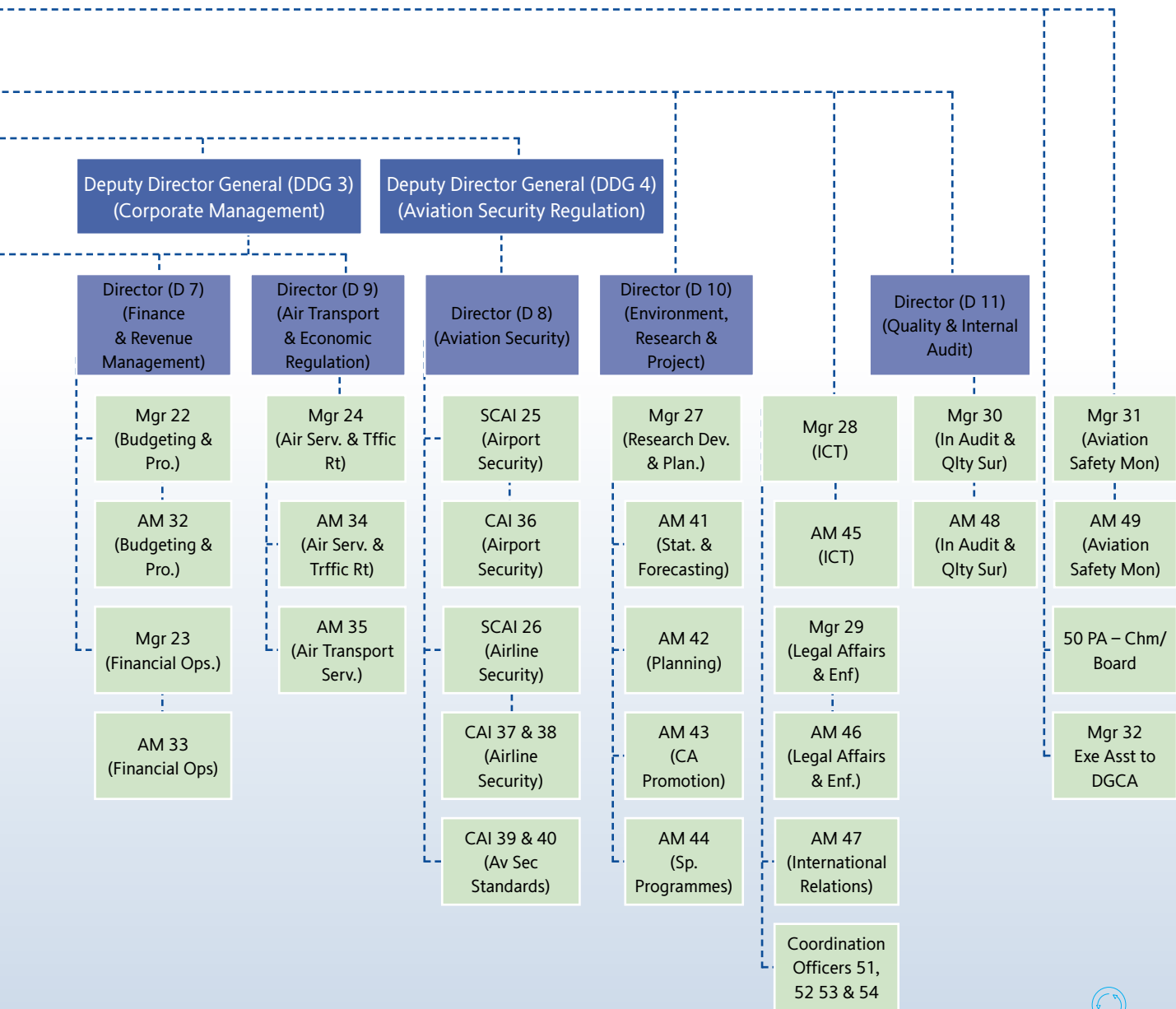
Technical Library Unit

The CAASL Technical Library is responsible for the management of internal documents, accession and dissemination of ICAO publications, applicable regulations, government publications and other general documents within CAASL and the local aviation industry. The Technical Library is entrusted with the administration and content management of the CAASL official website, delivery of information to public as stipulated in the RTI Act No. 12 of 2016, management of correspondence with ICAO and APAC letters and administration of the Universal Safety Oversight Audit Programme – Continuous Monitoring Approach (USOAP-CMA) on behalf of the CAASL.



Operational Organization Structure – Management Staff





Legends
 SCAI – Senior Civil Aviation Inspector
 Mgr. – Manager
 CAI – Civil Aviation Inspector
 AM – Assistant Manager

Rev 03 – 09/07/2023



BLUE SKIES, GREEN GOALS



Governance and Accountability of CAASL

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The Authority's Committees

Staff Committee

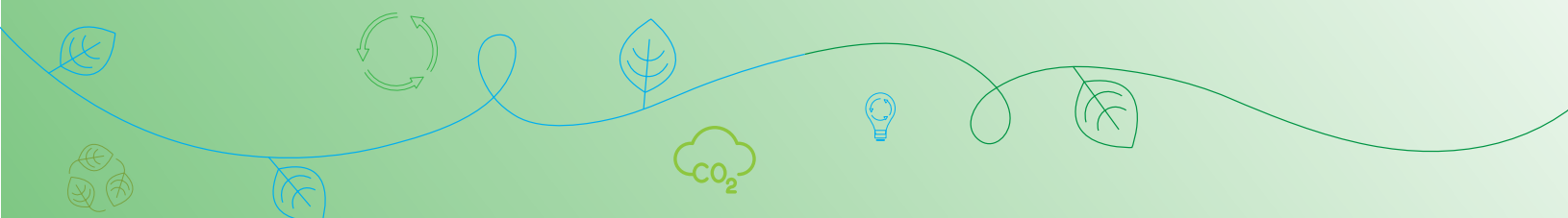
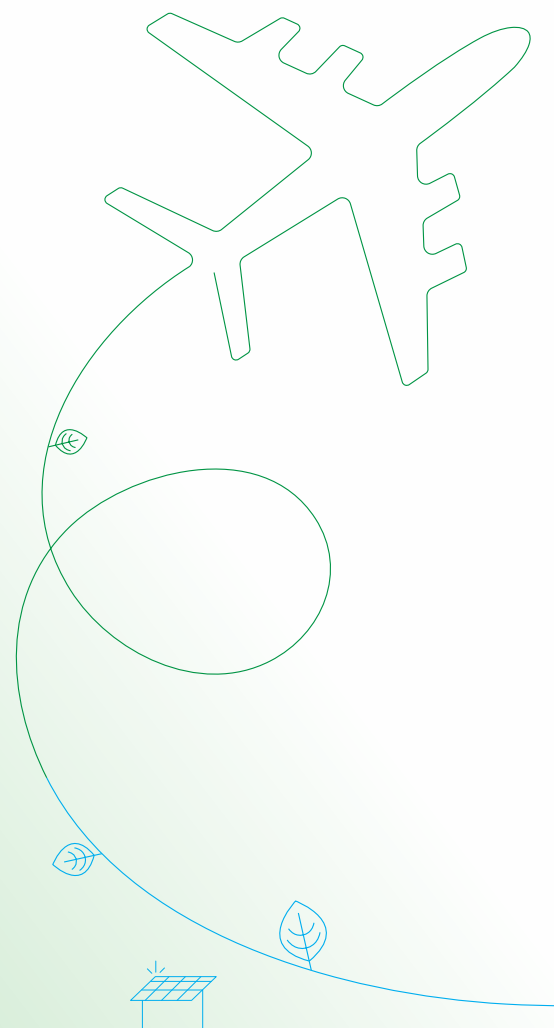
- Purpose** : The Staff Committee is responsible for overseeing matters related to human resources, organizational development, and employee welfare within CAASL.
- Composition** : The committee is chaired by Mr. G.S Withanage and includes Mr. P.A Jayakantha and Mr. D.W.S.Narangoda as members.
- Responsibilities** : The Staff Committee's responsibilities include determining salaries and cadre, handling employee recruitment and promotion, developing disciplinary procedures, monitoring training programs, approving overseas training and scholarships for employees, and developing social and welfare schemes for CAASL employees.

Audit and Management Committee

- Purpose** : The Audit and Management Committee is tasked with overseeing financial management, internal controls, and audit functions within CAASL.
- Composition** : The committee is chaired by Mr. A.K Seneviratne and includes (Retd.) AVM HMSKB Kotakadeniya, Capt. Milinda Ratnayake, Ms. M.S Gunathilaka, and Ms. Achala Perera as observers.
- Responsibilities** : The committee's responsibilities include reviewing internal control systems, evaluating performance to ensure cost-effectiveness, liaising with external auditors, reviewing financial statements for compliance, implementing recommendations from audit reports, and preparing reports for inclusion in the Annual Report.

Planning Committee

- Purpose** : The Planning Committee focuses on strategic planning, policy development, and monitoring of civil aviation programs and activities in Sri Lanka.
- Composition** : The committee is chaired by (Retd.) AVM HMSKB Kotakadeniya and includes Capt. Milinda Ratnayake and Mr. Mangala Wijesinghe as members.
- Responsibilities** : The Planning Committee is responsible for developing the National Civil Aviation Policy and Development Plan, reviewing legislation related to civil aviation, monitoring the implementation of aviation security and air transport facilitation programs, coordinating civil-military activities, overseeing air service operations, and monitoring aeronautical service providers.





Governance & 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 in charge of the subject of civil aviation and other government stakeholders to ensure their views are reflected in the planning of the country's civil aviation sector.
- ➔ Setting policies and goals in the field of civil aviation and monitoring organisational performance towards achieving the objectives of the CAASL and updating the CAASL corporate plan to reflect the government's objectives in the civil aviation sector, as applicable.
- ➔ Delegating responsibility for the achievement of specific objectives of the Director General of Civil Aviation who is also ex officio the Chief Executive Officer, CAASL.
- ➔ Employing qualified and skilled personnel and determine their terms and conditions of service including remuneration to be able to perform CAASL's functions and duties.
- ➔ Being accountable to the Hon. Minister in charge of the subject of civil aviation on plans and progress towards the implementation of the CAASL Corporate Plan.

Board Members

Honourable Minister of Ports, Shipping and Aviation appointed the members to the Board of the Civil Aviation Authority in terms of powers vested in him under the CAASL Act 34 of 2002.

Mr. G. S. Withanage and Mr. D. W. S. Narangoda were appointed as the Chairman and Vice Chairman, respectively.

Board of Directors and Governance

The Board of Directors of the CAASL comprises professionals with extensive expertise in business, administration, finance, law, and the aviation industry. This blend of skills ensures a comprehensive approach to policy issues related to civil aviation.

Upon appointment, board members are expected to prioritize the interests of the Civil Aviation Authority, emphasizing the importance of collective decision-making and acknowledging that individual members do not possess independent governing authority outside the Board.

The Authority empowers the Chief Executive Officer by delegating powers and functions necessary to achieve CAASL's objectives, through the implementation of effective policies and procedures. The strategic direction is articulated in the Triennium Corporate Plan and is monitored via the Annual Work Programme, Training Programme, Procurement Programme, Programme Budget, and Audit Programme, all sanctioned at the year's outset. The Authority also issues directives to the CEO through Board Resolutions for matters not covered by existing provisions, with the CEO responsible for executing these resolutions.

Executive Powers of the Authority

Under the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002, the Cabinet of Ministers is responsible for appointing the Director General of Civil Aviation, who also holds the position of Chief Executive Officer of the Civil Aviation Authority. The terms and conditions of employment for

the Director General are established by the Cabinet of Ministers. In this role, the Director General is tasked with carrying out all duties and functions specified by the Civil Aviation Authority of Sri Lanka Act or any other relevant written laws. This includes the overall administration and management of the Authority's functions.

The Authority acknowledges the necessity for the Director General to perform statutory functions independently as mandated by law. Nevertheless, while executing these duties and responsibilities, the Director General is authorized to use the resources of the CAASL, provided such use complies with the approved procedures and guidelines. This arrangement ensures that the Director General can effectively manage the Authority's operations while maintaining adherence to statutory requirements and established protocols.

Relationship with Stakeholders

The Authority recognizes its critical responsibility to maintain continuous and proactive engagement with its stakeholders. This commitment ensures alignment with the strategic goals and regulatory requirements set forth by the Honourable Minister in charge of Civil Aviation.

Responsibility of the Authority and Senior Management

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

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

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

The Authority stands apart and does not share responsibility for the discharge of specific regulatory obligations cast specifically on the Director-General of Civil Aviation in terms of the Civil Aviation Act No. 14 of 2010, the Air Navigation Regulations made thereunder or any other written law.

However, the Authority will provide all necessary resources and assistance which includes but is not limited to personnel, equipment, facilities and services that are required by the Director General of Civil Aviation to discharge the regulatory obligations and functions cast on him and that of the State.

The Authority clearly demonstrates those 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, conducted, accounted for and monitored in accordance with the Authority's policies, strategic directions, and expectations as set out in its Corporate Plan.

Conflict of Interest

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

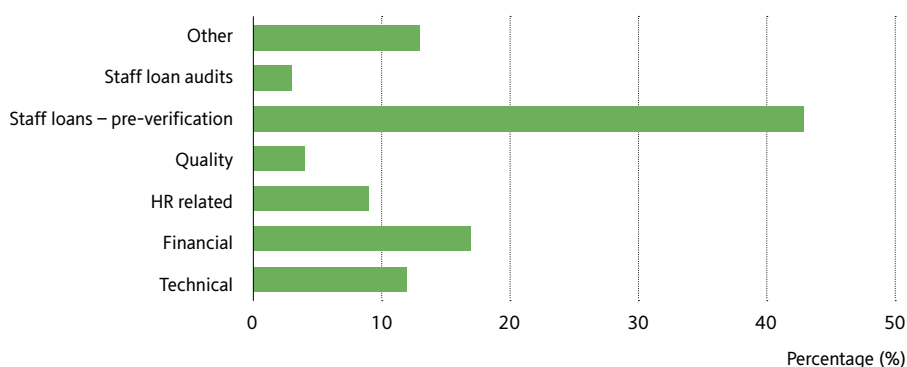
Quality and Internal Audit

Internal controls encompass the policy systems and procedures implemented to ensure the Civil Aviation Authority achieves its specific objectives. Both the Authority and Senior Management have formally acknowledged their responsibility by endorsing the Statement of Responsibility contained within this report.

To reinforce this commitment, the Authority has established a dedicated Quality and Internal Audit Section, operating independently from senior management. This section plays a crucial role in monitoring and evaluating the adequacy and robustness of CAASL's internal control system.

The Civil Aviation Authority of Sri Lanka (CAASL) emphasizes the importance of maintaining high standards of governance, risk management, and compliance. This Section is responsible for conducting internal audits and ensuring quality across the organization's operations. It functions under the authority of the Director General of Civil Aviation.

Internal Audit Performances at a Glance - Year 2023





Governance & Accountability of CAASL

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 employees are aware of legislative requirements that are particularly relevant to them.

The Authority makes decisions on the application of general or specific circulars and /or directives issued by the government organisations to the Authority on a case-by-case basis. Hence, each circular issued by a government department will not automatically be applied in the management of the CAASL unless the Authority examines as to the effect of contents of such circulars on effective functioning and discharge of the legitimate powers, functions and duties of the Authority and decide the nature and scope of such applications.

The Corporate Affairs and Economic Regulation Division of the CAASL is responsible for maintaining an updated list of concordance with regard to the extending of application of the government circulars to the functioning of the CAASL.

Legal Affairs & Enforcement Activities

Enactment of Carriage by Air (Amendment) Act No.08 of 2023

This Act amended the Section 5 of the Principal Act, Carriage by Air Act No.29 of 2018, by enabling the Minister of Civil Aviation to specify the limits of liability applicable to carriage by air not being international carriage by air, (Domestic Carriage by air) from time to time by order published in the Gazette.

Enactment of Civil Aviation (Amendment) Act No. 24 of 2023

This Act amended Section 6(3)(e) of the Principal Act, Civil Aviation Act No.14 of 2010. By this amendment, the statutory restrictions imposed on the appointment of service providers relating to aeronautical services mentioned under (i), (j), (k), (l) and (m) of Section 31 was removed.

Promulgation of Civil Aviation (Charges for the Use of Aerodromes) Regulations 2022 (Extraordinary Gazette Notification No. 2303/18 dated 26/10/2022).

This Regulation stipulates the landing and parking charges for the use of aerodromes of BIA, MRIA and CIAR.

Promulgation of Civil Aviation (Charges for the Use of Aerodromes) Regulations 2022 (Extraordinary Gazette Notification No. 2304/46 dated 02/11/2022)

This Regulation stipulates the landing and parking charges for the use of JIA and the waive-off applicable for landing and parking charges relating to BIA until 31/03/2023.

Promulgation of Civil Aviation (Charges for the Use of Aerodromes) Regulations 2022 (Extraordinary Gazette Notification No. 2318/14 dated 07/02/2023)

This Regulation specifies the landing and parking charges for the use of BTIA.

Promulgation of Water Aerodrome Regulations No.01 of 2022 (Extraordinary Gazette Notification No. 2292/34 dated 09/08/2022)

This Regulation stipulates the requirements and conditions regarding the issuance of the water aerodrome license in Sri Lanka.

Promulgation of En-route Navigation Facility Charges Regulations No. 01 of 2023 (Extraordinary Gazette Notification No. 2319/64 dated 16/02/2023)

This Regulation specifies the charges to be paid by aircraft flying over the Colombo Flight Information Region (FIR) for the use of air navigation facilities and services provided by Sri Lanka.

Promulgation of Civil Aviation Aeronautical Service Provider (Air Navigation and Aviation Security) Licensing Regulations No. 01 of 2023 (Extraordinary Gazette Notification No. 2326/16 dated 03/04/2023)

This Regulation stipulates the requirements and conditions for the issuance of Aeronautical Service Provider (Air Navigation) License and Aeronautical Service Provider (Aviation Security) License in Sri Lanka.



Issuance of the order under Carriage by Air No.08 of 2023 (Amendment) Act (Extraordinary Gazette Notification No. 2341/50 dated 20/07/2023.)

This order was issued to specify the liability limits relating to carriage by air not being international carriage by air.

Ethics

The Authority, having developed a Code of Ethics, regularly monitors whether all members of the staff maintain high standards of ethical behaviour and practice the principals of 'good corporate governance'. Monitoring compliance with ethical standards is implemented through means such as monitoring trends in complaints and disciplinary actions, internal audit reports or any reports or indications that show non-compliance with the principles contained in the Code of Ethics.

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





Operational
Highlights

Strengthening
Safety

Enhancing Security
& Facilitation

Efficiency & Effective
Management

Green
Aviation

BLUE SKIES, GREEN OUTLOOK



Operational Highlights

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Operational Highlights

Strengthening Safety

As a member state of the International Civil Aviation Organization (ICAO), established to regulate the international aviation industry in accordance with the Chicago Convention principles, we at the Civil Aviation Authority of Sri Lanka (CAASL) oversee the operational processes of Sri Lankan aviation system. In 2023, we remain committed to delivering excellent service, ensuring the safety and efficiency of air travel within the country.

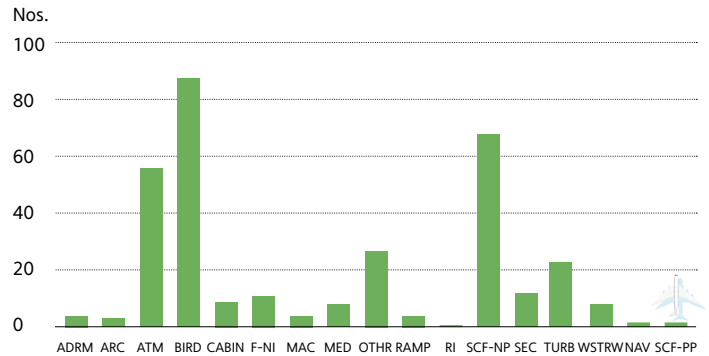
In a significant stride towards enhancing safety measures, we instituted an aircraft accident investigation team, marking a pivotal moment in Sri Lanka's aviation landscape. This dedicated team, appointed for the first time in the nation's aviation history, is empowered to conduct impartial investigations into aircraft incidents, rigorously analyzing data to uncover the underlying causes. By identifying contributing factors and implementing preventative measures, we aim to mitigate risks and safeguard the integrity of Sri Lanka's airspace, fostering greater trust and confidence among air travelers.

Furthermore, we demonstrate forward-thinking leadership by enacting amendments to the Air Transport Act No. 29 of 2018, imposing new insurance limits for domestic air transport. This proactive measure not only serves as a testament to our commitment to passenger safety but also reinforces the assurance of a secure and reliable air travel experience for all passengers. Through these initiatives and ongoing efforts, we remain dedicated to upholding the highest standards of safety, efficiency, and regulatory compliance, contributing to the sustainable growth and development of Sri Lanka's aviation sector.

Safety Policy and Compliance Updates

We have undertaken several initiatives to enhance safety within the aviation sector. Firstly, we completed the final draft of the Aircraft Accident Investigation Bureau (AAIB) Bill, aligning with the latest standards outlined in ICAO Annex 13 to the Convention on International Civil Aviation, ensuring compliance with international safety regulations. Additionally, we published the third edition of the State Safety Programme Policy & Procedure Manual, which includes updates to the safety policy and enforcement procedures. Furthermore, the Safety Management System Manuals of air operators underwent thorough review to ensure compliance with Implementing Standard – SLCAIS 070 on SMS framework, with our Operations Sections verifying their adherence before acceptance. These efforts demonstrate our commitment to promoting and maintaining safety standards within the aviation industry.

All occurrences in to aircraft registered in Sri Lanka and foreign registered aircraft within the territory of Sri Lanka – 2023



Abbreviations

ADRM: AERODROME	RAMP :GROUND HANDLING
ARC: ABNORMAL RUNWAY CONTACT	RI :RUNWAY INCURSION - VEHICLE, AIRCRAFT OR PERSON
ATM: ATM/CNS	SCF-NP: SYSTEM/COMPONENT FAILURE OR MALFUNCTION [NON-POWERPLANT]
BIRD: BIRDSTRIKE	SEC: SECURITY RELATED
CABIN: CABIN SAFETY EVENTS	TURB: TURBULENCE ENCOUNTER
F-NI: FIRE/SMOKE (NON-IMPACT)	WSTRW: WINDSHEAR OR THUNDERSTORM
MAC: AIRPROX/ ACAS ALERT/ LOSS OF SEPARATION/ (NEAR) MIDAIR COLLISIONS	NAV : NAVIGATION ERROR
MED :MEDICAL	SCF-PP: POWERPLANT OR MALFUNCTION
OTHR: OTHER	

The EU - South Asia Aviation Partnership Project (EU-SA APP)

Strengthening the partnership in aviation between the EU and South Asia

To strengthen the partnership in aviation between EU and South Asia the project will focus on:

- ➔ Enhancing relations between South Asian and European institutions in the field of civil aviation.
- ➔ Increasing technical exchanges between the South Asian and European aviation industries.
- ➔ Supporting South Asia in developing its capacity for safety oversight.
- ➔ Improving the environmental performance of the South Asian aviation sector.



Operational Highlights

Strengthening Safety

Under the EU - South Asia Aviation Partnership Projint (EU-SA APP), following training programmes conducted to CAASL & Industry personnel at the year 2023.

Onsite South Asia Regional Initiative (SARI) activities in AIR, OPS and PEL in Sri Lanka

The month of December 2023 saw three successful SARI activities in Sri Lanka, supported by the EU - South Asia Aviation Partnership Project II.

Part M Working Group Members Meeting, which was held in Sri Lanka between 13-15 December and delivered by SARI Expert, Asmir Kruhovic was aimed at updating and revising Airworthiness regulations and realigning the Air regulations of the SARI Member States (MS) with the latest revisions and updates in line with the EASA - European Union Aviation Safety Agency regulations. The revisions and amendments introduced by EASA in the Part M regulations added immense significance to this assembly. The event presented a pivotal opportunity for SARI Working Group Members to actively participate in discussions, exchange perspectives on proposed Regulation amendments, and acquire expertise.

SARI EU OPS Introductory RDW with Industry Participants



The introductory workshop for EU OPS was conducted by Capt. Peter Wilczek as CAASL agreed to customize EU rules for OPS as well as they have already customized FCL and AIR with EU Rules. The workshop was conducted for CAASL on 11th and 13th June and on the 12th June a meeting was conducted for the industry participants and all other aviation stakeholders which was a quite an interactive session. CAASL has agreed to go with the EU Rules as they are scalable, easy to adopt, with alternate means of compliance and guidance material readily available.

Certification and Guidance Materials

Under Section 31(l) of the Civil Aviation Act, No. 14 of 2010, we published guiding material for catering license issuance and unmanned aircraft training organization requirements.

- ➔ Catering Certification: Sri Lankan Catering (Pvt) Ltd secured certification and a catering license in compliance with Section 31(l) of the Civil Aviation Act No. 14 of 2010, ensuring regulatory compliance.
- ➔ Self-Catering Authorization: Fits Aviation (Pvt) Ltd obtained certification as a self-catering provider, allowing them to deliver their catering services independently.
- ➔ Foreign Air Operator Certificates: Initial Foreign Air Operator Certificates were awarded to various airlines including Batik Air, Thai Air Asia, and Air Seychelles, among others, in 2023.
- ➔ Competency-Based Training Programs: Training programs for Dangerous Goods transitioned to Competency-Based Training and Assessment (CBTA) following ICAO guidelines, with our approval for mandatory training compliance.
- ➔ Surveillance and Oversight: We conduct regular surveillance on both local and foreign air operators to ensure compliance with regulatory requirements, encompassing various inspection activities from Main Base Audits to Catering Inspections.
- ➔ Comprehensive Regulatory Audits: A thorough Regulatory Audit was conducted on SriLankan Airlines and FITS Aviation in 2023 to assess compliance with ICAO SARPs and local regulations for the renewal of their Air Operator Certificates (AOCs).

Aviation Regulatory Updates

Our regulatory efforts include the certification of fuel and lubricant service providers and the formulation of standards for Annex 16 Volume III pertaining to airplane carbon dioxide emissions. Notable achievements include the issuance of one initial maintenance organization certificate for foreign entities, along with another for local establishments. Additionally, we renewed thirteen local maintenance organization certificates and forty-seven foreign maintenance organization certificates. Special aircraft maintenance organization approvals were granted to the Ceylon Petroleum Corporation for locations in RMA, BIA, MRIA, and JIA. Initial approvals were extended to SPARK Air Engineering at BIA, and foreign AMO approvals were secured by GMR Aero Technic in Chennai, Hangar 901 Aircraft Maintenance GmbH in Hahn, Germany, and Modular Aviation Services in Incheon, South Korea. Continuous surveillance was meticulously conducted on both

local and foreign aircraft maintenance organizations, continuing airworthiness management organizations, and aircraft maintenance training organizations to ensure unwavering compliance with our regulatory standards.

COSCAP-SA Programme



Air Navigation Services

We successfully completed the ICAO RO ATM and AIS Service Delivery Improvement Project in Colombo, Sri Lanka, from November 20 to 24, 2023.



As financial restrictions were imposed by the government of SL from time to time, there were certain challenges for CAASL to provide training opportunities for its staff for capacity building during the year.

Considering the importance of capacity Building through the training, COSCAP-SA was requested to open maximum training opportunities for the CAASL's staff free of charge. The proposal was brought up by Mr. P.A Jayakantha - DGCA/CEO and Mr. Rayhan Wannappa - National Coordinator during the Steering Committee Meeting held in Dhaka, Bangladesh from 24th to 26th January 2023.

As a result, there was huge assistance in training and development provided by the COSCAP-SA during the year 2023 as well.

Audit Technique, Basic Inspector (PEL), Aircraft Accident Investigation, DCP/FSTD Evaluation etc. were the main assistance that was provided by the COSCAP -SA during the period under review.





Operational Highlights

Enhancing Security & Facilitation

We appointed a team of nine senior police officers from the Sri Lanka Police Service to handle potential hostage situations and mitigate threats such as airplane hijackings. This collaboration between the Ministry of State Security and the Civil Aviation Authority of Sri Lanka (CAASL) ensures the safety and security of aviation operations and emphasizes the protection of aviation-related data. Formal procedures have been established to safeguard this vulnerable data against potential threats.

In response to evolving cybersecurity risks, we partnered with the Sri Lanka Computer Emergency Response Team (CERT) to implement a robust airline security program. This initiative enhances cybersecurity defenses, mitigates risks to aviation operations, and fortifies the aviation industry against cyber threats. By addressing vulnerabilities and responding promptly to incidents, we aim to uphold the safety and security standards of civil aviation in Sri Lanka.

We also bolstered our physical security infrastructure by receiving two weapon storage cabinets manufactured to international standards from the Mines Advisory Group. Funded by the United States of America and registered in the United Kingdom, this donation reinforces our security protocols. Additionally, plans to optimize the operational capacity of the runway at Katunayake Bandaranaike International Airport demonstrate our commitment to addressing long-standing infrastructure needs.

Renew Aerodrome Certificate of Mattala Rajapaksa International Airport (MRIA)

To comply with national and ICAO standards, we renewed MRIA's aerodrome certificate for another two years after a thorough audit confirmed compliance with ICAO standards. This renewal was essential due to increased passenger operations from Red Wing Airlines.

Aerodrome License Renewal for Batticaloa Airport (VCCB)

We ensured both international and domestic airports meet national regulations. After an aerodrome license renewal audit, Batticaloa Airport's license was renewed for one year, ensuring continued compliance with national standards.

AIM Unit Achieves ISO 9001:2018 Certification

We provided regulatory guidance to the AIM Unit of AASL, helping it meet the mandatory ICAO Quality Assurance requirement. As a result, the AIM Unit successfully obtained the ISO 9001:2018 QMS Certification, complying with ICAO Annex 15 standards.

Approval for New ATM System at BIA

We provided regulatory guidance and approval for the commissioning of the new Air Traffic Management (ATM) system at BIA, including the introduction of Electronic Flight Strips (e-strips). This involved approving safety assessments and evaluating trial operations from Phase I to Phase II.

Approval for VCSS Commissioning

We approved the commissioning of the Voice Communication Switching System (VCSS) at BIA and RMA.

ICAO Reaffirmed Sri Lanka Flying High in its Aviation Security Systems

ICAO audited Sri Lanka aviation security systems under the Universal Security Audit Programme Continuous Monitoring Approach (USAP - CMA) during the period 8th May thru 18th 2023 under 8 Critical Elements (CE) through careful and impartial evaluation by four-member aviation security audit team, nominated in the hands of Secretary General to the ICAO. The objective of the USAP-CMA is to promote the global aviation security through continuous auditing and monitoring of Member States' aviation security performance, in order to enhance their aviation security compliance and oversight capabilities, by regularly and continuously obtaining and analyzing data on Member States' aviation security performance, including the level of implementation of the critical elements of an aviation security oversight system and the degree of compliance of with Standards of ICAO Annex 17 — Security and the relevant security-related Standards of ICAO Annex 9 – Facilitation, as well as associated procedures, guidance material and security-related practices.

ICAO Commends Sri Lanka's Aviation Security Systems



In an audit conducted from May 8 to 18, 2023, under the Universal Security Audit Programme Continuous Monitoring Approach (USAP-CMA), Sri Lanka's aviation security systems were evaluated by a four-member ICAO audit team. The final report revealed that we achieved a 92% score, placing us on par with leading regulatory bodies in the Asia Pacific region.

Aviation Security Incident Reporting System

We established a comprehensive Confidential Reporting System for Aviation Security Incidents in line with Aviation Security Directive 08. This system facilitates the prompt reporting of incidents to the Director General of Civil Aviation (DGCA). It mandates all holders of licenses, certificates, permits, authorizations, or approvals under the Civil Aviation Act No. 14 of 2010, as well as passengers and the general public, to report incidents. Reports can be submitted via our website, covering a wide range of aviation security incidents..



Behaviour Analysis and Predictive Screening Workshop

At the request of the Director General of Civil Aviation of Sri Lanka, the Australian Department of Home Affairs conducted a “Behaviour Analysis and Predictive Screening Strategies” workshop. This training, led by an IATA-accredited expert, took place from January 30 to February 3, 2023, in Colombo, with participation from aviation security personnel of Airport & Aviation Services (Sri Lanka) Ltd and Sri Lankan Airlines.

Aviation Security Audit at Jaffna International Airport

Our Aviation Security inspectorate conducted a comprehensive audit of Jaffna International Airport (JIA), the second busiest international airport in Sri Lanka, to ensure compliance with aviation security regulatory requirements.

Establishment of a Cutting-Edge Appointment Call-Up System

A groundbreaking achievement in 2023 was the implementation of a state-of-the-art appointment call-up system. This system revolutionized the scheduling process for aviation medical examinations, streamlining appointments and significantly reducing wait times for pilots and crew members.

58th Conference of Directors General Civil Aviation, Asia & Pacific Regions



At the 58th DGCA Conference in Dhaka, Bangladesh, held in October 2023, Sri Lanka was represented and appointed as the moderator for sessions on Aviation Security and Facilitation. The conference, themed “Promoting ICAO Gender Equality Programme in conjunction with the Next Generation of Aviation Professionals (NGAP) initiative,” provided an excellent platform for engaging in discussions on critical aviation issues and sharing innovative ideas for future growth.

Enhancing Efficiency and Security through the National Air Transport Facilitation Program (NATFP)

In an era where air travel is pivotal to economic growth and international connectivity, the National Air Transport Facilitation Program (NATFP) stands as a testament to Sri Lanka’s commitment to advancing its aviation sector. This comprehensive framework aims to optimize the movement of aircraft, crew, passengers, and cargo through the nation’s airports, ensuring a seamless and secure experience for all stakeholders.

Central to the success of the NATFP is the establishment of the National Air Transportation Facilitation Committee (NATFC) and the Airport Facilitation Committee. The NATFC, chaired by the Secretary to the Ministry of Ports, Shipping and Aviation, is a collaborative body that unites various government departments, agencies, and organizations responsible for different facets of international civil aviation in Sri Lanka.

The formation and operation of the National FAL Committee, guided by its terms of reference, received formal approval from the Cabinet of Ministers through Cabinet paper.



Operational Highlights

Efficiency & Effective Management

We have embarked on several initiatives aimed at enhancing the operational efficiency and safety standards of domestic flights. One key initiative was the introduction of an updated version of the Domestic VFR Navigational Map, meticulously compiled to include essential landmarks, high-security zones, and culturally significant sites. This latest edition adheres to stringent international standards and is designed for a diverse range of users, including aircraft interiors, flight training students, drone operators, and aviation professionals.

In line with the Civil Aviation Act No. 34 of 2010, we have overseen the direct certification of key service providers, such as Sri Lankan Airlines, Sri Lankan Catering Company, and Airport and Aviation Services (Sri Lanka) (Private) Limited. These certifications ensure compliance with qualifications for passenger and aircraft ground operations, inflight catering services, and airport security management. Additionally, we have transitioned to smart licenses for aircrew, replacing traditional paper-based licenses, thereby streamlining administrative processes and enhancing operational efficiency.

Publication of Key Reports

To enhance efficiency and effective management, we have completed and published various reports and documents, including the Corporate Plan, CAASL Work Programme, Progress & Performances Report, Statistical Report, Central Bank Report, Progress Measuring Result Report, and Annual Reports. These reports have been meticulously compiled and submitted to the Parliament of Sri Lanka, relevant government bodies, and other stakeholders in the aviation industry, demonstrating our commitment to transparency and accountability.

Technical Library

The Technical Library enhances our documentation framework by updating regulatory materials and manuals. It focuses on efficiently disseminating ICAO and other publications within CAASL and the local aviation industry, providing key information and handling Right to Information queries as per the RTI Act No. 12 of 2016.

CAASL Website

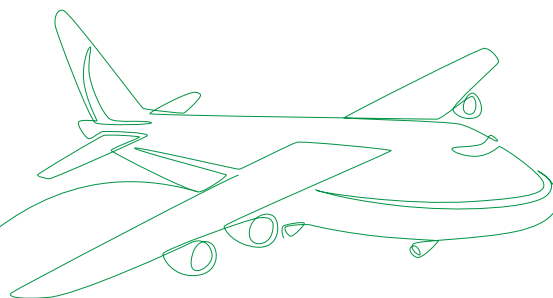
Our website, a crucial public information source, was routinely updated and attracted 151,607 users in 2023, reflecting high public interest in civil aviation.

Compliance Monitoring and Technical Assistance

Established in February 2023 with CAASL Board approval, this unit enhances oversight in aviation safety and security by providing technical expertise. It monitors Sri Lanka's progress in ICAO's USOAP CMA Programme, collecting and submitting responses, reviewing Corrective Action Plans, and updating regulatory documents and guidance materials.

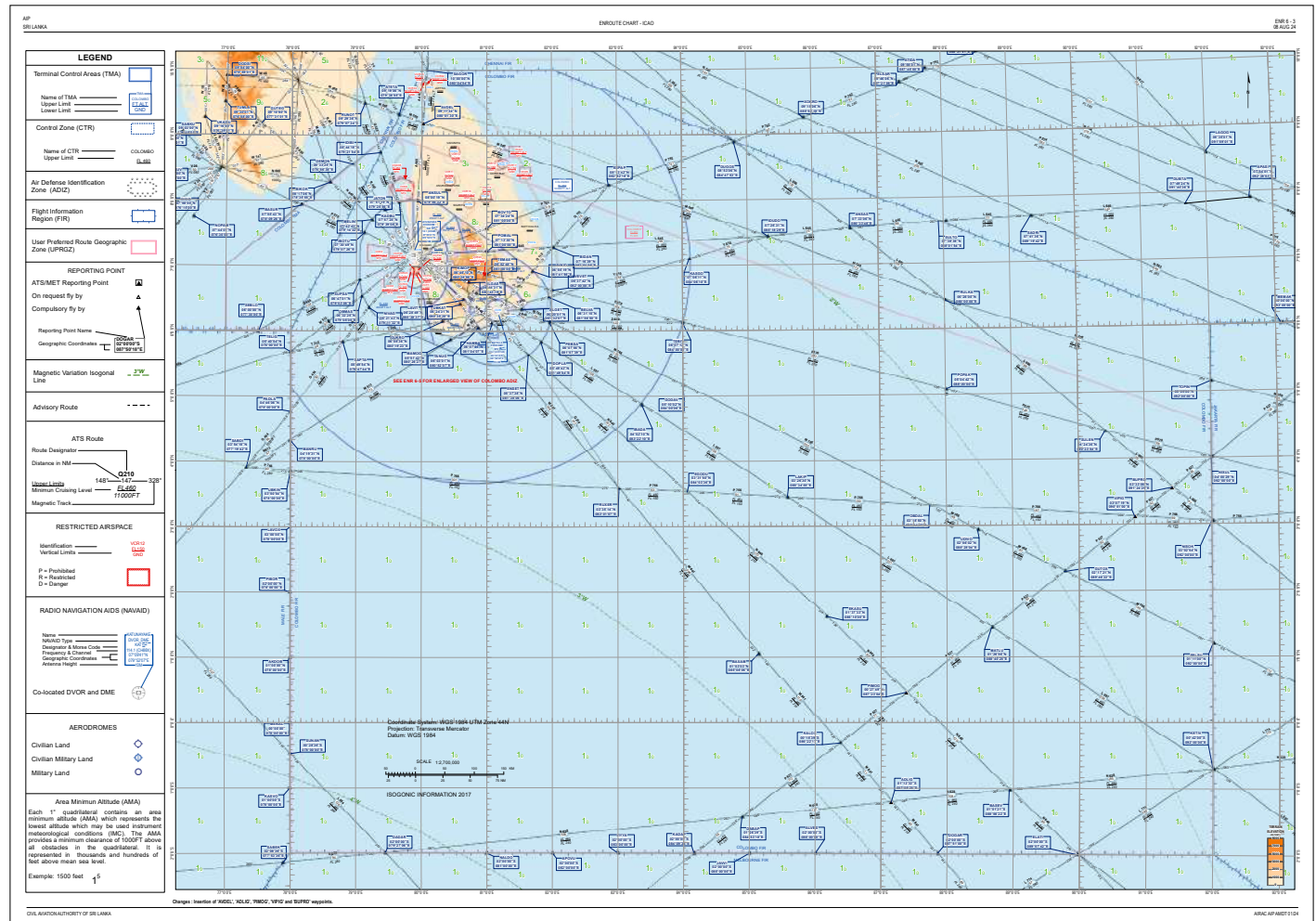
National Aeronautical Search and Rescue Plan (NASARP) Promulgation

We developed the National Aeronautical Search and Rescue Plan (NASARP) with the collaboration of 21 stakeholders to ensure state readiness for aircraft incidents requiring search and rescue. It was established as a national rule through an extraordinary gazette No 2347/02.



Publication of Enroute Chart-ICAO

In compliance with ICAO Annex 4 standards, we provided regulatory guidance for publishing the Enroute Chart-ICAO for all established flight information regions.



AML Examination Expansion

We have increased the frequency of AML Examinations, conducting them three times a year at BMICH to accommodate more candidates and facilitate easier access to the examination process, enhancing participation and supporting the professional development of individuals in the aviation industry.

Passenger Complaints

Despite no significant change in the overall number of passenger complaints, it is noteworthy that over 80% of complaints were successfully resolved through mediation by CAASL.

Visa Recommendations

The Air Transport and Economic Regulation section is pivotal in recommending visas for foreign employees within Sri Lankan airlines and for international students joining aviation schools in the country. In 2023, we made around 160 recommendations for foreign students and 47 recommendations for expatriates.



Operational Highlights

Green Aviation

In addition to our commitment to enhancing safety standards and operational efficiency, we at CAASL are actively exploring avenues to promote sustainable practices within the aviation sector. Recognizing the urgent need to mitigate environmental damage and combat climate change, we are spearheading initiatives to embrace green aviation principles and minimize the industry's ecological footprint.

National Policy Development for Sustainable Aviation

We are working towards the development and implementation of a comprehensive sustainable national policy for the airline industry. This policy aims to integrate environmentally responsible practices into all facets of aviation operations, from aircraft maintenance and fuel consumption to waste management and carbon emissions. By prioritizing sustainability, we seek to align Sri Lanka's aviation sector with global efforts to transition towards greener, more eco-friendly practices, ultimately contributing to a cleaner and healthier environment for future generations.

Collaboration for Sustainable Aviation

Moreover, we recognize the importance of fostering collaboration and knowledge-sharing among industry stakeholders to drive innovation and progress in green aviation initiatives. By engaging with airlines, airports, regulatory bodies, and environmental organizations, we aim to foster a culture of sustainability within the aviation community and encourage the adoption of best practices and technologies that minimize environmental impact.

Implementing CORSIA in Sri Lanka

As an initiative undertaken by CAASL, in accordance with Annex 16 Volume IV of the International Civil Aviation Organization (ICAO), the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) has been implemented in Sri Lanka. This initiative involves meticulous data collection and verification by Sri Lankan Airlines, ensuring compliance with international standards. Additionally, Fits Air has joined the CORSIA implementation process, following approval of their Emission Monitoring Plan (EMP). The Sustainable Future Group, accredited by the National Accreditation Body, has also contributed by updating as a CORSIA verifier in the CORSIA Central Registry.

Reducing CO2 Emissions and Enhancing Environmental Sustainability

As part of our green initiative, we have launched an Action Plan aimed at reducing CO2 emissions from aviation, aligning with both national aviation environmental policy and the global policy framework outlined by ICAO. The initiative encompasses a range of emission mitigation measures, organized into five key categories: Technology and Standards, Sustainable Aviation Fuels, Operational Improvement, Market-based Measures by CORSIA, and Additional Measures. These measures are strategically integrated into the State Action Plan (SAP), employing distinct strategies and meticulous planning mechanisms to address aviation-related environmental concerns. Furthermore, we have issued the second edition of IS 098, in accordance with Annex 16 Volume IV Environmental Protection – Carbon

Offsetting and Reduction Scheme for International Aviation (CORSIA), further underscoring our commitment to green aviation initiatives.

Verification Body from Sri Lanka for Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Accreditation Process

The Sustainable Future Group (SFG) was certified as a verification body to verify emissions related to the CORSIA program in 2023. This followed a witness audit conducted in August 2023 in Male, which served as the final step in the CORSIA accreditation process for SFG to become a recognized Sri Lankan verification body.

This is a significant achievement for the country since this accreditation enables SFG to verify the emissions of other airlines in the region. The accreditation ensures that SFG meets the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) standards and requirements set by the Sri Lanka Accreditation Board (SLAB). SFG now appears as a CORSIA-accredited verification body in the corresponding ICAO document.

Environment Performance

Under the EU - South Asia Aviation Partnership Project (EU-SA APP), conducted a workshop called EU-SA APP II - Environment Matters in Aviation for improving the environmental performance of the South Asian aviation sector.



The EU - South Asia Aviation Partnership Project II (EU-SA APP II) conducted a workshop called EU-SA APP II - Environment Matters in Aviation: EU & South Asia working together towards a greener and more sustainable aviation, in Sri Lanka, from 16 to 20 October 2023. This one-week workshop was designed to facilitate participants achieve progress with regard to CORSIA implementation and enhance their knowledge regarding carbon emissions offsetting, the potential role of SAF and State Actions Plans (SAP). The workshop included sessions to further assist participants learn about the role and the challenges related to the development and deployment of sustainable aviation fuels.





Operational Highlights

Aviation Growth

Airline Operations

As Covid-19 restrictions eased, Sri Lanka's air transport sector saw substantial growth. Middle Eastern airlines like Emirates, Etihad, Air Arabia, and Qatar Airways expanded their operations, boosting the economy. Other airlines, including Oman Air, Flydubai, Salam Air, Jazeera Airways, and Gulf Air, also increased their presence. Turkish Airlines introduced direct flights from Istanbul to Colombo, enhancing connectivity. Rossiya Airlines replaced Aeroflot, resuming Russian flights. Far East airlines such as Singapore Airlines, Malaysia Airlines, AirAsia, Thai AirAsia, and Malindo expanded their services. China lifted restrictions, allowing China Eastern Airlines to increase flights and Air China to begin operations. Indian airlines Air India, Vistara, SpiceJet, and Indigo maintained robust connections, with Alliance Air expanding to Jaffna. Air Seychelles started flights, linking Africa and Asia through Sri Lanka. Additionally, Air Arabia Abu Dhabi launched operations in 2023.

Cargo Operations

Sri Lankan Airlines, Qatar Airways, Etihad, and Cathay Pacific played a crucial role in bolstering Sri Lanka's economy through their cargo operations, with other passenger airlines also contributing by allocating space for cargo in their flights.

Charter Operations

Post-Covid and shifting European tourist preferences towards Asia increased charter flights to Sri Lanka. Russian airlines Redwings and Azur Airlines started charter operations, with SkyUp, Fly One, Uzbekistan Air, and Bulgarian Air also launching flights to Mattala Airport, offering around 6,000 weekly passenger seats. Azur Airlines operated to Katunayake International Airport. Enter Air, LOT Polish, and Smart Wings added charter flights, and Arkia Airlines began operations after delays due to regional conflicts.

Domestic Aviation

Fits Air and Cinnamon Air provided domestic charter flights in Sri Lanka, with no regular scheduled services due to low demand, while some helicopter operators continued based on customer requests.

Travel Agency Licensing

In 2023, 127 new travel agencies started in Sri Lanka, up from 39 in 2022. About 400 agencies renewed their licenses, showing a significant increase in air transportation business activity. Authorization from the Director General of Civil Aviation is required for operation.

Air Services Negotiations

After a four-year break, Sri Lanka resumed Air Services Negotiations with the United Arab Emirates, yielding beneficial outcomes for our aviation industry, potentially increasing airline operations. Furthermore, we amended multiple Air Services Agreements with countries like the Netherlands, Myanmar, and Thailand to enhance air services between Sri Lanka and these nations.

Civil Aviation Master Plan (CAMP)

With a strategic focus on charting the course for the future of Sri Lanka's civil aviation sector, we have embarked on the development of a comprehensive National Aviation Master Plan (CAMP). This initiative represents a pivotal step towards shaping the trajectory of the country's aviation industry over the next decade, aiming to address key challenges, capitalize on emerging opportunities, and ensure sustainable growth.

Increasing Commercial Passenger Operations

Efforts have been made to reinvigorate commercial passenger operations at strategically important airports, including Ratmalana, Mattala, and Jaffna, which were adversely impacted by the Covid-19 pandemic. As flight services gradually resume, the approval granted to several new foreign airlines underscores our commitment to fostering international partnerships and expanding our aviation network. Bilateral discussions with key aviation hubs such as the United Arab Emirates further reinforce our position as a vital player in the global aviation landscape, facilitating increased connectivity and economic opportunities.

Aviation Awareness Programme

We have embarked on initiatives to engage and educate future generations about the aviation industry. Educational programs targeting schoolchildren have been revamped to provide hands-on learning experiences and insights into airport operations, igniting interest and enthusiasm among young minds. Furthermore, a series of monthly workshops aired on national television serve to broaden awareness and understanding of aviation among all Sri Lankan students, emphasizing the industry's role in driving economic growth and societal development. By fostering a culture of innovation, education, and collaboration, we aim to empower the next generation of aviation professionals and enthusiasts, ensuring a sustainable and vibrant future for Sri Lanka's aviation sector.

Telecast “Guwan Sarisara” Television Programme



The “Guwan Sarisara” television feature programme has gained popularity due to its unique production style and footage that covers interesting cross sections of the aviation industry which has never-before seen or publicly displayed. The programme even secured an award owing to its popularity and worthy contribution to society. The episodes were telecast on Rupavahini at Saturday 06 30 p.m. In a bid to raise awareness levels on the importance of ‘Civil Aviation’, publishing CAASL news and civil aviation industry news through print & electronic media was taken up and thus steps have been taken to publish information using the electronic and print media.

Sri Lanka Aviation Day 2023

In collaboration with the International Air Transport Association (IATA), we hosted ‘Sri Lanka Aviation Day’ on July 14th, 2023. The event addressed post-pandemic air travel challenges and strategies for sustainable growth. Key speakers, including Hon. Nimal Siripala De Silva and Mr. Phillip Goh, discussed topics such as smart airport development and aviation safety. This collaboration fostered knowledge sharing among industry leaders and stakeholders, strengthening Sri Lanka’s aviation sector.



Aviation Awareness Programme for School Children



With a view to build the aviation related knowledge amongst the future generation of Sri Lanka, aviation awareness programs were conducted, educating students on forming a ‘Civil Aviation Club’ within the school. Programs aim to engage young students with the concept of civil aviation in a bid to create more awareness and interest in the subject.

Enhancing Aviation Workforce and Employment Opportunities

To boost aviation growth, we have initiated a comprehensive research project titled “Mapping Employment Opportunities and Workforce Dynamics in the Sri Lankan Aviation Industry: A Comprehensive Job Market Analysis.” The primary goal of this research is to provide an in-depth overview of the aviation sector in Sri Lanka, identifying existing recruitment opportunities and analysing workforce dynamics. This initiative aims to bridge the gap between industry requirements and educational offerings, ultimately enhancing the quality of the workforce and supporting the growth and competitiveness of the Sri Lankan aviation industry.



Operational Highlights

Aviation Growth

Cultivate Aviation Knowledge



In an effort to instil aviation knowledge among Sri Lanka's future generation, aviation awareness programs were launched. These initiatives aimed to educate students about civil aviation and encourage the formation of 'Civil Aviation Clubs' within schools. As part of the Civil Aviation Promotion efforts, Airport Workshops were introduced as the next phase of School Awareness programs. Additionally, we partnered with the Sri Lanka Rupavahini Corporation to conduct airport awareness workshops and telecast the "Guwan Sarisara" television program to raise awareness and promote the aviation industry among the public. These initiatives enjoyed widespread viewership and recognition for their societal impact, contributing to increased public engagement with civil aviation.

Departure Terminal Expansion at BIA

To address increased traffic at BIA, we proposed an interim plan for Departure Terminal Expansion. The expansion will add floor space, check-in counters, security screening machines, baggage conveyors, and other facilities, with completion expected by the end of next year. This project aims to ensure safety, security, and optimal passenger facilitation at the airport.

Development of Jaffna International Airport (JIA) for A320 Operations

The Government aims to extend JIA operations to accommodate A320 aircraft. We initiated land identification for the expansion in collaboration with relevant authorities, with a report submitted to the line ministry for further evaluation.

Development of Hingurakgoda Airport for International Operations

Prior to allocating government funds from the 2024 budget, we visited Hingurakgoda Airport to evaluate its current setup and provided a comprehensive report on expenses and feasibility study requirements.

Establishment of Aircraft Disassembling Facility at MRIA

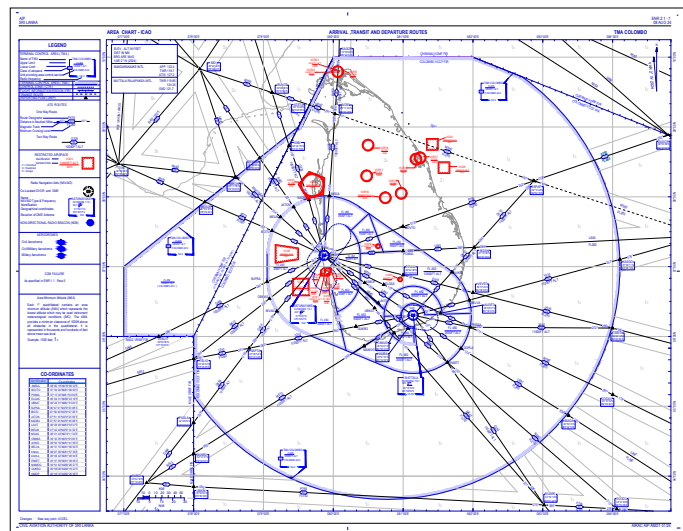
We proposed to establish an aircraft disassembling plant at MRIA, with preliminary inspections conducted and requirements conveyed to the airport operator before project commencement.

Development of Standing Operating Procedure (SOP) for Diplomatic Clearance

CAASL in collaboration with the Ministry of Defence (MOD) and other 18 Stakeholders, developed a Standing Operating Procedure (SOP) for Granting Diplomatic Clearance to Foreign Aircraft arriving in SL, Foreign Military or State Aircraft Operating into SL and overflying the Sri Lankan Territory.

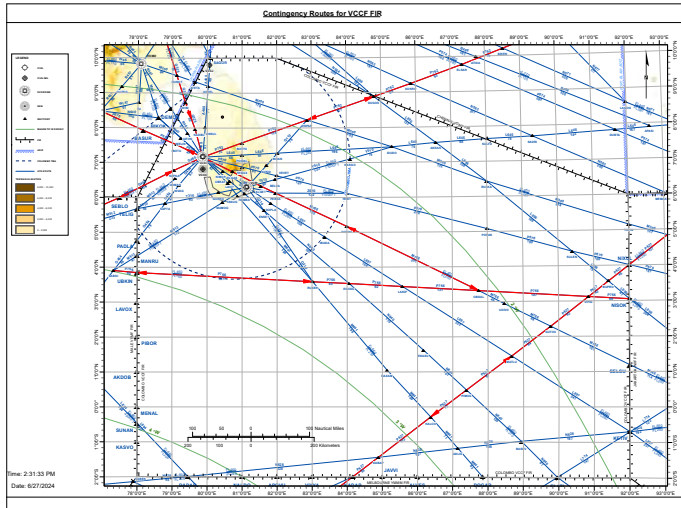
Rectification of 5LNC Deficiencies

We replaced "Two-letter way point designators" within Colombo Terminal Airspace with ICAO-accepted five-letter name codes (5LNC) and registered these changes in the ICAO International Codes and Routes Designators (ICARD) system.



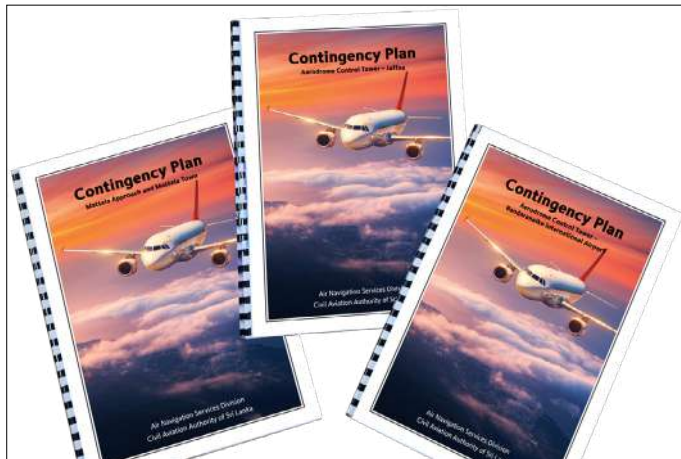
ATM Contingency Plan: Version 2 Published

We developed and published Version 2 of the Level II ATM Contingency Plan for the Colombo Flight Information Region (FIR) to ensure uninterrupted aircraft operations during contingency events.



ATM Contingency Planning Support by CAASL

We offered expert guidance to Air Navigation Service Providers (ANSPs) for the development and approval of Level I Unit ATM Contingency Plans.



Wide-Reaching Awareness Programs on Aviation Medicine

Community engagement and awareness took center stage in 2023. The aviation industry actively participated in conducting public awareness programs on aviation medicine. These initiatives aimed to educate not only aviation professionals but also the broader public on the importance of health and well-being in the aviation sector. Through a series of outreach campaigns, seminars, and digital platforms, the industry disseminated crucial information on health practices, preventive measures, and the significance of medical readiness in aviation. These efforts were instrumental in fostering a culture of health consciousness and safety awareness among all stakeholders.

Establishment of Appointment of Call up System

A groundbreaking achievement in 2023 was the implementation of a state-of-the-art appointment call up system. This system revolutionized the scheduling process for aviation medical examinations, streamlining appointments and reducing wait times for pilots and crew members. This innovation not only enhanced efficiency but also contributed significantly to overall aviation safety.

Designation of New Aviation Medical Examiners

To meet the growing demand for aviation medical services, new medical examiners were designated, expanding the workforce and ensuring that the industry has a sufficient number of qualified professionals. Rigorous selection criteria were implemented to guarantee that appointed examiners uphold the highest standards of competence and ethical conduct.

Upgraded Regulatory Standards in Aviation Medicine

Recognizing the dynamic nature of aviation and medical sciences, regulatory standards in aviation medicine underwent a comprehensive update. This involved collaboration between aviation authorities, medical experts, and regulatory bodies to ensure that standards are not only in line with technological advancements but also responsive to emerging health challenges.

Unmanned Aircraft Systems – (Drone Operations)

In accordance with the stipulations outlined in Section 80 of the Civil Aviation Act No. 14 of 2010, the Directorate General of Civil Aviation (DGCA) possesses the authority to oversee and regulate all unmanned aircraft operating within the territorial boundaries of Sri Lanka.

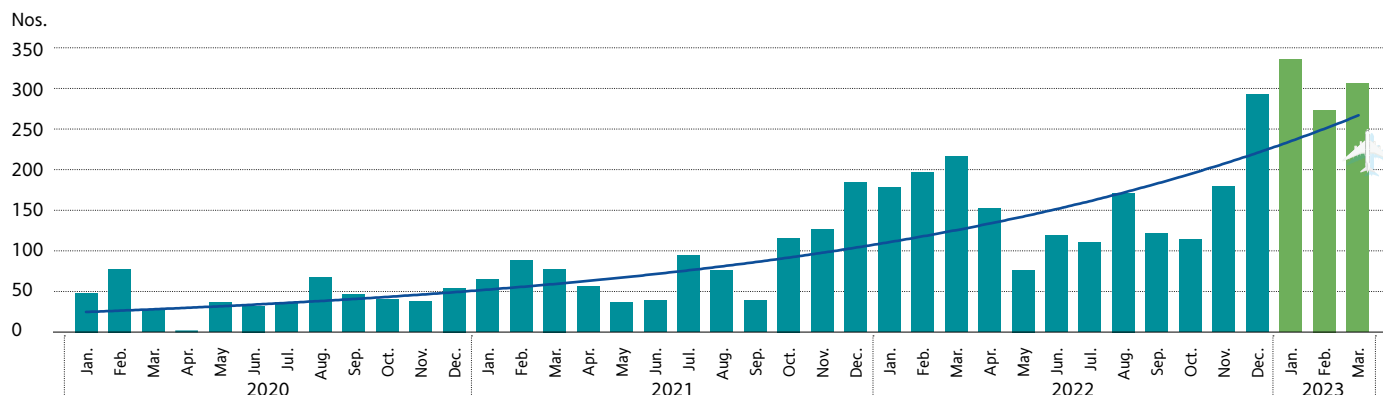


Operational Highlights

Aviation Growth

Noteworthy developments unfolded in the UAS sector in Sri Lanka during the fiscal year 2023, following the challenges posed by the pandemic and economic downturn. This is evidenced by a substantial upswing in operational approvals issued and new drone registrations when compared to previous years.

Number of Drone Operation Approvals Issued



Moreover, during this period, the Civil Aviation Authority of Sri Lanka (CAASL) achieved significant milestones, including the formulation of SLCAP 4600, which delineates the standards applicable to UAS training organizations. Additionally, the CAASL successfully developed and finalized SLCAIS 053 edition 2, encompassing the rules and standards governing UAS operations.

Recognizing the potential within the industry, the Civil Aviation Authority of Sri Lanka (CAASL) has formulated future plans aligning with International Civil Aviation Organization (ICAO) requirements and regional developments. These strategic initiatives are poised for implementation in the forthcoming years.

Drone Approvals Issued

1,812 2022
3,478 2023

Drone Registered - Local owners

1,091 2022
1,388 2023

Drone Registered - Foreign owners

1,526 2022
2,388 2023



Capacity Development

In 2023, we achieved a significant milestone with the resumption of employee recruitment, overcoming past government restrictions. The approval of the Cabinet of Ministers reignited our recruitment drive, ushering in enhanced capacity and operational efficiency. Despite financial constraints, we invested in professional development, leveraging foreign scholarships for training programs. These initiatives underscore our commitment to nurturing talent and fostering continuous learning, strengthening our foundation for excellence and growth in the aviation landscape.

Flight Crew Licensing Workshop

We spearheaded an extensive workshop jointly organized by SARI (South Asia Regional Initiative), EASA (European Union Aviation Safety Agency), and ourselves to implement Standard 72 for Flight Crew Licensing. Led by an expert from EASA, the workshop aimed to provide comprehensive guidance and training on the implementation of the standard, ensuring alignment with international aviation safety protocols and enhancing the proficiency of aviation personnel.

Aviation Certification Efforts

In efforts to enhance Flight Crew Licensing standards, we introduced new Skill Test Forms aligned with IS 72 for pilots across general aviation and international airlines. Additionally, 'Pre-Application' and 'Formal Application' meetings were conducted to initiate the certification process for Flying Training Organizations. To bolster inspector proficiency, we organized the PEL Inspector Basic Training Course, supplemented by foreign training programs covering Personnel Licensing Examination and Flying Training. Furthermore, Flight Crew Technical Examinations were conducted to assess the competence of foreign national applicants, ensuring adherence to rigorous technical standards.

SARI Part M Workshop at our Facility

We hosted a five-day workshop aimed at assessing the implementation progress of SARI Part M regulations in Sri Lanka. Airlines were audited for compliance with our Implementation Standard IS-M during the workshop. Additionally, one airworthiness inspector observed a Part M implementation workshop in Pakistan.

Aviation Security Culture Workshop

Our Aviation Security section directed the ICAO Aviation Security Culture Workshop, aimed at establishing a strong security culture among aviation stakeholders in Sri Lanka. It educated personnel on security culture, influencing daily operations and reflected in the actions and behaviours of all entities and personnel within an organization.

Conduction of Comprehensive Aviation Medicine Refresher Training

In an effort to continually improve the skills and knowledge of aviation medical professionals, extensive refresher training program was conducted in this year. These programs covered the latest

developments in aviation medicine, emphasizing emerging health concerns and advancements in medical technology. The goal was to ensure that aviation medical practitioners stay abreast of the dynamic landscape of their field.

Active Participation in International Forums on Aviation Public Health

Representatives from the aviation sector actively engaged in international forums dedicated to aviation public health. These forums provided a platform for collaborative discussions, the exchange of knowledge, and the establishment of partnerships to address global challenges in aviation health. This proactive involvement strengthened international cooperation and set the stage for even greater collaboration in the future.

The achievements of 2023 underscore the aviation industry's commitment to excellence, collaboration, and the well-being of all those involved in air travel. These milestones not only signify progress in health and safety but also reflect a global perspective on the interconnected nature of aviation and the importance of working together to ensure a safer and healthier future for all.





Operational Highlights

Capacity Development

Certification of Personnel and Aviation Training Organizations, continued surveillance of their activities and resolving safety deficiencies

2,408

Pilot licences

54

Instructor and Examiner Ratings

28

Ground Instructor Authorizations

43

Foreign Licence Validation Certificates

186

Air traffic control licences & Ratings

342

Instructor and Examiner Ratings

501

Cabin Crew Certificate

5,057

Civil Aviation Knowledge Examinations

Certification of Aviation Training Organizations, continued surveillance of their activities and resolving safety deficiencies

15

Continuous inspections of training organizations

1

Asian Aviation Centre

2

Open Skies

4

Flying Angel Flight Academy

2

Sri Lankan TRTO

3

Fly Southern (Pvt) Ltd

1

Lakwin Aviation (Pvt) Ltd

1

Sakurai Aviation Academy

1

Red Bird Aviation (Pvt) Ltd

1

Sri Lankan Technical Training

2

ATC Training Organization - Airport and Aviation Academy

1

Simulator of Airport and Aviation Academy

5

Licence Surveillances

Conducting Knowledge Examinations for Flight crew Licensing (Private Pilot's License (PPL) / Airline Transport Pilot's License (ATPL))

573

Quantity of question papers delivered - PPL

1,653

Quantity of question papers delivered - ATPL



Conducting knowledge
examinations for aircraft
maintenance personnel

2,650

Quantity of
question papers
delivered - AML

Conducting practical tests
for ELPC

127

Number of ELPCs

Implementation of the State
Safety Programme

8

Number of
approved safety
managers

8

Number of
approved safety
management
system manuals in
training schools





Operational Highlights

Information Technology Developments

At CAASL, we've dedicated considerable efforts to integrating information technology (IT) systems, enhancing office operations' efficiency and accuracy. Initiatives like online personnel permit issuance, an online system for written tests, and QR code-enabled permit issuance have streamlined administrative processes and boosted personnel management effectiveness.

Integration of New Technology

The integration of new technology has significantly bolstered our service delivery capacity, optimizing workflow management, communication channels, and team collaboration. This technological upgrade ensures smoother operations and improved efficiency across the organization.

The implementation of the Credential Card Issuance System has streamlined the process of issuing and managing identification cards, enhancing security and reducing administrative overhead. The Surveillance Plan Monitoring Application has improved our ability to oversee and ensure compliance with regulatory requirements, providing real-time monitoring and timely intervention. Additionally, the AVSEC Online Examination System offers a secure

and efficient platform for conducting assessments, enhancing the training and certification process for security personnel. These technological advancements collectively contribute to a more effective, efficient, and cohesive organizational structure.

Advancing ICT Initiatives

Our ICT unit has been driving initiatives to embrace emerging technologies, resulting in notable progress. Achievements include developing a CAASL Office ID card system, and establishing a Customer Feedback Survey System. Additionally, advancements like the PEL Licensing QR System and Online Medical System enhance efficiency, while strengthened cybersecurity measures fortify our IT infrastructure.

Computer-Based Examination Implementation

We successfully introduced a computer-based examination system for certifying Aviation Security personnel. This initiative, piloted with screeners from Sri Lankan Airlines, not only saves time but also modernizes certification processes, reducing paper consumption and advancing examination methods.

Computer-Based Indoctrination Program

As a policy, newly recruited personnel must be educated in the roles and responsibilities of the CAASL within the first two weeks of their joining date. The program was previously conducted by the HRRM section with the assistance of CAASL resource personnel. This was a significant challenge due to the need for time allocation and the availability of resources and personnel.

To address this issue, the HRRM Section has introduced an online platform to facilitate timely completion of the induction program.



Operational Highlights

Empowering Employees



At CAASL, we place a strong emphasis on employee empowerment as a fundamental aspect of our organizational ethos. Through various initiatives and programs, we endeavour to cultivate an environment where employees feel valued, supported, and empowered to realize their full potential. This commitment is evident in our investment in employee development, providing comprehensive training programs and orientation sessions to ensure that our staff possess the requisite skills and knowledge to excel in their roles. We also foster a sense of community and collaboration through events and activities designed to encourage teamwork and engagement. By prioritizing employee empowerment, we not only enhance individual well-being but also strengthen our overall organizational effectiveness and performance.

Enhancing CAASL's Workforce

We are committed to becoming a proficient and reliable authority in aviation safety regulation. This is evident in our rigorous recruitment process, ensuring new employees understand expectations and optimization methods. Recognizing the importance of a skilled workforce, our HRPM section strategically fills vacancies to ensure uninterrupted operations and regulatory effectiveness. By investing in talent acquisition and development, we maintain our dedication to upholding the highest standards of aviation safety and regulatory excellence.

Employee Support Initiatives

We acknowledge the significance of enhancing employee accommodations alongside recreational facilities. Plans are underway to refurbish and repurpose the Katunayake and Ratmalana Quarters, ensuring staff members have access to convenient and well-maintained living spaces. Furthermore, our commitment to fostering camaraderie extends to organizing corporate events such as the Aviation Rhythm Night 2023 concert. This innovative initiative not only entertained attendees but also reinforced relationships between CAASL and its stakeholder organizations, resulting in a significant profit exceeding Rs. 2.5 million. Additionally, we are proud to announce the development of adjacent land into a stadium, facilitating on-site Welfare Association activities. This endeavour underscores our dedication to providing comprehensive support and amenities for our employees, fostering an environment conducive to both work and leisure.

Property Management

Our HRPM efficiently oversees facilities, supporting our objectives and aiding operational continuity across divisions. Administrative documentation, as per legal directives, includes properties like Bandaranaike International Airport and others. Notably, an amended Gazette notification establishes boundaries for key facilities, guiding future endeavours. Another milestone was securing the title report for Madampella Radio Navigational Aid land, affirming our ownership.



Operational Highlights

Empowering Employees

CAASL Bungalow Getaways for our Employees

The Batticaloa Circuit Bungalow, administered by CAASL, welcomes both our staff and the public at a discounted rate. Here, guests can relish a distinctive experience while enjoying the picturesque view of Batticaloa Airport. Following a recent renovation, the Weerawila Circuit Bungalow is now also open for reservations, featuring upgraded facilities and a refreshed ambiance. Both bungalows are available for booking by CAASL staff and the public as a welfare facility, offering discounted rates for a memorable stay.

HR Development Snapshot 2023

We allocated Rs. 3,332,403.63 towards a comprehensive range of training programs aimed at enhancing employee skills and knowledge. This investment facilitated thirty-seven staff members in online sessions and provided forty-six training events covering local, in-house, online, and foreign sessions for two hundred and thirty-seven employees. Additionally, twenty staff members attended various local and foreign meetings, conferences, and symposiums. These initiatives signify our commitment to nurturing talent and adapting to industry advancements. Furthermore, our HR Development initiatives included orientation for new recruits and online training for executives. Specialized programs targeted 39 Assistant Managers, Civil Aviation Inspectors, and Junior Managers, focusing on training and public speaking skills. Additionally, 18 drivers underwent training on safe driving practices facilitated by CIDA.

Developing CAASL's Human Resources in Year 2023

Foreign Trainings/
Seminars/Workshops
Facilitated

15

Foreign Meeting/Conferences/
Symposiums and Online Meetings/
Conferences Facilitated

20

Local Trainings/
Seminars/Workshops
Facilitated

14

Foreign
Inspections
Facilitated

16

Local Inhouse Training
Programmes Facilitated
(Including Indoctrinations)

09

Online Training/
Seminar/Workshops
Facilitated

11

Sport & Welfare Activities

Sinhala Hindu New Year Celebration



The Sinhala Hindu New Year celebration held on 27 April 2024 with the participation of the entire staff of CAASL.

Esala Seela Paramita Programme



“Esala Seela Paramita Programme” was held on 01st July 2023 on the occasion of Esala Pohoya.

Christmas Carols



Singing “Christmas carols” by the employees of our authority in the grand Christmas concert held on 20 th December 2023 with the aim of celebrating Christmas.

“Guwanseva Dharmabhiwandana” Poson Song Program



“Guwanseva Dharmabhiwandana” song program was held on 02nd June 2023 with the participation of the entire staff of CAASL.

Annual Cricket Tournament



The Annual Cricket Tournament 2023 was held on Saturday 26th August 2023 at CAASL.

Aviation Rhythm Night 2023



“Aviation Rhythm Night 2023” program was held on Friday, 10th November 2023 in a grand manner at CAASL’s premises.



Operational Highlights

Financial Highlights

Objectives and Functions

Within the Civil Aviation Authority of Sri Lanka (CAASL), the Finance and Revenue Management division assumes a pivotal role in ensuring the financial health and operational efficiency of the organization. Our primary objective is to strategically manage CAASL's finances and revenue streams to support the Authority's overarching goals and objectives.

Key Functions:

Revenue Collection and Expenditure Management: Our division oversees the meticulous collection of revenue from various sources, including licensing fees, fines, and levies, while concurrently managing CAASL's expenditures to ensure optimal allocation of resources in alignment with organizational priorities.

Finance Forecasting and Programme Budgeting: Through advanced financial forecasting and programme budgeting techniques, we develop robust financial plans that align with CAASL's strategic objectives. This involves forecasting revenue streams, estimating expenses, and allocating resources to support ongoing programmes and initiatives effectively.

Fund Management: We serve as stewards of CAASL's financial assets, managing fund allocations with prudence and diligence. This includes optimizing the utilization of financial resources, making strategic investments to generate returns, and maintaining liquidity to meet operational needs while adhering to regulatory guidelines.

Financial Reporting: Our division is responsible for preparing accurate and timely financial reports, including income statements, balance sheets, and cash flow statements. These reports provide valuable insights into CAASL's financial performance, enabling informed decision-making by management and stakeholders.

Inventory Management: Efficient inventory management is crucial for optimizing resource utilization and minimizing costs. We oversee inventory control processes, including procurement, storage, and distribution of assets, to support CAASL's operational requirements efficiently.

Vehicle Fleet Management: Managing CAASL's vehicle fleet is another core function of our division. This involves overseeing vehicle procurement, maintenance, and utilization to ensure operational readiness and compliance with regulatory standards, thereby supporting the Authority's mobility needs effectively.

Handling the Collection and Disbursement of Embarkation Levy

Under the provisions of the Finance Act, no. 25 of 2003, we are entrusted with the responsibility for collecting the passenger Embarkation Levy from airlines and distributing the proceeds. Acting on behalf of the Authority, our Finance and Revenue Management section executes this crucial task.

In the year 2023, a total of 2,306,653 passengers fulfilled their obligation by paying the Embarkation Levy. Subsequently, we disbursed the collected funds to various institutions as outlined below:

Institution	Amount (Rs. Mn)
General Treasury	38,828
Airport and Aviation Services (Pvt) Ltd	8,970
Sri Lanka Tourism Development	4,485
Authority Civil Aviation Authority	329

Financial Operations Overview

We prioritize the efficient and effective management of our financial operations at the Civil Aviation Authority of Sri Lanka (CAASL), understanding the significance of sound financial practices in achieving our organizational objectives. Here's a comprehensive overview of various aspects of our financial activities:

Timely Completion and Submission of Reports: We meticulously prepare and submit financial reports, including the Annual Budget for 2023, Statement of Delegation of Financial Authority for 2023, and the Annual Financial Statement of 2022, well within the prescribed deadlines. These reports undergo rigorous scrutiny and approval processes before submission to ensure accuracy and compliance with regulatory standards.

Diverse Revenue Streams: We derive revenue from a variety of sources to sustain our operations and fulfil our mandate at the Civil Aviation Authority of Sri Lanka (CAASL). These revenue streams include:

- ➔ **Overseas Sales Surcharge:** Income generated from sales conducted outside Sri Lanka.
- ➔ **Service Charge of Embarkation Levy:** Fees collected from passengers as they embark on flights.
- ➔ **Income from Regulatory Services:** Revenue generated from services provided in accordance with regulatory requirements.
- ➔ **Interest Income:** Earnings accrued from interest on staff loans and Fund Management activities.
- ➔ **Other Non-Operating Income:** Additional revenue sources beyond core operational activities.

Payment Modes: We offer multiple payment options to cater to the diverse needs of our stakeholders at the Civil Aviation Authority of Sri Lanka (CAASL). These payment methods include:

- ➔ **Cash or Cheque Payments:** Payments made in cash or by cheque at designated payment counters located at the Head Office.
- ➔ **Online Payments:** Convenient online payment facilities enabling transactions via credit/debit cards.
- ➔ **Lanka QR Method:** Utilization of the Lanka QR code system for seamless electronic payments.
- ➔ **Direct USD Payments:** Facilitation of direct payments in US dollars for international transactions.
- ➔ **Direct Deposits:** Provision for direct deposits into specified bank accounts earmarked for Embarkation Levy Collection.

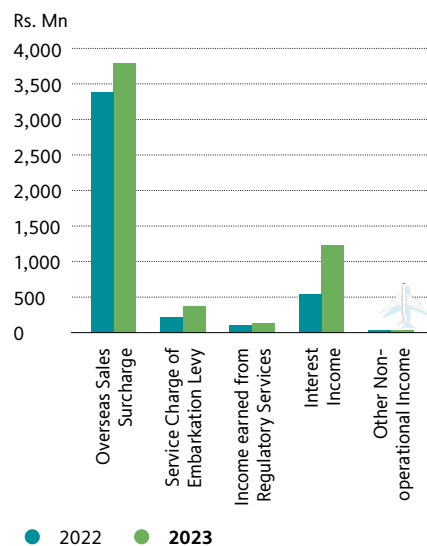
Contribution to the Consolidated Fund: We at CAASL fulfil our commitment to national development by transferring a substantial amount of revenue, totalling Rs. Four billion, to the Consolidated Fund in 2023. This contribution bolsters government revenue and supports initiatives aimed at enhancing the national economy.

Tax Settlement: We uphold our legal obligations by promptly settling various taxes, including income tax, value-added tax (VAT), and stamp duty. Compliance with tax regulations ensures adherence to legal requirements and fosters a favourable relationship with regulatory authorities.

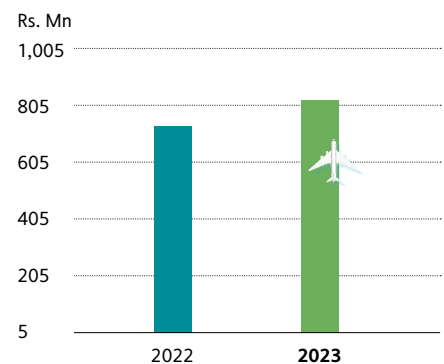
Effective Fund Management: At CAASL, we adopt prudent financial management practices by leveraging fund management accounts held with reputable banking institutions such as Peoples Bank and Bank of Ceylon. These accounts facilitate the strategic investment of both short-term and long-term savings in Treasury Bills, optimizing returns while safeguarding financial assets.

By adhering to stringent financial protocols, we at CAASL prioritize maintaining fiscal integrity, transparency, and accountability. Our commitment to these principles ensures sustainable financial stability, allowing us to fulfil our mission of advancing civil aviation in Sri Lanka. Through prudent financial management practices and meticulous oversight, we safeguard our financial resources, thereby contributing to the growth and development of the aviation sector in our country.

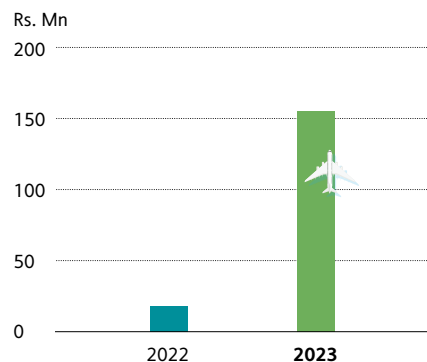
Income 2023 Vs 2022



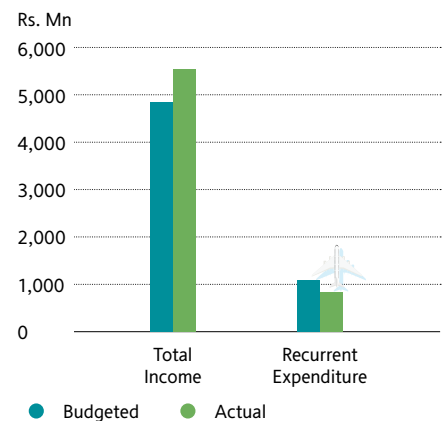
Recurrent Expenditure 2023 Vs 2022



Capital Expenditure 2023 Vs 2022



Actual Vs Budget - 2023





Aviation
Growth

Capacity
Development

Information Technology
Developments

Empowering
Employees

Financial
Highlights

Operational Highlights

Financial Highlights

2023 At a Glance

EQUITY & LIABILITIES

LKR 6,908 MN

Capital & Reserves

LKR 400 MN

Non-Current Liabilities

LKR 3,579 MN

Current Liabilities

ASSETS

LKR 2,823 MN

Non-Current Assets

LKR 8,064 MN

Current Assets

PROFIT

LKR 4,557 MN

Profit Before Tax

LKR 4,348 MN

Profit After Tax

BLUE SKIES, GREEN RESULT



Financial Statements Year 2023

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Financial Statements

Statement of Comprehensive Income

Year Ended 31st December.	Note	2023 Rs.	2022 Rs.
Income		5,530,639,804	4,268,302,673
Operating Income	23	4,267,567,018	3,685,224,914
Non-Operating Income	23	1,263,072,786	583,077,759
Expenditure		973,440,478	880,544,000
Staff Expenses	24	432,938,638	457,965,055
Meetings, Seminars and Workshops	25	8,063,683	7,507,808
Training Expenses	26	9,659,098	1,474,290
Administration and Other Expenses	27	365,420,451	260,886,367
Depreciation	29	149,698,845	137,374,730
Amortization of Intangible Assets	30	7,638,729	15,314,716
Depreciation Expenses of Right-of-Use Assets	31	21,034	21,034
Profit Before Tax		4,557,199,326	3,387,758,673
Income Tax Expenses	28	208,920,729	644,515,000
Profit for the year		4,348,278,597	2,743,243,673
Other Comprehensive Income			
Gain/(Loss) arising from re-measurement of Retirement Benefit Obligations		(14,345,234)	53,276,761
Revaluation Surplus		105,418,708	113,812,525
Total Comprehensive Income for the Year		4,439,352,071	2,910,332,959

The notes on pages 62 to 87 are integral to these financial statements.

Statement of Financial Position

Year Ended 31st December.	Note	2023 Rs.	2022 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	29	2,781,375,720	2,233,315,801
Intangible Assets	30	13,503,511	11,929,326
Right of use asset	31	294,471	315,505
Work in Progress - Capital	32	12,266,660	460,920,979
Fixed Deposit- Staff Welfare & Social Security Fund		158,564	142,337
Deferred Tax - Assets		15,596,177	15,596,177
Total Non-Current Assets		2,823,195,103	2,722,220,125
Current Assets			
Inventories		8,774,766	9,789,941
Trade Receivables	33	355,783,337	293,915,448
Staff Loans	34	60,762,235	55,980,902
Financial Assets	35	3,737,658,343	3,352,854,505
Advances, Prepayments, Other Receivables	36	449,910,755	545,422,389
Cash and Cash Equivalents	37	3,451,520,415	2,592,346,695
Total Current Assets		8,064,409,851	6,850,309,880
Total Assets		10,887,604,954	9,572,530,005
EQUITY & LIABILITIES			
Capital and Reserves			
Government Grants	38	551,162,338	554,889,603
Retained Earnings	39	6,137,845,749	5,826,217,782
Revaluation Surplus	40	219,231,233	113,812,525
Total Capital and Reserves		6,908,239,320	6,494,919,909
LIABILITIES			
Non-Current Liabilities			
Deferred Tax Liabilities	41	100,184,510	63,470,341
Lease Liability	42	281,554	307,013
Provisions and Other Liabilities	43	268,222,208	72,495,410
Retirement Benefits Obligation	44	31,578,115	21,196,052
Total Non-Current Liabilities		400,266,387	157,468,816
Current Liabilities			
Trade Payables	45	3,656,608,443	2,372,386,756
Other Payables	46	41,764,655	65,701,955
Income Tax Liabilities	47	(119,273,851)	482,052,569
Total Current Liabilities		3,579,099,247	2,920,141,280
Total Equity and Liabilities		10,887,604,954	9,572,530,005

The notes on pages 62 to 87 are integral to these financial statements. I certify that these financial statements have been prepared in compliance with the Sri Lanka Accounting Standards.

The Board of Directors is responsible for preparing and presenting these Financial Statements following Sri Lanka Accounting Standards. These Financial Statements were approved by the Board of Directors and signed on their behalf.


C. A. G. Rajan
 Acting Director – Finance and
 Revenue Management

24 June 2024


AVM Sagara Kotakadeniya (Retd.)
 Director General of Civil Aviation &
 Chief Executive Officer


G.S. Withanage
 Chairman

Financial Statements

Statement of Changes in Equity

Year Ended 31st December.	Government Grant Rs.	Revaluation Surplus Rs.	Retained Earnings Rs.	Total Rs.
Balance as of 1st January 2022	558,598,755	-	4,029,697,348	4,588,296,103
Profit for the period	-	-	2,743,243,673	2,743,243,673
Revaluation of Assets	-	113,812,525	-	113,812,525
Transfers to the Consolidated Fund	-	-	(1,000,000,000)	(1,000,000,000)
Amortization for the year	(3,709,152)	-	-	(3,709,152)
Remeasurement of Retirement Benefit Obligations	-	-	53,276,761	53,276,761
Balance as of 31st December 2022	554,889,603	113,812,525	5,826,217,782	6,494,919,909
Profit for the period	-	-	4,348,278,597	4,348,278,597
Revaluation of Assets	-	105,418,709	-	105,418,709
Amortisation for the year	(3,709,152)	-	-	(3,709,152)
Disposal of Government Grants - Assets	(18,113)	-	-	(18,113)
Disallowable Input Tax - VAT	-	-	(22,305,396)	(22,305,396)
Remeasurement of Retirement benefit Obligations	-	-	(14,345,234)	(14,345,234)
Consolidated Fund Transfers	-	-	(4,000,000,000)	(4,000,000,000)
Balance as of 31st December 2023	551,162,338	219,231,233	6,137,845,749	6,908,239,320

The notes on pages 62 to 87 are integral to these financial statements.

Statement of Cash Flow

Year Ended 31st December.	Note	2023 Rs.	2022 Rs.
Cash Flows from Operating Activities			
Profit/(Loss) from Ordinary Activities before Taxation		4,557,199,326	3,387,758,674
Adjustments for			
Depreciation – Current Year	29	149,698,845	137,374,730
Depreciation – on Disallowed VAT		2,174,170	-
Amortization of Intangible Assets	30	7,638,729	15,314,716
Depreciation Expenses of Right of Use Assets	31	21,034	21,034
Amortization of Government Grant	38	(3,709,152)	(3,709,152)
Interest Income from Investments	23	(1,235,493,468)	(541,714,111)
Loss on sales of Property, Plant & Equipment		862,778	3,550
Profit on sales of Property, Plant & Equipment		(106,226)	-
Finance Cost of the Lease Liabilities	41	6,682	4,296
Provision for Defined Benefit Plans	43	4,426,929	12,250,981
Prior Year Adjustments		(22,305,396)	-
Operating Profit/(Loss) before Working Capital Changes		3,460,414,251	3,007,304,717
(Increase)/ Decrease in Inventories		1,015,176	(4,165,735)
(Increase)/ Decrease in Trade Receivables	33	(61,867,890)	(167,687,169)
(Increase) / in Staff Loans	34	11,324,547	(9,687,605)
(Increase) /Decrease in Advances/Prepayments/Other Receivables	36	110,568,853	(2,994,691)
Increase in Trade and Other Payables	45/46	1,260,284,386	708,788,990
Cash Generated from Operations		4,781,739,323	3,531,558,507
Defined Benefit Plan Costs Paid (Gratuity)	44	(8,390,100)	(3,963,765)
VAT refund set off against Income Tax		(8,250,934)	
Income Tax Paid	47	(765,282,046)	(309,550,100)
Net Cash from Operating Activities		3,999,816,244	3,218,044,642
Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipment	29	(48,449,971)	(25,086,196)
Disallowable VAT on PPE		(98,947,675)	-
Acquisition of Intangible Assets	30	(3,046,875)	-
(Increase) / Decrease in Capital Work in Progress	32	(5,599,264)	8,701,220
Withdrawal /(Acquisition) of other Investments	35	(484,262,387)	(2,070,348,167)
Interest Received		1,303,788,920	701,514,519
Proceeds from the sale of Property, Plant and Equipment		196,298	90,193
Increase / (Decrease) in Accident Investigation Fund		(621,823)	(1,055,481)
Increase / (Decrease) in Bank Guarantee		196,332,395	12,276,000
Net Cash Used in Investing Activities		859,389,618	(1,373,907,913)
Cash Flows from Financing Activities			
Contribution to Consolidation Fund		(4,000,000,000)	(1,000,000,000)
Payment of Lease Weerawila Land	42	(32,141)	(26,784)
Net Cash Used in Financing Activities		(4,000,032,141)	(1,000,026,784)
Net Increase/(Decrease) in Cash and Cash Equivalents		859,173,720	844,109,945
Cash and Cash Equivalents at the beginning of the year	37	2,592,346,694	1,748,236,749
Cash and Cash Equivalents at the end of the year	37	3,451,520,415	2,592,346,694

The notes on pages 62 to 87 are integral to these financial statements.



Financial Statements

Notes to the Financial Statements

1. Reporting Entity

1.1. General

Civil Aviation Authority of Sri Lanka has its registered office at No152/1, Minuwangoda Road, Katunayaka.

1.2 Formation and Nature of Operation

The Civil Aviation Authority of Sri Lanka was established under the Civil Aviation Authority Act No 34 of 2002 on 27th December 2002 and is deemed a Statutory body whose function is to regulate safety, efficiency and regularity in civil aviation and its impact on the environment in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization under the legislative provisions in the Civil Aviation Authority of Sri Lanka Act No.34 of 2002 and Civil aviation Act No.14 of 2010.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in preparing these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Basis of Preparation

The Financial Statements Civil Aviation Authority, which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.2 Statement of Compliance

- (a.) The Financial Statements Civil Aviation Authority, which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- (b) The Management of the Civil Aviation Authority of Sri Lanka is responsible for preparing and presenting the financial statements. The Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 26th February 2024.

2.3 Basis of Measurement

The Financial Statements have been prepared under the historical cost convention, and Financial Assets were measured by fair value.

2.4 Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees, which is the functional currency and presentation currency of the Authority. Transactions in foreign currencies are translated into the respective functional currency of the Authority at the exchange rates at the date of the transaction.

2.5 Going Concern

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

2.6 Significant Accounting Judgments, estimates and assumptions

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

2.6.1 Judgments

In applying the Authority's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which significantly affect the amounts recognised in the financial statements.

2.6.2 Estimates and assumptions

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

(a) Fair value of financial instruments

The fair values of financial assets and liabilities recorded on the Statement of Financial Position cannot be derived from active markets. However, they are determined using various valuation techniques, including discounted cash flow and mathematical models. The inputs to these models are derived from observable market data where possible, and where observable market data are not available, judgment is required to establish fair values.

Changes in assumptions about these factors could affect the reported fair value of financial Assets. Investments in Treasury Bills are shown at their Face Value.

The carrying value at the balance sheet date of Financial Assets (Treasury Bills) is Rs.3,959,239,350/- (2022Rs.3,474,976,963/-

(b) Valuation of defined benefit obligation

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

The carrying value at the balance sheet date of the defined benefit obligation is Rs.31,578,115(2022Rs. 21,196,052/-).

(c) Fair Value

Fair value is the consideration agreed upon in an arm's length transaction between knowledgeable, willing parties without compulsion to act. When a financial instrument is initially recognised, its fair value is generally the value of the consideration paid or received. After initial recognition, the fair value of a financial asset quoted in an active market is generally the bid price, and for a financial liability quoted in an active market, the fair value is generally the asking price. For financial instruments such as cash equivalents and short-term investments with a short duration, the carrying value of these instruments approximates fair value.

(d) Income tax

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

SIGNIFICANT ACCOUNTING POLICIES

3. Financial Assets

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

3.1 Classification

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. Ordinary transaction receipts are also classified in this category and reviewed for impairment.

(b) Held-to-maturity financial assets

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

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

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

(c) Available-for-sale financial assets

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

3.2 Recognition and measurement

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred, and the authority has also transferred substantially

Financial Statements

Notes to the Financial Statements

all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Loans, receivables, and held-to-maturity financial assets are carried at amortized cost using the effective interest method.

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

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

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

3.2.1 Determination of fair value

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

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

3.2.2 De-recognition

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

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

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

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

4. Property, Plant and Equipment

4.1 Cost / Revaluation

Property, plant and equipment items are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Where items of property, plant and equipment are subsequently re-valued, the entire class of such assets is re-valued. The Authority has changed the policy of revaluing assets every 03 years to every 05 years, effective from 2014; however, when the fair value of assets subject to revaluation defers materially from the carrying amount, a further revaluation is done.

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

4.2 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. In the year of acquisition, depreciation is computed on a proportionate basis from the date the asset is put into use, and no depreciation will be charged to the date on which the particular asset was disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lands are not depreciated.

The estimated useful lives for the assets are as follows:

Buildings	– 15-40 years
Container Structures	– 5-10 years
Motor Vehicles	– 8-15 years
Plant, Machinery & Equipment	– 4-10 years
Furniture & Fittings	– 4-10 years
Other Fixed Assets	– 4-10 years

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

Buildings	– 6 2/3%
Container Structures	– 10%
Motor Vehicles	– 12.5 %
Plant, Machinery & Equipment	– 25 %
Furniture & Fittings	– 25 %
Other Fixed Assets	– 25%

Depreciation has been charged to the profit and loss account on a proportionate basis commencing from the date of the asset available to use, and 10% of the cost/revaluation amounts have been retained as the residual value in determining the depreciable amount of the individual assets.

Depreciation method, useful lives and residual values are reviewed at each reporting date by the management and adjusted if appropriate as required by the LKAS 16 based on the best of the information available and the expected economic efficacy of assets. Uncertainties in these estimates related to technical obsolescence may change the utility of specific software and IT equipment.

4.3 De-recognition

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

4.4 Impairment of Tangible Assets

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where it is impossible to estimate an individual asset's recoverable amount, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Financial Statements

Notes to the Financial Statements

4.5 Capital Work in Progress

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any. These are expenses of a capital nature directly incurred in constructing buildings, network equipment, system development and other fixed assets awaiting capitalisation.

These expenses will be taken to the CAASL Asset Register once the Completion Certificate is or when the asset is available.

4.6 Intangible Assets

Intangible assets that are acquired by the Authority, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. The provision for amortization is calculated on a straight-line basis on the cost (less than 10% of the residual value of the asset's worth) of IT software and operating systems.

All IT software is amortized annually at 50% to write off such amounts over the useful lives.

The useful lifetime of Intangible Assets reviewed from time to time with the necessity of reviewing is being done. The useful lifetime of IT software is as follows.

IT Software	2- 4 Years
-------------	------------

4.7 Right-of-use assets and lease liabilities

4.7.1 Right-of-Use Assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated

depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Asset	Estimated Life
Land	Over 30 years

4.7.2 Lease Liabilities

At the lease commencement date, the Authority recognises lease liabilities measured at the present value of lease payments over the lease term. In calculating the present value of the lease payments, the Authority uses the Treasury bond rate at the lease commencement date.

5. Inventories

Inventories are measured at the Cost. Cost is determined based on the First in, First out method. (FIFO). The value of inventories includes expenditures incurred in acquiring, conversion costs, and other costs incurred in bringing them to their existing location and condition. Authority inventories comprise stationery and consumables.

6. Other Assets

Other assets include other debtors and Receivers, advances, deposits, prepayments, and taxation receivables.

(a) Advances, Deposits, Prepaid Expenditure

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

(b) Other Debtors

Other debtors are recognised at costless impairment loss.

(c) Taxation Receivable

Taxation receivable is recognised at cost.

(d) Prepaid Staff Cost

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

(e) VAT Receivable

This represents the VAT refunds receivable from the Department of Inland Revenue

7. Cash And Cash Equivalent

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

For cash flow statements, cash and cash equivalents consist of cash in hand and bank deposits. Investments with short maturities are also treated as cash equivalents. The consolidated balance sheet shows bank overdrafts within borrowings in current liabilities.

8. Provisions

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

Under Section 7 (h) of the Civil Aviation Authority Act No. 34 of 2002, the Authority has been vested with the power, function and duty to initiate investigations on aircraft accidents and incidents and arrange for the provision of search and rescue operations. This has been further elaborated by the Civil Aviation Act No. 14 of 2010 provision vide Chapter VI, Sections 53, 54, and 55.

Sri Lanka, being an Island with vast oceanic airspace and with an ever-increasing number of aircraft movements overflying the territory and the oceanic airspace and also operating in to and out of the country, there is an uncompromising obligation of the CAASL to maintain a sufficient reserve fund to meet the tasks involved in the aircraft accident investigation and search and rescue operations.

As such, a discussion paper (DP/ May/2018/03 (a)) was tabled at the 145th CAASL Board Meeting, which was held on 30th May 2018, to have an allocation of Rs.50 Million rupees as reserved funds to be used for aircraft accident investigation and search and rescue operations.

9. Employee Benefits

9.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund, and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as a Staff expense in profit or loss in the periods during which employees render services.

- ➔ **Employees' Provident Fund**
All employees of the Authority are members of the Employee Provident Fund, to which the Company contributes 15% of such employees' basic salary and allowances.
- ➔ **Employees' Trust Fund**
The Company and other subsidiaries contribute 3% of each employee's salary to the Employees' Trust Fund.

9.2 Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Authority is liable to pay gratuity under the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on the full month's salary multiplied by the number of years in service, and calculations are based on the formula method as of LKAS 19. Separate investment is maintained for the value of Gratuity Provision at the end of each year.

9.3 Staff Welfare & Social Security Fund

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

10. Financial Liabilities

10.2 Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and carried at amortised cost in the case of loans and borrowings. This includes directly attributable transaction costs. The Authority's financial liabilities include trade and other payables.

11. Other Liabilities

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

12. Income Recognition

12.1 In terms of section 12 of the Civil Aviation Authority Act No. 34 of 2002, the Authority shall have its own Fund and all money received by the Authority under section 12(2) shall be paid into that fund. The money received under section 12(2) has been classified under income in financial statements for presentation purposes to comply with the SLFRS 15.

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Notes to the Financial Statements

12.2 Sources of Income

The Civil Aviation Authority of Sri Lanka receives income from the following sources:

- ➔ Operating Income
 - Overseas Sales Surcharge
 - Service Charge from Embarkation Levy
 - Regulatory Services (Issuance/ Renewal of Licences/Certificates/ Approvals & Conduct Examinations)
- ➔ Non-Operating Income
 - Other Income
 - Interest Income (from staff loans and Financial Instruments)

Revenue from Overseas sales surcharge/ Service charge of embarkation levy/ Regulatory service is recognised at fair value in the period the related services are rendered. All this income is recognised on an accrual basis.

12.3 Interest Income

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

12.4 Other Income

Other income is recognised on an accrual basis.

13. Expenses Recognition

All The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment efficiently are charged against income in arriving at the profit for the year.

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

14. Borrowing Costs

Borrowing costs are interest and other costs incurred by the Authority in connection with borrowing funds. Borrowing costs are recognised as an expense in the period they are incurred.

15. Current and Deferred Income Tax

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

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current and prior years. The tax rates and laws used to compute the amount are those enacted or subsequently enacted by the statement of financial position date. Accordingly, provision for taxation is made based on the profit for the year adjusted for taxation purposes by the provisions of the Inland Revenue Act No. 10 of 2017 and the amendments thereto.

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

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

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

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

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

15.2 The Analysis for Deferred Tax Assets and Liabilities

	2023 Rs.	2022 Rs.
Opening Balance	47,874,164	21,668,927
From Provision for Gratuity	1,328,079	3,124,000
From Accelerated Tax Depreciation	35,386,090	23,081,237
Net Deferred Tax Liability	84,588,333	47,874,164

15.3 Reconciliation between Tax Expenses and Profit of Accounting Multiplied by the Statutory Tax Rate is as follows.

16. Foreign Currency Translations / Transactions

	2023 Rs.	2022 Rs.
Accounting Profit Before Income Tax	4,557,199,326	3,387,758,674
Less: Income from other Sources & Exempt Income	(1,403,893,444)	(677,754,961)
	3,153,305,881	2,710,003,713
Non- Deductible Expenses	162,779,370	165,819,885
Statutory Income from Business	3,316,085,251	2,875,823,598
Less: Qualifying Payment	(4,000,000,000)	(1,000,000,000)
Taxable Income - Business Income	(683,914,749)	1,875,823,598
Taxable Income - Non-Business Income	1,257,936,616	541,714,111
Total Taxable Income	574,021,867	2,417,537,709
Income Tax Expenses		
Taxable income- Business & Non-Business Income 24% & 30%	172,206,560	618,309,763
Income Tax Expenses for the Year	172,206,560	618,309,763

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

Foreign exchange gains and losses related to Foreign Currency Transactions are presented in the Statement of Comprehensive Income under 'finance income or cost'.



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Notes to the Financial Statements

17. Events after the Balance Sheet Date

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

18. Contingent Liabilities

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

19. Cash Flow Statement

The statement of cash flows has been prepared using the “indirect method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 07) – “Statement of Cash Flows”. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The cash and cash equivalent include cash in hand, bank balances, and money at call and short notice.

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

20. Government Grants

Government grants were recognised at Fair Value when there was reasonable assurance that they would be received or when these were transferred to the Authority.

The value of the Government Grant reflects assets transferred from the Department of Civil Aviation at the time of formation of the Authority and following Assets less accumulated amortisation.

20.1 Amortization of Government Grant

The provision for amortisation is calculated on a straight-line basis on the cost/ valuation (less than 10% of the residual value of the cost/ valuation of the asset) of the property, plant, and equipment. All Property, Plant and Equipment other than land which are accounted against the Government Grant as a corresponding account have been amortised annually on the following percentages over the useful lifetime.

Buildings	– 6 2/3%
Container Structures	– 10%
Motor Vehicles	– 12.5 %
Plant, Machinery & Equipment	– 25 %
Furniture & Fittings	– 25 %
Other Fixed Assets	– 25%

21. Transactions with Key Management Personnel and Related Party Transactions

21.1 Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards (LKAS24), Related Party Disclosures, Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Authority. Therefore, the Authority's Board of Directors has been classified as key Management Personnel of the Authority.

The compensation paid to Key Management Personnel is as follows,

	2023 Rs.	2022 Rs.
Short-Term Employee Benefits	3,943,458	3,987,858
Post-Employment Benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-

Name of the Entity	Relationship	Nature of the Transaction	2023 (Rs.)	2022 (Rs.)
Sri Lankan Airlines Ltd	Government Owned	Overseas Sales Surcharge	1,260,242,886	1,155,774,055
Ceylon Electricity Board	-Do-	Electricity Charges	33,668,354	16,315,556
Airport & Aviation (Pvt) Ltd	-Do-	Electricity Charges	1,952,062	1,614,816
National Water Supply and Drainage Board	-Do-	Water Charges	116,528	138,270
Airport & Aviation (Pvt) Ltd	-Do-	Water Charges	2,188,008	935,182
General Treasury	-Do-	Embarkation Levy Disbursement	38,828,543,756	22,248,864,840
Airport & Aviation (Pvt) Ltd	-Do-	Embarkation Levy Disbursement	8,970,987,501	4,770,744,713
Sri Lanka Tourism Development Authority	-Do-	Embarkation Levy Disbursement	4,485,493,750	2,385,327,870
Employees Trust Fund Board	-Do-	ETF	8,551,128	9,297,357
Employees Provident Fund	-Do-	EPF	42,755,626	46,486,769
Inland Revenue Department	-Do-	Income Tax	765,282,046	309,550,100
Inland Revenue Department	-Do-	Stamp Duty	2,153,482	1,551,975
Sri Lanka Telecom	-Do-	Telecommunication Chargers	8,713,349	7,016,072
Sri Lanka Air Force	-Do-	Fuel Charges	915,404	262,998
Airport & Aviation (Pvt) Ltd	-Do-	Fuel Charges	25,689,829	10,032,241
Sri Lanka Insurance Corporation	-Do-	Insurance Charges	301,478	1,193,830
Bank of Ceylon	-Do-	Investments	3,614,946,156	2,070,348,167
Peoples' Bank	-Do-	Investments	2,236,500,000	73,000,000
Sri Lankan Catering (Pvt) Ltd	-Do-	Catering Services for meetings & Training	2,407,991	1,707,459
Road Development Authority	-Do-	Expressway Chargers	2,456,557	1,629,096
Receivables				
Sri Lankan Airlines Ltd	-Do-	Overseas Sales Surcharge	46,300,641	53,590,915
Payables				
General Treasury	-Do-	Embarkation Levy Disbursement	4,020,600,433	2,932,292,550
Airport & Aviation (Pvt) Ltd	-Do-	Embarkation Levy Disbursement	705,844,005	787,638,087
Sri Lanka Tourism Development Authority	-Do-	Embarkation Levy Disbursement	139,822,680	393,819,043



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Notes to the Financial Statements

21.2 Related Party Transactions

Civil Aviation Authority, as a Statutory Board, has carried out the following significant transactions with entities controlled by the Government in the ordinary course of business.

Limited disclosures have been made per LKAS 24- 'Related Party Disclosures' for individually significant transactions because of their size and due to the impracticability of capturing and disclosing all transactions carried out with all Government-controlled / related entities.

Balances from/to entities controlled by the GOSL are included under Trade Receivables, Trade and Other Payables in the Statement of Financial Position.

22. Financial Risk Management

The Civil Aviation Authority of Sri Lanka is a Statutory Board. The primary function of this Authority is to provide Regulatory Services to the Civil Aviation Industry. The Authority has not financed it with financial instruments like shares, Debts, loans, etc. The Authority has minimum exposure to the following risks from using financial instruments.

- Credit Risk
- Liquidity Risk

22.1 Credit Risk:

Credit Risk is the risk of financial loss to the Authority if a customer fails to meet its contractual obligations and arises principally from the receivables from internal and external parties.

Investments:

The Authority limits its exposure to credit risk by investing only in government Treasury Bills and short-term deposits only with CAA Official Banker: Bank of Ceylon.

Employee Loans

The Authority limits its exposure to credit risk by ensuring the loan balances are recovered from the employee's monthly salary, or if the employee leaves, such amounts are recovered from the Guarantors. Also, CAASL is the absolute owner of the properties purchased by the employees with these loans.

22.2 Liquidity Risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due under both expected and unexpected conditions without incurring unacceptable losses or risking damaging the Authority's reputation.

The Authority ensures its liquidity is maintained by investing Surplus cash held by the Authority over and above Rs.5mn in short, medium and long-term financial instruments. The Finance and Revenue Management Section performs Cash Flow forecasting. The Finance and Revenue Management Section monitors rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet operational needs.

23. Income

	2023 Rs.	2022 Rs.
Operating Income	4,267,567,018	3,685,224,914
Non-Operating Income	1,239,457,119	549,162,285
Other Non – Operating Income	23,615,667	33,915,474
Total Income	5,530,639,804	4,268,302,673
Operating Income		
Overseas Sales Surcharge	3,771,642,993	3,376,434,208
Service Charge of Embarkation Levy	364,495,616	227,543,076
Income from Regulatory Services	131,428,409	81,247,630
	4,267,567,018	3,685,224,914
Non-Operating Income		
Rental Income	432,050	-
Reservation of Circuit Bungalow	130,500	214,360
Profit on Assets Disposals	106,226	-
Tender Application Fees	27,000	31,500
Sale of Century Aviation Book	-	2,160
Miscellaneous Income	1,774,198	6,933,154
Administrative Fee /Visa Recommendation for Students	152,000	267,000
Administrative Fine	1,341,677	-
Interest from Staff Loan	22,156,182	5,316,369
Interest from Investment in Treasury Bill	797,605,933	221,025,270
Interest from Investment on Call Deposits	335,462,280	257,889,819
Interest from Other Investments	80,269,073	57,482,654
	1,239,457,119	549,162,285
Other Non – Operating Income		
Interest Income from Staff Loans (IFRS adjustment)	19,906,515	30,206,157
Amortization of Government Grant	3,709,152	3,709,152
Exchange Gain on Foreign Currency Transaction	-	165
	23,615,667	33,915,474
Total Non-Operating Income	1,263,072,786	583,077,759
Total Income	5,530,639,804	4,268,302,673

CAASL has opened Fund Management Accounts with the Bank of Ceylon Katunayaka Branch and Peoples Bank Seeduwa Branch with the approval of the Board of Directors to make overnight investments of cash balance at the bank at the end of each day in the money market. The interest income earned through the short-term investments is shown under Interest from Other Investments.



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24. Staff Expenses

	2023 Rs.	2022 Rs.
Salaries and Wages	114,622,376	124,696,647
Other Allowances	174,403,863	180,128,106
Employee Provident Fund	42,755,626	46,507,826
Employee Trust Fund	8,551,128	9,301,568
Leave Encashment	6,960,151	7,501,654
Bonus	9,060,561	9,690,863
Over time and Holiday Payment	9,713,849	7,197,885
Welfare Expenses	38,885,080	30,483,367
Gratuity	4,426,929	12,250,981
Death Grant for Employees	3,652,560	-
Staff Cost on Loan Benefits – (IFRS Adjustments)	19,906,515	30,206,157
Total Staff Expenses	432,938,638	457,965,055

25. Meetings, Seminars and Workshop Expenses

	2023 Rs.	2022 Rs.
Meetings, Seminars, Workshops Expenses - Local	1,642,653	274,870
Meetings, Seminars, Workshops Expenses - Foreign	6,421,030	1,992,788
COSCAP Committee Meeting Expenses	-	5,240,150
Total Meetings, Seminars and Workshops Expenses	8,063,683	7,507,808

26. Training Expenses

	2023 Rs.	2022 Rs.
Training Expenses - Local	4,116,875	1,316,568
Training Expenses - Foreign	5,542,223	157,722
Total Training Expenses	9,659,098	1,474,290

27. Administration and Other Expenses

	2023 Rs.	2022 Rs.
Inspections	2,695,915	1,348,751
Out Door Meetings	62,229	55,595
In House Meetings	1,923,185	488,386
Travelling Expenses - Local	2,456,557	1,629,096
Consultancy and Legal Fees	349,903	249,344
External Technical Assistance	44,990,350	25,216,200
Interviews / Staff Evaluations	371,897	33,545
Board Payments	1,570,000	760,500
Maintenance of Property, Plant and Equipment	3,926,456	2,763,805
Stationery and Consumable Expenses	23,882,546	14,662,702
Domestic Airport Development	992,000	209,118
Other Supplies	1,354,916	1,280,921
Telecommunication	12,342,350	11,790,472
Postal Charges	626,994	412,868
Contributions to the International Civil Aviation Organization	63,622,713	72,653,816
Subscription for Publication & Advertisement	6,876,986	2,033,391
Examination Fee	2,673,639	1,655,285
Printing Expenses	9,025,685	5,846,738
Exchange Loss on Foreign Currency Transactions	911,208	-
Bank Chargers	500	-
Finance Cost of the Lease Liabilities	6,682	4,296
Audit Fee	1,079,400	881,200
Loss on Disposal of Assets	862,778	3,550
Translation and Typing Expenses	95,524	84,398
Welfare Utilities - Sports	540,453	64,445
Sundry Expenses	19,225	22,675
Fuel & Lubricants	26,953,740	11,004,059
Vehicle Maintenance	17,971,645	11,611,738
Rent and Hire Charges	16,977,099	15,851,355
Common - Welfare	17,317,284	10,442,710
Expenses for Office Buildings and Quarters		
Electricity	35,621,216	17,716,285
Water	3,092,733	1,650,734
Security	11,883,755	9,997,320
Janitorial	13,494,800	10,993,835
Other Maintenance	27,009,417	14,284,852
Management Services	2,520,000	3,026,755
Landscaping & Maintenance	3,221,448	-
Aviation Development	1,666,401	1,203,617
IT Maintenance	4,430,822	8,952,010
Total Administration and Other Expenses	365,420,451	260,886,367

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Notes to the Financial Statements

28. Income Tax Expenses

The significant components of income tax expenses for the year ending 31 December are as follows.

	2023 Rs.	2022 Rs.
Current Income Tax	-	-
Current Tax Charges		
Income Tax Expenses	172,206,560	618,309,763
Deferred Tax		
Charge/ (Reversal) in respect of deferred Taxation (Note 39)	36,714,169	26,205,237
Total Tax Expenses	208,920,729	644,515,000

The Tax on the Authority's Profit before Tax differs from the theoretical amount that would arise using a basic tax rate 30% applicable to a profit of the Authority as follows.

	2023 Rs.	2022 Rs.
Profit Before Tax	4,557,199,326	3,387,758,674
Tax calculated at the effective rate of 30%	1,367,159,798	863,878,462
The Tax on expenses is not deductible from the tax	426,214,796	182,258,816
The effect on Expenses/ Income deductible for tax	(1,621,168,033)	(427,827,515)
Tax losses for which no Deferred Income Tax Asset was recognized	36,714,169	26,205,237
Total Tax Expenses	208,920,729	644,515,000

29. Property Plant and Equipment

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

- The Authority has revalued all assets as of 30.12.2023 except Land and Building by an internally appointed committee as the Ministry's Audit and Management Committee recommended. The Valuations of Lands and Buildings are yet to be received from the Government Valuer, and those values will be adjusted to Financial Statements - 2024

This valuation was carried out to disclose the market value of assets owned by the Authority. Fair value refers to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the property's nature, location or condition. These valuation techniques are appropriate in the circumstances for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. The changes in fair value are recognised in other comprehensive income and the statement of equity.

- Classification changes have been identified during the year, and reclassification has been done accordingly, depicted in the note no. 30 and 31 as per the LKAS 1. The above Reclassification did not affect the profit.

- iv. The Cabinet of Ministers, in terms of its decision taken on 29th January 2019, which has been revised by its subsequent decisions taken on 05th February and 02nd April, has approved the development of Palaly Airport for the operation of Regional Commercial Flights using domestic funds composed of Rs. 900 million and Rs. 1,050 million contributed by CAASL and Sri Lanka Tourism Development Fund (SLTDA) respectively.
- v. Regarding section 9 of the Civil Aviation Authority Act No. 34 of 2002, the Hon. Minister of Transport and Civil Aviation has published a Gazette Notification 1973/78 dated 1st July 2016 to transfer and vest Batticaloa with the Civil Aviation Authority of Sri Lanka. Accordingly, the land and buildings were taken to the CAA Asset Register in 2017 and 2018. These properties have been leased to Airport and Aviation Services Sri Lanka (Ltd.) for operation
- vi. The Department of Inland Revenue has disallowed the input tax related to the capital expenditure of Batticaloa Circuit Bungalow and Jaffna International Airport. The previous year's depreciation had charged to the accumulated profit and shown as the disallowable input tax in the Statement of Equity. Opening balances of Assets and Accumulated depreciation have been adjusted as follows:

	Capitalised to	Disallowable Input Tax	Previous years Depreciation
Jaffna International Airport	Buildings	88,769,981	
Batticaloa Circuit Bungalow	Buildings	10,177,693	2,054,826
	Plant, Machinery & Equipment	151,488	119,343

Accumulated Depreciation	Closing Balance 31/12/2022	Adjusted Amount	Opening Balance 1/1/2023
Buildings	383,786,098	2,054,826	385,840,924
Plant, Machinery & Equipment	64,563,539	119,343	64,682,882

- vii. By virtue of the powers vested under section 9 of the Civil Aviation Authority of Sri Lanka Act, No.34 of 2002, the Minister of Transport and Civil Aviation has made an Order by Extraordinary gazette No: 2050/38 dated 21.12.2017 to transfer and vest in the Civil Aviation Authority of Sri Lanka the following aerodromes, specified in the Second schedule and the aeronautical facilities and the land appertaining thereto specified in the Third Schedule of the aforementioned Act, that are specified in the Schedule hereto with immediate effect

Aerodromes (Specified in the Second Schedule)

- ➔ Katunayake Airport
- ➔ Ratamalana Airport

Aeronautical Facilities and Land appertaining thereto ((Specified in the Third Schedule)

- ➔ The Civil Aviation Training Centre at Kandawla Road, Rathmalana, the building and structures thereon and the land appertaining thereto.
- ➔ The Aeronautical Communication Transmission Station at Attidiya, Ratmalana, the buildings and structures thereon and the land appertaining thereto.
- ➔ The Radio Navigational Aid for Bandaranaike International Airport located at Madampella, Gampaha, the buildings and structures thereon and the land appertaining thereto.

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Notes to the Financial Statements

- ➔ The Radio Navigation Aid for the runway at Bandaranaike International Airport located at Kapungoda, Pamunugama in Gampaha, the buildings and structures thereon and the land appertaining thereto
- ➔ The Radar Station located at Mount Piduruthalagala, the buildings and structures thereon and the land appertaining thereto.
- ➔ The Land at Piduruthalaga, in NuwaraEliya District, where the holiday bungalows for aviation staff have been constructed, including any structures thereon or appertaining thereto.
- ➔ The block of land of 0.125 hectares in extent bearing parcel No. 976, which is situated in Anuradhapura New Town, No. 249 Stage II-Gramasevaka Division, of Nuwaragampalatha East Divisional Secretariat Division of Anuradhapura District. The above properties' value will be taken into the CAASL Asset Register once the survey plans and valuations are finalised and assets transferred in terms of Civil Aviation Authority Act No. 34 of 2002.

Category of Assets	Balance as at 01/01/2023	Additions/Transfers	Revaluation	Disposals	Balance as at 31/12/2023	Balance as at 31/12/2022
Cost:						
Land	575,826,244	8,116,895	-	-	583,943,139	575,826,244
Building	1,858,139,292	573,706,555	-	-	2,431,845,847	1,858,139,292
Container Structures	4,315,018	-	-	-	4,315,018	4,315,018
Vehicles	155,322,995	-	14,413,320	-	169,736,315	155,322,995
Plant and Machinery	104,834,293	12,579,081	(30,897,564)	(7,988,659)	78,527,152	104,834,293
Furniture and Fittings	52,933,789	2,170,572	(18,544,672)	(1,138,649)	35,421,039	52,933,789
Other Fixed Assets	536,144	-	-	(319,936)	216,208	536,144
	2,751,907,775	596,573,103	(35,028,916)	(9,447,244)	3,304,004,718	2,751,907,775

Category of Assets	Balance as at 01/01/2023	Charge for the year	Revaluation	Disposals	Balance as at 31/12/2023	Balance as at 31/12/2022
Depreciation						
Building	385,840,924	118,091,412	-	-	503,932,336	383,786,098
Container Structures	408,567	388,352	-	-	796,919	408,567
Vehicles	33,762,870	14,587,676	(36,078,368)	-	12,272,178	33,762,870
Plant and Machinery	64,682,882	11,813,628	(66,067,435)	(7,156,257)	3,272,817	64,563,539
Furniture and Fittings	35,586,641	4,816,385	(37,213,906)	(1,024,784)	2,164,335	35,586,641
Other Fixed Assets	484,260	1,393	-	(295,240)	190,413	484,260
	520,766,143	149,698,845	(139,359,710)	(8,476,281)	522,628,998	518,591,974
Written Down Value					2,781,375,720	2,233,315,802

30. Intangible Assets

Category of Assets	Balance as at 01/01/2023	Additions/ Transfers	Revaluation	Disposals	Balance as at 31/12/2023	Balance as at 31/12/2022
Cost:						
IT Software	35,845,518	8,125,000	(29,740,901)	-	14,229,616	35,845,518

Category of Assets	Balance as at 01/01/2023	Charge for the year	Revaluation	Disposals	Balance as at 31/12/2023	Balance as at 31/12/2022
Depreciation						
IT Software	23,916,192	7,638,729	(30,828,816)	-	726,105	23,916,192
Written Down Value					13,503,511	11,929,326

31. Right-Of-Use Asset - Weerawila Land

The Authority received the Land of Circuit Bungalow, Weerawila, under a 30-year lease agreement from the government in January 2008. The Authority has charged lease payments to the Profit and Loss Account up to 31.12.2019. The Institute of Chartered Accountants of Sri Lanka has issued SLFRS 16 for Leases, which supersedes LKAS 17. Hence, the Civil Aviation Authority retrospectively adopted this standard on the 1st of January 2020 with the cumulative effect of initially applying the standard recognised at the date of initial application following paragraphs C7–C13 of SLFRS 16.

The carrying amounts of recognised right-of-use assets are shown below.

	2023 Rs.	2022 Rs.
As at 1st January 2022	315,505	336,539
Additions	-	-
Depreciation Expense	(21,034)	(21,034)
As at 31st December 2022	294,471	315,505

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32. Capital Work In Progress

- CAASL has spent money on survey plans for developing domestic airports at Puttlam and Bandarawela, which were proposed in National Budgets. As the development of these domestic airports has not been finalised, the expenses have shown as domestic airport development expenses under the Administration and Other Expenses with the approval of the Board of Directors.
- Jaffna Airport Construction expenses of Rs. 446,509,332/- had been capitalised in 2023 with the approval of the Board of Directors and advance payments of Rs. 170,621,991/- under the Advance- Palaly.
- The amounts paid for survey plans of Airport Lands are shown under the acquisition of Airport Lands.
- Part Payments made for soundproofing of meeting rooms of Head Office (Rs.5 078,125/-), Embarkation Management Software (4,730,000/-), and Automated Personal Licensing System (1,125,000/-) mentioned under IT Development.

	2023 Rs.	2022 Rs.
Domestic Airport- Bandarawela	-	677,000
Domestic Airport- Puttalam	-	315,000
Jaffna International Airport - Palali	-	446,509,332
Acquisition of Airport Lands	457,610	323,210
Constructions – Head Office	5,954,050	-
Constructions – Inspector Quarters	-	2,163,312
IT Developments	5,855,000	10,933,125
	12,266,660	460,920,979

33. Trade Receivables

	2023 Rs.	2022 Rs.
OSS & Embarkation Service Charge Income Receivable	352,585,282	291,010,409
Other Debtors	3,198,055	2,905,039
	355,783,337	293,915,448

34. Staff Loans

	2023 Rs.	2022 Rs.
Staff Loans	123,266,279	134,590,825
Deferred Staff Cost (Loans)	(62,504,044)	(78,609,923)
	60,762,235	55,980,902

35. Financial Assets

	2023 Rs.	2022 Rs.
Treasury Bills	3,938,043,298	3,408,791,366
Treasury Bills – Gratuity Fund	21,196,052	66,185,597
Less: Differed Interest Income	(221,581,007)	(122,122,458)
	3,737,658,343	3,352,854,505

A separate investment is maintained for Retirement Benefit Obligation and has been included in the Financial Assets.

36. Advances, Prepayments and Other Receivables

	2023 Rs.	2022 Rs.
Advances	176,789,416	175,649,471
Prepayments	19,418,757	12,509,901
VAT Receivable	136,799,321	255,416,974
Interest Income Receivable	54,399,217	23,236,120
Prepaid Staff Cost	62,504,044	78,609,923
	449,910,755	545,422,389

50% of the receivable VAT balance has been cleared by the Department of Inland Revenue and Continuous follow-up actions are ongoing to clear the remaining amount.

There is a receivable income tax amount due to the Rs. 4,000,000,000 contributions to the consolidated fund.

37. Cash and Cash Equivalentents

	2023 Rs.	2022 Rs.
Cash at Bank		
Current Account: 000 202 6666 - BOC	118,716,340	63,290,060
Current Account: 000 202 6678- BOC	130,291,453	978,156,779
Current Account: 0088591866 -BOC (Lanka QR)	841,237	147,950
USD Account: 89897817- BOC	5,061,829	98,137
Current Account: 324 100 190 023 731- Peoples Bank	590,591,556	214,916,769
Call Deposits	2,604,500,000	1,335,000,000
Petty Cash Advances	1,518,000	737,000
Total Cash and Cash Equivalentents for Cash Flow Statements	3,451,520,415	2,592,346,695



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The Authority has opened a USD Account in the Bank of Ceylon to collect money from foreign customers and to issue currency to inspectors going abroad for inspections. Foreign exchange gains and losses related to Foreign Currency Transactions are presented in the Statement of Comprehensive Income under 'finance income or cost.' The Authority has opened a separate current account to collect money through the Lanka QR payment method.

38. Government Grants Received

- The value of Batticaloa Airport Buildings and Lands transferred to the CAASL in terms of section 9 of the Civil Aviation Authority Act No. 34 of 2002.
- The value of the two vehicles, 65-3651 and 65-3653, received from the ICAO Project.
- The value of 3 units of Breath Analyzer test for Alcohol received from Japan's Grant Aid for the Economic and Social Development Programme for Sri Lanka as a donation through the Department of External Resources.

Government Grants as at 01.01.2022	558,598,755
Add: Grants Received during the year 2022	-
Less: Amortization for the year 2022	(3,709,152)
Government Grants as at 31.12.2022	554,889,603
Add: Grants Received during the year 2023	
Less : Disposal of Assets received as Grants	(18,113)
Less: Amortization for the year 2023	(3,709,152)
Government Grants as at 31.12.2023	551,162,338

	2023 Rs.	2022 Rs.
Land	522,374,500	522,374,500
Buildings	26,498,005	28,799,702
Plant, Machinery & Equipment	205,331	205,331
Furniture & Fittings	5,793,653	7,201,109
Other Fixed Assets	-	18,113
Total	554,871,490	558,598,755
Amortisation for the year	(3,709,152)	(3,709,152)
Balance at the end of the year	551,162,338	554,889,603

39. Retained Earnings

	2023 Rs.	2022 Rs.
At the beginning of the year	5,826,217,782	4,029,697,346
Current year Profit	4,348,278,597	2,743,243,673
Other Comprehensive Income / (Expenses)	(14,345,234)	53,276,761
Prior Year Adjustments: Disallowable Input Tax	(22,305,396)	-
Transfers to the Consolidated Fund	(4,000,000,000)	(1,000,000,000)
As of the end of the year	6,137,845,749	5,826,217,782

40. Revaluation Surplus

	2023 Rs.	2022 Rs.
Vehicles	149,478,190	98,986,502
Plant, Machinery & Equipment	42,821,221	7,651,349
IT Software	1,087,915	-
Furniture & Fittings	25,843,908	7,174,674
	219,231,233	113,812,525

41. Deferred Tax Liability

	Statement of Financial Position		Statement of Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liability on:				
Defined Benefit Plan	21,302,565	19,974,485	1,328,079	3,124,000
Accelerated Tax Depreciation	78,881,946	43,495,855	35,386,090	23,081,237
	100,184,511	63,470,341	36,714,169	26,205,237
Deferred Tax Asset on:				
Accelerated Tax Depreciation	15,596,177	15,596,177	-	-
Defined Benefit Plan				
	15,596,177	15,596,177	-	-
Other Comprehensive Income				
Deferred Income Tax Charge (Note No 28)			36,714,169	26,205,237

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Deferred Income Tax Assets and Liabilities are set off when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes are related to the same fiscal authority. The net deferred tax amount is as follows.

	2023 Rs.	2022 Rs.
Deferred Tax Asset	15,596,177	15,596,177
Deferred Tax Liability	(100,184,510)	(63,470,341)
Net Deferred Tax Asset and Liability	(84,588,333)	(47,874,164)

42. Lease Liability

	2023 Rs.	2022 Rs.
As at 1st January	307,013	329,502
Additions	-	-
Accretion of Interest	6,682	4,296
Payments	(32,141)	(26,784)
As at 31st December	281,554	307,014

43. Provisions and Other Liabilities

	2023 Rs.	2022 Rs.
Staff welfare fund	158,564	142,337
Bank Guarantee Deposits (Embarkation Levy)	219,740,948	23,408,553
Accident Investigation Fund	48,322,696	48,944,519
	268,222,208	72,495,409

44. Retirement Benefits Obligation

Movement in the liability recognised in the statement of Financial Position is as follows.

	2023 Rs.	2022 Rs.
At the beginning of the year	21,196,052	66,185,597
Current Service Cost		1,661,286
Interest Cost	4,426,929	10,589,695
Payments made during the year	(8,390,100)	(3,963,765)
(Gain)/ Loss arising from changes in assumptions period	14,345,234	(53,276,761)
As of the end of the year	31,578,115	21,196,052

The principle assumptions used in determining the cost of employee benefits using the projected unit credit method to calculate the liability for Defined Benefit Obligation at year-end were:

	2023	2022
Discount Rate	12%	16%
Rate of Future Salary Increase	1%	1%
Cost of Living Allowance Increase Rate	0%	0%
Rate of Staff Turnover	0%	0%
Retirement Age	60 years	60 years

The liability for Defined Benefit Obligation is not externally funded; a separate investment is maintained for the value of the Retirement Benefit Obligation at the end of each year.

45. Trade Payables

- i. The Cabinet of Ministers, in terms of its decision taken on 11th October 2019, has approved retaining the Embarkation Levy remittance of Civil Aviation Authority of Sri Lanka (CAASL) to Sri Lanka Tourism Development Authority (SLTDA) up to Rs. 1,050/- million to be used for the development of Jaffna (Palaly) international airport for operation of regional commercial flights. Rs. 1,050,000,000/- retained has been stated under “Deposit- Jaffna International Airport Development – SLTDA.”

	2023 Rs.	2022 Rs.
Deposit Inspection Charges and Operations	18,533,532	9,217,631
Payable to AASL, Tourism Development Authority and Government Treasury	2,585,713,770	1,313,115,658
Deposit – Jaffna International Airport Development - SLTDA	1,050,000,000	1,050,000,000
Other Creditors	2,361,140	53,466
	3,656,608,443	2,372,386,755



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Notes to the Financial Statements

46. Other Payables

	2023 Rs.	2022 Rs.
Accrued Expenses		
- Staff Expenses		
EPF	5,684,076	8,578,034
Leave Encashment	6,960,151	7,506,608
Bonus	52,050	-
ETF	682,089	1,029,364
Welfare Payments	117,500	92,220
PAYE	879,699	103,460
Salaries and Wages	1,888,271	269,398
- Training	45,000	-
- Administration and Other Expenses		
Subscriptions to ICAO	-	32,342,133
Printing	6,537,204	4,200,000
Electricity	3,439,637	2,017,706
Welfare - Common	1,486,238	1,460,000
Building Maintenance - Other	2,366,637	1,162,825
Janitorial	1,140,697	1,114,872
External Technical Assistance	3,319,700	1,222,000
With Holding Tax deductions	683,146	-
Telecommunication	1,041,338	1,021,410
Security	1,015,665	1,004,590
Audit Fees	1,035,000	990,600
Rent and Hire Charges	1,480,960	-
Other Expenses	1,909,597	1,586,735
	41,764,655	65,701,955

47. Income Tax Liabilities

	2023 Rs.	2022 Rs.
Balance at the beginning of the year	482,052,569	173,292,906
Provision for the year	172,206,560	618,309,763
VAT Refund setoff (Y/A 2024/25)	(8,250,934)	-
Paid during the year	(765,282,046)	(309,550,100)
Balance at the end of the year	(119,273,851)	482,052,569

48. Contingent Liabilities

Several cases have been filed against CAASL at Negombo High Court, Colombo High Court and Court of Appeal, and there is a possibility of generating a considerable amount of financial liability against CAASL for those cases.

49. Events After The Balance Sheet Date

No material events have occurred after the Statement of Financial Position that require adjustments to or disclosure in the Financial Statements except for the following.

As per the Regulation made by the Minister of Finance and Planning under section 13 (2) of the Air Navigation (Special Provision) Act No.55 of 1992, published in the Gazette Notification No. 1550/7 dated 22nd May 2008 an Overseas Sales Surcharge (OSS) of USD 60 is levied respect of every passenger ticket issued outside Sri Lanka for air travel originating in Sri Lanka. The regulation empowered the Civil Aviation Authority of Sri Lanka (CAASL) to collect the said OSS and credit it to the Consolidated Fund as specified by the Director General of Civil Aviation. Accordingly, since 2008 to date, CAASL has collected the said OSS and taken it as revenue into the Authority's owned fund, which is permitted in section 12 of the Civil Aviation Authority Act No. 34 of 2002 (CAA Act). After charging appropriate revenue and capital expenditure relating to the regulatory scope mandated by the said CAA Act, CAASL has remitted the surplus to the consolidated fund every year as practice. From 2008 to 2023, a total of Rs. 9,668,000,000.00 was remitted to the consolidated fund.

In relation to the Annual Audit for the year ended 31st December 2022, the Auditor General raised a concern in this regard and, making qualification, in his opinion, stated that OSS should be credited directly to the Consolidated Fund without taking it into the Authority's owned fund. This position has been subsequently ratified by the Cabinet of Ministers at its meeting held on 20th November 2023.

Minister of Ports, Shipping and Aviation, who is the line Minister in charge of the Civil Aviation Authority intervened on this decision and requested the cabinet to reconsider the said decision and allow the CAASL to retain an appropriate sum to cover the recurrent expenditure and capital expenditure relating to the activities coming under the regulatory scope of work of the Civil Aviation since the said OSS revenue represents 80% of the total annual revenue in the CAASL Financial Statements.

The cabinet of Ministers has given approval to retain Rs. 90 million from monthly OSS revenue for the monthly expenses of CAA at the meeting held on 19.02.2023.



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Auditor General's Report 2023



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

AAV/B/CAASL/FA/2023/06 உமது இல.
Your No.

දිනය
திகதி
Date

22 August 2024

Chairman

Civil Aviation Authority of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Civil Aviation Authority of Sri Lanka ("Authority") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



2. Basis for Qualified Opinion

- (a) The residual value and the useful life of three buildings with a carrying value of Rs.4,193,585 as at 31 December 2023 had not been reviewed and accounted as per the paragraph 51 of the Sri Lanka Accounting Standard No. 16.
- (b) Out of the Value-Added Tax (VAT) receivable amounting to Rs.136,799,321 from the Department of Inland Revenue up to 31 December, a sum of Rs.127,895,303 had been adjusted during the year as non-refundable VAT. However, no provision for impairment or disclosure had been made in the financial statements of the year under review though the recoverability of balance VAT receivable amount is doubtful.
- (c) No provision had been made against the Social Security Contribution Levy (SSCL) amounting to Rs.10,679,705, which was recognized for the ascertainment of income tax with effect from 01 October 2022 as per Section 2(c) of the Social Security Contribution Act No. 25 of 2022 in the financial statement for the previous year and the year under review.
- (d) The Authority should be liable to pay a value-added tax of Rs.112,885,849 on service charge income on Embarkation Levy from the second quarter of 2016 to 31 December 2022 and a sum of Rs.54,674,342 on service charge income of Rs.364,495,666 for the year under review as per the section (j) of the first schedule of the Value Added Tax Act No. 14 of 2002. However, the total VAT payable amounting to Rs.167,560,191 had not been accounted.
- (e) Even though the income recognition policy of the Authority for service charge on Embarkation levy is an accrual basis, the Embarkation levy receivable amounting to Rs.11,070,728,696 from six (06) airlines as at 31 December 2023 had not been accounted. Therefore, the payable to the General Treasury, Sri Lanka Tourism Development Authority and the Airport & Aviation Services (Sri Lanka) (Private) Ltd had been understated by Rs.8,303,046,522, Rs.899,496,707 and Rs.1,798,993,414 respectively. Further, service charge on Embarkation levy income of the Authority had been understated by Rs.69,192,054.
- (f) Equipment valued at Rs.1,772,902 had not been used for the operations of the Authority at the inception of the assets acquired and had remain in the stores and the health unit of the Authority. However, the Authority had fully depreciated





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those assets and revalued in the year 2022 and accounted accordingly. And also two vehicles valued at Rs.8,582,775 had remain idle in the premises of the Authority.

- (g) Balance confirmation letters had been sent to the six (6) debtors having aggregate value of Rs.178,943,596 as at 31 December 2023. However, three (03) debtors having aggregate value of Rs.173,193,596 had not been confirmed and there were differences of Rs.473,184 between the balance confirmed and the balance in the ledger.
- (h) Out of the creditors having an aggregate value of Rs.232,644,548, the balances of twelve creditors having an aggregate value of Rs.124,902,383, could not be verified due to the non-receipt of confirmations.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAUs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of financial Statements section of my report, I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Authority's 2023 Annual Report

The other information comprises the information included in the Authority's 2023 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Authority.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is





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higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.
 - 2.1.1 Except for the effects of the matters described in the basis for qualified opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Authority as per the requirement of section 12(a) of the National Audit Act, No. 19 of 2018.



- 2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3 The financial statements presented includes all the recommendations made by me in the previous year described in the basis for qualified opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.1 to state that any member of the governing body of the Authority has any direct or indirect interest in any contract entered into by the Authority which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018
- 2.2.2 to state that the Authority has not complied with any applicable written law, general and special directions issued by the governing body of the Authority as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to Law/Direction

Non compliance

- (a) Civil Aviation Authority of Sri Lanka Act No.34 of 2002

- (i) Section 7(c)

Although the Aviation Development Plan for Sri Lanka should be prepared by the Authority, it had not been prepared and approved even as at the date of this report.

- (ii) Section 7(h)

Authority should initiate investigation on aircraft accidents occurred within the territory of Sri Lanka and as per the Section 56 of the Civil Aviation Act No.14 of 2010, by appointing an Aircraft Investigation Board (Board) consisting of Authority's staff. However, without appointing such a Board, the Authority had allocated Rs.20 million, Rs.10 million and Rs.20 million in the years 2006, 2009 and 2010 respectively to the





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accidental fund. In this regard the Cabinet has taken a decision by the Decision No. CP/16/375/709/063 dated 26 July 2016 to establish an Aircraft Accident Investigation Bureau of Sri Lanka and the Cabinet has approved to appoint a chairman with staff to the Bureau and at the same time to allocate a provision of Rs.50 million from the line Ministry budget or from the Authority and amend the Civil Aviation Act No.14 of 2010. However, Authority had not taken any action to adhere the direction of the Cabinet Decision.

iii) Section 9

Action had not been taken by the Authority to publish an order of assets vesting 14 aerodromes mentioned in the Second Schedule and 08 aeronautical facilities and the land pertaining thereto mentioned in the Third Schedule of the Act in the gazette by the year 2016. Even though, 21 years had passed from the date of the Act, no action had been taken to gazette the 10 airports mentioned in the Act.

iv) Section 09 and Gazette of the Democratic Socialist Republic of Sri Lanka (Extra Ordinary) No. 2050/38 dated 21 December 2017.

Although, the Jaffna Airport has been transferred and vested in the Civil Aviation Authority by the Gazette and as per the approval given in the Cabinet meeting dated 02 April 2019 for No. CP/19/2008/105/009-1, and Jaffna airport started the operations as an international airport on 17 October 2019. Authority had not completed the process of identifying the boundaries of 2962.18 acres lands of the Jaffna airport and published them through a gazette up to the date of this report.



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| <p>(b) Section 47 of the Employee Provident Fund (EPF) Act No. 15 of 1958, Section 44 of the Employee Trust Fund (ETF) Act No. 16 of 1980 and Public Enterprises Circular No. 02/2013 dated 11 September 2013</p> | <p>Contrary to the earnings defined in the EPF and ETF Acts, the Authority has included 7 different types of allowances when calculating the contribution to the EPF and the ETF. due to this erroneous calculation a sum of Rs.125,145,338 has been over-credited to the Employees' Provident Fund and a sum of Rs.15,017,440 over credited to the Employees' Trust Fund for the sample audit period of 2020-2023.</p> |
| <p>(c) Section 4(1) of the Gazette of the Democratic Socialist Republic of Sri Lanka (Extra Ordinary) No. 2314/16 dated 11 January 2023</p> | <p>Seven (7) airlines had not furnish a bank guarantee or a sum of money amounting to Rs.3,776,266,598 as determined by the Director General as security for the money to be collected as Embarkation Levy.</p> |
| <p>(d) Regulations 07 and 08 of the Extra Ordinary Gazette of the Democratic Socialist Republic of Sri Lanka (Special) No.1550/7 dated 22 May 2008 and the Cabinet Decision No. 23/1937/628/094 dated 28 November 2023.</p> | <p>Overseas Sales Surcharge (OSS) collected as directed by the Gazette should be credited to the Consolidated Fund. However, the Authority had been recognized OSS as Authority income from the inception of the Gazette notification without being credited to the Consolidated Fund.</p> <p>Further, the Cabinet also directed the Authority to credit the relevant surcharge to the Consolidated Fund by the Cabinet Decision No.23/1937628/094 dated 28 November 2023. Accordingly, the Department of Treasury Operation had instructed to the Authority to remit the retained earnings to the Consolidated Fund. However, the Authority had not remitted the retained earning even as at the date of this report.</p> |

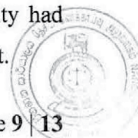




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- (e) Section 6.5.1 of the public enterprises circular No. PED/12 and dated 02 June 2003 as amended by section 6.6 of the public enterprises circular 01/2021 and dated 16 November 2021 issued guidelines on Corporate Governance for State Owned Enterprises
- Even though the financial statements for the year under review should be furnished to Auditor General within 60 days after the close of the financial year. However, the financial statements had been furnished to the audit on 24 June 2024, with a delay of 116 days.
- (f) Cabinet Decision CP/23/2271/604/221 and dated 05 December 2023 and Public Enterprises Circular No. PED 04/2023 dated 11 December 2023
- Although the Authority had mentioned in the cabinet memorandum that the authority has earned a net profit for the year 2022, the Authority had calculated the above net profit, by taking the Overseas Sales Surcharge (OSS), which should be collected and credited to the Consolidated Fund, as Authority income. Accordingly, the Authority could not be able to pay a bonus of Rs.9,060,561 since the base year 2022, had earned a loss of Rs.633,190,535.
- (g) PED Circular No. 04/2023
- Even though, as per PED Circular No. 04/2023, the above bonus may be paid for institutions not paying any incentive based on attendance, performance, or any other form of incentive, the Authority had paid a sum of Rs.63,165,455 as allowances in addition to the above bonus.
- (h) Public Enterprise Circular No; 01/2021 and dated 17 November 2021
- (i) Section 2.3
- Although the procedure manuals of the Authority should be reviewed and updated at least once in every 5 years, 44 manuals of the Authority had not been updated as at the date of this report.



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| <p>(ii) Section 3.2</p> | <p>Contrary to the circular provision, special allowance, managerial allowance, and interim allowance aggregating to Rs.73,103,022 had been paid to the officers of the Authority without obtaining the approval of the Department of Management Services.</p> |
| <p>(i) Direction 2.8 of Public Enterprises Circular No; 04/2022 and dated 08 August 2022</p> | <p>Although Authority should not incur any expenditure related to the ceremonial activities, the Authority had spent a sum Rs.1,152,344 for the ceremonial activities during the year under review.</p> |
| <p>(j) Financial Regulation 101, 103 & 104</p> | <p>Part of the Weerawila circuit bungalow had been damaged by a fire on 18 May 2022, and the service provider of the management and maintenance of the circuit bungalow had not acted as instructed by the Authority, and also the Authority had not taken action as per the financial regulations.</p> |
| <p>(k) Secretary's to the Ministry of Finance letter No; DMS/1748 and dated 09 April 2015</p> | <p>Technical allowance should be paid only for the officers who have valid licenses or certificates, However, the Authority had paid a technical allowance of Rs.32,033,682 to 27 officers without confirming the validity of licenses or certificates.</p> |
| <p>(l) Manual of Staff and Administrative Rules</p> | |
| <p>(i) Section 5.2.6 and 5.2.8</p> | <p>Although each post of a designation in the Authority should obtain approval from the General Treasury and a temporary post may be created by the General Treasury at the request of the Authority, the authority had appointed 13 designated officers during the year under review</p> |





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and paid allowances of Rs.44,990,350 without obtaining the approval of the General Treasury.

(ii) Section 14.5.1 and
14.8.2(IV)

Even though the interest rate on property loans and vehicle loans should be 7 percent, the Authority had been charged only 4.2 percent at the inception of the Manual. As a result, in sample audit revealed that loan interest income amounting to Rs.2,108,585 and Rs.1,792,073 had been lost to the Authority in year 2022 and 2023, respectively.

2.2.3 to state that the Authority has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

As per Section 1.4 of the Manual of Staff and Administrative Rules of the Authority, the rules of Corporate Governance of the Authority consist of three main parts, such as staff and administrative rules, corporate rules, and financial rules. Although the corporate rules, financial rules should be issued separately as per the manual, financial rules had not been issued up to the date of this report.

2.2.4 to state that the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for;

The Civil Aviation Authority of Sri Lanka (the Authority) expended Rs. 24,217,285 on the renovation of the Weerawila Circuit Bungalow, exceeding the allocated budget of Rs. 7.5 million. The project was awarded to a single bidder, which contravenes the Government Procurement Guidelines. Additionally, a formal contract agreement was not executed by both parties.

Although the contract was awarded on May 18, 2022, the contractor only began work on March 13, 2023, at the original bid price, despite a significant increase in material costs over the intervening 10 months. The contractor completed additional work valued at Rs. 2,193,750 without a formal request for additional funds, and this work



was not approved by the Technical Evaluation Committee (TEC) or the Procurement Committee (PC). Furthermore, a Certificate of Completion was not issued as required by Government Procurement Guidelines 8.12.2. The contract registration certificate was not obtained in accordance with Section 11(1) of the Public Contracts Act No. 03 of 1987, and the contractor's performance guarantee had expired prior to the completion of the work. Additionally, a payment of Rs. 1,792,000 was made for the replacement of sanitary ware without meeting the specified requirements for the supply and installation of such items.

2.3 Other Matters

- (a) In accordance with Paragraph 09 of Direction No. EL/01/2023, issued by the Director General of Civil Aviation on January 12, 2023, concerning the collection of Embarkation Levy, airlines that fail to remit payment within the stipulated timeframe as outlined in Paragraph 6 of the aforementioned direction are required to pay interest for each day of delay in addition to the total amount due. As of December 31, 2023, the Authority calculated delay interest amounting to Rs. 1,408,373,439 for outstanding Embarkation Levy from six airlines. However, the Authority has yet to recover these interest charges up to the date of this report.
- (b) The Authority provided advances totaling Rs. 215,710,963 to AASL for the construction of a temporary passenger terminal, fire building, and peripheral road. Although the construction of Jaffna International Airport was completed on August 11, 2020, the settlement of these advances remains unresolved as of August 31, 2023.
- (c) Four airlines applied the exchange rates prevailing on the flight date to calculate the Embarkation Levy, amounting to Rs. 1,504,761,392. This is contrary to the rate specified in Direction EL/01/2023 issued by the Director General of Civil Aviation.
- (d) The aeronautical facilities and land specified in the Third Schedule of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 have been utilized by Airport & Aviation Services (Sri Lanka) (Private) Limited without a formal lease agreement or rental fee.
- (e) As part of efforts to enhance domestic air transportation, plans were made in the 2016 Budget proposals to establish three new domestic airports at Digana, Badulla, and Puttalam through Public-Private Partnership (PPP) arrangements. The Authority incurred Rs. 2,013,605 as of December 31, 2022, for survey plans and the





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Environmental Impact Assessment (EIA) for Badulla Airport. However, construction of these three airports is currently on hold.

- (f) Despite renewing the management and maintenance contract for the Weerawila circuit bungalow with the same company since 2016, the Authority paid Rs. 5,960,000 without a valid agreement. Additionally, Rs. 1,155,000 was paid to the service provider during the renovation period.

W.P.C. Wickramaratne

Auditor General.



Reply to the Auditor General's Report 2023

Auditor General
National Audit Office
Battaramulla

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Civil Aviation Authority of Sri Lanka for the year ended 31st December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018

This has reference to your report dated 22nd August 2024 bearing No. AAV/B/CAASL/FA/2023/06.

Please find below the answers for the above-mentioned report.

1.2 Basis for Qualified Opinion

- (a) The CAASL requested the Valuation Department to revalue land and buildings in PPE from August 2023, and reports are still pending due to boundary and ownership issues.
- (b) 50% of the receivable VAT balance has been cleared by the Department of Inland Revenue and Continuous follow-up actions are ongoing to clear the remaining amount. A provision will be made in the financial statement for the year 2024.
- (c) The Department of Inland Revenue has clarified the Social Security Contribution Levy (SSCL) liability on revenue collected by the Civil Aviation Authority from the letter dated 18.10.2022, as requested by this authority. According to the clarification, Service Charge on Embarkation Levy is not liable for SSCL, reasoning that statutory charges imposed by the government are not liable for SSCL.

Thereafter, the Department of Inland Revenue issued another letter on 20.03.2023 and indicated that the service charge of Embarkation Levy is liable for SSCL. Based on that letter, IRD issued assessments on 01st October 2022. CAASLSL has appealed against the assessments, and IRD has not informed the final decision. Further, the Department of Fiscal Policy has confirmed to the Department of Inland Revenue that Embarkation Levy is a government levy which cannot be liable for VAT and SSCL

- (d) The large taxpayer unit of the Department of Inland Revenue sent a letter and issued assessments for VAT, charging VAT on the Service charge of the Embarkation Levy. CAASLSL has appealed against the assessments, providing all the grounds that CAASLSL provides a service on behalf of the government, declaration of the Service Charge of the Embarkation Levy as excepted income, and Input Tax has been disallowed proportionately in the VAT returns.
- (e) CAASL performs an intermediate role between airlines and the Treasury, collecting and disbursing the embarkation levies on behalf of the Treasury. Therefore, the payable amount is shown under the Treasury Current Account.
- (f) Below actions have been taken

Item	Value (Rs)	Actions Taken
9 DVD players	28,089.00	Keeping using at public exhibitions
15 LCD Monitors	39,136.00	Keeping using at public exhibitions

Item	Value (Rs)	Actions Taken
Breath Analyzer tester for alcohol	1,705,677.00	This is a Donation from Japan. Action will be taken to finalise this matter.
KI-8168 Rexton Jeep	7,650,000.00	Action will be taken to finalise this matter
YM - 4182 Three-Wheeler	1,000,000.00	Action will be taken to finalise this matter
Total	10,422,902.00	

- (g) and (h) the CAASL has sent letters to all debtors and creditors requesting to send balance confirmations with a copy to the Audit Superintendent.



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2. Report on other Legal and Regulatory Requirements.

2.2.2

Reference to Law/Direction	Description
(a) Civil Aviation Authority of Sri Lanka Act No 34 of 2002	
Section 7(c)	<p>The Board of Directors of the Civil Aviation Authority have approved submitting the National Civil Aviation Master Plan (NCAMP) for Cabinet approval to establish and implement a comprehensive 10-year Plan framework for Sri Lanka at its 197th Board meeting on 26th February 2024.</p> <p>In the meantime, Airport & Aviation Services (SL) Limited has submitted a proposed amendment to the CAMP. CAASLSL is currently reviewing and considering the amendment, and after compiling the proposed changes, the CAMP will be submitted to the National Planning Committee and then to the Cabinet for approval.</p>
Section 7(h)	<p>The cabinet decision to establish an independent Aircraft Accident Investigation Bureau (AAIB) was a corrective action proposed by the State in response to the finding raised by the ICAO Universal Safety Oversight Audit held in Sri Lanka.</p> <p>This Authority has taken all necessary steps, since 2016 to enact the said legislation in consultation with the Legal Draftsman. It was a long process in which we had to follow a few procedures and it is now at the final stage.</p> <p>As per the draft AAIB Bill, there are provisions to adopt the Organization Structure stipulated in the Cabinet Memorandum. Furthermore, there is a provision to have a fund of fifty million rupees annually, from the vote of the Ministry of the Minister assigned the subject of Civil Aviation. There is a provision in the draft AAIB Bill to repeal the relevant sections of the CA Act no 14 of 2010.</p>
Section 9	<p>The gazette should be made by the Minister in charge of Civil Aviation .Only 4 Airports and 6 Aeronautical facilities attached lands mentioned in the Second and third schedules have been gazetted. Other airports are used for military purposes. Only those currently operating for civil purpose, have been gazette.</p>
iv) Section 9	<p>In 1950, the Department of Civil Aviation acquired 141.6296 hectares (approximately 349 acres) of land for the purpose of establishing an aerodrome. Subsequently, in 1986, 261.7365 hectares (approximately 646 acres) were acquired by the Sri Lanka Air Force for the expansion of the airport. However, the acquisition process for these lands remains incomplete. The land area of 2,962.18 acres mentioned in the audit report includes the lands acquired by the Sri Lanka Air Force.</p> <p>Additionally, the Extraordinary Gazette No. 2142-74, dated 26.09.2019, regarding Palaly Airport, was published without specifying the boundaries of the lands. Therefore, this Authority has prepared a draft to re-gazette the lands acquired by the Department of Civil Aviation, including the boundaries, and the document has been sent for legal review.</p> <p>As stated in the audit report, this Authority has taken steps to register the 349 acres of land acquired by the Department of Civil Aviation. The remaining portion of the total 2,962.18 acres is not under the purview of this Authority.</p>

Reference to Law/Direction	Description
(b) Section 47 of the Employee Provident Fund (EPF) Act No. 15 of 1958, section 44 of the Employee Trust Fund (ETF) Act No. 16 of 1980 and Public Enterprises Circular No. 02/2013 dated 11 September 2013	<p>CAASLSL contributes to the EPF and ETF from the total employee remuneration as per section 4.7 of the Manual of Staff and Administrative Rules (SLCAP 5000), which have been approved by the Cabinet of Ministers since its inception.</p> <p>The Audit query has been submitted to the 199th Board Meeting held on 02nd May 2024 for review. The Board decided the following.</p> <p>The Board agreed to the Auditor General's finding 100%. Further, decided to hold the contribution to the EPF and ETF by calculating allowances which are contrary to the EPF Act No. 15 of 1958 and ETF Act No. 16 of 1980 as specified by the Auditor General by his letter dated 02/04/2024 excluding the allowances stipulated by the Auditor General, immediately from the month of April 2024 and proceed further.</p> <p>To write to the Commissioner of Labour to obtain an opinion regarding whether professional allowances, special allowances, managerial allowance and interim allowance are included under the "earnings" while implementing above (1).</p> <p>To submit the details of deduction and remittance of EPF and ETF to the Board every month as per the PED Circular No. 02/2013 dated 11/September/2013 to ensure the compliance with statutory obligations as recommended by Auditor General.</p> <p>The CAASL implemented the Board decision.</p>
(c) Gazette of the Democratic Socialist Republic of Sri Lanka (Extra Ordinary) No.2314/16 dated 11 January 2023	<p>Airlines have provided Bank Guarantees as a security deposit for the Embarkation Levy. The mentioned list of airlines comprised the following;</p> <p>Those are not in active operation after obtaining schedule approval</p> <p>Made cash deposits for the guarantee, and</p> <p>That has more than one month to expire the given Bank Guarantee.</p>
(d) Regulation 07 and 08 of the Extra Ordinary Gazette of the Democratic Socialist Republic of Sri Lanka (Special) No. 1550/7 dated 22 May 2008 and the Cabinet Decision No. 24/1937/628/094 dated 28 November 2023.	<p>Section 8 of the Air Transport (Passengers) Tariff Regulations No.1 of 2008 states, "Credit such surcharge so levied to the Consolidated Fund in such manner as may be specified by the Director General of Civil Aviation" The CAASLSL has been established by the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 hereinafter referred to as the 'Principal Enactment' with its own fund (Section 12). The Director General of Civil Aviation (DGCA) has acted in terms of Section 12(2) (c) of this Act, by crediting the Authority fund the amounts collected from the Airlines as Overseas Sales Surcharge (OSS).</p> <p>The Regulation referred to above has been gazette in terms of the Air Navigation (Special Provisions) Act No. 55 of 1992, notwithstanding the repeal of the provisions as per section 126(2)(b) of Civil Aviation Act No 14 of 2010, its application and enforcement has to be limited by the provisions of CAASLSL Act No 34 of 2002 Section 12 (2) (C). Therefore, DGCA is not empowered to maintain any collection account to collect and directly remit to the Treasury except the Fund of the Authority. Since the said surcharge is neither the tariff nor the levy was not gazette under any Finance Act. This legal provision has been practiced by the successive DGCA's for the last two decades.</p>



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Reference to Law/Direction Description

In terms of the said principal enactment, the DGCA is bound to comply with its provisions as he does not have any discretionary powers to deviate from the provisions of the CAASLSL Act No 34 of 2002. Any deviation from the provisions of CAASLSL Act No 34 of 2002 (Section 12) would be deemed to be a violation by the DGCA and illegal in terms of applicable provisions of the enacted law. Accordingly, from the year 2008 to 2022 aggregate of OSS received Rs.16, 981,667,778/- by the Authority is deemed to be an income to the Authority which was represented in Revenue Statements up to date. Summary of the OSS revenue by the Authority and illustrations as given below.

Since its formation, the CAASLSL with the due approval of its members of the board have remitted to the Government Treasury a sum of LKR6, 468,000,000/-(Six billion and four hundred and sixty-eight million) with annual contributions in terms of section 10(5) of Finance act No.38 of 1971 without deviating "Appropriation of net surplus revenues of public Corporation" as at to date. Since its formation on 27th of December 2002 the CAASLSL has functioned without any burden to the Government Treasury through proper financial and administrative management practices in line with the Good Governance principles of the Government. CAASLSL collected PTA income from 2002 to 2008 and credited it to the Civil Aviation Authority Fund as mentioned below.

	Rs.
2008 - 2022 OSS received	16,981,667,778.00
Less:	
Remittances to the Consolidated Fund	6,468,000,000.00
Construction of CAASL Head Office Building	895,000,000.00
Airport Development - Jaffna International Airport	900,000,000.00
Airport Development - Rathmalana International Airport	759,800,000.00
Airport Development - Baticaloa International Airport	42,199,000.00
BIA Defense Development - Purchase Sniffer Dogs	22,111,000.00
Construction of Sub Office - Mattala	45,044,000.00
Construction of CAASL Inspector Quarters - Weerawila	46,382,000.00
Construction of CAASL Inspector Quarters -Baticaloa	67,750,000.00
Construction of CAASL Inspector Quarters -Rathmalana	13,422,000.00
Construction of CAASL Inspector Quarters - Katunayaka	4,896,000.00
Other Capital Expenditure	378,690,000.00
Hosting of International Conferences in Sri Lanka	57,700,000.00
Recurrent Expenditure 2008-2022	5,906,146,000.00
Income Tax	4,039,180,000.00
Total Expenditure	19,646,320,000.00
Expenditure Covered from other Revenue Sources of CAASL	(2,664,652,222.00)

Reference to Law/Direction	Description
(f) Cabinet Decision CP/23/2271/604/221 dated 5 December 2023 and circular PED 4/2023 dated 11.12.2023	<p>The First Cabinet Decision was dated 20/11/2023, and it requested CAASLSL to transfer all OSS revenue. However, the Hon. Minister of Civil Aviation appealed this decision with a revised Cabinet Paper and proper justifications on the need to sustain CAASLSL financially for the long run. The 2nd Cabinet Decision of 19/02/2024, which has legal precedence, took into consideration the contents and submissions referring to Cabinet decision No 23/1937/628/094 on 20th November 2023 of the Hon. Minister's appealed Cabinet Paper reference -Note/ 197 /February/2024/04 and the Cabinet of Ministers further decided that the CAASLSL can retain LKR 90m per month of its OSS earnings for its expenses. From a legal standpoint, the Board is of the view that the First Cabinet Decision has been repealed by the 2nd Cabinet Decision dated 19/02/2024.</p> <p>Accordingly, the Board has decided to remit the appropriate OSS sums as per the Cabinet Decision dated 19/02/2024, effective from the J S1 Cabinet Decision dated 20/11/2023.</p> <p>Further, the remitting of the total OSS Levy does not arise as the Department of Treasury Operations, by their letter reference TO/REV /01/ 14/ 14-11 dated 22nd April 2024, has instructed the CAASLSL to send OSS revenue after the retention of LKR 90 Mon a monthly basis based on the cabinet decision dated 19/02/2024. Therefore, CAASLSL is fully compliant with the said letter.</p> <p>Hence, the Profit for the years 2020,2021 and 2022 has not changed with this decision, and the 2023 profit of Rs. 4,600,480,452/- will be reduced only by Rs. 360,288,651 / -which was the applicable amount sent to the treasury effective from 20.11.2023. OSS revenue is considered part of CAASLSL revenue, and Income Tax has been paid on it since 2002.</p>
(g) PED circular No. 04/2023	The CAASLSL does not pay managerial allowance or interim allowance based on performance or attendance.
(h) public Enterprise Circular No: 01/2021 and dated 17 November 2021	
Section 2.3	The 1st review of the Manual of Staff and Administrative Rules (SLCAP 5000) has been completed and the 2nd review is being processed. Other manuals are amended according to the requirements of International Civil Aviation Organization (ICAO).
Section 3.2	<p>Managerial allowance</p> <p>The managerial allowance is paid to the officers in the Manager category (salary scale of MM 1-1 as approved by the General Treasury), consisting of 19 Senior Civil Aviation Inspectors and 15 Managers in the cadre.</p> <p>The Authority at its 143rd meeting held on 29.03.2018, has approved a monthly allowance for managers of Rs.50, 000/- instead of a transport allowance of Rs.20, 000/-</p>



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Reference to Law/Direction	Description
	<p>The Authority at its 185 Meeting held on 01.02.2023 has decided to continue the payment of Managers' allowance due to the following reasons. This Authority cannot revert the decision since this allowance has been paid since 2018.</p> <ul style="list-style-type: none"> ➔ Grooming of middle-level managers for senior management positions for the effective implementation of succession plan and transition; This category of employees are the immediate below level to the Director in CAASL and needs to attend various duties on analyzing, planning , forecasting for execution of the Annual Work programme and the working hours are not limited to the general office hours. If they are to observe extended hours during weekdays, and if called for duty on weekends, CAASL is required to provide transport under normal circumstances. With the payment of this allowance, requirement for providing transport by the CAASL is not required which is also a cost saving to CAASL; ➔ Retention of competent officers for the service of the Authority. Due to the unique nature of the job, the International Civil Aviation Organization (ICAO) has stated as a mandatory requirement to provide remuneration with market value for the need to retain the employees of the regulatory authorities in the organization. Safety Oversight Manual (doc 9734) stated that states should take necessary measures , such as remuneration and conditions of service, to ensure that qualified personnel performing safety oversight functions are recruited and retained ; ➔ Helps the manager category employees to regulate official movements independently enabling efficient and effective discharge the assigned duties and functions devoid of worries on travelling; ➔ Due to the use of these officers to report work using their own transport arrangements, the authority does not have to face the practical problems and financial costs to provide transport facilities; ➔ Discontinuance of payment will severely affect the organizational status and standard of living of the officers in the manager category. Further, the officers in the category have been trained extensively and if they leave the CAASL , it will be a huge loss to the functions of the organization and could result in serious findings at the Audit conducted by the international Civil Aviation Organization; ➔ At the initial stage of this allowance, all the management category officials were encouraged to set up their own method of transport and they purchased vehicles by taking loans under the vehicle loan scheme from the Authority, and if the payment of the relevant allowance discontinued, they would have to face a problem in paying the loan installments; ➔ This managers' allowance is extremely helpful in continuing the surveillance activities of aviation industry carried out by senior civil aviation inspectors as they have own transport arrangements; <p>Interim Allowance The Authority at its 180th Meeting held on 08.04.2022, has approved paying the interim allowance of Rs.25,000 /-to all the employees of CAASLSL</p> <p>This allowance was given to all staff, as there has been no significant increase in their salaries since 2016. Furthermore, the cost of living has increased tremendously during the last year.</p> <p>It was also pointed out that the then Department of Civil Aviation could not recruit competent staff due to rigid regulations and to give more autonomy to DCA, the Civil Aviation Authority was established in 2002.</p>

Reference to Law/Direction	Description
	<p>Further, the Board observed that during the past the CAASL had not incurred any loss and has contributed an amount of Rs.1000 million in 2022 to the Consolidated fund and that if a privilege already given to the employees is withdrawn under the current prevailing economic hardships any resulting employee unrest may cripple the vital aviation industry in the country creating a very severe adverse impact on the already strained economy of the country.</p> <p>After considering the above, the Board at its 185th Meeting held on 01.02.2023 agreed to the continuation of the interim allowance however, since this decision has been taken as a temporary measure (at the 180th Meeting held on 08.04.2022) the Board decided that it should be absorbed into the future salary revisions/ increases.</p> <p>Accordingly, the 196th Board meeting held on 19.01.2024 has decided to deduct Rs.10, 000/- from the interim allowance of each employee and to increase the cost of living allowance which was increased by the OMS Circular no. 01/2024.</p> <p>Special allowance Special allowance of Rs.5000/- is paid according to the provisions mentioned in the Public Enterprises Circular no.01/2022 dated 18.01.2022 and the decision taken by the 177th Board meeting held on 28.01.2022.</p> <p>Technical allowance Special technical allowance is paid as per the provisions mentioned in letter no. DMS/1748 dated 09.04.2015 issued by the Ministry of Finance on the subject "Urgent need for strengthening of the Safety Oversight capabilities of the Civil Aviation Authority for the effective discharge of the international obligations cast on the State under the Convention on International Civil Aviation". When an applicant sends a request for a technical allowance, this request is evaluated by a special committee (Assessment Panel of Special Technical Allowance) and on the recommendation of the Staff Committee before the payment.</p>
(i) PED circular 04/2022	<p>The CAASLSL has taken steps to minimize the cost of ceremonial activities during the year 2023. There is a considerable drop compared to that of the years 2022 and 2021. It was an 84% decline compared to that of the year 2022.</p> <p>However, CAASLSL had to spend on the main key celebrations like the January 1st event, Sinhala and Tamil New Year event etc. mainly as a motivational factor for staff members of the CAASLSL.</p>
(j) FR 101,103 and 104	<p>This matter was identified by the Quality and Internal Audit section in its report reference no. QIA/2023/HRPM/06 – Weerawila circuit bungalow, caretaker's rest area.</p> <p>The 83rd Audit and Management Committee of the CAASLSL recommended executing the bond of Dumindu caters amounting to Rs, 252,000/- and repair immediately.</p> <p>Accordingly, at present repair work is underway.</p>
(k) Secretary to the line Ministry of Finance letter no. DMS/1748 dated 09 April 2015	<p>Special technical allowance is paid as per the provisions mentioned in letter no. DMS/1748 dated 09.04.2015 issued by the Ministry of Finance on the subject "Urgent need for strengthening of the Safety Oversight capabilities of the Civil Aviation Authority for the effective discharge of the international obligations cast on the State under the Convention on International Civil Aviation" and on the recommendation of the Assessment Panel for payment of special technical allowance and on the approval of the Staff Committee.</p>



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Reference to Law/Direction	Description
(l) Manual of staff and administrative rules	According to the para 5.2.10 of Manual of Staff and Administrative Rules (SLCAP 5000), work Assignments – In situation of exigency of service, CAASL has the power to recruit persons for special assignments outside the approved cadre. At the 136 th Board meeting held on 27/07/2017, a decision was taken for the appointment of Designated Inspectors from the Industry on assignment basis.
(i) Section 5.2.6 of the manual of staff and administrative rules	Approval of the General Treasury is not required for work assignments. According to Section 7(v) of Part 11 of the CAASL Act, the Authority has the power to engage qualified personnel as required on contract and provide for their remuneration consistent with industry standards. Further para 5.2.10 of Manual of Staff and Administrative Rules (SLCAP 5000) – Work Assignments – in situations of exigency of service, CAASLSL has the power to recruit persons for special assignments outside the approved cadre. At the 136 th Board meeting held on 27 th July 2017, a decision was taken to appoint Designated Inspectors from the Industry on an assignment basis to carry out duties that require special technical expertise.
(ii) Section 14.5.1 and 14.8.2(iv)	The Board of Directors approved increasing the interest rate to 7% for vehicle and property loans at its 193 rd meeting held on 11 October 2023. The decision is implemented.
2.2.3 National Audit Act 2018	
(a) Finance manual and Corporate Manual	<p>Financial rules</p> <p>As per Section 4.1 of the SLCAP 5000: Manual of Staff and Administrative Rules, the CAASL is required to have a separate financial manual that encompasses financial procedures and procurement guidelines/procedures. In compliance with this requirement, CAASL developed a separate financial manual, which was reviewed by the Audit and Management Committee (AMC) over several meetings in 2017 and 2018. The AMC recommended submitting the manual for Board approval at the 61st AMC meeting on 25th May 2018. However, this approval has not yet been finalized.</p> <p>The financial manual developed by CAASL essentially replicates the Finance Act, Government Financial Regulations (FR), and Procurement Guidelines, all of which are already binding on statutory boards. The Finance Act, FR and Procurement Guidelines provide comprehensive and detailed procedures that are more extensive than those outlined in the CAASL's manual.</p> <p>Considering above, the CAASL decided on the following:</p> <p>To forego the creation of a separate financial manual for CAASL and instead continuing adherence to the Finance Act, Government Financial Regulations, and Government Procurement Guidelines.</p> <p>To propose the removal of the requirement for a separate financial manual from Section 4.1 of the SLCAP 5000: Manual of Staff and Administrative Rules during the upcoming review process of the same.</p>
2.2.4 Procurement	<p>The Civil Aviation Authority of Sri Lanka (CAASLSL) has made a timely and necessary decision to refurbish the existing Circuit Bungalow located at Weerawila. This decision was taken in response to the urgent need for maintenance, as the property has significantly deteriorated over time. The bungalow's state had become so poor that staff members and customers were reluctant to visit or stay there, resulting in a loss of potential revenue for the authority.</p> <p>According to the Government Procurement Guidelines 7.12.2, when quotations are called under National Competitive Bidding (NCB), even if only one bid is received, the procurement process can still proceed under certain conditions. This guideline ensures that procurement is both fair and efficient, even in scenarios where competition appears limited. The DPC approved rates based on those existing prior to the economic crisis. Therefore, it was not practical to negotiate a downward revision of the price with the bidder, knowing that prices had increased two to threefold.</p>

Reference to Law/Direction	Description
	<p>Additionally, in their letter dated March 13, 2023, the bidder informed the Civil Aviation Authority of Sri Lanka (CAASLSL) of the challenges they are facing due to high price instability and fluctuations caused by the prevailing economic crisis, which has led to the collapse of the construction industry. Considering the prevailing economic crisis and the collapse of the construction industry, the CAASLSL procurement office sought guidance from the Departmental Procurement Committee (DPC).</p> <p>In light of the current market conditions in the country and in strict adherence to the Procurement Guidelines, the DPC made a crucial decision to re-award the contract to the same bidder. This decision was reached after a comprehensive assessment of the situation, considering various factors such as market dynamics, previous procurement practices, the bidder's performance, and, most importantly, the bidder's agreement to adhere to the same prices, which is highly beneficial to CAASLSL.</p> <p>The bidder is registered with the Construction Industry Development Authority (CIDA) at the C7 level. CIDA is the authoritative body that governs and regulates the construction industry in Sri Lanka, ensuring that all registered entities meet stringent standards of quality, reliability, and professionalism. The C7 registration denotes a high level of competence and credibility, reflecting the bidder's adherence to these rigorous standards.</p> <p>The extension had been granted as a variation to the original project scope to complete the construction of wall tile work in 12 bathrooms. This work is mutually exclusive from the originally assigned tasks, and therefore, the deadline applicable to the original project does not apply to the variation work.</p> <p>Eight years after the building's construction, a comprehensive inspection revealed significant deterioration in the sanitary ware, including sinks, toilets, and other bathroom accessories. The issues identified were discoloration, burning, and cracking. Discoloration indicated material degradation, burning suggested exposure to extreme temperatures, and cracks compromised both functionality and aesthetics. These problems diminished the sanitary ware's usability and appearance, making replacement essential. Installing new, high-quality fixtures was deemed necessary to restore hygiene standards, functionality, and visual appeal, ensuring the bungalow remained in good condition for its occupants and the image of CAASLSL.</p>
Other matters	
(a)Delayed payments of Embarkation Levy	CAASLSL has taken continuous steps to recover the delayed interest by the provision given in Subsection (3) of section 4 of the Finance Act and Embarkation Levy regulations. The matter was informed to the Line Ministry and Treasury as well. The final reminders to the respective airlines to settle the outstanding Embarkation Levy were sent and a letter has been sent to the Hon. Attorney General regarding this issue.
(b)Unresolved advances	<p>This was capitalized with the approval of the Board of Directors at its 194th meeting held on 30th October 2023.</p> <p>CAASLSL releases funds allocated for Jaffna International Airport development through the evaluation and approval of the Project Procurement Evaluation Committee (PPEC) and Project Procurement Approval Committee (PPAC). The committees were last appointed on 13th July 2020 by the Ministry (Ministry of Tourism and Aviation). Since the members are not available in the committees, a request has been forwarded to the Line Ministry to appoint committees to complete the advance settlements. Unsettled advances will be capitalized once AASL submits details. Continuous discussions are going on in this regard.</p>



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Reference to Law/Direction	Description
(c) Exchange rates when calculating Embarkation Levy	<p>Airlines did not apply the exchange rate relating to the flight date for calculating the embarkation levy except for a few incidents in which they did due to an oversight, but all these were rectified subsequently. Airlines that couldn't submit CAASLSL 015 – (23-1) provided conversion details in return based on the ticket issue date.</p> <p>The airlines had provided conversion rate details in the return based on the ticket issued date</p>
(d) Aeronautical facilities and land	<p>Based on mutual understanding, the Airport and Aviation (SL) Ltd currently utilizes these properties. Further action will be taken on the advice of the Hon. Attorney General regarding a long-term tax system and levy of fees based on the legal situation. CAASLSL has prepared a draft lease agreement for Batticaloa Airport to implement and sent it to the AASL for review. After finalizing the Batticaloa Airport lease agreement, the procedure will be followed for other Airports and Aeronautical facilities.</p>
(e) Domestic airports – Digana, Badulla and Puttalam	<p>Payments have been settled about Badulla airport for feasibility study, CEA admin charges, a paper advertisement for requesting EOI to EIA, and survey charges. Survey and CEA admin charges were made for Puttalam airport development, but the project stopped as per the Cabinet decision. In terms of developing an airport in Digana, only the committee for conducting a feasibility study was initiated.</p>
(f) Weerawila management fee	<p>A management decision was taken to extend the Agreement with Dumindu Caterers which was signed on 15th of March 2017, for another year from 16th March 2018 to 15th March 2019. The decision was made based on the terms given in Clause 2 of the signed agreement where the agreement period can be extended for another one year upon the satisfactory completion of the services.</p> <p>According to the Government procurement guidelines, the procurements process was commenced to select a suitable supplier for the management of the Bungalow for the period from 15th March 2019 to 14th March 2021. The paper advertisements were published on 12th February 2019 and the bid opening was scheduled to be carried out on 1st of March 2019.</p> <p>However, as per the letter sent by the Additional Secretary (Civil Aviation) of Ministry of Transport and Civil Aviation, the procurement process was on hold until further notice. Subsequently, extensions were given to the existing Management Company upon the instructions of the Ministry of Port, Shipping, and Aviation as follows;</p> <ol style="list-style-type: none"> 1. 1st extension – from 14th March 2019 to 28th March 2019 (2 weeks) 2. 2nd extension – from 28th March 2019 to 14th of April 2019 (2 weeks) 3. 3rd extension – from 15th April 2019 to 30th April 2019 (2 weeks) 4. 4th extension – from 30th April 2019 to 31st May 2019 (1 month) <p>Consequently, Civil Aviation Authority of Sri Lanka (CAASL) requested the Ministry to provide a solution, as the maintenance of the bungalow had been interrupted due to the absence of proper management. Considering the importance of maintaining the Circuit Bungalow, a management decision was taken to continue cleaning and security functions using the services of the companies that provided these services to the CAASL Head Office at the same rate, as an extension to the existing Janitorial contract of CAASL Head Office. As a result, management service activities were not performed until 11th January 2021, hence, no agreement was maintained, only the payment for cleaning and security activities based on the existing Janitorial contract of CAASL Head Office.</p>

Reference to Law/Direction	Description
	<p>During a meeting held on 28th December 2020 to discuss about Weerawila Circuit bungalow, it was advised by DGCA to handover the management of Weerawila Circuit Bungalow to Dumindu Caterers, previous management contractor, for a period of three months and to complete the procurement within these three months. The terms and conditions of the previous agreement were applicable for this period.</p> <p>Adhering to this decision, a letter was issued with the signature of Additional Director General of Civil Aviation to handover the management to Dumindu Caterers from 11th January 2021 to 10th April 2021. A covering approval was then obtained from DPC on 10th March 2021 for the above decision.</p> <p>Subsequently, following the government procurement process, Dumindu Caterers was awarded the contract to provide management services of Weerawila Circuit Bungalow for two years commencing from 12th April 2021 for the monthly price of Rs. 210,000.00 with a provision to extend for another one year upon the satisfactory services.</p> <p>Further, after two years of service, the contract was extended for another six months from 13th April 2023 to 12th October 2023, based on the provisions of Clause 2 of the signed agreement where the agreement period can be extended for another one year upon the satisfactory completion of the services. Moreover, on the same terms, the agreement was further extended for four months, from 13th October 2023 to 12th February 2024, until the procurement process to select a new contractor was completed.</p> <p>During the renovation period Activities such as providing security services, cleaning and sweeping the garden area, cleaning the drainage system, watering the plants, removing and replacing the curtains and sofa covers, maintaining the inventory of items, and reporting to the head office for urgent maintenance work have been conducted by the Management Contractor during the said period. Even though the renovation activities were ongoing and reservations were on hold, other services were carried out as explained above. Therefore, the fee of the management contract company was paid for carrying out the jobs mentioned in the agreement.</p> <p>Following the DPC decision, the contract was awarded to Abans Environmental Services and an agreement was signed for one year from 13th February 2024 to 12th February 2025.</p>

G.S Withanage

Chairman

Civil Aviation Authority of Sri Lanka



Annextures

Regulatory Scope

Regulated Area	2023	2022	Change (%)
Airports			
Domestic Land Airports	10	10	-
Domestic Water Aerodromes	11	11	-
International Airports	4	4	-
Airlines			
Local Airlines engaged in domestic air services	5	5	-
Local Airlines engaged in international air services	2	2	-
International Foreign Airlines	37	31	19%
Training Organizations			
Flying Schools	7	8	-13%
Type Rating Training Organizations	1	2	-50%
Engineering/Maintenance Schools	5	4	25%
Civil Aviation Training Centers	1	1	-
Air Navigation			
Air Navigation Service Providers	1	1	-
Registration and Airworthiness of Aircraft			
Large Aircraft (Maximum take-off weight 5700kg & above)	29	30	-3%
Small Aircraft (Maximum take-off weight less than 5,700kg)			
Light Transport Aircraft	40	41	-2%
Ultra-Light Aircraft	1	1	-
Helicopter	7	7	-
Hot Air Balloons	4	4	-
Synthetic Training Devices Flying Training Devices			
Local full flight Simulators – A 320/A 330/ Integrated Panel Trainer	3	3	-
ATC Simulator	1	1	-

Regulated Area	2023	2022	Change (%)
Personnel Licensing			
Student Pilot Licence Holders	253	145	74%
Private Pilot Licence Holders	100	124	-19%
Commercial Pilot Licence Holders	300	174	72%
Air Transport Pilot Licence Holders	768	293	162%
Air Traffic Control Licence Holders	68	45	51%
Aircraft Maintenance Licence Holders	275	60	358%
Flight Dispatcher Licence Holders/Flight Operation Officer Licence	4	0	-
Aeronautical Station Operator Licence Holders	0	1	-100%
Cabin Crew Member Certificate Holders	501	253	98%
Flight Instructors	22	7	214%
Flight Instructors (Restricted)	11	0	-
Ground Instructors Approvals	28	25	12%
*Class Rating Instructors	1		-
*Type Rating Instructors	9	*New Indicators	-
*Synthetic Flight Instructors	4		-
Flight Examiners	6	6	-
*Class Rating Examiners	1		-
*Type Rating Examiner	23	*New Indicators	-
*Synthetic Flight Examiners	3		-
Designated Check Pilots	20	20	-
Civil Aviation Medical Examiners/ Medical Assessor	6	6	-
Certified Aviation Security Screeners	1056	747	41%
Certified Aviation Security Instructors	20	19	5%
Certified Aviation Security Managers	23	19	21%
Air Transport Service Providers			
Global Distribution Service Providers	3	3	-
Air Transport Service Provider Licence Holders	528	442	19%
Air Transport Service Provider Licence – Group A	510	420	21%
Air Transport Service Provider Licence – Group B	18	22	-18%
General Sales Agents	26	23	13%



Annexures

Summary of CAASL's Technical Performance

Number of Regulations/Notices/Rules	2023	2022
Aircraft Operations	12	4
Aircraft Registration & Airworthiness	1	-
Aerodromes	3	5
Air Navigation Services	2	5
Aviation Security	11	6
Aeromedical Services	2	3

Initial Certification of Organizations /Personnel	2023	2022
Airlines (Foreign)	7	4
Maintenance Organizations	2	1
Pilots	492	201
Air Traffic Controllers	7	20
Aircraft Maintenance License Holders	38	30
Flight Operations Officers (Flight Dispatchers)	4	-
Flight Instructors	15	7
Flight Instructors (Restricted)	9	-
Class Rating Instructors	1	*New Indicators
Type Rating Instructors (Restricted)	-	
Type Rating Instructors	9	
Synthetic Flight Instructors	4	
Ground Instructors	27	25
Cabin Crew Members	137	7

Surveillances of Certified Organizations /Personnel	2023	2022
Ramp Inspections-Operations	13	10
Simulator Inspections	3	3
En-route Inspections	10	6
Dangerous Goods Inspections	13	15
Main Base Inspections/Instructor Observations	6	6
Designated Check Pilots (DCP Monitoring)	0	5
Ramp Inspections-Airworthiness	15	15
Aircraft Maintenance Organization Inspections	22	22
Approved Maintenance Training Organization Inspections	4	11
Continuing Airworthiness Management Organization (CAMO) Inspections	9	10
Flying Training School Inspections	16	13
Aerodrome Inspections	60	31
ATM Inspections	42	36
AIM Inspections	6	12
SMS Inspections	15	15
CNS Inspections	25	26
MET Inspections	3	-
Maps & Charts Inspections	3	3
PANS-OPS Inspections	3	-
ANS Random Inspections	0	2
Non-SKED Flight Inspections	5	5
Conduct of Aviation Security Surveillance Activities (Inspections, Audits, Investigations, Tests)	97	75
Designated Hospitals - Inspections	5	-

Audits Completed	2023	2022
Aviation Security	1	3



Annextures

Key Performance Indicators – 2023

Direction and Management	2023	2022
Authority Meetings	11	9
Audit Committee Meetings	5	4
Staff Committee Meeting	3	2
Industry Consultative Meeting	13	39

Legal Affairs & Enforcement (LA&E)	2023	2022
Primary Legislations Enacted/Draft Bills Reviewed	6	-
Subsidiary Legislations Issued/Reviewed/Revised	41	22
Agreements/MOU	24	30
No of consultations participated at the Attorney General's Department/Legal Draftsman Department	14	18
Provisions of legal advice to CAASL/DGCA on legal matters	86	110
Appearance in Courts/Lawsuits	27	31
Legal documents prepared	10	9
No of CAASL Documents Reviewed	5	9

Aviation Security (AVSEC)	2023	2022
Reviews/Amendments – NCASP& Subsidiary Documents	10	13
Evaluations/Reviews – Local Airline/Airport Operator Aviation Security Programme	6	5
Evaluations/Reviews – Foreign Airline Operator Aviation Security Programme	14	9
Evaluations/Reviews – Aviation Security Training Programme/Syllabuses	4	2
Conduct of Aviation Security Surveillance Activities (Inspections, Audits, Investigations, Tests)	97	75
Certification and Re-Certification of Aviation Security Managers	23	19
Certification and Re-Certification of Aviation Security Instructors	20	19
Certification and Re-Certification of Aviation Security Screeners	1,056	747
Approval for carriage of weapons on board/cargo holds of an aircraft	87	36
Recommendation for issuance of airport access permits	572	297
Conduct of Aviation Security Training /Lectures/Presentation	2	1

Environment, Research and Projects (ER&P)	2023	2022
International Airline Statistical Reports	357	322
Domestic Airline Statistical Reports	51	47
ICAO Reporting Forms Sent	69	52
CAASL Work Performance Statistical Reports	240	239
Provisions of Statistics for Government Institutions/General Public/Other Sections in CAASL	38	22
Bids/RFP (Request for Proposals) Issued	19	18
Awarded Contracts	130	66
Prepared CAASL Board Papers	3	3
Administration Support to CAASL Workshops/Functions/Events/Special Days	3	4
Administrative Support to Organizing Meetings/Trainings/Seminars/Workshops (Aviation)	13	1

Air Navigation Services (ANS)	2023	2022
ATM Inspections Conducted	42	36
AIM Inspections Conducted	6	12
SMS Inspections Conducted	15	15
CNS Inspections Conducted	25	26
MET Inspections Conducted	3	-
Maps & Charts Inspections Conducted	3	3
PANS-OPS Inspections Conducted	3	-
ANS Random Inspections	-	2
Non-SKED Flight Inspections	5	5
Approvals for issuances of NOTAM	326	416
AIP Supplement Issued	13	7
AIP Amendment	4	2
No of AIC issued	6	4
Number of Aerial Works Approval	73	53
Landing Clearances issued	591	383
Over flying Clearances issued	1,667	991
No of Non-Schedule Flights Approvals	2,258	1,374
AFTN Dispatched	1,983	813
AFTN Received	4,249	4,250
Number of Exemption Landing & Parking Charges	9	6
No of No Objection Notes for Diplomatic Flight (Landing)	103	73
No of No Objection Notes for Diplomatic Flight (Overflying)	176	93
No of Aircraft Overflying Colombo FIR	35,929	24,177



Annextures

Key Performance Indicators – 2023

Aerodromes	2023	2022
No of Tower Approvals	266	209
Approvals for Construction of High-rise Structures	85	122
Land Airports Certificate - Renewals	2	4
Aerodrome Surveillance Carried Out	60	31

Aviation Training & Personnel Licensing	2023	2022
Student Pilot Licences (SPL) (Issuance+ Renewals)	253	145
Private Pilot Licences (PPL) (Issuance+ Renewals)	100	124
Commercial Pilot Licences(CPL) (Issuance+ Renewals)	300	174
Airline Transport Pilot Licences (ATPL) (Issuance+ Renewals)	768	293
Air Traffic Controller Licences (ATC) (Issuance+ Renewals)	68	45
Aircraft Maintenance Licence (Issuance +Renewals)	275	60
Aircraft Maintenance Licence-Type Ratings (Issuances)	59	107
Aircraft Maintenance Licence-Categories (Issuances)	8	12
Cabin Crew Certificate (Issuance +Renewals)	501	253
Flight Operation Officer Licence (Issuance +Renewals)	4	-
Aircraft type Rating for PPL, CPL& ATPL Issuances	96	66
Instructor Rating – (Issuance +Renewals)	47	7
Flying School Licences (Issuance +Renewals)	7	9
Ground Instructor Approvals (Issuance +Renewals)	28	25
Air Traffic Controllers Rating (Issuances+ Renewals)	118	106
Issuance of NIB Clearances	231	56
PPL Examination (Number of Papers)	573	493
AML Examination (No of Exams)	5	2
AML Examination (Number of Papers)	2,650	1,440
ATPL (A) Examinations	109	101
ATPL (A) Number of Papers delivered	1,653	1,375
ATPL (H) Examinations	3	9
ATPL (H) Examination (Number of Papers)	17	27
English Language Proficiency Check (ELPC)	127	140
Flight Instructor (Restricted) Examination (Theory & Viva)	9	4

Aircraft Operations	2023	2022
Special operations	1	-
Foreign Air Operator Certificate - Initial	7	4
Foreign Air Operator Certificate - Renewal	34	42
Dangerous Good transport licenses - Initial	2	5
Dangerous Good transport licenses - Renewal	11	17
DCP/TRE Initial	-	1
DCP/TRE Renewal	-	7
International Air Operator Certificate-Renewal	1	3
Simulator Renewal	2	3
PPC Authorization	57	62
Surveillance Activities Performed	67	45
Drone Registered - Local owners	1,388	1,091
Drone Registered - Foreign owners	2,388	1,526

Aircraft Registration & Airworthiness (AR&AW)	2023	2022
Surveillance activities carried out (Ramp, Audit)	96	98
Certificate of Airworthiness of aircrafts-Initial	2	1
Certificate of Airworthiness of aircrafts-Renewal	40	45
Certificate of Registration of aircrafts-Initial	4	1
Certificate of Registration of aircrafts-Renewal	63	55
Maintenance Organization (Local) - Initial	1	-
Maintenance Organization (Local) - Renewal	17	18
Maintenance Organization (Foreign) - Initial	1	1
Maintenance Organization (Foreign) - Renewal	45	56
Maintenance Training Organization - Initial	1	-
Maintenance Training Organization - Renewal	4	1
Continuing Airworthiness Management Organization - Initial	1	6
Continuing Airworthiness Management Organization - Renewal	9	5
Investigations of Aviation Occurrences	339	298



Annexures

Key Performance Indicators – 2023

Air Transport & Economic Regulations (ATER)	2023	2022
Domestic flight schedule approvals	72	55
Evaluations Conducted for Air Transport Providers	123	46
International flight schedule approvals	477	492
Visa Recommendations for Foreign Technical/Non-Technical Experts Staff	110	86
Charter License for Sri Lanka Registered Airline	4	7
Airline License for Sri Lanka Registered Airline	2	2
Charter licenses – International Operations	2	2
Charter licenses - Domestic Regular Operations	2	8
Air Transport provider's licenses	528	442
Foreign Airline Licenses	33	6
Existing Air Service Agreements Reviewed	1	1
Consumer Complaints Handled	52	48
Open skies air services agreements at the end of the year	19	19

Human Resources & Property Management (HR&PM)	2023	2022
Staff Recruitments	10	1
Total Staff (on Permanent Cadre)	168	172
Foreign Trainings/Seminars/Workshops Facilitated	15	7
Foreign Meeting/Conferences/Symposiums Facilitated	18	4
Foreign Inspections Facilitated	16	8
Local Trainings/Seminars/Workshops Facilitated	14	1
Local Inhouse Training Programmes Facilitated (Including Indoctrinations)	09	11
Online Training/ Seminar/Workshops Facilitated	11	18
Online Meetings/Conferences Facilitated	02	2
Performance Evaluations Processed	102	98
Staff Loans Facilitated	80	72

Quality & Internal Audit (Q&IA)	2023	2022
Audits Conducted	104	94
Findings Raised	133	86

Aviation Safety Monitoring	2023	2022
Incidents Reported	16	6
Occurrences Reported	364	321
Minor Injuries to Passengers or Crew	1	2
New Guidance Materials Produced	-	2
Existing Guidance Materials Revised	1	2
Existing IS Revised	1	-
Accident/Incident Verifications on License Holders	96	106

Aeromedical Services (AMS)	2023	2022
Medical Examinations	1,657	1,348

Information Technology (IT)	2023	2022
No of Complaints - Help Desk Support	11,732	12,583
No of Resolved Complaints - Help Desk Support	11,732	12,583
Evaluations Conducted for New IT Equipment Purchased	9	2

Civil Aviation Promotion & Media	2023	2022
CADEC Programme Conducted	5	5
Workshops for School Students	8	2
Conduct of Special Activities and Awareness Programmes	4	1
Press Articles	30	20
TV Programmes	24	21

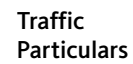
Technical Library	2023	2022
ICAO Documents Accessed and Distributed	267	1,085



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Traffic Particulars

	2023	2022	Growth (%)
International Traffic			
Passengers			
Embarked	3,837,541	2,878,370	33%
Disembarked	3,637,041	2,624,169	39%
In Transit	899,229	881,226	2%
Cargo (Metric Tons)			
In Bound	65,071	63,612	2%
Out Bound	93,544	103,357	-9%
Aircraft Movements			
Scheduled Flights	44,995	35,917	25%
Charter Flights	1,309	1,682	-22%
Number of Airline Operated			
Scheduled Services	33	30	10%
Charter	35	25	40%
All Cargo	4	4	-
Domestic Traffic			
Passengers Carried	11,955	6,519	83%
Aircraft Movements	4,070	1,539	164%
Number of Airlines Operated	5	5	-
Scheduled Flights	2	2	-
Charter Flights	3	3	-







CIVIL AVIATION AUTHORITY OF SRI LANKA

No.152/1, Minuwangoda Road, Katunayake

Telephone: +94 112 358 800 Facsimile: +94 112 257 154

E-mail: info@caa.lk

Website: www.caa.lk