



Safe and Efficient Skies for all



ANNUAL REPORT 2018

CIVIL AVIATION AUTHORITY OF SRI LANKA



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

THEME SONG OF THE CIVIL AVIATION AUTHORITY OF SRI LANKA

Sri Lanka, Civil guwan seva adikariya
Kith yasasin sudile
Heli kota heli hele //

Sakvithi ravana aadi yugeth
Dandu monarin guwana dina//
Vikmathi lakdana va-riya polinuth
Pa vidu nuwana mana//

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

Ratavesi yuthukam itu vana ayurin
Mau bima ha bademu //
Samaja mehewara sara daham reka
Vagakeemen pudamu//

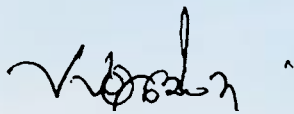
Lyrics : Late Kalasuri. Arisen Ahubudu

Singer : Late Kalakeerthi Deshamanya Dr. Pundit W. D. Amaradewa

Melody : Late Kalakeerthi Deshamanya Dr. Pundit W. D. Amaradewa

HON. MINISTER OF TRANSPORT & CIVIL AVIATION,

The Annual Report - 2018 was prepared in fulfillment 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 2018 to 31st December 2018 and the Statement of Financial Position of the Authority for the financial year 2018.



Ananda Wimalasena
Chairman

Civil Aviation Authority of Sri Lanka
28th February 2019

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ABBREVIATIONS

AE	Aerodromes
ANS	Air Navigation Services
AASL	Airport and Aviation Services [Sri Lanka] Ltd
AIU	Accident Investigation Unit
ADG	Additional Director General
AME[BL]	Aircraft Maintenance Engineer [Basic Licence]
AML	Aircraft Maintenance Licence
AMO	Approved Maintenance Organization
AMT	Aircraft Maintenance Technician
ANR	Air Navigation Regulations
AOC	Air Operator Certificate
AS	Aeronautical Services
ASN	Aviation Safety Notice
AT&ER	Air Transport and Economic Regulation
ATC	Air Traffic Control/ Air Traffic Controller
Av. Sec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAASL	Civil Aviation Authority of Sri Lanka
CADEC	Civil Aviation Development and Educational Committee
CEO	Chief Executive Officers
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
CSI	Cabin Safety Inspector
CofR	Certificate of Registration
D	Director
DDG/ASR	Deputy Director General [Airspace and Security Regulation]
DDG/CAER	Deputy Director General [Corporate Affairs and Economic Regulation]
DDG/FSR	Deputy Director General [Flight Safety Regulation]
D/AED	Director/Aerodromes
D/ANS	Director/Air Navigation Services
D/AOps	Director/Aircraft Operations

ABBREVIATIONS

D/AR&AW	Director/Aircraft Registration and Airworthiness
D/AT&ER	Director/Air Transport and Economic Regulation
D/AvS	Director/Aviation Security
D/HR&OM	Director/Human Resources and Office Management
D/R&FM	Director/Revenue and Finance Management
D/TO&PL	Director/Training Organization and Personnel Licensing
D/RDP&SP	Director/Research, Development Planning and Special Programmes
D/QIA	Director/Quality and Internal Audit
DG	Dangerous Goods
DGCA	Director General of Civil Aviation
EASA	European Aviation Safety Agency
FIR	Flight Information Region
FS	Flight Safety
FPP	Flight Procedure Programme
GSA	General Sales Agent
IA	Internal Audit
ICAO	International Civil Aviation Organization
LCC	Low Cost Carriers
L&EU	Legal & Enforcement Unit
MRIA	Mattala Rajapaksa International Airport
NCASP	National Civil Aviation Security Programme
PBN	Performance Based Navigation
PEL	Personnel Licensing
RPK	Revenue Passenger Kilometres
RTK	Revenue Tonne Kilometres
RDP&SP	Research, Development Planning and Special Programmes
SARPs	Standards and Recommended Practices
SAARC	South Asian Association for Regional Cooperation
SARI	South Asia Regional Initiative
SLAS	Sri Lanka Accounting Standards
SLCAP	Sri Lanka Civil Aviation Publication
SLFRS	Sri Lanka Financial Reporting Standards
SMS	Safety Management System
SSP	State Safety Programme
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

Head Office	: Civil Aviation Authority of Sri Lanka No. 152/1, Minuwangoda Road Katunayake, Sri Lanka Telephone: 94 -11-2304632, 94-11-2358800 Facsimile: 94 -11-2304644 E-mail: info@caa.lk Website: www.caa.lk Postal Address : P.O. Box 535, Colombo Telegraphic Address : AIRCIVIL AFTN Address : VCCCAYX
Katunayake Office	: Civil Aviation Authority of Sri Lanka FD II, Departure Terminal BIA, Katunayake Telephone : 94 -11-2252269 Facsimile : 94 -11-2252269
Mattala Office	: Civil Aviation Authority of Sri Lanka Mattala Rajapaksa International Airport Mattala Telephone : 94 -47-7510530 Facsimile : 94 -47-7510541
Airworthiness Sub Office	: Civil Aviation Authority of Sri Lanka Colombo Airport Ratmalana Telephone : 94 -11 -3135828 Facsimile : 94 -11 -2635756
Auditors	: Auditor General, Democratic Socialist Republic of Sri Lanka
Lawyers	: Attorney General, Democratic Socialist Republic of Sri Lanka
Banker	: Bank of Ceylon
Insurers	: Sri Lanka Insurance Corporation Limited



THE AIR TRANSPORT INDUSTRY SECTOR IN SRI LANKA HAS SHOWN A CONSIDERABLE GROWTH IN YEAR 2018. TOTAL PASSENGER MOVEMENTS AT BIA RECORDED 10.8 MILLION, WHILST 54.6% OF THESE PASSENGERS WERE CARRIED BY THE NATIONAL CARRIER. DURING THE YEAR 2018, 35 SCHEDULED INTERNATIONAL AIRLINES OPERATED TO/FROM SRI LANKA INCLUDING SRILANKAN AIRLINES.



The year 2018 was a significant year for the Civil Aviation Authority of Sri Lanka [CAASL] as the CAASL occupied its newly constructed Head Office Building at Minuwangoda Road, Katunayake on 07th February 2018.

Since the establishment of the CAASL on 27th December 2002, it has been occupying private buildings on rent. The present building was constructed at a cost of Rs. 803 Million.

Moreover, the CAASL faced another Comprehensive Safety Oversight Audit conducted by the International Civil Aviation Organization under its Universal Safety Oversight Audit Programme Continues Monitoring Approach, in June 2018. At this audit, Sri Lanka has shown its effective implementation of ICAO Standards and Recommended Practices in Sri Lanka as 88.4% which is much higher than the world average. CAASL achieved a rating of number one in South Asia and number 6 in Asia Pacific Region. With these results, CAASL has managed to convey a clear and positive message to the world community that the Government of Sri Lanka is fully committed, and

has taken meaningful measures to fulfill its international obligation for effective safety oversight of Aviation operators functioning under its jurisdiction. This will help our local aviation community to engage in international civil aviation activities competitively. CAASL will further take measures to increase effective implementation of ICAO Standards and Recommended Practices.

CAASL has started conducting Awareness Programmes for School Children on Civil Aviation and the demand for such programmes has increased tremendously. CAASL has conducted 18 such awareness programmes during the year 2018. These educational programmes are conducted by the Civil Aviation Development and Education Committee [CADEC], which was established by the Authority for the launch of educational and promotional programmes in civil aviation. In addition, CADEC publishes a magazine called "Guwansara". This is distributed amongst schools in which Advanced Level classes are conducted, with a view to creating awareness in Civil Aviation. This magazine has received extremely encouraging responses from its readers.

CHAIRMAN'S REVIEW

It has been recognized by the international aviation community that there will be an anticipated shortage of skilled aviation professionals in the near future. In order to address this important issue, ICAO launched the "Next Generation of Aviation Professionals" (NGAP) initiative to ensure that enough qualified and competent aviation professionals are available to operate, manage and maintain the future international air transport system. In line with ICAO NGAP Programme, the CAASL started an "NGAP - Sri Lanka" Programme in order to make young school children in Sri Lanka knowledgeable about the employment opportunities available in the field of Civil Aviation. Under "NGAP - Sri Lanka", CAASL conducted a competition among school children in selected schools to enhance their knowledge regarding in the field of Civil Aviation.

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

The Batticaloa airport which was operating as a military airport was opened for public use as a civil airport on 25th March 2018. An Aerodrome License was issued by the DGCA to airport & Aviation Services (SL) Ltd for the operation of the Airport. Aerodromes Section provided the necessary expertise and guidance to AASL for its activities, leading to the licensing of the Airport. The Aerodrome Certificate issued to Bandaranaika International Airport was renewed for 2 years after a successful five day aerodrome audit.

The air transport industry sector in Sri Lanka has shown a considerable growth in 2018. Total passenger movements at BIA recorded 10.8 million, whilst 54.6% of these passengers were carried by the national carrier. During the year 2018, 35 scheduled international airlines operated to/from Sri Lanka including SriLankan airlines. Five airlines namely, IndiGo Airlines, Aeroflot/Rossiia Airlines, Edelweiss Airlines, Thai Air Asia and Chongqing Airlines - commenced their scheduled passenger operations. Seven Airlines have operated scheduled charter flights to/from Sri Lanka.

The Flight Operations Section of CAASL has issued six initial Foreign Air Operator Certificates for Enter Air, Edelweiss Air, Aeroflot - Russian Airlines, Rossiia Airlines, Thai Lion Mentari

and Thai Air Asia. Further, the section has renewed twenty eight Foreign Air Operator Certificates of airlines which are already operating in Sri Lanka.

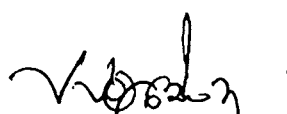
The Airworthiness Section has issued 06 initial Certificates of Airworthiness and registered four aircraft during the year 2018. The section has renewed 69 certificates of Airworthiness, 17 Maintenance Organizations (Local) certificates and 67 aircraft registrations. Two aircrafts have been de - registered from Sri Lanka's fleet and two export certificates of Airworthiness have been issued.

In terms of aviation security, Certification of Aviation Security Service Provider at BIA was continued, with several follow-up visits to determine whether the corrective actions proposed by the Service Provider, were implemented. The section has certified 08 numbers of new Aviation Security Screening Equipment of Sri Lankan Airlines, Sri Lankan Catering and Fits Aviation.

The CAASL's primary source of income continued to be the surcharge levied on airline tickets purchased overseas. The total income and expenditure of the CAASL for 2018 was Rs. 2360 million and Rs. 552 million respectively. The profit after paying tax was Rs. 1300 million.

CAASL has recorded a 18.4 % increase in revenue compared to the previous year. Overseas Sales Surcharge Income and Regulatory Service Income contributed to this growth.

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



Ananda Wimalasena

Chairman

Civil Aviation Authority of Sri Lanka

“

2018 WAS ANOTHER YEAR OF GREAT SIGNIFICANCE TO THE LOCAL AVIATION INDUSTRY, WITH A SERIES OF MAJOR MILESTONES MADE ESPECIALLY WITH THE INDEFATIGABLE EFFORTS AND ZEALOUS COURAGE OF HON.NIMAL SIRIPALA DE SILVA, MINISTER IN CHARGE OF THE SUBJECT OF CIVIL AVIATION.

”

Global Situation:

Air transport is an innovative industry that drives economic and social progress, connects people, countries and cultures, provides access to global markets, generates trade and tourism and forges links between developed and developing nations. It is also the most expeditious, regular, efficient and safest mode of transport whilst being very responsive to environment pollution, global warming and climate change. The Air Transport industry is proven to be a highly efficient user of resources and infrastructure and it generates wealth, employments and taxes. It helps delivery times of goods, minimizing inventory costs and limiting interruptions to production. Air Transport also has the unique characteristic of making any place on the globe accessible with selection of the proper equipment. Certain world's current live activities such as international sports would have been impossible without air transport.

The Air Transport Industry depicts specific inherent features. It is safety sensitive, capital intensive, oligopolistic, highly

competitive, depends excessively on skilled staff, is extensively regulated, shows sensitivity to fuel prices, has comparatively low Return On Investment [ROI], is highly dependent on geopolitics and external factors, is globally monitored, and subject to extensive government control etc.

The global Air Transport Industry continued cruising in 2018 with a positive rate of growth, especially in certain emerging markets, whilst its position in more mature regions. By the close of 2018, the global airlines estimated to have carried 4.3 billion passengers and 67 million tonnes of freight on more than 38 million flights operated by over 1,600 airlines using over 26,000 commercial aircraft to and from more than 3,900 airports under the surveillance of 173 Air Navigation Service Providers. The industry was estimated to have employed over 260,000 pilots, 450,000 aircraft maintenance engineers and 82,000 air traffic controllers in addition to direct employment of over 62 million people in aviation related jobs.



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

By the close of 2018, the global world aircraft fleet was estimated to have more than 334,000 aircraft, consisting of 265,000 piston engine, 12,500 Turboprop and 20,500 Rotorcraft aircraft. It was observed that 60% of world general aviation aircraft fleet was in North America whilst Asia accounted for only 2% of the world's fleet.

In 2018, The global air transport industry contributed over 2.7 trillion dollars or 3.5 per cent to global GDP and carried over half of the world's international tourists. It is estimated that 90% of cross-border Business to Consumer (B2C) e-commerce directly relied on air transport.

The year 2018 was the fourth consecutive year of sustainable profits for the air transport industry with a return on invested capital [9.4 per cent] exceeding the industry's average cost of capital [7.4 per cent] As per IATA estimates, the global airline industry was expected to make a USD 38 billion profit at the close of 2018, showing a stable operating margins and 10th consecutive year of profit.

As per the preliminary statistics released by ICAO, the top three regions of the world that shared Revenue Tonne Kilometers (RTK) were Asia Pacific [33.8%], Europe [26.2%] and North America [22.7%]. ICAO revealed that the centre of gravity of the world's passengers' movements have shifted from the middle of the Atlantic to the middle of the Mediterranean sea over the last few decades and that it would move further towards, the east with the rapid growth of Chinese and Indian markets.

According to the statistics released by IATA for the 2018 safety performance of the commercial airline industry showed continuing safety improvements over the long term, although there had been an increase in aircraft accidents compared to 2017. The all accident rate [measured in accidents per 1 million flights] in 2018 was 1.35, which is equivalent to one aircraft accident for every 740,000 flights. This was an improvement over the all accident rate of 1.79 for the previous 5-year period [2013-2017], but a remarkable decline compared to 2017's record performance of 1.11. IATA had reported that the 2018 rate for major jet accidents [measured in jet hull losses per 1 million flights] was 0.19, which is equivalent to one major accident for every 5.4 million flights. This was an improvement over the rate for the previous 5-year period [2013-2017] of 0.29, although it was not as good as the rate of 0.12 recorded in 2017. In 2018, there were 11 fatal

accidents with 523 fatalities among passengers and crew. This compares with an average of 8.8 fatal accidents and approximately 234 fatalities per year in the previous 5-year period [2013-2017].

In 2018, some 4.3 billion passengers had flown safely on 46.1 million flights, proving that flying continues to be the safest form of long distance travel that the world has ever known. These data translate into a very impressive position that on average, the chance of a passenger meeting with an aircraft accident happens after 241 years of daily flying since birth. It is noteworthy that Africa, Europe the Middle East and the North Asian region did not have any aircraft accidents in the region.

World airports continued to play their primary role of being stable providers of infrastructure assets, even in the sometimes turbulent aviation industry. Although airlines are able to move quickly to respond to changes in traffic flows either by leasing or retiring capacity-airports do not have the flexibility to make all term planning decisions to safeguard varying capacity needs. It is noteworthy that over the past few decades, world airports have evolved from being simply municipal or Government infrastructure providers into sophisticated business-oriented service providers. The primary considerations of the world's airports continued to be airport capacity, efficiency, safety, security, environment, economic sustainability and customer service. As per the Airport Council International (ACI), in the past year, global airports generated over USD 162 billion of revenue representing 56% from aeronautical activities, 39.4% from non-aeronautical activities and 4.6% from non-operating sources respectively. As per the ACI, global aeronautical revenue per passenger is USD 10.15 as against USD 7.5 from non-aeronautical revenue per passenger and the average total cost per passenger is USD 13.55. The global airport industry's net profit margin was 22.2% against the Return on Invested Capital of 7.3%. It is also reported that by the close of 2018, 66% of the world's airports operated at net loss and 92% of the loss making airports had fewer than 1 million passengers per annum.

Turning towards aircraft deliveries by two major manufacturers, Boeing Company delivered a total of 806 aircraft comprising of five hundred and eight of B-737 Max aircraft, six B-747s, twenty seven B-767s, forty eight B-777s and one hundred and forty five B-787 aircraft as against 800 commercial aircraft delivered by Airbus company

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

in 2018. The airline industry witnessed the entrance into service of the extra-long range aircraft A-350WXB of Airbus and the B-787-9 aircraft in 2018. The Simple a and m in 'aircraft manufacturers' were seen taking extra efforts to provide aircraft that supplied better air quality, increased humidity, improved access, limited pressure difference, broadband connectivity, reduced noise level etc., satisfying the passengers' demand for more comfortable, user friendly and customer focused air travel.

The introduction and acceptance of unmanned aircraft systems (UAS) or Drones continued to create a significant threat to conventional aviation. Drones offer significant economic benefit for public service and commercial usage, but pose a significant threat to safety, security, privacy and environment. Although ICAO has focused attention this matter and made Member States aware of the subject, there remains many key issues unanswered which could help the UAS industry to grow even more.

In the year under review, hybrid and electric aircraft were seen to be in production whilst attempts were also being made to produce Vertical Take Off aircraft and supersonic large commercial aircraft. Whilst the need for more pilots were underscored undisputedly to face the immediate and midterm growth of the industry, there were mixed schools of thought as to whether need of future pilots would be increased or reduced, with aircraft manufacturers' attention being focused on developing aircraft with single pilots or no pilot aboard.

The need to develop skilled human resources to support the continuing growth of aviation was not only a huge challenge but also a key topic amongst the many that drew the constant attention of aviation policy makers in the year under review. For this purpose, ICAO launched the Next Generation Aviation Professionals (NGAP) programme and appealed to all member states to take appropriate action to meet the demand for skilled aviation personnel to ensure unimpeded operation of global air transport services.

Whilst the aviation industry has been evolving successfully amidst many challenges, a darker cloud of uncertainty appeared in the horizon regarding continued cyberspace security which the whole global air transport industry is heavily depending on. Although concrete measures are not in place, the international community was observed to be paying greater attention to curb possible cyber-attacks on aviation.

Regional Situation:

The states in the Asia Pacific Region accounts for 60% of the world's population and with the growing middle classes likely in China and India, the drivers are well in place for continued

contribution to air traffic growth and the region's aviation development. There are 56 States in the Asia Pacific region and they owned a total of 1,655 airports and 616 airlines by the end of 2018.

The volume of air passengers and cargo in the Asia-Pacific region has grown significantly over the past decade due to the strong impetus of economic growth as well as trade and economic integration at both regional and global levels.

The air transport industry in the Asia-Pacific region directly generated over 3.3 million jobs over 1 million of them direct employment in airports, airlines, ground handling services, aircraft manufacturing industry and air navigation service providers. The industry contributed over \$396.2 billion to GDP in the region. In addition, travel and tourism supported 20.5 million people in employment and contributed \$287.8 billion to GDP in the Asia-Pacific economies.

It was observed in 2018 that a number of regional airlines were modernizing their fleet by purchasing new generation airplanes to replace their ageing aircraft. Boeing disclosed that over the past decade, jet fleets of Asian airlines have nearly doubled from 3,600 to 7,000. The number of airlines with jet fleets has grown from 200 to 250, while airplane orders by these carriers had increased from 1,940 to 4,400. The average capacity has grown by approximately 10% annually.

The low cost airlines were late to arrive in Asia but managed to quickly reshape the aviation industry in the Asia Pacific region. Noticeably, rapid low cost carriers (LCC) expansion has been the main driver of traffic growth and change in the Southeast Asia market. Seat capacity provided by LCC airlines has grown on average by 22% annually. LCCs in Asia have since expanded rapidly and successfully, despite fierce resistance from legacy full service airlines. LCCs now account for nearly 30% of capacity within the Asia-Pacific region. There are still opportunities for further capacity share gains as several major markets in Asia remain well below the global average. China particularly, is punching below its weight in terms of LCCs.

Although public funds have been the main source of financing for airports in most parts of the region, governments in the region have increasingly resorted to privatization or are seriously considering it as a form of private sector participation, enabling new airports to be built or existing airports to be upgraded. Given their diverse socioeconomic conditions and political-institutional environments, countries in the region have embraced different approaches to airport privatization.

The accident rate in the ICAO Asia and Pacific Region which has 39 States recorded 0.32 per million departures as against



0.37 in 2017. As per the ICAO data, the Asia and Pacific Region recorded a 10.2% rate of growth in Revenue Passenger Kilometer [RPK], representing 33% and 39% of market shares in respect of passengers and cargo respectively. Over the next decade, the Asia-Pacific [including China] in-service fleet is expected to grow at a 5.9% compound annual growth rate. Accordingly Maintenance Repair & Overhauled [MRO] demand will grow at an impressive 6.7% annual rate with engine and line maintenance sharing the fastest growing MRO markets.

Local Situation

2018 was another year of great significance to the local aviation industry, with a series of major milestones made especially with the indefatigable efforts and zealous courage of Hon.Nimal Siripala de Silva, Minister in charge of the subject of Civil Aviation.

During the year under review, enabling legislation was passed in Parliament [Carriage by Air Act No.19 of 2018] giving effect to the Montreal Convention of 1999 on unification of certain rules for international carriage by air. The laws are in force to protect passengers by introducing a two-tier liability system and by facilitating the swift recovery of proven damages without the need for lengthy litigation. Accordingly, air carriers are strictly liable for proven damages up to 100,000 Special Drawing Rights [SDR], which is approximately \$138,000 per passenger. Victims of air disasters can also claim for unlimited liability beyond 100,000 SDR if they can prove that the accident occurred due to negligence on the part of the airline. The Montreal Convention has also increased the maximum liability of airlines for lost baggage to a fixed amount of 1,000 SDR. Accordingly, the liability limits of airlines for death or injury to a passenger is 113,100 SDR. It also legalizes the use of electronic airway bills, simplifying air cargo handling processes.

The approval of the Cabinet of the Minister was obtained for the ratification of the Cape Town Convention of 2001 and the Protocol on International Interests in Mobile Equipment in order to support the creation of an International legal regime with uniform rules to increase predictability & certainty & reduce risks in aviation asset-based financing & leasing. The enabling legislation are now being drafted for enactment.

Cabinet approval was also obtained to enact the Beijing Convention of 2010 on the Suppression of Unlawful Acts Relating to International Civil Aviation in order to criminalize both the use of civil aircraft as weapons and use of dangerous materials to attack aircraft or other targets on the ground. The illegal transport of biological, chemical, and nuclear weapons is also criminalized under the Convention and drafting of enabling legislation is now in progress.

Cabinet approval was granted for the separation of aircraft accident and incident investigation functions and responsibilities from the Civil Aviation Authority of Sri Lanka, and it was agreed to transfer such functions and responsibilities to a separate bureau functioning directly under the line Ministry in order to ensure that aircraft accidents and incidents will be investigated independently with the prime objective of finding the root cause[s] for effective remedial action aimed at accident prevention.

A long felt country need for a National Civil Aviation Policy was identified and action was taken to prepare a National Civil Aviation Policy in consultation with a wider spectrum of industry personnel. The final document containing the National Policy on Civil Aviation was presented to the Cabinet of Ministers for approval in the year under review. With the approval of the National Civil Aviation Policy, the CAASL will embark on the development of the National Civil Aviation Plan.

Several new Operating Regulations on technical matters on a variety of issues such as Safety Management, Personnel Licensing and Classification of aerodromes were made by the Hon. Minister and gazetted in order to give effect to the applicable international standards.

Construction of the CAASL headquarters which was commenced in 2015 was completed in the year under review and it was declared open on – March 2018.

Pursuant to the provisions in the Civil Aviation Authority of Sri Lanka Act No.34 of 2002, the Hon. Minister also took steps to transfer and vest inter alia Katunayake and Ratmalana airports in the CAASL.

After the vesting of the Batticaloa airport in the CAASL by the Minister, the CAASL made a significant financial contribution towards reopening the Batticaloa airport for operation of civil flights with complete segregation of civil and military activities. Also, steps were taken for the construction of circuit bungalow at Batticaloa for the use of civil aviation staff.

With the approval of the Cabinet of Ministers, steps were taken to shift the SLAF occupied hangars, terminal building and administrative complex on the southern side of Ratmalana runway to the northern side of the runway at a cost of Rs.650 million to CAASL in view of the need of expanding the civil operations of the airport without any constraints.

CAASL funded a research for the quantification of economic contribution of aviation for national development. In addition, an Environmental Impact Assessment for the construction of

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

an airport at Bandarawela was undertaken in pursuance of the directions given by the Cabinet of Ministers.

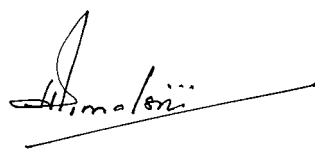
The European Aviation Safety Agency (EASA) established its European Union-Aviation Partnership Project (EU-APP) Office at CAASL for the management of its regional cooperative programme with the South Asian Association for Regional Cooperation (SAARC) Member States for promotion of aviation activities in the region. The Project has mobilized a full time European Airworthiness Inspector to help support Member States' enhancing aviation safety.

A group of twenty seven young staff completed an intensive residential training course of one year at CAASL's Mattala Office and returned to their respective seats at the Head Office.

CAASL faced another onsite audit from 24 June -05 July 2018 conducted by the ICAO under the Continuing Monitoring Assessment – (CMA) Universal Safety Oversight Audit Programme (USOAP) for the determination of the degree of compliance of Sri Lanka with the implementation of ICAO SARPs. At this audit, Sri Lanka managed to demonstrate 88.4% of Effective Implementation of ICAO SARPs which are over 12,000. The results of the 2018 audit were 1% higher than the audit results of 2010.

During the year under review, the CAASL has made a significant financial contribution to the General Treasury in addition to investing further funds directly for the development of civil aviation infrastructure and activities in the country.

I take this opportunity to thank the Hon. Minister of Transport and Civil Aviation, Secretary and staff attached to the Ministry of Civil Aviation for their guidance, unstinted support and superb co-operation rendered to execute the functions of this office in the year under review. Equally, I wish to thank the Chairman, Vice Chairman and members of the Authority who have painstakingly assisted and guided me in numerous ways and means to discharge my functions. At last but not least I wish to avail myself of this opportunity to thank the entire staff of the CAA who are highly motivated, disciplined and loyal for their contribution to accomplish the CAASL's mission.



H.M.C. Nimalsiri

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



CAASL'S PROFILE

Overview

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

The primary function of the CAASL is to regulate local civil aviation industry 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, in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization [ICAO] aiming at higher performance in safety, security, efficiency, regularity and environmental responsiveness of the industry that contributes to growth of the national economy, for enhancement of quality of life of citizens of the country.

The Civil Aviation Authority of Sri Lanka consists of eight [08] members and five [05] of them are appointed by the Hon. Minister in-charge of the subject of civil aviation. The Secretary, Ministry of Defense, a representative of the Hon. Minister in-charge of the subject of Finance and the Director – General of Civil Aviation are the other three members of CAASL, ex-officio. The Chairman and Vice Chairman of the CAASL are appointed by the Hon. Minister in charge of the subject of Civil Aviation. The Director General of Civil Aviation appointed by the Cabinet of Ministers is the Chief Executive Officer of the CAASL, by statute.

The term of office of the appointed members is three [03] years from the date of appointment.

The Authority is subject to the general direction and control of the Hon. Minister in –charge of the subject of Civil Aviation.

Overview of the Sections and Units

Accident Investigation Unit

Civil Aviation Authority of Sri Lanka is responsible for the investigation of aircraft accidents/ incidents within the territory of Sri Lanka involving both local and foreign commercial aircraft. The administrative functions are carried out by the Accident Investigation Unit.

Legal & Enforcement Unit

The main objective of the LA & E unit is to streamline the works relating to the legal and enforcement matters of the CAASL.

Information Technology & Communications Unit

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

Quality and Internal Audit Section

The main objective of the Quality and Internal Audit Section is to provide independent assurance that CAASL's risk management, governance and internal control processes are operating effectively and ensure that quality requirements are fulfilled.

Research, Development Planning & Special Programmes Section

The Research, Development, Planning & Special Programme [RDPSP] Section is responsible for handling Research, Civil Aviation Developments, CAASL Statistical Programme, CAASL Events, Physical Infrastructure Developments, Publication of CAASL Documents/Reports/Bulletins and Civil Aviation Promotion.

Aviation Security Section

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

Aerodromes Section

AE Section is responsible for assisting the Director General of Civil Aviation for carrying out Safety Related Regulatory Functions related to Aerodromes, Water Aerodromes and Helicopters in Sri Lanka which includes standards for Aerodrome, Heliport and Facilitation for International Air Transport.

CAASL'S PROFILE

Air Navigation Section

The primary responsibility of the Air Navigation Services Section is to formulate rules and procedures involving airspace design, organization and operation in accordance with the applicable international standards and recommended practices adopted by ICAO and to undertake initial certification and continued surveillance of air navigation service providers.

Training Organization and Personnel Licensing Section

Training Organization and Personnel Licensing Section is responsible for the development of rules and procedures relating to certification and surveillance of training organizations and personnel engaged in safety sensitive activities relating to civil aviation in conformity with the applicable international standards and recommended practices

Aircraft Operations Section

The main role of Operations Section is to certify the Air Operators and oversee the safety of commercial aviation activities including Transportation of Dangerous Goods by Air within Sri Lanka through a licensing and approval process followed by continuous regulatory safety oversight.

Aircraft Registration and Airworthiness Section

The Airworthiness Section help maintaining airworthiness aspects of civil aviation in this country. In a broader sense this function includes, Air Transport Operators, Approved Maintenance Organizations and oversight of any other person or organization involved in the design/production/modification/repair/maintenance of aircraft and training aspects of personnel engaged in civil aviation.

Air Transport & Economic Regulations Section

Air Transport and Economic Regulation section is one of the main role players in the Corporate Division of the Civil Aviation Authority which shoulders the responsibility to regulate the aviation industry in Sri Lanka.

Human Resources & Property Management Section

The section functions as a support service for the main functions of the CAASL under the Corporate Division. Recruitment of staff, Staff training, staff allocations, cadre creations, implementation of welfare schemes and general administration are mainly carried out by the Human Resources and Property Management Section.

Revenue and Financial Management Section

Manage limited financial resources efficiently, effectively and economically in accordance with the CAA/Government policies, rules, and procedures, and maintain books in conformity with the General Accepted Accounting Principles, Sri Lanka Accounting Standards published by the ICASL and provide with the true and fair status financial accounts.

Members of the Civil Aviation Authority of Sri Lanka

10th Board of the Civil Aviation Authority of Sri Lanka (From 12/10/2015)

Board Members [Appointed by the Minister of Transport & Civil Aviation]

S/No	Name	Designations
1.	Mr. Ananda Wimalasena	Chairman
2.	Mr. Kushan De Alwis, P.C.	Vice Chairman
3.	Prof. W.L.P Perera	Member
4.	Eng. Sudharma Elakanda	Member
5.	Dr. Aminda Methsila Perera	Member

Board Members [Ex Officio]

S/No	Name	Designations
6.	Mr. Kapila Waidyaratne P.C.	The Secretary to the Ministry of the Minister in charge of the Subject of Defense [Till 30th October 2018]
	Mr. Hemasiri Fernando	The Secretary to the Ministry of the Minister in charge of the Subject of Defense [From 31st October 2018]
7.	Mr. C.J. K. Perera	A Representative of the Ministry of the Minister in charge of the subject of Finance nominated by that Minister]
8.	Mr. H.M.C Nimalsiri	Director General of Civil Aviation and Chief Executive Officer Civil Aviation Authority of Sri Lanka

11th Board of the Civil Aviation Authority of Sri Lanka (From 13th October 2018)

Board Members [Appointed by the Minister of Transport & Civil Aviation]

S/No	Name	Designations
1.	Mr. Ananda Wimalasena	Chairman
2.	Mr. Kushan De Alwis, P.C.	Vice Chairman
3.	Mr. Hemantha Punchihewa	Member
4.	Eng. Sudharma Elakanda	Member
5.	Dr. Aminda Methsila Perera	Member

Board Members [Ex-Officio]

S/No	Name	Designations
6.	Mr. Kapila Waidyaratne P.C.	The Secretary to the Ministry of the Minister in charge of the Subject of Defense [Till 30th October 2018]
	Mr. Hemasiri Fernando	The Secretary to the Ministry of the Minister in charge of the Subject of Defense [From 31st October 2018]
7.	Mr. C.J. K. Perera	A Representative of the Ministry of the Minister in charge of the subject of Finance nominated by that Minister]
8.	Mr. H.M.C Nimalsiri	Director General of Civil Aviation and Chief Executive Officer Civil Aviation Authority of Sri Lanka

BOARD OF DIRECTORS



Mr. Ananda Wimalasena

Chairman of the CAASL



Mr. Kushan De Alwis

Vice Chairman of the CAASL



Mr. H. M. C Nimalsiri

*Director General of Civil Aviation
and Chief Executive Officer -
Member Ex-Officio*



Prof. W.L.P Perera

Member of the CAASL



Eng. Sudharma Elakanda

Member of the CAASL



Dr. Aminda Methsila Perera

Member of the CAASL



Mr. Kapila Waidyaratne P.C.

*[The Secretary to the Ministry of the
Minister in charge of the Subject of
Defence] - [From 27th July 2017] -
Member of the CAASL - Ex-Officio*



Mr. Hemasiri Fernando

Member Ex-Officio



Mr. C.J.K. Perera

*[A Representative of the Ministry of
the Minister in charge of the subject of
Finance nominated by that Minister] -
[From 31st August 2017] - Member of
the CAASL - Ex-Officio*



Mr. Hemantha Punchihewa

Member of the CAASL

CAASL'S PROFILE

Profiles of the Members of the 10th Board & 11th Board (Current) of CAASL

Mr. Ananda Wimalasena

Chairman of the CAASL

Mr. Ananda Wimalasena assumed duties as the Chairman of the Civil Aviation Authority on 13th October 2015.

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

He is a science graduate and an accountant by profession. Mr. Wimalasena has wide experience in both the private and public sectors and is a product of Ananda College, Colombo and University of Ceylon, Colombo.

Mr. Kushan De Alwis

Vice Chairman of the CAASL

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

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

He was conferred Silk and took oaths as a President's Counsel in November 2012. Mr. De Alwis was a member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a member of the Panel of Legal advisers to the Tax Appeals Commission.

He was a Member of the Public Representations Committee on Constitutional Reform.

Mr. De Alwis has the distinction of being featured in CHAMBERS ASIA published by Chambers and Partners, Legal Publishers,

London which features Asia-Pacific's leading lawyers for business.

Mr. H. M. C Nimalsiri

Director General of Civil Aviation and Chief Executive Officer - Member Ex-Officio

Mr. H. M. C. Nimalsiri is the Director General of Civil Aviation and Chief Executive Officer of the Civil Aviation Authority of Sri Lanka since its inception in December 2002. He held the post of Assistant Director [Operations] in the Department of Civil Aviation since 1987 until he was appointed to act in the post of Director General of Civil Aviation in July 2002.

Mr. Nimalsiri is amongst the few officials who pioneered drafting of the new legislative framework paving way for the establishment of the Civil Aviation Authority of Sri Lanka and also for the enactment of the Civil Aviation Act No.14 of 2010 which replaced the Air Navigation Act No.50 of 1950.

He was instrumental in revamping and updating the civil aviation regulatory system in Sri Lanka giving effect to all ICAO Standards and Recommended Practices in Sri Lanka. During his career progression, Mr. Nimalsiri followed numerous specialized training courses overseas relating to personnel licensing, air transport, aviation safety & security, navigation services, safety auditing, safety management systems, aircraft accident and incident investigation etc., and possesses extensive knowledge and experience in the field of civil aviation. He has also undergone ICAO Universal Safety Oversight Auditors Course, Safety Management Systems and State Safety Programme training courses.

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

Mr. Nimalsiri has obtained a B.Sc degree from the University of Colombo and has followed a M.Sc degree in computer science in the same University. He has also obtained a Flight



CAASL'S PROFILE

Operations Officer Licence after following a qualifying training course in Ulynovsk, Russia. He has followed Aviation Safety and Security Management Certificate Programme conducted by the George Washington University, USA in 2004 and taken part at the International Summit on Aviation Safety and Security conducted by the same University in 2006.

Having been selected in 2014, Mr. Nimalsiri serves as current the Chairman of the Regional Aviation Safety Group of the States in the Asia and Pacific Region [RASG-APAC]. He has also been elected as the Second Chairman of the Asia Pacific Air Navigation Planning & Implementation Group [APANPIRG] of the Asia and Pacific Region which is steered under ICAO, for planning and implementation of air navigation matters in the Asia Pacific Region. Mr. Nimalsiri also served as the Vice Chairman of the 2nd High Level Global Safety Conference held in Montreal in 2015 and attended number of international and regional meetings/conferences representing the Government of Sri Lanka.

Prof. W.L.P Perera

Member of the CAASL

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

Prof. Prasanna Perera is an eminent economist who has received numerous awards including the Common Wealth Doctoral Scholarship, Kodikara Award, Gate Mudliyar A.G.Tillekaratne Research Fellowship and Imai Memorial Scholarship. He is a member of the Board of Study for Economics at the National Institute for Education. He has recently published in "indexed journals" covering wide range of topics; Tea Smallholders in Sri Lanka, Issues and Challenges in Remote Areas, Political Economy of Post war Sri Lanka, Forecasting Foreign Direct Investment (FDI) in Sri Lanka, Modeling and Forecasting Foreign Direct Investment for SAARC Countries, Tourism Economics in Sri Lanka: An Econometric Analysis and An Analysis on Foreign Direct Investment, External Trade and Economic Growth in Sri Lanka.

He has published widely on International Economics; the books published by him are Overview of Sri Lanka's Trade Initiatives; Theory and Practice, Background to South Asian Countries,

Challenges and Opportunities in the Economy of Sri Lanka and South Asia in the Regional Economic Co-operation.

Presently Prof. Prasanna holds the position of Vice Chairman at the Sri Lanka Ports Authority. He also serves on the Boards of other Associate Companies of SLPA and Civil Aviation Authority. He has been the Vice Chairman and the Executive Director of the Civil Aviation Authority prior to assuming duties as the Vice Chairman of SLPA and the Managing Director at CPC.

Mr. Hemantha Punchihewa

Member of the CAASL

One of the leading migration consultants, primarily catering to the Sri Lankan community both in and outside Sri Lanka, Hemantha Punchihewa has over 15 years of experience in the industry and holds a practicing MARA license since 2002. He is also a director of the leading Recruitment Company Justin Morgan. He prospered his career as a project coordinator for special projects conducted between Melbourne and overseas. Consequently, he was appointed a member of the foreign Employment Advisory Committee, Sri Lanka in 2011 and provided counsel for the Hon. Minister of foreign employment until his retirement in 2014. He holds a Graduate diploma in IT from Monash University, Australian Immigration Certificate, Bachelor of Commerce from Deakin University and an Associate diploma in Applied Sciences from Royal Melbourne Institute of Technology, Melbourne.

Mr. Hemasiri Fernando

Member Ex-Officio

Mr. Hemasiri Fernando serves as the Chairman People's Bank. Mr. Fernando has been an Non Executive Non Independent Chairman of People's Leasing & Finance PLC. Since April 08, 2015 and also serves as its Director. Mr. Fernando has been Non Executive Non Independent Chairman at People's Merchant Finance PLC since June 30, 2015. Possessing diverse experience in varied genres, Mr. Fernando's debut into the public sector was as Secretary to the Prime Minister. He later chaired Sri Lanka Telecom, Airport and Aviation Services and Telecom Services and has served as Secretary to the Ministry of Postal Services among other postings. His input as the longest serving President of the National Olympic Committee and in international office including as Vice President of the Olympic Council of Asia and Commonwealth Games Federation, in to representing Sri Lanka in rifle shooting as national champion, makes him the apt choice as Presidential Advisor on Sports to Sri Lanka. His tenure in the Sri Lanka Navy from which he retired with the rank of Commander having served in combat areas, deserves special mention. His association with Sri Lanka Railways led to the penning of two books, The Viceroy Special based on the steam

locomotive he created for tourism in Sri Lanka and The Uva Railway. He is conferred with the OCA Award of Merit by the Olympic Council of Asia and the ANOC Award of Merit by the Association of National Olympic Committees. He has Associate ship in the Institute of Travel and Tourism UK (A INST TT) and Fellowship of the British Institute of Management (FBIM), he is also the Honorary Consul for the Kyrgyz Republic in Sri Lanka. He has B.A (Econ) from the University of Colombo.

Eng. Sudharma Elakanda

Member of the CAASL

Eng. Sudharma Elakanda is presently working as the Project Director of Climate Resilience Improvement Project under the Ministry of Irrigation & Water Resources Management funded by IDA/World Bank. Prior to this appointment, he was the Project Director for Dam Safety & Water Resources Planning Project which is also funded by the IDA/World Bank and continuously received satisfactory rating from the World Bank and was considered as one of the best projects successfully completed in Sri Lanka recently.

He has attended most of the key international Water Sector Programs and presented technical papers in number of international workshops and seminars. He joined Mahaweli Authority of Sri Lanka in 1979 and having more than 35 years' experience in various Capacities of Mahaweli Development Program which is still considered as the largest single multipurpose development program ever undertaken in Sri Lanka. In the year 2014, he was appointed as the Additional Director General of Mahaweli Authority of Sri Lanka, which is the highest level any permanent employee could be reached within the Mahaweli Authority.

Eng. Elakanda has obtained Master of Business Administration [MBA] Degree from the University of Colombo and two Post Graduate Diplomas on Construction Management and Environment Management from the University of Moratuwa. Eng. Elakanda is a Corporate Member of the Institution of Civil Engineers, London since 1982 and Fellow Member of the Institution of Engineers, Sri Lanka. His basic degree is BSc (Civil Engineering) and is a product of University of Peradeniya, Sri Lanka.

Dr. Aminda Methsila Perera

Member of the CAASL

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

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

During his career progression, Dr. Perera has served for number of private and state organizations in different capacity. Currently he serve as a Director of Peoples' Bank, National Library and Documentation Board, and Pride of Ceylon [Pvt.] Limited. Dr. Perera was appointed to the Board of Directors of CAASL with effect from 16th October 2015.

Mr. Kapila Waidyaratne P.C.

[The Secretary to the Ministry of the Minister in charge of the Subject of Defence] - [From 27th July 2017] - Member of the CAASL - Ex-Officio

Mr. Kapila Waidyaratne was appointed as the Secretary to the Ministry of Defense on 04th July 2017 by His Excellency the President and the Commander-in-Chief of the Armed Forces of the Democratic Socialist Republic of Sri Lanka. Prior to his appointment Mr. Waidyaratne worked as a Senior Additional Solicitor General of the Attorney General's Department of Sri Lanka.

Mr. Waidyaratne has attended a number of international conferences including the Bali Process on People Smuggling and Trafficking and related Transnational Crimes, 2011 Ad hoc Group Senior Officials Meeting held in Sydney, 2003 Annual Meeting of the Asia Pacific Group on Money Laundering held in Macau and in the People's Republic of China, the 2004 Commonwealth Workshop on Capacity Building in Combatting Terrorism held in Singapore and the 2005 South Asian Regional Conference on Detecting and Preventing Terrorist Financing held in Colombo.

Being a prominent past pupil of the prestigious St. Thomas' College - Mount Lavinia, Mr. Waidyaratne received multiple awards during his school career including the Victoria Gold Medal for his outstanding performance in both academics and sports. He obtained a Bachelor's Degree in Arts with a specialization in Economics and Master's Degree in International Relations from the University of Colombo.

Following his legal studies at Sri Lanka Law College, Mr. Waidyaratne was also enrolled as an Attorney of the



CAASL'S PROFILE

Supreme Court of Sri Lanka in the year 1982. He is also a solicitor for Wales and the United Kingdom.

In the year 1983, Mr. Waidyaratne joined the Attorney General's Department as a State Counsel and was promoted to the position of Senior State Counsel in the year 1994. He was elevated to the position Deputy Solicitor General in the year 2005 and an Additional Solicitor General in the year 2014.

Mr. Kapila Waidyaratne was appointed as a President's Counsel of the Democratic Socialist Republic of Sri Lanka in the year 2015 for his unblemished service record and his noteworthy contribution to the Legal Profession of Sri Lanka.

During his career at the Attorney General's Department, Mr. Waidyaratne was involved in a number of complex and controversial criminal prosecutions in the country. He also headed the Criminal Division of the Attorney General's Department and has provided supervision in areas such as human trafficking, migration, bribery and corruption, money laundering etc. He has advised the Government of Sri Lanka (GoSL) and related institutions on various legal issues, related to criminal and civil matters. Mr. Waidyaratne has been a member of the National Committee – UNCAC Review, Legal Consultant to the Financial Intelligence Unit in the Central Bank of Sri Lanka from 2010 – 2011 and a visiting lecturer on Migration Studies [Diploma Courses] at the Bandaranaike Centre for International Studies. He is also a life member of the Sri Lanka Bar Association and was member of the Environmental Law Review Committee under the Central Environmental Authority of Sri Lanka. His professional affiliations extend to institutions such as the Medico-Legal Society and the Asia Crime Prevention Foundation of Sri Lanka.

Mr. Kapila Waidyaratne also served as a Prosecutor and a Trial Attorney at the United Nations International Criminal Tribunal for Former Yugoslavia [ICTY] from the year 1998–2003. He has acted as a resource person for the International Labour Organization, the International Organization for Migration in Sri Lanka and Australia – Sri Lanka Mutual Legal Assistance Programme.

Mr. C.J.K. Perera

[A Representative of the Ministry of the Minister in charge of the subject of Finance nominated by that Minister] - [From 31st August 2017] - Member of the CAASL - Ex-Officio

Mr. Perera brings to the Board his experience in the Public Sector of over 32 years in several senior capacities. He holds a Bachelor of Commerce [B.Com-Special] Degree from the University of Colombo Sri Lanka.

Mr. Perera is a Fellow Member of the Institute of Public Finance Accountants of Sri Lanka and serves as the Director General of the Department of Treasury Operations of the Ministry of Finance and Planning. He is a Member on the Council of The Sri Lanka Standards Institution [SLSI].

Mr Perera serves as the Chairman of the Audit Committee from August 2017.

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Safe and Efficient Skies for All

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SENIOR MANAGEMENT



Left to Right Seating:

Mr. P R Perera - Deputy Director General [Flight Safety Regulation], **Mr. P P Jayaweera** - Deputy Director General [Corporate Affairs and Economic Regulation], **Mr. H M C Nimalsiri** - Director General of Civil Aviation and Chief Executive Officer, **Mr. S A Jayawickrama** - Additional Director General
Mr. S P R Manukulasuriya - Deputy Director General [Airspace and Security Regulation]



Left to Right Standing:

Mrs. M N Wickramanayake - Director - Revenue and Finance Management, **Mrs. S I Magamamudali** - Director - Human Resources and Office Management, **Mr. S U Nagahawatta** - Director - Training Organization and Personal Licensing, **Mrs. K V P R M De Silva** - Chief Internal Auditor **Capt. W L A Fernando** - Director - Aircraft Operations, **Mrs. C S Casseer** - Director - Aerodromes, **Mr. M A K Prasanna** - Director - Air Navigation Services, **Mr. Rayhan Wannappa** - Director - Air Transport and Economic Regulation, **Mr. K M M N Dassanayake** - Director - Research, Development Planning and Special Programmes, **Mr. P A Jayakantha** - Director - Aviation Security



CIVIL AVIATION AUTHORITY OF SRI LANKA

Vision

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

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'

Stance

The airspace above us is a public asset with vast potential for socio-economic development that needs to be managed for the progress and prosperity of the country and posterity of the nation.

Goals

- ✕ To achieve or exceed safety and security outcome targets;
- ✕ To be appropriately resourced;
- ✕ To be professional and competent;
- ✕ To attain wide credibility and recognition;
- ✕ To sustain or enhance its achievements;
- ✕ To achieve the highest level of productivity in all activities under taken;
- ✕ To maintain a high degree of compliance with international standards and Recommended Practices; and,
- ✕ To be a strong facilitator for planning and development of civil aviation.

Strategies

- ✕ Improved and consistent implementation of statutory functions and fulfillment of social obligations in conformity with the applicable International Standards and Recommended Practices;

- ✕ Identification and implementation of solutions to significant aviation problems;
- ✕ Introduction of specific culture change initiatives;
- ✕ Working in co-operation and partnership with the Aviation Industry;
- ✕ Operating in a transparent and consistent manner and communicating effectively both externally and internally;
- ✕ Maintaining the effectiveness and consistency of all documents, materials, and internal procedures.

Values

The CAASL and its employees shall:

- ✕ assign top priority and importance to aviation safety and promote a safety culture;
- ✕ excel in the services being provided to the CAASL clientele;
- ✕ have a 'can do' attitude in everything being undertaken;
- ✕ aim to be reliable, realistic and consistent;
- ✕ be willing and able to change in pursuit of continuous improvement;
- ✕ work together to achieve success;
- ✕ be open, honest and transparent;
- ✕ promote efficiency, productivity and regularity in all activities;
- ✕ trust and respect colleagues and thereby uphold teamwork;
- ✕ value everyone's contribution;
- ✕ recognize social responsibilities and obligations;
- ✕ enjoy what is being done;
- ✕ take pride in the professional approach;
- ✕ Have a balanced home and work environment.

CAASL's Immediate Targets

- ✕ To prevent fatal accidents in the commercial aviation sector;
- ✕ To prevent hijacking and unlawful interference in civil aviation;
- ✕ To prevent general aviation accidents;
- ✕ To prevent fatal aviation related accidents on ground at airports;

- ✖ To reduce accidents in engineering/maintenance workshops; and
- ✖ To minimize aviation occurrences
- ✖ To support minimizing delays in on-time departures;
- ✖ To encourage improving quality of service in air travel;
- ✖ To facilitate minimizing congestion and expedite passenger processing at airports, whilst being mindful of security requirements;
- ✖ To help minimizing operational cost in air transportation and eliminate waste;
- ✖ To help minimizing adverse effects of aviation on the environment;
- ✖ To educate school children on the potential benefits of civil aviation and
- ✖ To groom the next generation of Aviation Professionals.
- ✖ International recognition of the civil aviation system of Sri Lanka which is free from embargoes / restrictions and avoidance of Significant Safety Concerns being raised by ICAO against the State's aviation system;
- ✖ Enhanced Safety, security, regularity and efficiency in civil aviation and consequential public confidence in the air transport system; and
- ✖ Optimum use of Sri Lanka airspace for the wellbeing of the citizens of Sri Lanka;
- ✖ Socio-economic development of the country;
- ✖ Prevention of economic waste caused by unreasonable competition;
- ✖ Improved access and mobility of people and goods by air;
- ✖ Dependable services in the field of civil aviation;
- ✖ Education of school children in the field of civil aviation;
- ✖ Promotion of all aspects of civil aeronautics;
- ✖ Mitigating risks to public health posed by air transport;
- ✖ Mitigating the harmful effects caused by air transport on Environment.

Expected Outcome

- ✖ Fulfillment of the State's international obligations in the field of civil aviation and constant implementation and enforcement of International Standards and Recommended Practices registering a very high level of effective implementation of SARPS;

Output

Output Class	Output
Policy Advice	Advise Government & other organizations Legislative Reforms Development of Rules Development and Promulgation of Implementing Standards Development of Aviation Policy Development of Manuals of Procedure Master Planning of Aviation Infrastructure
Safety Assessment & Certification	Risk management of: Airport/Airfield sector safety; Airlines sector safety in general aviation sector safety; Personnel licensing safety; Flying training safety. Aircraft maintenance safety and Aviation services sector safety risk management.
Safety Analysis, Information and Promotion	Safety Investigation Safety Analysis Safety Information, Education and Promotion Aircraft Accident & Incident Investigations and Implementation of Safety Recommendations
Authorization	Airline schedule approval Airfare approval Travel agent certification Registration of aircraft Authorization for import of aircraft spare parts Authorization of High structure constructions Authorization for GSA Designation of local carriers for international operations
Security Assessment Enforcement	Civil aviation sector security risk management Responses to regulatory breaches Enforcement of public health and hygienic requirements
Assistance to the Government	Collection of embarkation levy from Airlines

REGULATORY SCOPE

By the end of 2018, the Regulatory Scope of the Civil Aviation stood as follows.

Regulated Area	2018	2017	Change [%]
Airports			
Domestic Land Airports	14	14	00%
Domestic Water Aerodromes	16	16	00%
International Airports [With RMA]	03	03	00%
Airlines			
Local Airlines Engaged in Domestic Air Services	11	10	10%
Local Airlines Engaged in International Air Services	02	02	00%
International Foreign Airlines	42	37	14%
Training Organizations			
Flying Schools	07	08	-13%
Type Rating Training Organizations	03	02	50%
Engineering/Maintenance Schools	05	06	-17%
Civil Aviation Training Centres	01	01	00%
Air Navigation			
Air Navigation Service Providers	01	01	00%
Registration and Airworthiness of Aircraft			
Large Aircraft [Maximum take-off weight 5700kg & above]	31	30	03%
Small Aircraft [Maximum take-off weight less than 5700kg]			
Light Transport Aircraft	41	36	14%
Ultra-Light Aircraft	02	02	00%
Helicopter	12	13	-08%
Hot Air Balloons	06	07	-14%
Synthetic Training Devices Flying Training Devices			
Local full flight Simulators – A 320/A 330/ Integrated Panel Trainer	03	03	00%
ATC Simulator	02	01	100%
Personnel Licensing			
Student Pilot Licence Holders	323	193	67%
Private Pilot Licence Holders	170	119	43%
Commercial Pilot Licence Holders	400	373	07%
Air Transport Pilot Licence Holders	358	327	09%
Air Traffic Control Licence Holders	100	85	18%
Aircraft Maintenance Engineer Licence Holders	04	04	00%
Aircraft Maintenance Licence Holders	509	442	15%
Flight Dispatcher Licence Holders/Flight Operation Officer Licence	212	208	02%
Aeronautical Station Operator Licence Holders	08	04	100%
Cabin Crew Member Certificate Holders	1281	1215	05%
Flying Instructors	23	23	00%
Assistant Flying Instructors	14	09	56%

Regulated Area	2018	2017	Change [%]
Ground Instructors Licence Holders	18	09	100%
Flight Examiners	07	07	00%
Designated Check Pilots	34	35	-03%
Designated Aeronautical Medical Examiners	06	06	00%
Certified Aviation Security Screeners	958	847	13%
Certified Aviation Security Instructors	22	14	57%
Certified Aviation Security Managers	32	28	14%
Air Transport Service Providers			
Global Distribution Service Providers	04	04	00%
Air Transport Service Provider Licence Holders	520	511	02%
Air Transport Service Provider Licence –Group A	412	433	-05%
Air Transport Service Provider Licence –Group B	108	78	51%
General Sales Agents	28	25	12%



GOVERNANCE AND ACCOUNTABILITY OF CAASL

Role of the Authority

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

- ✕ Communicating with the Hon Minister 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 organizational performance towards achieving the objectives of the CAASL and updating the CAA 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 the Chief Executive Officer, CAASL – Ex officio;
- ✕ 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

Honorable Minister of Transport & Civil 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. Ananda Wimalasena and Mr. Kushan D' Alwis, were appointed as the Chairman & Vice Chairman respectively.

Board of Directors

Board of Directors of the Authority comprises of members who have diverse skills and experience in business, legal, financial, legal and aviation industry to bring a wide range of thoughts and views on policy issues relating to civil aviation.

Once appointed, all members are expected to act in the best interest of the Civil Aviation Authority and must acknowledge that the Authority must stand unified behind all of its decisions and that individual members have no separate governing role outside the Authority.

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

Executive Powers of the Authority

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

He shall be subject to such terms and conditions of employment as shall be determined by the Cabinet of Ministries, and shall carry on all such duties and functions assigned to him by or under the Civil Aviation Authority of Sri Lanka Act or any other applicable written law and be charged with the general administration of the functions of the Authority. The Authority acknowledges that Director General of Civil Aviation will act independently in regard to the statutory functions that are assigned to him by statute. However, in the discharge of such duties and functions, he may use the CAASL's resources within the approved procedures and guidelines.

Authority Committees

The Authority has set up two (02) standing committee, viz. Staff Committee, Audit & Management Committee to focus more attention on specific issues and design and implement development plans. Each Committee has been delegated powers for establishing and monitoring the organization's progress towards meeting the objectives of the Authority and achieve the set targets and goals. Notwithstanding the delegation of powers and functions to any of the following Committee, the Board may continue to exercise its powers on any or all such matters as deemed necessary.

Staff Committee

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

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

The Staff Committee comprised of the following Members of the CAASL

1. Mr. Ananda Wimalasena [Chairman]
2. Mr. Kushan D' Alwis [Member]
3. Mr. H.M.C Nimalsiri [Member]

Audit & Management Committee

The Audit & Management Committee is responsible for the following matters;

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

The Audit Committee comprised of the following members.

1. Mr. C.J.K. Perera [Chairperson]
2. Eng. Sudharma Elakanda [Member]
3. Dr. Aminda Methsila Perera [Member]

NGAP Sri Lanka Programme National Committee

- International Civil Aviation Organization [ICAO] concepts on Next Generation of Aviation Professionals [NGAP]

It has been recognized by the international aviation community that there will be an anticipated shortage of skilled aviation professionals in the near future. In order to address this important issue, ICAO launched the Next Generation of Aviation Professionals [NGAP] initiative to ensure that more and more qualified and competent aviation professionals are available to operate, manage and maintain the future international air transport system.

The Government of Sri Lanka [GoSL] recognizes the importance of a trained, qualified, experienced and skilled aviation workforce to steer the industry forward, safely and professionally. In this context, the GoSL will join hands with the ICAO in promoting Next Generation Aviation Professional [NGAP] Programme in Sri Lanka whereby future human resources are identified and appropriate training is provided.



GOVERNANCE AND ACCOUNTABILITY OF CAASL

Establishment of a national forum to communicate and assist industry stakeholders in identifying their long-term human resources needs and establishing strategies to attract, educate, training and retain aviation professionals.

Assistance to industry by providing guidance and tools for engaging the next generation and promoting aviation amongst youth as a viable career.

The NGAP Sri Lanka Programme National Committee assists the NGAP Sri Lanka programme with its responsibilities for its mission, vision, objective and Master Action Plan.

National Committee – NGAP Sri Lanka Programme

The NGAP Sri Lanka Programme National Committee comprises of the following officers,

Civil Aviation Authority of Sri Lanka

01. Mr. H. M. C. Nimalsiri, [President]
02. Mr. Atula Jayawickrama, [Vice President]
03. Mr. Gimhan Dabarera, [Secretary & NGAP National Coordinator]
04. Mr. N. Navajeevan, [Assistant Secretary]
05. Mr. Rayhan Wannappa, [Consultant]
06. Mr. K.M.M.N.Dassanayake, [Head of Aviation Academic Development Committee]
07. Ms. Chanika Mannawaduge, [Head of Aviation Professional Development Committee]
08. Mr. Prabhath Kularathna, [Head of Aviation Awareness Committee]

Airport & Aviation Services [Sri Lanka] Ltd

09. Mr. Devinda Abayagunawardana
10. Mr. Thivanka Weerasinghe

Srilankan Airlines Ltd

11. Mr. Anura Gallella
12. Mr. Sampath Soysa [Till April 2018]
13. Mr. Priyamal Jayasoriya [From April 2018]

Civil Aviation Development and Education Committee [CADEC]

The Civil Aviation Development and Education Committee was established in August 2010 for planning, development and implementation of special programmes aimed at enhancing public awareness in civil aviation activities. This Committee is headed by the DGCA & CEO and assisted by the Senior Director and Director [Corporate]. It may contain members appointed from within employees of the CAASL, as and when nominated by the DGCA and approved by the Board.

Relations with Stakeholders

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

Responsibility of the Authority and Senior Management

Key to the efficient functions of the Civil Aviation Authority is that there 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 stand apart and does not have 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 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 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.

Internal Audit

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

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

The Authority has an Internal Audit Section that is responsible for detailed scrutiny and monitoring systems of internal control in each of the CAASL sections. The Internal Audit Section is responsible for maintenance of the quality of overall duties, functions and services rendered by the CAASL and reliability of financial and other information reported directly to the chairman of the Authority and to the Audit & Management Committee as per the set protocols.

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

Legislative Compliance

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

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

The Corporate Affairs and Economic Regulation Division of the CAASL is responsible for maintaining an updated list of concordance in regard to extend of application of the Government Circulars to the functioning of the CAASL.

Ethics

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

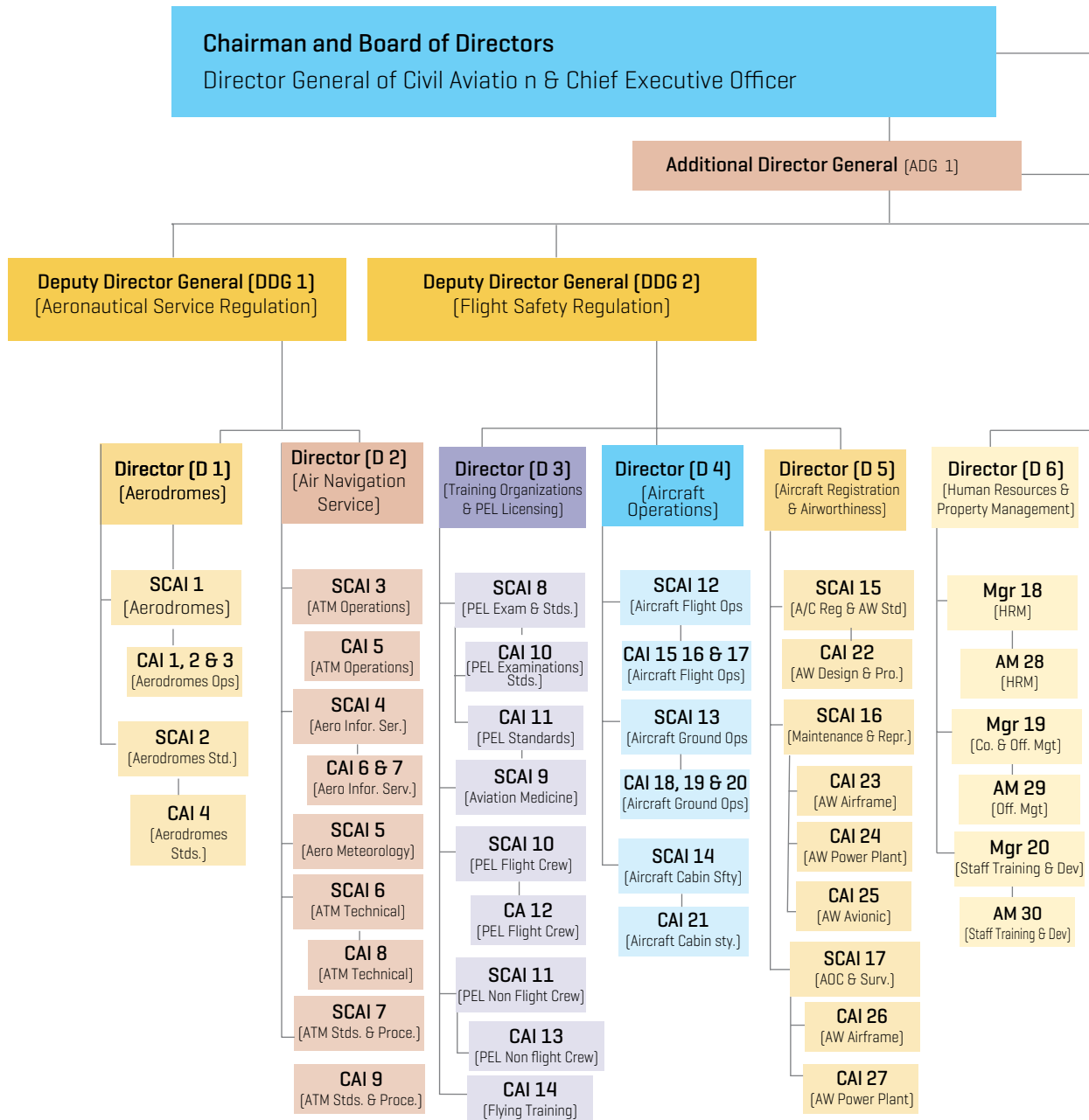
Good corporate citizenship involves the Authority, including its employees, acknowledging that it is a member of many communities outside of itself and the industry it oversees and making a commitment to act in a transparent, consistent, independent and responsible manner with the morals and accepted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

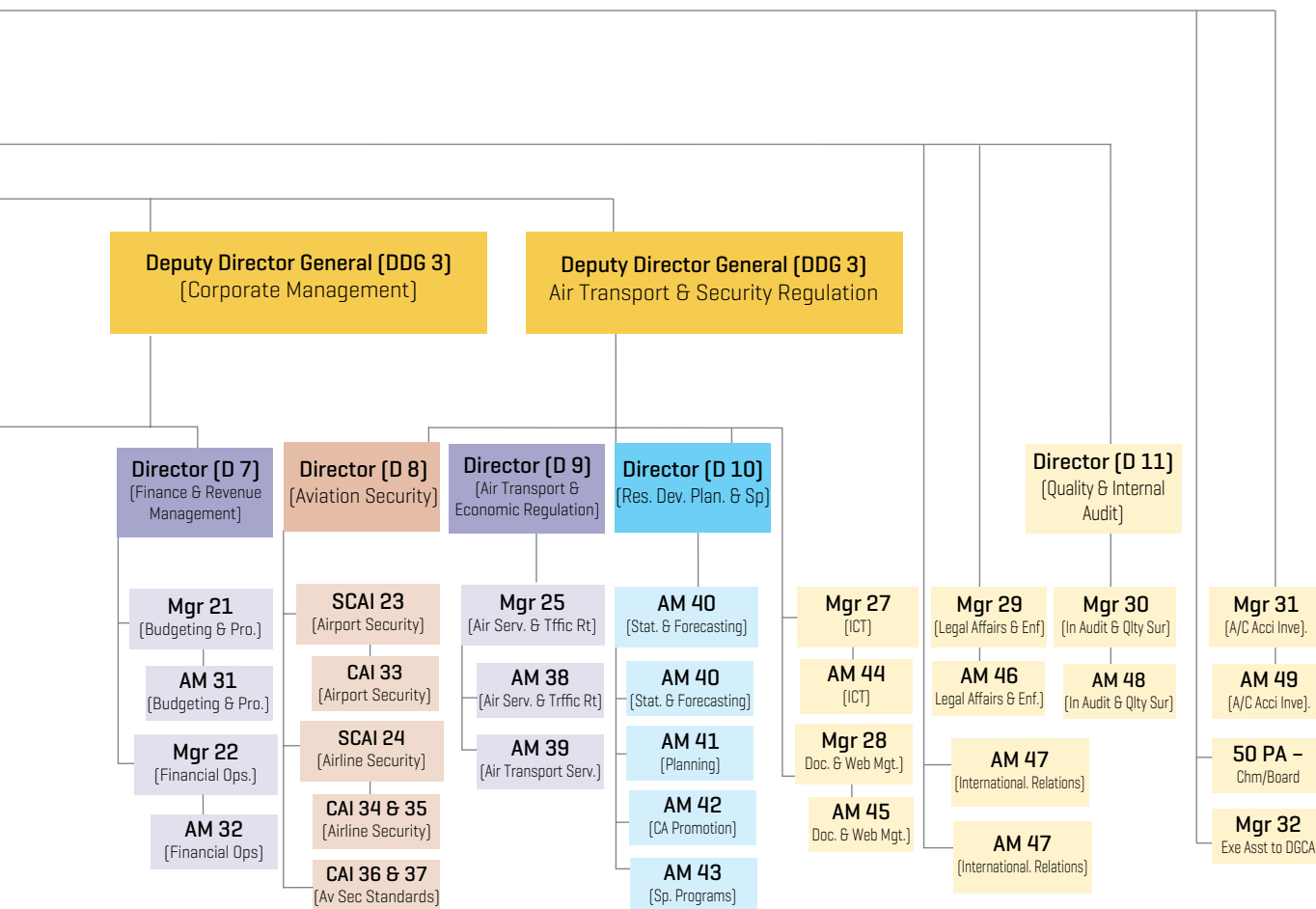
Senior Management Structure

The Department of Management approved the revised Organizational Structure of the CAASL on 22nd November 2013. Senior Management Structure of the CAASL is as shown below. The abbreviations are enumerated at the beginning of this Report.

GOVERNANCE AND ACCOUNTABILITY OF CAASL

Civil Aviation Authority of Sri Lanka Organization Structure - Management Staff





Legends

SCAI - Senior Civil Aviation Inspector

Mgr. - Manager

CAI - Civil Aviation Inspector

AM - Assistant Manager

Rev 02 - 24/12/2018



Safe and Efficient Skies for All



DIRECTION AND MANAGEMENT

CAASL Meetings

The Civil Aviation Authority of Sri Lanka held twelve (12) Authority meetings during the period under review & passed resolutions for the progress and wellbeing of both the CAASL and the civil aviation industry that it regulates. The Staff Committee of the CAASL met seven (07) times and Audit Committee of the CAASL met four (04) times during the period under review.

Accident Investigation Unit

The completed Final draft Act on Aircraft Accident Investigation Bureau which was certified by the Attorney General is to be presented to the Parliament.

The regulations on Operation of Pilotless Aircraft Systems and regulations on Aviation Disaster Family Assistance were drafted.

The necessary work under Accident Investigation area in relation to ICAO- USOAP in 2018 was completed. In this connection, updating of State Aviation Audit Questionnaire, Compliance Checklist, Corrective Action Plan and completion of protocol questions together with self-assessment under Accident Investigation (AIG) Audit area were carried out.

The AIC on "Notification of Aircraft Accident or Incident" which was available at AIP Sri Lanka, amended and published as an AIC on "Aircraft Accident or Serious Incident compliance requirements of aircraft operators, aerodrome operators and air navigation services providers" at API-Sri Lanka.

The Arrangement signed with Air Accident Investigation Bureau of Singapore in 2012 were revised and signed by both CAA - Sri Lanka and Transport Safety Investigation Bureau of Singapore in April 2018 at Singapore.

CAASL manuals issued by the Unit, namely SLCAP 9990 on AIU Policy Manual, SLCAP 9999 on Aircraft Accident Investigation Procedures and SLCAP 9990_10 on Accident investigation Management System were reviewed and amended accordingly.

390 no of approvals issued for the operation of (unmanned) pilotless aircraft within the territory of Sri Lanka during last year and 503 no of drones has been registered with CAASL.

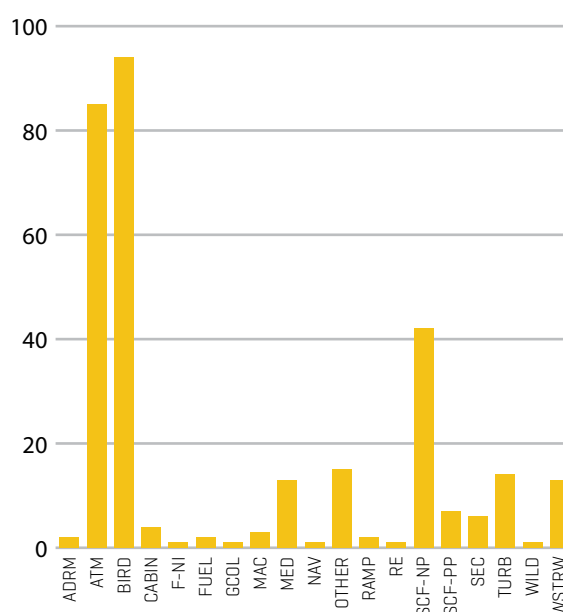
There were 295 aviation occurrences reported in 2018 in respect of the aircraft registered in Sri Lanka and as well as foreign registered aircraft in their operations within the territory of Sri Lanka. Of this, 293 were on aircraft registered in Sri Lanka while the balance 2 involved in foreign registered aircraft occurring within the territory of Sri Lanka.

Of the occurrences, there were 85 ATM/Communication related events which accounted for the highest number of occurrences reported in one category. There were 83 Bird Strikes and 41 System/Component failures or malfunctions reported. Amongst reported bird strikes 42 occurred at Bandaranaike International Airport.

From the 85 ATM/Communication occurrences, 84 events were reported due to no contact with ATS units with the highest number being 'No Contact' within Mumbai FIR.

Out of the System/Component failures or malfunctions reported, 38 were into flights of SriLankan Airlines.

ALL OCCURRENCES IN TO AIRCRAFT REGISTERED IN SRI LANKA AND FOREIGN REGISTERED AIRCRAFT WITHIN THE TERRITORY OF SRI LANKA - 2018



DIRECTION AND MANAGEMENT

ADRM	: Aerodrome
ATM	: Air traffic management (ATM) or communications, navigation, or surveillance (CNS) service issues
BIRD	: Bird Strike
CABIN	: Cabin Safety
F-NI	: Fire/smoke (non-impact)
FUEL	: Fuel related
GCOL	: Ground Collision
MAC	: Airprox/ ACAS alert/ loss of separation/ (near) midair collisions
MED	: Medical
NAV	: Navigation error
OTHR	: Other
RAMP	: Ground Handling
RE	: Runway excursion
SCF-NP	: System/component failure or malfunction
SCF-PP	: Power plant failure or malfunction
SEC	: Security
TURB	: Turbulence encounter
WILD	: Collision wildlife
WSTRW	: Windshear or thunderstorm

Legal & Enforcement Unit

Legal Affairs & Enforcement (LA & E) Unit of the Civil Aviation Authority was established in May 2017 as per the new organizational structure introduced after the restructuring of the CAASL. The main objective of the LA & E unit is to streamline the works relating to the legal and enforcement matters of the CAASL. The LA & E unit has been set up under the Direction and Management stream of the Authority to attend to all matters relating to legal and enforcement activities of the CAASL.

Key Activities of the LA & E Section can be introduced as follows;

- ✕ Ratification of International Conventions and Protocols
- ✕ Reviewing and updating local aviation Primary and subsidiary legislations to implement SARPs
- ✕ Litigation and Enforcement
- ✕ Handling legal matters of CAASL

During the year of 2018, the Section was able to accomplish its target work satisfactorily as per the annual work Programme of 2018.

Following are the significant accomplishments of the section made during the year.

- ✕ Enactment of Carriage by Air Act No 29 of 2018 to give effect to the Montreal Convention 1999
- ✕ Forwarding of two International Conventions to Legal Draftsperson to draft legislations to give effect to the Beijing Convention 2010 and Cape Town Convention 2001
- ✕ Receiving of the final draft Bill of Aircraft Accident Investigation Bureau (AAIB) from the Legal Draftsman Department in all three languages and receiving the Attorney- General's Certification for the Bill

LA & E Section has completed the following work in amending the Primary Legislations and promulgating of Aviation Regulations.

- ✕ Amending the Civil Aviation Act No 14 of 2010 by the Civil Aviation (amendment) Act No 12 of 2018, with the introduction of Touting within an Aerodrome as an punishable offence
- ✕ Promulgation of Safety Management Regulations of 2018
- ✕ Promulgation of Personnel Licensing Regulations of 2018
- ✕ Promulgation of Aerodrome Classification Regulations of 2018
- ✕ Obtaining the approval of the Legal Draftsman Department for the draft of the Water Aerodrome Regulations
- ✕ Obtaining the final draft of the Aeronautical Service Provider Licensing Regulations from the Legal Draftsman Department for submitting CAA observations
- ✕ Forwarding the draft Aviation Security Regulations for the approval of the Legal Draftsman Department
- ✕ Forwarding the draft Aircraft Nationality and Common Marks Regulations for the approval of the Legal Draftsman Department

During the year 2018, LA & E Unit appeared for six (6) cases altogether with the assistance of the officers of the Attorney General's Department, which include three (3) Supreme Court cases, One (1) Court of Appeal Case and two (2) Labor Tribunal cases filed against the CAASL. Out of these cases, the Court of Appeal case and two Supreme Court cases were concluded during the year.

By handling legal matters of the CAASL, LA & E Unit was able to give legal advice/legal opinion for the senior management of the CAASL in the past year as below;

Drafting Agreements/MOUs	03
Reviewing Agreements/MOUs	20
Giving legal Opinion	10

Information Technology & Communications Unit

Goals

- ✖ Provide an efficient, secure, reliable and sustainable IT infrastructure to meet the business and service needs of the CAASL.
- ✖ Plan, implement and maintain the corporate software, hardware infrastructure and IT Service Desk.
- ✖ Support the applications that the corporation uses as a municipal services provider.
- ✖ Develop and support IT Program, Project and Service Management.

Completed Projects

1. Online Payment system.
2. Airbus world technical publication system integration with CAASL.
3. Gangaramaya office network and server move to Katunayake new building.
4. Competed examination center.
5. Online Drones Registration System.
6. PEL system update completed because of out of service by UCSC.

IT Development Project - Ongoing.

1. Human Resource Management System (HRIS).
2. Computerized Efficiency Bar examination System.
3. Official Website revamp.
4. Server Virtualizations.
5. New cloud base email system implementation (Google G-Suite).
6. Automated Conference hall management system.
7. Personal Licensing system Revamp.

Technical Evaluations Completed

Equipment Name	Received	Completed
Desktop computers	02	02
Laptop computers	06	06
FAX	01	01
Photocopy	07	07
Printers	06	05
Projectors	02	02
Scanners	03	03
Server	01	01
TV	02	02
UPS	02	02
HRIS	01	01

Help Desk Support

Support Type	No of Complains	No of Resolved Complains
Password forget	28	28
Computer format	10	10
Printer service	16	10
Computer network problem	311	311
Printing problem	51	51
Finance system update	36	36
Server restart	04	04
Server software down	09	09
Email issues on server	27	27
Email issues on clients	69	69
New software installations	91	85
Conference halls	08	08
Laptop failures	14	12
Desktop computer failures	29	24
Network failures [switch]	09	09
PEL system update	03	03

Equipment Name	Qty
Laptop	19
Desktop computers	24
Printers	38
Photocopy	08
Scanner	06
Projectors	01
RJ 45 connecters	200
ISP connections	02
High end server	01
UPS	01

DIRECTION AND MANAGEMENT

Information Security Development

The mission of the Information Security Office is to protect the confidentiality, integrity, and availability of the CAASL's computer systems, electronic data and networks from unauthorized access, disclosure, disruption, modification, or destruction. Ransomware is a type of malicious software that blocks access to the victim's data or threatens to publish or delete it until a ransom is paid. To raise awareness of this security threat IT unit update firewall and other security methods. The Palo Alto Intrusion Protection System (IPS) examines network traffic flows to detect and prevent vulnerability exploits. Always scanning CAASL's systems to help identify potential vulnerabilities is an important component of the IT Security. Growth in the volume of data and number of devices attached to the university network adds complexity and introduces new risks. Visibility into the data in motion across the entire network is critical for identifying these risks. For IT security, unit installed two high-throughput taps at the edge of the network to monitor incoming and outgoing traffic. This traffic data is sent to a system comprised of elasticsearch, logstash and kibana in cacti. cacti provides the IT Unit with the ability to better analyze and understand network traffic and identify new threats and anomalies to enable stronger security.

Pending Projects

1. Online payment system SSL certification.
2. Public Wifi introduce to ground floor lobby.
3. Wifi authentication system.
4. Disaster Recovery Plan for servers.
5. Update ITC policy.
6. Draft proposal for IT equipment service and maintain.
7. Draft proposal for depreciate IT equipment.

Quality and Internal Audit Section

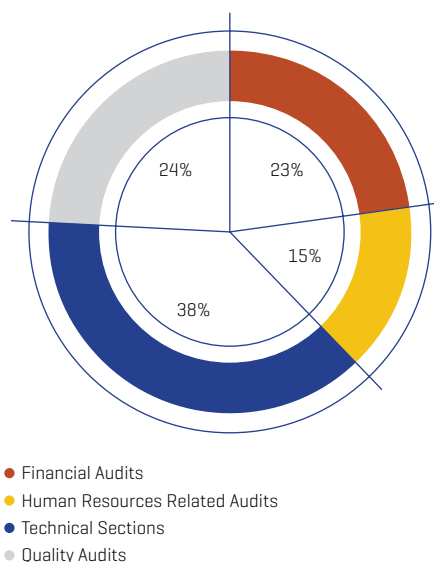
The main objective of the Quality and Internal Audit Section is to enhance the quality management of the CAA. The internal audit process provides an assurance on the organization's risk management, internal control environment and governance framework through review and appraisal of the extent of compliance with relevant statutory requirements. The Quality and Internal Audit Section has further taken necessary steps to ensure the integrity of the CAASL's accounting and financial reporting system and effectiveness of the internal control systems by reviewing and monitoring of such systems on a periodic basis. In addition to post audits, the section carried out pre audits on bonus payment, encashment un-availed leave and staff loans. During the year 2018, 69 no's of pre audits were carried out in relation to payment of staff loans.

SECTION HIGHLIGHTS

Number of audits carried out – 2018

Audit area	No. of Audits
Financial	08
Human resources	05
Technical sections	13
Quality audits	08
Pre audits	69
Total no. of audits carried out	103

TOTAL NO. OF AUDITS EXCEPT PRE AUDITS



Number of Audits Carried Out from Year 2012

Audit area	No. of Audits
2012	34
2013	33
2014	39
2015	26
2016	40
2017	55
2018	103

Number of Audit Conducted and Observation

Year	2018	2017
Audits conducted	103	55
No. of observations	143	109

Research, Development Planning & Special Programmes Section

Research on the Contribution of Civil Aviation Sector for the National Economy in Sri Lanka

The CAASL has been entrusted to 'initiate and carry out Researches and Surveys with any aspects of Civil Aviation' which has been specified under the duties and functions of the Authority in the CAASL Act No 34 of 2002. In line with such obligations, the strategic direction of the CAASL, 'research & surveys' in relation to civil aviation is considered a key activity of the Authority. In this regard, the Authority has commenced to conduct a research on the topic of 'Determining the Contribution of Civil Aviation Sector for the National Economy in Sri Lanka'.

The Authority is in coordination with the Department of National Censuses & Statistics, Ministry of Transport Civil Aviation & University of Moratuwa for technical & statistical assistance for conducting this research. The Authority also decided to obtain the services of a Consultancy Firm/University in order to conduct the above research.

CAASL has conducted the Departmental Consultancy Procurement Committee (DCPC) meetings & considered their views to develop the Term of References (TOR). Accordingly, CAASL has completed the preparation of (Request for Proposals) RFP for select the most suitable consultancy for the research.

Proposals were received according to the RFP and evaluated them both technically and financially. After the evaluation consultancy was awarded to Master Hellies Engineering Consultant (PVT) LTD for 3.56 millions.

Publication of CAASL Documents, Reports & Bulletins

The CAASL completed the development of Corporate Plan and preparation of Annual Reports of the Civil Aviation Authority publishing and presenting to the parliament, distributing related government entities and other industry clientele.

Physical and Progress Reports, Committee Stage Budget Report, Projects Development Reports etc. were submitted to the line Ministry, Central Bank & other requested external agencies.

Annual Outdoor Management Workshop on Corporate Plan 2018-2020

RDP&SP Section conducted a One Day Management Outdoor Workshop to discuss & finalize the CAASL Corporate Plan 2018- 2020. Accordingly Management Outdoor Workshop held at CAASL Sub.Office Mattala on Saturday 23rd June 2018.



Administrative & Logistics Arrangements

The CAASL conducted the following Meeting, Training & Seminars in the Year 2018.

- ✕ Training on Audit Techniques Generic
- ✕ Training on Dangerous Goods Regulations
- ✕ Training on Flight Operations Inspector (Initial) Course
- ✕ SMS Maintenance Seminar
- ✕ ICAO USAP CMB in the Audit
- ✕ EASA 9. QJT Part 21 & CS25
- ✕ ICAO Risk Management Workshops

DIRECTION AND MANAGEMENT

- ✕ ICAO Risk Management Workshop
- ✕ CA Training on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) SP-AP Risk Context Statement writing Workshop

Statistics & Forecasting

The Master Statistical Data Base maintained by representing all the Sections of the Civil Aviation Authority of Sri Lanka was updated and maintained for the period of January to December 2018. Performance Progress Reports designed using this Statistical Data Base were mainly submitted as and when required by the Central Bank of Sri Lanka, Ministry of Transport and Civil Aviation, National Transport Commission and the other external parties who have requested the Reports.

Annual Outdoor Training Workshop 2018

The Civil Aviation Authority of Sri Lanka has been conducting its annual outdoor training workshop for its all staff including both Executive & Non Executive. This is the only common training workshop which has been organized for all staff of CAASL with the objective of building an effective & efficient team of CAASL by addressing training & capacity building requirements which are common for all.

Although the CAASL offers its employees with a number of opportunities to develop their career by developing their knowledge and skills through individual training, the opportunity for them to be trained as a team is somewhat limited.

One of the primary objectives of the outdoor workshop is for the vertical and horizontal integration of the employees at different layers of the organization aiming at building up of a strong team with a good understanding of the talents and potentials of each other.

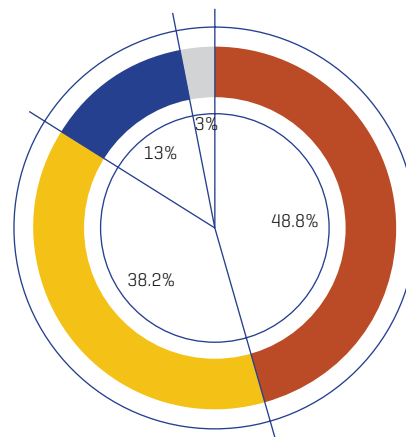
Accordingly, Annual Outdoor Training Workshop 2018 was held at Amaya Beach Hotel, Pasikudah from 28th to 30th September 2018.



One hundred and fifty six [156] of employees of CAASL participated at the training workshop out of total number of employees 176, accounting for 88% of staff participation. This is the highest percentage of participation recorded, in any outdoor event ever held by the CAASL after establishment.

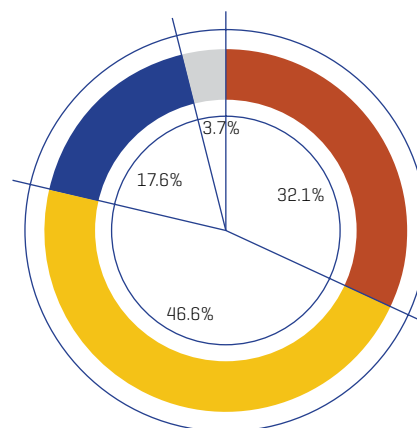
Activities included in the Programme

MR. SADUN FERNANDO'S LECTURE



- Excellent
- Very Good
- Good
- Fair

PRACTICAL ACTIVITIES DURING THE LECTURE

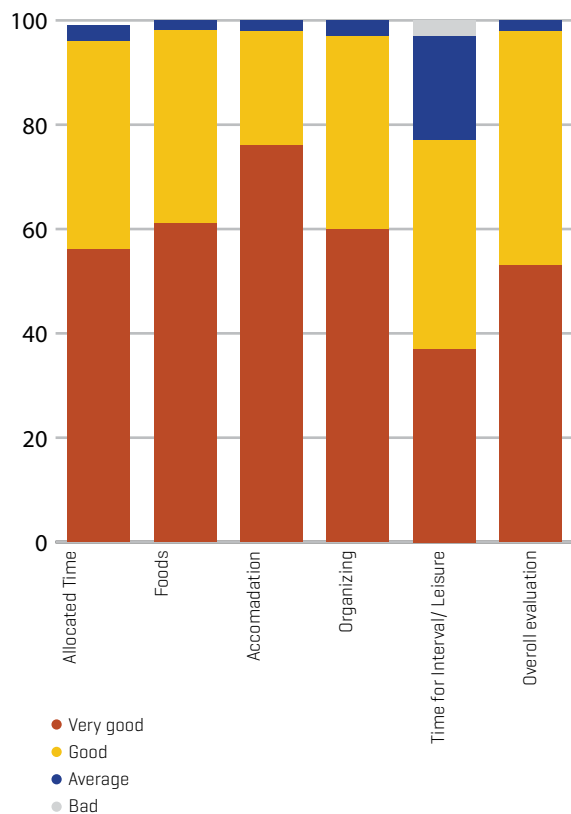


- Excellent
- Very Good
- Good
- Fair

The summary overall evaluation analyzed based on the questionnaire developed by the Research Development Planning & Special Programme Section and the overall evaluation is as follows. The evaluation has done based on key areas concerned such as allocated time for workshop, foods, accommodation, organizing of the event, time for

leisure/interval, and overall evaluation of the programme. Accordingly, more than 77% of staff were of viewed the programme as “very good & good”.

Overall Evaluation of the Programme



Head Office Building of the Civil Aviation Authority of Sri Lanka



Activities of constructing a new Head Office Building for the Civil Aviation Authority in Naikanda, Katunayake have already achieved in the first quarter of the Year. Accordingly opening ceremony was successfully held on 29th March 2018 with the participation of Hon. Nimal Siripala De Silva [M.P] Minister of Transport & Civil Aviation, Hon. Ashok Abeysinghe [P.M] Deputy Minister of Transport & Civil Aviation & including with the other Ministers and Members of parliament. In order to all-night-Pirith chanting ceremony was held on 28th March 2018 followed up by arms giving for members of Buddhist clergy on 29th March 2018 in the morning. All CAASL Staff taken a part in these activities actively.

Conduct of CAASL Media Handling & Promotion

“Guwan Sarisara” TV Programmes were telecasted in every Saturday to aware the country in aviation industry. Thirty five TV Programmes were conducted from January to December 2018.

Civil Aviation Development and Education Committee (CAD&EC)

Civil aviation development and educational committee carried out many educational training programs during the year 2018. Eight awareness programmes were conducted in eight schools during the year. Also ten educational visits to BIA and MRIA were organized for students during the year. From that so many students got an idea about the aviation sector and available job roles in the field of Aviation.

DIRECTION AND MANAGEMENT



Guwansara Magazine

Two Guwansara magazines were issued during the year and 3050 copies of each magazine were distributed free among 3050 schools island wide.



Next Generation of Aviation Professionals (NGAP) Sri Lanka Programme

01 .The NGAP Sri Lanka National Committee Meetings were Conducted

The NGAP Sri Lanka National Committee meetings were conducted on 04th January & 18th April 2018 with the chairmanship of Mr. H.M.C. Nimalsiri, DGCA & CEO. [President of the NGAP Sri Lanka Programme] at the Civil Aviation Authority.



02 .NGAP Outreach Pilot Programme on Aviation Industry Jobs & Science, Technology, Engineering & Mathematics

The new proposal on the NGAP Outreach Pilot Programme on Aviation Industry Jobs & STEM was presented by Mr. Gimhan Dabarera representing Civil Aviation Authority of Sri Lanka as a member of the ICAO NGAP outreach working group at the NGAP 09th Annual Meeting at ICAO Headquarters, in November 2017. This proposal was a new idea to enhance awareness among school students about aviation industry jobs & STEM.

Then ICAO NGAP unit was requested from Sri Lanka to organize this outreach programme as a pilot programme by the end of month of September 2018 & report to ICAO NGAP unit. That programme was included in the ICAO NGAP annual work plan of this year.

The Chairman & DGCA of the Civil Aviation Authority have given the approval to organize this NGAP pilot programme with the support of NGAP-SL National Committee & NGAP-SL Implementation Supportive Group. This programme has been organized with 99 school students (age between 14 - 19 years) & they were divided into 09 teams. Each team consists of 11 students & they have to perform the following Job roles & to answer the questions based on our Learning Management System (LMS) made by NGAP-SL.

Travel Agent, Aviation Security Officer, Ground Handling Agent, Cargo Service Agent, Airport Duty Manager, Flight Operations Officer, Aircraft Maintenance Engineer, Civil Aviation Inspector, Air Traffic Controller, Cabin Crew, Pilot.

- i. Inaugural Ceremony was conducted on 31st August 2018 to introduce this new NGAP Outreach Pilot programme (Competition) to the Students (Boys & Girls).
- ii. Airport visit was organized for the school students who participated in this competition.
- iii. The proposed Competition was conducted on 15th September 2018 at the school playground & class rooms successfully.
- iv. The Award Ceremony was held on 04th October 2018 at the Civil Aviation Authority with the participation of the Chairman & DGCA.

3. Launch the NGAP Sri Lanka Website

The special programme was held on 07 December 2018 at the Civil Aviation Authority of Sri Lanka to celebrate the International Civil Aviation Day & Mr. Nimalsiri, DGCA & CEO was presented a very important speech on "Future Challengers in Aviation". Also, during the event we had an opportunity to launch the NGAP Sri Lanka website, which is useful to express the updated information about the NGAP Sri Lanka Programme & connection with ICAO NGAP Programme. [Believe this website was the first separate website for the NGAP Programme launched by a state]. This significant project lead by the independent team under the leadership of Mr. N. Navajeevan, Assistant Secretary of the NGAP Sri Lanka Programme along with the IT unit of Civil Aviation Authority.



4. NGAP Sri Lanka involvement at the ICAO, Next Generation of Aviation Professionals, (NGAP) 02nd Global Summit at the Wuzhou Guest House, Shenzhen, China held on 12th - 14th December 2018

Mr. H.M.C. Nimalsiri, Director General of Civil Aviation & Chief Executive Officer (President of the NGAP Sri Lanka Programme) participated for the ICAO, Next Generation of Aviation Professionals, (NGAP) 02nd Global Summit at the Wuzhou Guest House, Shenzhen, China held on 12th - 14th December 2018.





DIRECTION AND MANAGEMENT

The Summit was intended to unite the aviation community, education & labor sectors to address strategies and actions for engaging, educating & retaining the Next Generation of Aviation Professionals and to establish partnerships for the Implementation of these actions.

A presentation was done by Mr. Nimalsiri as a Panelist in the Panel 02 – Employer Challenges now & in the future at the Summit.

5. Sri Lanka got an opportunity to become a member in the ICAO NGAP Task Force

Assembly Resolution A39-29: Next Generation of Aviation Professionals, as well as the Communique of the first ICAO Next Generation of Aviation Professionals (NGAP) Global Summit, recognized the importance of collaboration between ICAO, States, industry and educational institutions to attract, educate and retain the next generation of aviation professional into the future.

Following the issuance of State letter AN 21/3-18/95, ICAO Secretariat was established the NGAP Task Force (NGAP TF). The NGAP TF will, inter alia, assist the Secretariat in developing strategies and actions for engaging, educating and retaining the next generation of aviation professionals, and establishing partnerships between states, industry and educational institutions for the implementation of these strategies.

In light of the above and based on our previous support of the NGAP Programme, the ICAO Secretariat invited from Government of Sri Lanka to nominate a subject matter expert with experience in developing National NGAP Strategies and plans, or related elements such as education and training of aviation professionals and NGAP Outreach activities for this new task force.

The Civil Aviation Authority of Sri Lanka has nominated Mr. Gimhan Dabarera, Secretary of the NGAP Sri Lanka Programme & NGAP national Coordinator the subject matter expert to ICAO NGAP Task Force from Government of Sri Lanka to NGAP activities.

AIRSPACE AND SECURITY REGULATION DIVISION

Aviation Security Section

The primary objective of the Aviation Security Section is to regulate Security Functions of the Aviation Industry in Sri Lanka with the prime task of mitigating the Acts of Unlawful Inferences with civil aviation by Regulatory Developments in accordance with international standards and recommended practices. In order to achieve this objective Aviation Security Section develop, implement and maintain a written National Civil Aviation Security Programme (NCASP) in Sri Lanka.

Under the chairmanship of Secretary, Ministry of Defense, the section convene the National Civil Aviation Security Committee (NCASC) and it creates platform to all senior officials in policy making level relevant to aviation [Secretary Ministry of Transport & Civil Aviation, Secretary Ministry of Tourism Development, Secretary Ministry of Law & Order, Chief of Defense Staff, Tri Forces Commanders, Inspector General of Police, Controller General of Immigration and Emigration, Director General of Customs, Chairman of Sri Lankan Airlines, Chairman of AASL etc.] to discuss aviation security matters with the purpose of provide policy guidelines to DGCA as the appropriate authority for country's Aviation Security.

The Aviation Security section implements annual surveillance plan activities [Inspections, Tests, and Audits etc.] to ensure the effective implementation of the NCASP within the operators. Also the section do the certification of all categories of personnel who involve or responsible for implementing, supervising and managing Aviation Security functions of operators as per the annual activity schedule of Aviation Security Personnel Certification.

Certification Activities

✖ Certification of Aviation Security Service Provider at BIA

Certification of Aviation Security Service Provider at BIA was continued with several follow-up visits to determine whether the corrective actions proposed by the Service Provider, were implemented. The Certificate for the Service Provider will be issued within the 1st quarter of the 2019, once the administrative procedures are completed by CAASL based on their commitment for rectifying identified deficiencies timely.

✖ Aviation Security Personnel Certification

Certification of following Aviation Security Personnel Categories of certified Airport and Aircraft operators was

continued throughout 2018 by the section according to the approved Activity Schedule of Personnel Certification.

- Certification / Re-Certification of Aviation Security Managers - 017
- Certification / Re-Certification of Aviation Security Instructors - 012
- Certification / Re-Certification of Aviation Security Screeners - 385

✖ Aviation Security Screening Equipment Certification

Certification of 08 nos of new Aviation Security Screening Equipment of Sri Lankan Airlines, Sri Lankan Catering and Fits Aviation was carried out and continued within the year 2018.

✖ Air Operator Certification

11 recommendations for Local Aircraft Operators and 37 recommendations for Foreign Aircraft Operators were done for issuance / renewal of their certifications once after reviewing their Aircraft Operator Security Programmes and their recent operational records.

Surveillance Activities

Following Quality Control Activities were carried out by the inspectorate of the section in accordance with the approved Surveillance Plan in 2018.

- Inspections - 39
- Tests - 04
- Audits - 01

Apart from that a comprehensive inspection was conducted at MRIA jointly with AASL and Sri Lanka Airforce as directed by NCASC in April 2018, to assess the current security system to determine whether the aviation security measures of controls are fully implemented as per the requirements stipulated in NCASP.

Enforcement Activities

Enforcement Activities were conducted when surveillance activities reveal non-compliance with national regulations, NCASP provisions, CAASL instructions etc. The section did several follow-up actions in order to verify the implementation



AIRSPACE AND SECURITY REGULATION DIVISION

of corrective action plan by operators for rectifying each identified deficiencies through such activities.

Any Other Information

✖ National Civil Aviation Security Committee

Two [02] National Civil Aviation Security Committee [NCASC] meetings, chaired by Secretary Ministry of Defence, was convened on February and October 2018 in view of coordinating aviation security activities among the government departments, agencies and other organizations, airport & aircraft operators responsible for the implementation of various aspects of NCASP.

✖ Provision of Expertise to ICAO

With the invitation of ICAO, Director Aviation Security; Mr. PA Jayakantha as an ICAO Aviation Security Auditor, participated for two [02] ICAO USAP Audit Missions in Republic of the Union of Myanmar and People's Republic of Bangladesh on May and November within 2018.

✖ CASPAP Activities in Sri Lanka

The Aviation Security Section facilitated, on behalf of the Civil Aviation Authority of Sri Lanka to host the ICAO Risk Management Workshop from 09th to 12th October and CASP-AP National Risk Context Statement Writing Workshop from 15th to 17th October 2018 with the purpose of enhance the Aviation Security Risk Management capabilities in Human Resources of Civil Aviation in the country. As an outcome of these workshops, a group will be established with the local participants, in order to formulate the Risk Context Statement for Sri Lanka.

ICAO Risk Management Workshop was attended by fourteen [14] local and seven [07] international participants from Thailand and Vietnam. The CASP-AP National Risk Context Statement Writing Workshop was limited only for seventeen [17] local participants due to the customized nature of the workshop for Sri Lanka. The local participants of the workshops represented CAASL, Ministry of Defence, State Intelligence Services, Sri Lanka Police, Sri Lanka Army, Sri Lanka Air force, Sri Lanka Customs, Department of Immigration & Emigration, Airport & Aviation Services (Sri Lanka) Limited, SriLankan Airlines.

✖ Participation of ICAO International Training/Meetings/Workshops

Personnel attached to Aviation Security Section were afforded with opportunities to attend following training,

seminars and meetings held overseas to broaden their knowledge and exposure in the subject matters.

- CASP-AP 6th Annual Technical and Operational Meeting [6 ATOM], 12-13 February 2018 in Kuala Lumpur, Malaysia
- CASP-AP 15th Steering Committee Meeting [15 SCM], 1-2 July 2018 in Addu City [Gan], Maldives
- ICAO 6th Regional Aviation Security Co-ordination Forum [6 RASCF], 3-4 July 2018 in Addu City [Gan], Maldives
- Aviation Security Certification Systems Workshop, 26 – 30 November 2018 in New Delhi, India

✖ Approval for carriage of weapons on board/cargo holds of an aircraft

Approval for carriage of munitions within the airspace of Sri Lanka and to / from airports within Sri Lanka is vested with the Director General Civil Aviation and those requests are made by the state and private organizations as well as individuals. In this context, there were 163 approvals granted for carriage of munitions in the cargo hold and 53 approvals for carriage on board within the year of 2018.

✖ Manage the Integrated Security System of the CAASL Head Office, Katunayake

With opening of CAASL new building at Katunayake in 2018, the section was delegated to manage Physical Security Services, Electronic Access Control System and Closed Circuit Television [CCTV] System within the CAASL head office premises, in order to establish secure environment for its users and to protect its properties.

Aerodromes Section

Regulatory Development

- ✖ Aerodrome classification regulations was completed and Gazette published in 2018. The Water aerodrome regulation first draft was approved by the Legal draftsman and necessary amendment were incorporated and resubmitted to the Legal draftsman.
- ✖ IS30 related to ICAO Annex 14 Vol. I Aerodromes and IS 41 related to ICAO Annex 14 Vol. II Heliports were revised to be compatible with Annex revisions.
- ✖ IS 60 related Annex 9 and aerodrome operators obligations on facilitation was published.
- ✖ SLCAP 2900 Guidance Material for Aerodrome Operators on conducting Aeronautical Studies / Safety Risk Assessments, SLCAP 2150 - Industry guidance for Runway safety Program were published.

- ✖ SLCAP 2100 – Airside Operation Safety Manual was updated and SLCAP 2950 – Assessment procedure for aeronautical studies was prepared for publication.

Certification Activities

- ✖ Bandaranaike International Airport Certificate was renewed for 2 years after a successful conduct of the aerodrome audit.
- ✖ Batticaloa airport which is being operated by AASL as a Civil Airport was licensed for its operations and the rehabilitated airport was opened for public use on the 25th of March 2018. The Aerodromes section provided the necessary expertise and guidance to AASL for its activities leading to the licensing of the airport.
- ✖ Preliminary meetings and activities required for certification of Ratmalana aerodrome recommenced in 2018 and the certification is expected to be completed in April 2019.

Surveillance Activities

- ✖ The section carried out the following surveillance activities; 23 at BIA, 4 at MRIA, 6 at RMA and 3 at Batticaloa. Reports were submitted regarding the surveillances and corrective action plans were monitored.
- ✖ Further to above surveillance activities, 5 water aerodromes were inspected and the heliport at Welisara operated by IWS and the elevated heliport at Lanka hospitals were inspected.
- ✖ Aerodromes section provided expertise in conducting safe apron operations during fuel leakage at the BIA apron and Phase II stage 2 Apron E expansion project.
- ✖ A survey was conducted on Ground handling operation at BIA and a report submitted.

Development of Domestic Airports

- ✖ Bandarawela: Terms of Reference were received for the Environmental Impact Assessment (EIA) for the construction of a domestic airport at Bandarawela. CAASL selected Central Engineering Consultancy Bureau to prepare the EIA.
- ✖ Hingurakgoda; the development of Hingurakgoda airport for Civil Operations is being pursued by the Defence Ministry. The required estimates for the development of Hingurakgoda were prepared and submitted to the Ministry of Transport and Civil Aviation. A CAASL team visited Hingurakgoda for an inspection provide a report on developing Hingurakgoda for regional operations. Report submitted to Line Ministry and AASL.

- ✖ Palaly; The development of Palaly Airport for civil operations under Indian Government funding could not be carried out as the Master Plan for development was not received from Airports Authority India. The assistance which was requested from AASL for a cost estimate for the development of Palaly for Civil Ops. The cost estimate was obtained as Rs. 1950 million.

Presidential task force on North and East Development, re-initiated the Palaly development program. According to this program CAASL is expected to provide Rs. 950 million from its surplus funds and the Sri Lanka Tourism Development Authority (SLTDA) has pledged the remaining Rs.1000 million for the development of Palaly. Towards this end several meetings were conducted between CAASL, AASL and SLAF. SLAF to carry out the construction process with AASL providing consultancy.

- ✖ Technical advice provided for establishment of elevated heliport at Welcome Hotels, ITC 1.
- ✖ Provided the Ministry of Megapolis necessary inputs for the BIA second runway construction. Consequently the area South of BIA has been selected for the second runway.

Air Navigation Section

The primary responsibility of the Air Navigation Services Section is to formulate rules and procedures involving airspace design, organization and operation in accordance with the applicable international standards and recommended practices adopted by ICAO and to undertake initial certification and continued surveillance of air navigation service providers.

Surveillance Activities

The section continuously conducted surveillance as per the “ANS Surveillance plan 2018” approved by the DGCA. 104 out of 107 scheduled Regular Inspections were carried-out on the Operational Centres at BIA, Ratmalana & MRIA and Aeronautical Information Services (AIS) Centres at BIA & Ratmalana and CNS Centres at Ratmalana, BIA, Attidiya, Piduruthalagala & Kandapola and MET Centres BIA, Ratmalana & MRIA and PANSOPS unit to ensure the effectiveness of the Safety Oversight System in Sri Lanka.

One Random Inspection to SAR Unit, BIA and One Random Inspection to CNS, Ratmalana were carried out as surveillance activities of Air Navigation Service Providers under the scope of Air Navigation Services during the period, Planned Two inspections to VCCB-TWR and one CNS inspection to VCCB were not carried out as the Civil operations were not established until 25th March 2018 at VCCB.



AIRSPACE AND SECURITY REGULATION DIVISION

ATC Rating Assessments

ANS Section conducted 54 Rating Assessments on Air Traffic Controllers to ensure improved and consistent proficiency in the provision of Air Traffic Control service.

Language Proficiency & Radio Telephony Procedure Tests

ANS Section collaborated with PEL Section in conducting Language Proficiency tests and also represented the examination panel for Radio Telephony examinations conducted on Pilots of Private flying schools for CPLs and PPLs. Accordingly, 13 Radio Telephony tests and 7 English Language Proficiency Checks were conducted.

Investigations

The Section conducted investigations on the Mandatory Occurrence Reports (MORs) mainly on Communication Interruptions in Mumbai FIR received from Airlines and liaised with Indian counterparts for remedial actions to avoid recurrence.

Flight Permits / Landing Rights

Granting of approvals for non-scheduled tech-stops/non-commercial landing flights & overflights were carried-out efficiently. Approvals for Aerial Work Operations were also granted subject to additional approvals from other associated agencies such as MOD & SLAF etc.; depending on the location of intended operation. Accordingly, ANS section granted approvals for 997 nonscheduled aircrafts to overfly Sri Lankan territory and 831 permissions to land on Sri Lanka.

Coordination with Ministry of Foreign Affairs in respect of operation of Diplomatic flights. Accordingly, 150 no-objection/consent notes to Diplomatic landing flights and 70 no-objection/consent notes to Diplomatic aircrafts to overfly Sri Lankan territory.

Furthermore, approvals were granted for 129 Aerial Photography/Advertisement flights and approvals were also granted for 50 Drone operations which has shown a rapid increase in popularity in the country.

ANS Training

Senior Civil Aviation Inspector - (ATMSP) & Civil Aviation Inspector (AIS) undergone Basic ANS Inspectors & ANS safety oversight Inspectors Course and Two Civil Aviation Inspectors (CAI-ATMSP & CAI-ATMTECH) undergone initial PANSOPS Course. Civil Aviation Inspector (AIS) undergone workshop on Unmanned Aerial Systems Regulatory Framework & Integration in the Airspace. All ANS Inspectors were attended

to Audit Technique Course conducted by COSCAP-SA.

Furthermore, all ANS staff were attended to G-suite training & Fire Protection & Detection System training.

ICAO Meetings

Director - Air Navigation Services represented the CAASL at the RASG/APANPIRG Meeting.

AIP Amendments, AIP Supplements, Aeronautical Information Circulars (AIC's) & NOTAMs

Two AIP amendments, Five AIP Supplements and Five AICs related to ANS were issued while 443 NOTAMs on Operational ANS activities were scrutinized and granted approval for issuance.

Search & Rescue (SAR) Services within Colombo FIR

Coordination was continued for the development of SAR in Sri Lanka comprising Coordinated for the continued assistance of AMSA (Australia Maritime Safety Authority) provided to Sri Lanka to improve SAR capability of Sri Lanka in Aeronautical as well as Maritime distress situations within SAR Rescue Region (SRR) of Sri Lanka. National SAR coordination committee is entrusted to formulate National SAR plan. Draft National SAR plan was developed on a template provided by AMSA and had been circulated to the fourteen stake holders of the National SAR coordinating committee for their scrutiny and consensus. 2nd Annual meeting of National SAR Coordinating committee of Sri Lanka was held on 28th June 2018 with the presence of AMSA officials.

ANS Regulatory Aspects

During the period considered, the State letters sent by International Civil Aviation Organization (ICAO) were attended by the ANS section for the implementation of the requirements as well as for possible responses for those letters, a continuous dialogue was present with the ANS Division of Airport & Aviation Services (SL) Ltd (AASL) and other relevant stake-holders of the industry.

In pursuant to the Civil Aviation Act no 14 of 2010 particularly Article 120 of the act, during the year 2018, ANS section was able to Published the Regulations on requirements to be satisfied for the certification of Air Navigation Service Providers (Implementing Standard 087 initial issuance & Revision1) and Revised Regulations on Rules of the Air (Implementing Standard 026) for the regularization of the Air Navigation Services during the period of reviewing the performance.

Successful Outcome at ICAO USOAP Audit Conducted on Sri Lanka in June 2018

ANS Staff attended to PQs [Protocol Questions] whilst updating required implementing standards & other related documents progressively and also engaged with Air Navigation Services Provider in order to prepare the entity for the demonstration of the implementation of standards at industry. Continuous Monitoring Approach [CMA], as a proactive methodology adopted by ICAO to monitor the safety oversight capabilities of member states ongoing basis with the ultimate objective of improving the global aviation safety, ANS section throughout 2018 was in the process of providing up to date data/information pertaining to the Safety Oversight Capabilities of Sri Lanka & faced the On-sight audit successfully.

Assistance for ANS Dues recovery from Airlines

Assisted AASL the ANS Provider with special letters to our counterparts urging some Airline operators to settle long-overdue payments on Overflying in Y2018 as well. As a result, a few Airlines settled their long-overdue overflying charges to AASL.

Domestic VFR Navigational Map for the Use of Domestic Operation

Development of Domestic VFR Navigational Map for the use of Domestic operation.

Drone Regulations Awareness Creation

ANS Staff conducted eleven awareness sessions for 489 OIC's/ Senior Police Officials on Drone Regularity Framework; organized by Office of the Chief of Defence Staff and conducted awareness session for Local public; Organized by Police Station, Kirulapone. Joined Special Projects section to conduct two CADEC awareness programmes on Drone Regularity Framework & Conducted Drone awareness session for Students of University of Moratuwa.

Service Agreements

Renewed the Service agreement with Jeppessen to receive free Supply of Aeronautical Maps & Charts both printed & Electronic versions.

Improvement/Contribution in Corporation Affairs & Office Management

Through continuous reference and reviews, updated the existing Manuals, Checklists, Guidance Material, ANS Inspector Hand Book & ANS Chapter of CAASL's Office Manual. Checked the information on ANS section in a CAA web for accuracy & updated accordingly.

FLIGHT SAFETY REGULATION DIVISION

Training Organization and Personnel Licensing Section

Training Organization and Personnel Licensing Section is responsible for the development of rules and procedures relating to certification and surveillance of training organizations and personnel engaged in safety sensitive

activities relating to civil aviation in conformity with the applicable international standards and recommended practices. Training Organization and Personnel Licensing Section of the Civil Aviation Authority has shown further developments in the year 2018, to cater to the needs of the aviation community making the clientele satisfied. The progress of the section is briefly given below.

Certification of Personnel and Aviation Training Organizations, continued surveillance of their activities and resolving safety deficiencies	Pilot Licences	1035
	Flight Instructor Ratings (AFI & FI)	19
	Ground Instructor Licence	16
	Foreign Licence Validation Certificate	36
	Air Traffic Controller	243
	Flight Operations Officer	4
	Aircraft Maintenance Licence	689
	Cabin Crew Certificate	509
	Flight Test Examiner Authorization	1
Conduct of Medical Examinations for Licensed Personnel	Civil Aviation Medical Examiner	5
	Medical Examinations	1197
	Interviews by Medical Assessor	21
Certification of Aviation Training Organizations, continued surveillance of their activities and resolving safety deficiencies	Continued Surveillance on Approved Training Organizations	24
	Continued Surveillance on Designated Hospital Inspection	4
Conduct of Knowledge Examinations for Flight Crew Licences [PPL/ATPL]	PPL No of Papers Delivered	542
	ATPL No of Papers Delivered	1551
	CPL/IR No of Papers Delivered	1
Conduct of Knowledge Examinations for Aircraft Maintenance Personnel	AML No of Papers Delivered	3049
Conduct of Knowledge Examinations for Flight Operations Officers	FOO No of Papers Delivered	133
Conduct of Practical test for RT & ELPC	No of RT for PPL/CPL	66
	No of ELPC	125
Conduct of Knowledge Examinations for Assistant Flight Instructor	AFI No of Papers Delivered	8

Special Air- Law Examinations	Special Air-Law Papers Delivered	6
Conduct of PPL/CPL/ATPL Knowledge Examination for Maldives Applicant	No of Question Papers Delivered	278
Implementation of State Safety Programme	No of Approved Safety Managers	7
	No of Training Schools Approved SMS Manuals	7

- ✘ All the relevant SLCAPs (Sri Lanka Civil Aviation Publications) of the Personnel Licensing Section have been amended and developed in 2018 and were approved by the Director General of Civil Aviation.
- ✘ A new software platform is been built and forwarded for the approval for Personnel Licensing System which would be beneficial and convenient for the clients of CAASL (Civil Aviation Authority of Sri Lanka)
- ✘ Participation in International Training/Meetings/Workshop by Personnel Licensing Staff;
 - Senior Civil Aviation Inspector- Non Flight Crew attended the 9th South Asia Regional Initiative (SARI) Part 66/147 work group meeting which was hosted by Civil Aviation Authority Maldives held at Male, Maldives from 7th to 9th of August 2018.
 - Senior Civil Aviation Inspector- Flight Crew attended the training course for “NAA Inspector – EASA Aircrew Licensing Training Course” conducted by JAA Training Organization at Hoofddorp, Netherlands from 10th to 14th December, 2018
 - Senior Civil Aviation Inspector- Aviation Medicine attended the 10th Collaborative Arrangement for the Prevention and management of public health events in Civil Aviation (CAPSCA) Asia- Pacific meeting held at ICAO Asia and Pacific Office (APAC) Office, Bangkok, Thailand from 22nd to 23rd November, 2018.
 - Senior Civil Aviation Inspector- Aviation Medicine attended the Aviation Medicine Refresher Workshop held at ICAO APAC Office, Bangkok, Thailand from 19th to 21st November, 2018.
 - Senior Civil Aviation Inspector- Examinations & Standards attended the Seminar on Aviation Administration (Maintenance of MA 60 Model) held in China from 12th November, 2018 to 2nd December 2018.
- ✘ ICAO Audit (USOAP) on Personnel Licensing section International Civil Aviation Organization (ICAO) conducted an Audit in June 2018 on CAASL including Personnel Licensing Section under a Continuous Monitoring Approach (CMA) (Universal Safety Oversight Audit Program (USOAP). The section successfully faced the audit and showed an effective implementation of 89.25%. In order to face the Audit, the Personnel Licensing Section had to amend all Implementing Standards, Procedure Manuals and to issue new Implementing Standards in compliance with ICAO Annex 1 standards. In addition to them, the section prepared answers for all PEL related Protocol questions and evidence files for ICAO Audit.
- ✘ Examination Center which has facilities to conduct computer based Pilot knowledge examinations, English Language proficiency checks and RT examinations was established. Examination center will be developed to conduct computer based AML (Aircraft Maintenance License) examinations.
- ✘ A new Implementing Standard 067 according to EASA - ORA for Requirements for Establishment, Operations and Maintenance of a Flying Training Organization was Published and implemented.
- ✘ Implementing standards (IS) for conducting of English Language Proficiency Check (ELPC) was published.
- ✘ Implementing standards (IS) to conduct knowledge examinations for issuance of Pilot Licenses was published.
- ✘ As per the requirement of Implementing standard 066, Aircraft Maintenance Licence (AML) was amended and reissued in 2018 in compliance with SARI part 66 Issue 2. SLCAP 3070 was also amended accordingly. The Licence format of Aircraft Maintenance Licence was amended according to IS 066.
- ✘ Action was taken to extend the validity period of Aircraft Maintenance Licence upto 5 years in compliance with IS 066 2nd Edition and SARI part 66 Issue 2. The licensing procedures were also amended accordingly. All AMLs which were previously issued were renewed for 5 years validity period.



FLIGHT SAFETY REGULATION DIVISION

- ✖ CAASL has taken action to prepared new regulation for Training Organization & Personnel Licensing Under section 117 of the Civil Aviation Act, No 14 of 2010 read with section 66 and 69 of the aforesaid act. Accordingly regulation as the Civil Aviation [Licensing of Personnel and Training Institutions] No. 01 of 2018 has been published.
- ✖ Certification of Civil Aviation Training Centre [CATC] Training School as per the requirements stipulated in the Appendix 2 to the ICAO Annex 1 and the Doc 9841.
- ✖ Flight Test Examiner refresher training was conducted by Capt.H.C Fernando as per the schedule at CAASL on 19th and 20th of April, 2018 at CAASL premises. 10 flight test examiners had successfully completed the training programme.
- ✖ Procedures were developed and implemented to initiate Cabin Crew Medical Assessments at Aeromedical center of CAASL.
- ✖ A Breathalyzer was installed in the CAASL Aero-medical Premises for the purpose of examining the Blood Alcohol Levels of CAA Clients if need arises. Development of procedure is in progress.
- ✖ Launched Awareness Programmes to Flight Crew, Cadets Trainees & cabin Crew and surveillance on First- Aid training of Cabin Crew members in collaboration with Flight Operations Section of CAASL were done.
- ✖ Certification of new training organization, Aviation Consulting and Training Services [ACATS] on 30th of July, 2018 and the reactivation of training organization, South Asian Aviation Services[SAAS] 12th of July 2018.

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 International Civil Aviation Organization [ICAO] for the effective safety oversight of operators. The section also undertake initial as well as re-certification of applicants for operation of air services. Issuance of dangerous goods permits and ground handling licenses too comes under the purview of Aircraft Operations Section.

Regulatory Development

In 2018 Operations Section has issued / revised number of regulations, Implementing Standards, directives and guidance material for compliance of the industry.

IS 002 – Flight Data Document System

IS 009 – Compliance to Annex 9 – Safe transport of Dangerous Goods by Air

IS 011 – Compliance to Annex 6 Part [1] Chapter 1 –Definitions-

IS 012 – Compliance to Annex 6- Part [1]- Chapter 3 – General Requirements

IS 013 – Compliance to Annex 6-Part [1]- Chapter 4 – Flight Operations

IS 014- Compliance to Annex 6-Part [1] - Chapter 5 – Aeroplane Performance Operating Limitations

IS 015 – Compliance to Annex 6- Part [1]- Chapter 6 – Aeroplane Instruments, Equipment and Flight Documents

IS 016 – Compliance to Annex 6- Part1 -Chapter 7 – Requirements for Aircraft Communication and Navigation

IS 017 – Compliance to Annex 6 – Part [1] – Chapter 8 – Aircraft Maintenance

IS 018 – Compliance to Annex 6- Part [1] – Chapter 9 – Aero plane Flight Crew

IS 019 – Compliance to Annex 6 – Part [1] – Chapter 10 – Flight Operations Officer/ Flight Dispatcher

IS 020 – Compliance to Annex 6 Part [1] – Chapter 11 – Manuals, Logs & Records

IS 021 – Conformance to Annex 6 Part [1] - Chapter 12 – Cabin Crewmembers

IS 022 – Compliance to Annex 6 Part [1] – Chapter 13 – Security

IS 023 – Compliance to Annex 6 Part [11] – International General Aviation – Aero plane

IS 054 – Limitation on Flight Time, Duty Periods & Rest Periods of Flight Crew members and cabin Crewmembers

IS 059- ICAO Annex 6 – Part [111] - Operation of International Operations – Helicopters

SLCAP 4100 – Air Operator Certification Manual, 4th Edition 2018

SLACP 4105 – Foreign Air Operator Certification Manual

SLCAP 4200 – Operations Inspector Handbook

SLCAP 4205 – DCP Manual

SLCAP 4215 – MMEL-Mel Policy and Procedure Manual

SLCAP 4225 – Operations Inspectors Training Manual

SLCAP 4300 – Cabin Crewmember Manual Standard

SLCAP 4305 – Cabin Crewmember Training Manual

SLCAP 4400 – Manual on Transport of Dangerous Goods

SLCAP 4410 – Dangerous Goods Inspectors Guidance Material

GD 001 – Crew Resource Management Training for Flight Crew, Cabin Crew and Flight Dispatchers

GD 005 – Compliance to Annex 18

GD 006 – Bracing for Impact Positions during an emergency for Aeroplanes and Helicopter Occupants



GD 007 – Medical Requirements for Cabin Crew

GD 016 – Aircraft Tracking

Foreign Air Operators

The Operations section issued six initial Foreign Air Operator Certificates for the following airlines,

- Enter Air
- Edelweiss
- Aeroflot
- Rossia
- Thai Air Asia
- Thai Lion

Operations section has renewed twenty eight Foreign Air Operator Certificates which were issued to the existing airlines operating services to Sri Lanka.

Transport of Dangerous Goods

This section has renewed thirteen DGR permits during year 2018.

DCP Monitoring and PPC Approvals

Initial DCP approvals issued for seven flight crew members and twenty four of them were renewed. Thirty seven Pilot Proficiency Checks were carried out.

Designated Flight Operation Inspectors

Due to shortage of competent FOI's employed with the CAASL in adequate numbers to accomplish regulatory functions including specially surveillance activities, operations section recruited six Designated Flight Operations Inspectors with delegated powers by the authority to perform certain regulatory duties and functions for or on behalf of the CAASL as and when required.

Surveillance

The Operations section continuously conduct surveillance on Local and Foreign Air Operators for compliance of CAASL Regulatory Requirements as per the approved Surveillance Plan to ensure an effective Safety Oversight System in Sri Lanka. A Total of 206 surveillance activities were carried out in 2018 by the operations section which included Ramp Inspections, Training Observation, Dangerous Goods Operators, Dangerous Goods Handlers, Dangerous Goods Shippers & Packers, Dangerous Goods consignments, En-route Inspections, Operations Control, Pilot Proficiency, Flight Duty

Period, Flying School, Designated Check Pilot, Main Base, Flight Data Monitoring, Safety Management Systems, Station Facility Inspections, Simulator Inspections, Performance Based Navigation, and Ground Handling Inspections.

A Comprehensive Regulatory Audit on SriLankan Airlines and FITS Aviation was carried out with the view of renewing their AOC by the section in 2018 to ascertain the level of compliance by the AOC holder for the stipulated ICAO SARPs and promulgation of local regulations and procedures.

ICAO Universal Safety Oversight Audit Programme (USOAP)

The Operations section was audited by ICAO under the Universal Safety Oversight Audit Programme in June 2018 (USOAP). In total there were 462 Protocol Questions (PQ) of which the operations section answered 146 PQs and achieved 89.13% for Effective Implementation (EI) , an increase of 4.83% from the previous audit conducted in 2010.

Aircraft Registration and Airworthiness Section

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

This section carries out Airworthiness related functions on all aircraft registered in Sri Lanka and surveillance of all civil registered Aircraft operated to Sri Lanka.

Civil Aircraft registry in Sri Lanka stood a total of 91 by the end of 2018 and includes 31 Large aircraft (MTOW>5700KGS), 40 Light aircraft, 12 Helicopters, 06 Balloons and 02 Ultra Lights.

Regulatory Development

Year 2018, had been a remarkable year, as the section equipped well in advance to face the most important audit in the civil aviation calendar, the ICAO Audit 2018. The Audit results revealed that the section has achieved a commendable improvement on effective implementation of international standards and recommended practices, which is 92.24%, as against 2010 results 80.56%.

Owing to the requirement by South Asian Regional Initiative, we commenced the implementation of new regulations such



FLIGHT SAFETY REGULATION DIVISION

as IS 145, IS 147 and Part M on the Approved Maintenance organizations, Approved Maintenance Training Organizations and Approved Continuing Management Organizations.

Three new implementing standards [IS] were issued and 11 Aviation Safety Notices were replaced with implementing standards.

Certification Activities

1. Airworthiness of Aircrafts

In the year under review, a total of 06 initial Certificates of Airworthiness were issued and 69 Certificates of Airworthiness were renewed.

2. Approved Maintenance Organizations [AMO]

17 Maintenance Organizations [Local] certificate renewed after conducting of Annual Audit and 54 AMO [Foreign] Certificates were renewed. A total of 06 Workshop approvals were also granted. A comprehensive audit was conducted on Sri Lankan Airlines Maintenance facility.

3. Aircraft Registrations

04 new aircraft were registered in 2018 whilst 67 were renewed. During the period under review, a total of 02 Aircraft from Sri Lankan fleet de-registered and 02 Export Certificate of Airworthiness were issued.

4. Maintenance Training Organizations [MTO]

Total of 5 AMTO Certificates were renewed after conducting the Annual audit.

5. Continuing Airworthiness Management Organizations [CAMO]

03 CAMO certificates renewed after conducting of Compliance Audit.

Surveillances Activities

✖ Safety Oversight

A total of 93 ramp inspections and 40 night inspections were carried out. A total of 138 Occurrence reports were received from the industry and analyzed as part of Safety Oversight programme.

✖ Enforcement Activities

During 2018 grounded two MA-60 [4R-HTN and 4R-HTO] due to noncompliance of Airworthiness Directives and Certificate of Airworthiness not renewed.

✖ Other Functions

1. Recommendations for Issue of Visas

Recommendations for Landing endorsement and Residence visas 27 foreign nationals working in the local industry.

2. Spare Parts Approval

A total of 223 letters were issued to numerous operators and maintenance facilities to Import/Export Spares required for Maintenance of Aircraft.

In the year under review, this section was headed by Director – Aircraft Registration and Airworthiness, supported by 03 Senior Civil Aviation Inspectors, 06 Civil Aviation Inspectors, 03 Civil Aviation Officers and 01 Office aide.

During the 2018 Aircraft registration and Airworthiness section perform all duties according to Annual work programme 2018 except 15 % of RAMP inspections and 70 % of Approved maintenance Organization [Foreign] Audits.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION

Air Transport & Economic Regulations Section

Air Transport and Economic Regulation section is one of the main role players in the Corporate Division of the Civil Aviation Authority which shoulders the responsibility to regulate the aviation industry in Sri Lanka. The section concentrated during the year on the effective regulation of air transport providers and of economic affairs as its strategic objective. Air Services Negotiations and Agreements, Flight Schedule Approvals, Visa recommendations for expatriates working in airlines, Licensing of Air Transport Providers, Consumer Protection were the key activities towards the achievement of the said strategic objective.

Airline Operations

During the year concerned 35 scheduled airlines operated to/from Sri Lanka including SriLankan airlines. Full Service carriers were the major portion of the operators while a few “no-frills” carriers contributed to the passenger movements to/from the world’s major destinations. World leading air carriers like Emirates Airlines, Korean Air, Cathay Pacific Airlines, Air China, Etihad Airways, Turkish Airlines, Singapore Airlines and Qatar Airways continued their operations to Sri Lanka in year 2018. KLM, the oldest airline currently in operation, was a seasonal operator which operated during the Winter Season of year 2018.

New Operators

IndiGo Airlines, a fast growing Indian budget carrier, commenced their operations to Sri Lanka with 3 daily flights. The airline was able to maintain more than 60% average load factor throughout the year and increased their frequencies up to 36 flights per week during the Winter 2018/19.

Aeroflot, a government owned Russian carrier, recommenced their operations to Sri Lanka in October with 5 flights per week from Sheremetyevo International Airport [SVO]. The SVO airport is Aeroflot’s hub airport for passenger operations. After few weeks of operations the airline’s operations were taken over by its own subsidiary Rossiya Airlines which at the end of the year is operating 5 flights a week from the same airport [SVO].

Edelweiss Airlines commenced its Scheduled passenger operations in November, previously the airline operated to Sri Lanka as a charter operator. Edelweiss is a Zurich [Switzerland] based Swiss International Airlines owned operator.

Thai Air Asia, the Thai wing of the famous Malaysia based low cost carrier Air Asia, commenced its operations to Sri Lanka in Mid-December thereby becoming the 2nd direct carrier from Thailand.

Chongqing Airlines was the final new airline that commenced operations to Sri Lanka during 2018 with the inaugural flight arriving on 28th of December. The airline is based in Chongqing, Peoples’ Republic of China [PRC]. Chongqing Airline becomes the 4th direct carrier based in China.

Charter, Ad-Hoc and Business Jet Operators

Six Charter operators continued their operations from IATA Winter season of 2018 namely Azur Air [Russia], Enter Air [Poland], Royal Flights [Russia], Thomas Cook Airlines [UK], Travel Service Polska [from Ras Al Khaimah International Airport – UAE] and TUI Airlines [UK]. Charter carriers who usually operate a series of flights during the Winter season contribute to the economy of our country, as they bring tourists on an all-inclusive basis who are contracted for hotel stays, transportation and other excursions.

There were also 4 Ad-Hoc operators who were permitted to operate flights to Mattala Rajapakse International Airport, and Bandaranaike International Airport. They were ASL Airlines, Constellations Airlines, Hi Fly and Maldivian Airlines operated as Ad-Hoc operators.

ICAN2018 and Air Services Arrangements

Bilateral Air Services Meeting with Luxembourg

Air Services Negotiations were held with Luxembourg City on 25th & 26th of July 2018 and the Sri Lanka delegation headed by the Secretary of Ministry of Transport and Civil Aviation. Luxembourg [Lux] is a country that boasts one of the highest GDP per capita in the world. They have a strong cargo carrier named CargoLux which has a wide freighter network using 747-800 aircraft. During the meeting the following were achieved:



CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION

1. Initialing of an Air Services Agreement for the very first time with Luxembourg and entering into an MOU with unlimited 3rd & 4th freedom traffic rights for passenger and cargo.
2. MOU also provides for 5th Freedom Traffic Rights for both parties limited to Cargo only.
3. Designation of SriLankan Airlines from Sri Lanka and Cargolux & Lux air for Luxembourg.

The Luxembourg agreement was subsequently signed by the governments of both countries and is currently in force.

ICAN 2018

ICAN is the ICAO's conference on Air Services Negotiations which bring together the world's air services negotiating teams to one gathering with the view to updating and liberalizing the web air services agreements and arrangements existing among contracting states of ICAO.

The 11th ICAN conference, the 2nd to be held in the African Continent, was ceremoniously declared open by the President of Kenya, H. E Uhuru Kenyatta. The President of the Council of ICAO and the Director-Air Transport Bureau of ICAO was also present. The Director [Air Transport & Economic Regulation] represented the Civil Aviation Authority of Sri Lanka.

1. Other members of the Sri Lanka Delegation at ICAN 2018.
2. Mr. G. S Withanage, Secretary of the Ministry of Transport & Civil Aviation [Leader]
3. Ms. Viveka Siriwardene, Deputy Solicitor General- Attorney General's Department
4. Ms. Sakunthala Rajamanthri, Legal Officer -Ministry of Foreign Affairs
5. Mr. Johanne Jayaratne, Executive Director, AASL
6. Ms. Melissa Wimalaratne, International Relations Manager - SriLankan Airlines

The Sri Lanka delegation had the following meetings & Outcomes with Bilateral Partners:

1. Qatar

The Qatar side requested for the inclusion of specific mention for provision of operations of Non-Scheduled charter flights for airlines of both parties. Accordingly same was agreed upon.

2. UAE

It was agreed to permit fly dubai airlines to operate 14 frequencies per week to Colombo Direct. 7 additional flights was also granted to the same airline on a temporary operating permit provided the airline operates its full complement of 21 frequencies per week inclusive of 4 flights per week via Mattala.

Both parties showed their interest to upgrade the existing Air Services agreement.

3. Australia

3 additional frequencies per week provided for the Designated Airlines of Sri Lanka and Australia for flights to/from Sydney, Melbourne, Perth and Brisbane. This was the first time an update in the traffic rights arrangements took place since 2007 between the two states.

4. Turkey

Apart from the usual requests from the Turkish Side [i.e - Male 5th Freedom Traffic Rights/expatriates employment] they requested for the inclusion of Bangalore, Delhi, Mumbai, Hyderabad, Chennai and Karachi as intermediate and beyond points for the operation of all cargo operations. Sri Lanka side agreed for same due to its own practice of open skies policy for all cargo operations with reciprocal benefits for Sri Lanka carriers.

5. Guyana

Guyana and Sri Lanka entered into an open skies agreement at their first ever bilateral air services meeting.

6. Portugal

Portugal and Sri Lanka entered into an Air Services Agreement and an MOU for the very first time on Air Services.

7. Netherlands

Sri Lanka and Netherlands reached agreement on the text of a new air services agreement which is intended to replace the existing agreement in line with new developments in the air transport industry.

8. Tanzania

Sri Lanka and Tanzania initialed a text at ICAN 2015 and the Sri Lanka side had obtained cabinet approval to sign the agreement at ICAN 2018. However, the Tanzanian side proposed the inclusion of a new Articles on Customs duties basing it on their commitment as a member state of the East African Community Customs Union, which necessitates the

state to strictly adhere to its requirements. Due to this fact the Sri Lanka delegation informed the Tanzanian side that Sri Lanka will have to obtain fresh cabinet approval in order to sign the agreement in future.

9. Republic of Korea [South Korea]

Both parties agreed on a text for the initialing of the Air Services Agreement. It is scheduled to be formalized shortly.

10. Namibia

The Parties exchanged the text of an air services agreement. The Namibian side agreed to respond with their comments on the Sri Lanka template Air Services Agreement.

11. IATA

A short meeting was held between IATA officials and Sri Lanka. The discussion revolved around the status of the National Civil Aviation Policy.

Air Transport Providers [Passenger] License [Travel Agency License]

The Provisions in the Air Navigation Act No. 55 of 1992 and Civil Aviation Act No 14 of 2010 permit license holders to involve in the carriage of passengers, cargo and mail by air. Air Transport Providers [Passenger] License is a mandatory requirement to conduct such businesses in Sri Lanka. There are two categories of license as Group A and Group B depending on the stated capital or share capital of the agency and the license must be renewed once in every year.

Issuance of Air Transport Providers License

During the year under review 50 new licenses were issued for agents with 24 in Group A and 26 in Group B category respectively. There were 388 group a license holders who renewed their license while 82 Group B holders renewed the license. In comparison to the year 2017, there is no significant growth in the number of agencies. A Considerable amount of agents have not renewed their license or ceased their operation due to various reasons.

Air Transport Providers License								
Month	Initial Issue		Renewals					
	Group A		Group B		Group A		Group B	
	2017	2018	2017	2018	2017	2018	2017	2018
Jan	00	00	00	00	41	39	06	04
Feb	01	01	03	02	36	33	03	05
Mar	05	00	01	05	50	23	06	07
Apr	00	02	02	01	30	28	07	02
May	04	04	01	03	32	46	04	04
June	04	04	04	01	32	24	00	03
July	03	02	03	03	28	38	05	07
Aug	04	01	02	02	36	33	08	09
Sep	01	01	01	03	34	21	05	09
Oct	01	02	02	01	29	32	08	16
Nov	01	05	01	02	28	31	03	10
Dec	02	02	00	03	29	40	05	06
Total	26	24	20	26	405	388	60	82

Termination of Business of Expired License Holders

Travel agents in their business use a Global Distribution System [GDS] to issue their tickets and do the necessary bookings to satisfy the requirements of the passengers. The possession of a valid Air Transport provider's license is a pre-requisite to hold a GDS connection. The section took action to disconnect GDS facilities from expired license holders by informing GDS providers. The program was very helpful to maintain licensed agents in the industry.

Visa Recommendations for Expatriates [Except Students]

According to the directions issued by department of immigration and emigration, all expatriates who are working in a local aviation entity have to obtain recommendations from the Civil Aviation Authority in order to obtain the work permit / residence visa for Sri Lanka. The Civil Aviation Authority recommends such requests for the aviation industry via the line ministry.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION

The Section has issued 102 such recommendations to the industry as 54 for new visa requests and 48 for renewal of visa including spouses and children. 36 expatriates have been recommended as technical staff and 40 expatriates as non-technical staff out of above recommendations.

As a general rule the Authority limits the employment of foreign nationals to a maximum of two for non-technical category and 2 in the technical category and always encourages the industry to employ local staff as far as possible to enhance local employment opportunities. However depending on the industry requirements and the benefit of the local economy from the entity's operations in Sri Lanka, the CAASL has granted additional recommendations.

In connection with the above, anew directive was issued by the Director General of Civil Aviation to the industry implementing a streamlined application process for the issuance of visa recommendations. The directive AT/02/2018 dated 10th May 2018, "Visa Recommendations for Expatriate Employees of Local and Foreign Airline/GSAs/Travel Agencies in Sri Lanka – Initial and Extension", was issued with the intension of streamlining the recommendation issuance by the CAASL.

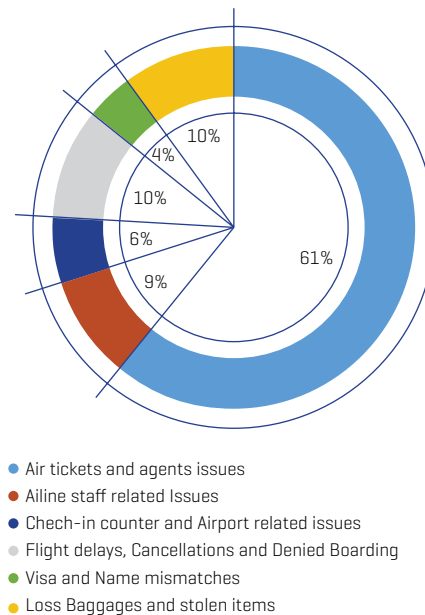
Consumer Complaints Against Travel Agents and Airlines

A passenger using Air Transport services usually does have a pleasant experience. In exceptionally rare occasions passengers may face inconveniences. Such passengers have the option of complaining to the Authority against travel agents, airlines and airports. The Civil Aviation Authority mediates between the two parties and direct them for a solution. When a travel agent registers with the CAASL they have to lodge a bank guarantee which the Authority may use to pay the customer any monetary losses he may incur as a result of any omissions in his service delivery.

During the year concerned 52 such complaints were received from passengers and at the end of the year the section was able to solve and conclude 15. The rest of the complaints are being investigated and positive outcomes are expected.

Majority of such complaints are against travel agents and the following pie chart shows the categorization of the complaints received. The Authority has identified that there is a lack of awareness about the complaints mechanism and therefore an awareness campaign will be implemented in 2019.

PASSENGER COMPLAINTS



Ground Support Service Permits – [Fixed Base Operator Permits]

Operation of business jets/Private Jets and ad-hoc charters have increased over the past couple of years and it is a necessity to have more service providers to facilitate and handle these operators at local airports. For last few years there was a growth in this aspect of the industry CAASL identified the requirement for the regulation of this business in order to ensure smooth operations of such business/private jets. Some countries has identified these industry service providers as Fixed Base Operators who provide all the facilities for air craft operators like fueling, catering, ground handling etc. In Sri Lanka as this industry is in its fledgling stages and due to certain legislative limitations, the authorization granted to a ground support service provider is limited to the ground supervision area.

During the year concerned 4 new Ground Support Service Permits were issued for handlers and another 4 were renewed. In Future all business jet/private jet operators and ad-hoc charter operators will be required to have their flights operated with the assistance of CAASL approved Ground Support Service Providers.

Airline Licensing

All Sri Lanka registered airlines are required to have an Air Operator Certificate [AOC] which proves the technical competency of their operations. Similarly a license is required

for the Airlines to have the necessary authorizations to conduct their commercial activities. An Airline license is issued for scheduled passenger services and Charter License are issued for charter operations. Aircraft used for private purposes are issued with a Private Flight Authorizations.

Sri Lankan Airlines, Cinnamon Air, Heli tours and Fits Aviation renewed their airline license, no new airline license were issued during the period.

IWS Aviation Private Limited were issued with a new charter license in 2018. SriLankan Airlines, Fits Aviation, Daya Aviation, F air, FlySouthern Airlines, Millennium Airlines, Skylark Aviation, Sakurai Aviation and Air Senok renewed their charter licenses during 2018.

Daya Aviation is the only Private Flight Authorization holder and the authorization has been renewed within the year.

Slot Coordination

The slot coordination of Bandaranaike international Airport is under Director General of Civil Aviation and Schedule Planning Department of SriLankan Airlines allocate slots for airlines subject to the approval of DGCA. Prior to the commencement of each IATA season the slot committee is summoned by the DGCA for reviewing of the proposed slot allocations for the given season. The slot committee consists of representatives of SriLankan Airlines as ground Handler, Airport and Aviation Services (Sri Lanka) Ltd as the aeronautical service provider and airport operator , Ceylon Petroleum Corporation as aviation fuel and lubricant supplier, Department of immigration and Emigration as Border Controller, Sri Lanka Customs as Customs duty authority, representatives of the Air Operators Committee as operators Etc...

Two meetings were held for IATA Summer 2018 and IATA Winter 2018/19 to coordinate slots at BIA and MRJA and the meetings were chaired by the DGCA. Based on the various limitations, the slot allocation criteria per hour was 10 arrivals and 12 departures. However total number of movements per any given hour was limited to 15. Wednesdays (Day 3) from 1430hrs to 1700hrs is not allocated for aircraft operations in order to allow routine runway maintenance activities.

The CAASL also gets involved to resolve slot allocation disputes that arise due the mismatches between the original requirements of the airlines vs availability of slots. The CAASL intervenes to provide the most acceptable solutions for both parties.

Introduction of New Regulations and Directions

The Civil Aviation Act No. 14 of 2010 provides a foundation for modern aviation regulation but still it is required to develop further for well-regulated industry. With this in mind, the section developed a few directives and regulations for certain identified industry activities.

The IATA Operational Safety Audit (IOSA) Program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. Most of the airlines operated to Sri Lanka including SriLankan Airlines have cooperative operational arrangements [Codeshare arrangements] with their partners. The Director General of Civil Aviation issued directive AT/01/2018 dated 10th May 2018, "Acceptance of IOSA [IATA Operational Safety Audit] Program for Codeshare Partners", to Sri Lankan AOC holders and All Foreign codeshare partners to have successful IOSA reports in order to be eligible for codeshare operations.

National Civil Aviation Policy

The Section was involved along with the DGCA and the Deputy Director General [CAER] in the drafting and the consultative process of the National Civil Aviation Policy. The finally agreed draft among the stake holders was submitted for cabinet approval during the year.

Participation at Foreign Conferences & Workshops

During the year the section's Manager (Air Services and Traffic Rights) took part in the Turkey-Asia Civil Aviation Conference held in Antalya and the BIMSTEC Workshop on Master Plan of Transport Connectivity held in Bangkok.

The Turkish Conference was held for the first time with the intention of connecting Turkey with Asia with long term objectives of promoting Turkey as an international hub and a force to reckon with in the International Civil Aviation Industry. A memorandum of understanding was signed between Turkish Civil Aviation Authority and Civil Aviation Authority of Sri Lanka with the view of provision of training facilities etc.

The BIMSTEC Workshop was on planning and implementation of Aviation and Multi Modal transport among BIMSTEC member countries. The delegation was able to convince the importance of Aviation and Open Skies policy with regard to the Air Transport connectivity for the master plan.

Both these opportunities provided the staff member concerned with knowledge, exposure and opportunities for networking with industry peers.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION

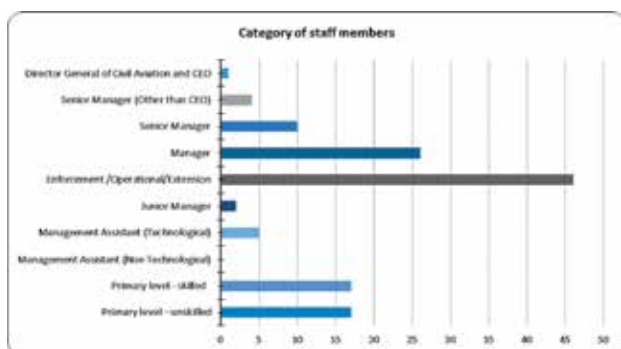
Human resources & Property Management Section

The Human Resources and Property Management (HRPM) Section has continuously been supporting the Authority to accomplish its strategic objectives during the year under review, functioning with a collection of Human Resources policies that outline a comprehensive description of the objectives, procedures, eligibility, limitations and exemptions (if any) pertinent to the requirements which is also set as guidelines in the Staff Rules and Administrative Procedure Manual [SLCAP 5000]. Human Resources & Property Management Section has always maintained an uncompromising voice in ensuring and reaching the goals, objectives and expectations set by the Authority to accomplish its priorities.

Organizational Reforms and Staffing

Based primarily on the objective of being an adept and credible aviation safety regulator, CAA's highly evolved and stringent recruitment process ensures that each of the employee enters CAA with a clear idea of expected outcome from them and the methods and systems that are implemented for them to optimize the innate abilities.

HRPM section has made efforts to provide skilled and competent workforce to drive the functions of the Authority. Following this reformed organisational structure, the recruitments for the vacant positions took place in the year 2018, making a total of 181 staff members. During the year under review, 14 number of new recruitments were initiated to comply with the approved organizational structure.



As depicted in Figure 01, by the end of the year under review, CAASL staff consist of 4 officials in the employment category of Senior Manager other than CEO, 10 in the employment category of Senior Manager and 26 in the category of Manager. According to the current statistics, 46 number of staff members are employed in the category of Enforcement/ Operational/Extension and 2 staff members are categorized under Junior Manager. Further, 5 staff members are employed as Management Assistants –Technological and 53 are employed as Management Assistants – Non Technological (including SN Civil Aviation Assistants). Under Primary Level skilled and Primary Level un-skilled, 17 staff members are employed in each category.

CAASL has reported a turnover rate of 2.76% during the year under review. This insignificant rate of turnover further emphasizes the effective and excellent HR practices which creates employees who are motivated and rewarded for their hard work.



Irrespective of the increase of number of staff members, CAASL continued to provide a wide range of welfare facilities, which is presented in, that are essential for the well-being of our employees which is a primary concern of the Authority.

Medical Insurance Scheme remained as the mostly benefitted welfare facility offered to employees and their immediate family members.

During the year a total of 1688 claims have been made under Out Door patient benefits amounting to Rs. 5,522,218.54/- for the policy period from January 2018 to December 2018. Subsequently, the medical insurance indoor facility has also been granted to employees during the same period.

The Accident Insurance Policy was renewed with People's Insurance PLC, following the government circular issued in obtaining the services of insurance companies, with a special coverage to the Inspectors who sometimes may have to face potential situations harmful to their health, safety, and security.

As depicted in Figure 03, the staff loan programme established by the Authority has been providing an enormous financial support to the staff members.

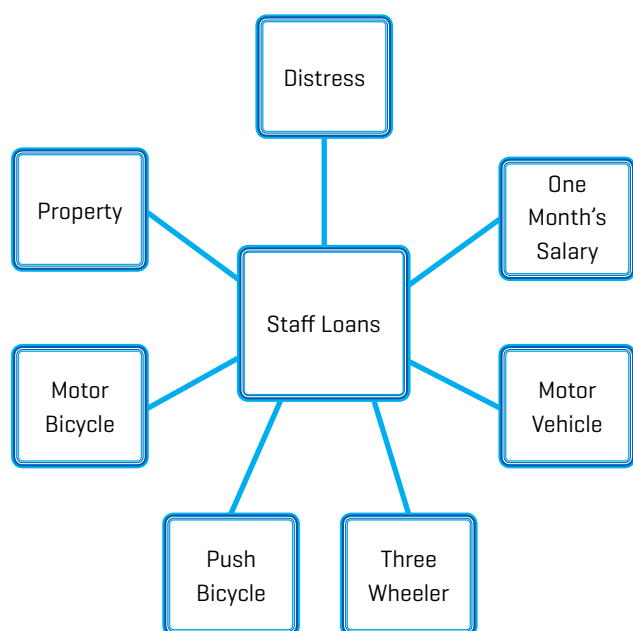


Figure 03

The staff of the CAASL were also facilitated with grant of loans and a sum of Rs. 11,272,554.34/- was granted as Distress loans for 36 employees during the year 2018. Besides this, sum of Rs. 21,355,020/- was provided as loans to purchase Motor Vehicles and a sum of Rs. 120,000/- was given for 6 employees as loan to purchase push bicycles. Additionally, Authority has supported 6 staff members to purchase Motor bikes through providing Rs. 1,602,800/- in the year under review.

Correspondingly, a property loan scheme is established for the staff members to fulfill their financial requirements with the assistance of the Authority. In year 2018, two staff members have been benefitted through the property loan scheme and was granted Rs. 7,152,969.64/-

Festival advance has been issued to 93 staff members amounting Rs. 1,395,000/- during the year.

Apart from the primary welfare facilities, Weerawila Bungalow has been offered as a welfare facility to the staff and the utilization of the facility is illustrated in Figure 04 in number of days.

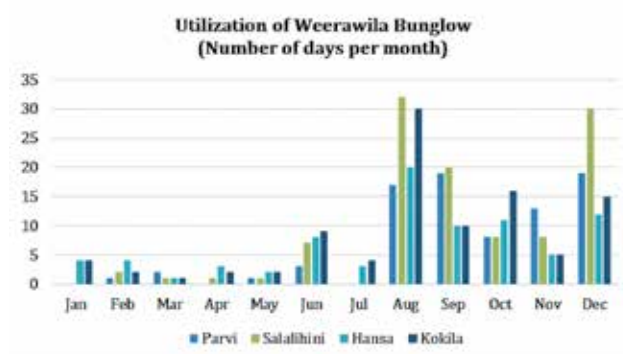


Figure 4

Enhancing the regime of welfare facilities, in year 2018, CAASL has issued 12 number of railway warrants to its employees and family members.

Trainings, Seminars, Workshops, Meetings, Conferences

The CAASL continued to invest in Human Capital Development and implement effective workforce aligned around its vision to ensure that the employees are developing the skills and knowledge required for the future success of the Authority. The training portfolio consisted of Local and Foreign trainings, seminars and workshops during the year under review with the intention of developing and harnessing the human talent. Further, CAASL staff members have been sent for various meetings, conferences and symposiums to represent the Authority as well as the Country.

Despite of the limitations prevail on training and development of personnel required to carry out the job functions of CAASL, Rs. 16,769,615.05 amount has been spent on both local and foreign Human resource development activities.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION



Figure 05

The dynamic nature of aviation industry challenges its professionals to acquire most updated skills and competencies. Hence, 22 number of foreign trainings, seminars and workshops and 16 number of local trainings, seminars and workshops were carried out and 116 number of staff members have been trained in obtaining the required updated knowledge on the latest trends.

Similarly, 36 number of foreign Meetings/ Conferences / Symposium/ Forum / Summit etc. and inspections were carried out and 40 number of staff members have been trained in obtaining the required updated knowledge on the latest trends.



Figure 06

Common training needs of the staff have been identified and a special training has been provided for the staff category of Management Assistant – Non Technological, spending Rs. 162,050/-.

Technical Library

Technical Library functions as the hub for the knowledge seekers and offers the current and immense information on global aviation industry, including the updates of aviation regulations.

Throughout the year under review, 58 external users have utilized the facilities of technical library. In addition, Sectional Libraries were continuously maintained by main the Technical Library with the intention of enhancing the dissemination of updates among staff.

CAASL Website

The CAASL website is an essential source of disseminating information to the general public. Considering the easy access and wide range of information available, it has reported 3% of increase in the number of visits of the website. The website of CAASL had been visited by 140,474 of users indicating the interest among public on the information relating to civil aviation and it is 8.2% of increase in contrast to the previous year. Besides, the CAASL website was updated to provide the information on NGAP programme which was held in Sri Lanka as a pilot programme.

CAASL Corporate Plan and Work Programmes

The Annual Work Programme lays out the priorities identified for each divisions and represents goals, objectives and future work activities of CAASL for the work ahead. The Annual Programme for the year 2018 was prepared, highlighting the strategies, milestones along with desired timeline to achieve them. However, certain key activities were amended to reflect the modifications to the organizational structure of the Authority.

Office Maintenance Related Activities

Office Management of HRPM section continues to contribute the prime objective of the Authority through managing the facility efficiently and effectively. The section further provides diversified profile of services to other divisions in order to maintain an uninterrupted working process.

Moving the operation of CAASL to the newly constructed headquarters has recorded a significant milestone of the history of CAASL which furnished with state of art designs to create an attractive environment to its occupants and to the external parties. Maintaining its facilities to the optimum is utmost important to HRPM section in order to provide uninterrupted service to its occupants. Moreover, procurement process has completed to award the contract of maintaining the sophisticated and systemized building facilities to an external service provider.

Similarly, according to the provisions of Extraordinary Gazette No. 1973/78 dated 01/07/2016, CAASL has initiated acquiring the identified properties from Airport and Aviation [Sri Lanka] Ltd. and Sri Lanka Airforce including, Bandaranaike

International Airport and associated properties, Batticaloa Airport, Rathmalana Airport etc.

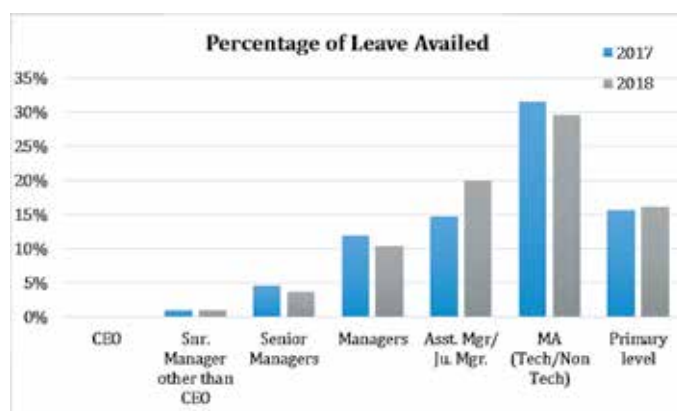
Abans Environmental Services (PVT) Ltd. provide janitorial services of CAA during the year for a sum of Rs. 668, 000/-[without taxes] per month. Mechanism in monitoring the services of the company was also developed.

The maintenance activities of CAA office at Mattala and Holiday Bungalow at Weerawila have been conducted as per the scheduled frequency whereas the unexpected breakdowns were promptly attended to avoid any disruption to daily activities. Also, the procurement process has been commenced for the renovation of office quarters at Katunayake during the year under review.

Leave Availed by the CAASL Employees

Close monitoring of late attendance records and short leave records were made during the year apart from the concessionary period granted in attendance due to difficulties faced by the staff when reporting to the office. Incentives such as the Leave Encashment facility has encouraged frequent attendance at work. When compared the leave days obtained against the man days of work under each employee category, the detail of availed leave by each category of employees against the total leave entitlement is emphasized in Table 01 and Figure 7 as a comparison of 2017 and 2018.

Year	CEO	Snr. Manager other than CEO	Senior Managers	Managers	Asst. Mgr/ Ju. Mgr.	MA [Tech/Non Tech]	Primary level
2017	00%	01%	4.63%	12%	14.73%	31.58%	15.67%
2018	00%	01%	3.60%	10%	19.95%	29.61%	16.21%



Revenue and Financial Management Section

Programme Budget.

The Programme Budget- 2018, which sets out the expenditure of the ensuing year under four major programmes viz. Direction and Management, Air Space & Aviation Security Regulation, Flight Safety Regulation and Corporate Affairs and Economic Regulation. The forecast revised income calculated as Rs. 2,214 million as against the revised estimated recurrent and capital expenditure of Rs. 2,027 million. The estimated expenditure has shown increase of 17% compared to the last year estimated expenditure and the forecast revenue has shown increase of 19% compared to the previous year estimated revenue.

CAASL Revenue and Expenditure

CAA revenue has shown 18% increase when compared to the previous year actual income amounting to Rs 1,993 Mn to Rs.2, 360 Mn. Significant increase can be seen from the income received from Overseas Sales Surcharge and Service Charge of Embarkation Levy.

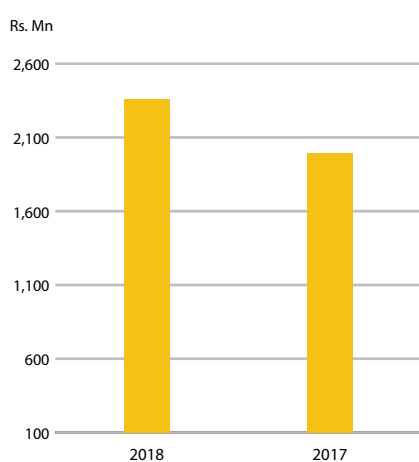
The Actual expenditure has shown increase of 5% compared to the last year Actual expenditure.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION

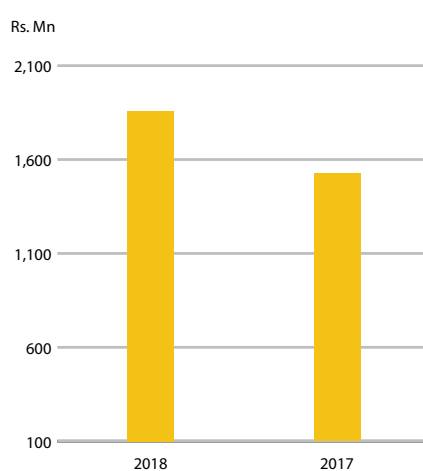
Management Information

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

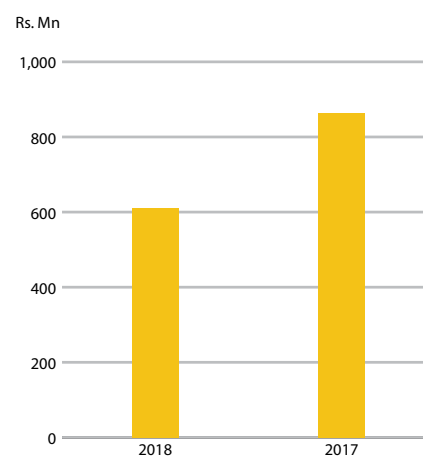
Total Income 2018 Vs 2017



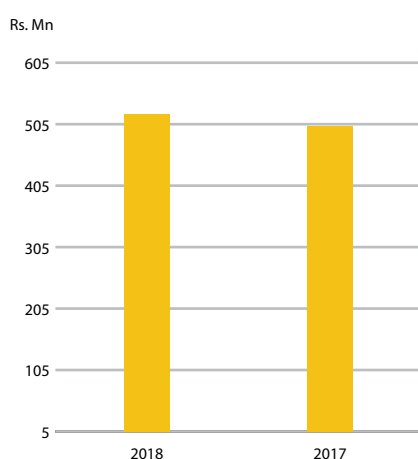
OSS Income 2018 Vs 2017



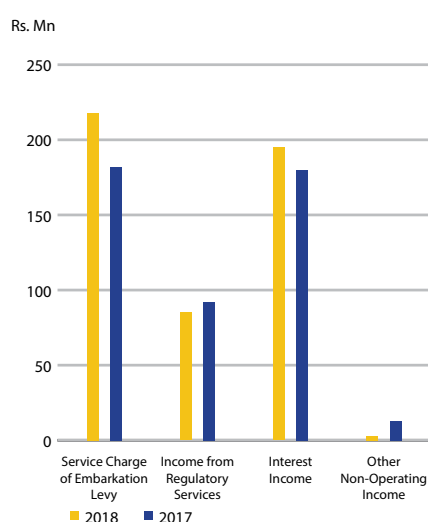
Capital Expenditure- 2018 Vs 2017



Recurrent Expenditure-2018 Vs 2017



Income 2018 Vs 2017



KEY PERFORMANCE INDICATORS -2018

Performance of CAASL - 2018

Safety and Security Oversight Duties and Functions [No of Regulations /Notices/Rules Issued]

KPI	2018	2017
Aircraft Operations	19	00
Aircraft Registration & Airworthiness	01	00
Aerodromes	00	03
Air Navigation Services	07	06
Aviation Security	03	00

Initial Certification of Organizations/Personnel

KPI	2018	2017
Airlines [Foreign]	06	04
Maintenance Organizations	07	07
Pilots	239	237
Air Traffic Controllers	15	25
Aircraft Maintenance Licence Holders	67	14
Flight Operation Officer [Flight Dispatchers]	04	04
Flight Instructors	00	04
Assistant Flight Instructors	05	05
Ground Instructors	09	22
Cabin Crew Members	66	102
Flying Schools Licence	00	01

Surveillance of Certified Organizations/Personnel

KPI	2018	2017
Ramp Inspections-Airworthiness	65	42
Ramp inspections-Operations	61	30
Aerodrome Inspections	39	61
Air Traffic Service Inspections	34	28
Aircraft Maintenance Organization Inspections	35	61
Flying Training School Inspections	24	11
Conduct of Aviation Security Surveillance Activities [Inspections, Audits, Surveys, Tests]	46	18
Simulator Inspections	03	04
En-route Inspections-Operations	12	12
Dangerous Goods Inspections	27	12
Station Facility Inspections-Airworthiness [Foreign]	00	05
Aeronautical Information Services Inspections	16	16

KEY PERFORMANCE INDICATORS -2018

KPI	2018	2017
Main Base Inspections/Instructor Observations	11	13
Designated Check Pilot [DCP Monitoring]	29	43

Audit Completed

KPI	2018	2017
Aviation Security	01	00

Direction and Management Section

KPI	2018	2017
Authority Meetings	09	12
Audit Committee Meetings	04	04
Staff Committee Meetings	02	07
Industry Consultative Meetings	65	72
Appointment to Outside Organizations/Personnel	239	232
Number of Letters Received	5141	4,491

Legal Affairs & Enforcement (LA&E) Unit

KPI	2018	2017 #
Legislations	02	
Promulgation of Regulations	11	
Agreements/MOU	24	
No of Consultations Participated at the Attorney General's Department/Legal Draftsman Department	20	
Provisions of Legal Advice to CAASL/DGCA on Legal Matters	10	
Court Appearances	33	
Legal Documents Prepared	09	
Training Courses/Seminars Attended [Local/Foreign]	03	

Legal Affairs & Enforcement (LA&E) Unit Established on Year 2018

Aviation Security Section

KPI	2018	2017
Reviews/Amendments – National Civil Aviation Security Programme and Subsidiary Documents	04	05
Evaluations/Reviews – Local Airline / Airport Operator Aviation Security Programme	03	01
Evaluations/Reviews – Foreign Airline Operator Aviation Security Programme	38	31

KPI	2018	2017
Evaluations/Reviews – Aviation Security Training Programme / Syllabuses	04	02
Conduct of Aviation Security Surveillance Activities [Inspections, Audits, Surveys, Tests]	46	18
Certification and Re-Certification of Aviation Security Managers	17	25
Certification and Re-Certification of Aviation Security Instructors	12	00
Certification and Re-Certification of Aviation Security Screeners	385	481
Approval for Carriage of Weapons on Board/Cargo Holds of an Aircraft	216	206
Recommendation for Issuance of Airport Access Permits	219	229
Conduct of Aviation Security Training/Lectures/Presentation	01	06
Providing expertise services to Government & Other Agencies	01	01
Participation of Foreign Trainings/Workshops/Seminars/Meetings/ ICAO Missions	12	07

Research, Development Planning and Special Projects Section

KPI	2018	2017
International Airline Statistical Reports	382	363
Domestic Airline Statistical Reports	76	84
International Airport Statistical Reports	24	24
Domestic Airport Statistical Reports	22	*
ICAO Reporting Forms Sent (2016/17/18 Forms)	90	32
Training Organization Statistical Reports	12	*
CAASL Work Performance Statistical Reports	12	12
Provisions of Statistics for Government Institutions/General Public/Other Sections in CAASL	14	12
DCPC Meetings	07	05
Prepared & Published RFP [Request for Proposals]	03	*
Pre-Bid Meetings	06	02
Received RFP	01	*
Evaluated and Awarded RFP	01	*
Bid Opened	06	03
Surveys/Staff Mobility Surveys	01	01
Technical Evaluations by TEC	09	02
Awarded Contracts	04	01
Financial Bid Opened	02	00
Internal Meetings	10	14
Special Progress Review Meeting With Hon. Minister	03	07
Special Site/Technical Visits/Meeting	06	12
Prepared CAASL Board Papers	06	05

KEY PERFORMANCE INDICATORS -2018

KPI	2018	2017
Administration Support to CAASL Workshops/Functions/Events/Special Days	08	01
Administrative Support to Organizing Meetings/Trainings/Seminars/Wrkshops (Aviation)	10	11
NGAP Sri Lanka Committee Meetings	23	06
Publish Guwansara Magazine	02	02
CADEC Programme Conducted	07	01
Workshops for School Students	04	02
Conduct of Special Activities and Awareness Programmes	04	03
Press Articles	27	20
TV Programmes	35	13
CAASL Annual Report	01	01
Other Publications /Reports	22	26

Air Navigation Services Section

KPI	2018	2017
ATS Inspections Conducted	34	28
AIS Inspections Conducted	16	16
SAR Inspections Conducted	05	*
CNS Inspections Conducted	36	*
MET Inspections Conducted	10	*
Maps & Charts Inspections Conducted	03	*
PANS-OPS Inspections Conducted	02	*
Approvals for issuances of NOTAM	443	386
AIP Supplement Issued	05	05
AIP Amendment	02	02
Number of Aerial Works Approval	129	87
Number of Drone Operations Carried Out	50	491
No of AIC Issued	05	00
Landing Clearances Issued	831	800
Over flying Clearances Issued	997	931
No of Non Schedule Flights Approvals	1687	1412
AFTN Dispatched	1675	1455
AFTN Received	3796	3481
Number of Exemption Landing & Parking Charges	06	46
No of No Objection Notes for Diplomatic Flight (Landing)	150	156
No of No Objection Notes for Diplomatic Flight (Overflying)	70	71
No of Movements at VCRI	708	1418
No of Movements at VCBI	74512	67901

Aerodrome Section

KPI	2018	2017
No of Tower Approvals	406	101
No of High-Rise Structure Approvals	242	322
Approval for Water Aerodromes	00	11
Aerodrome Surveillance Carried Out	39	45

Training Organization and Personnel Licensing Section

KPI	2018	2017
Student Pilot Licences [SPL] [Issuance+ Renewals]	216	192
Private Pilot Licences [PPL] [Issuance+ Renewals]	133	119
Commercial Pilot Licences[CPL] [Issuance+ Renewals]	258	373
Airline Transport Pilot Licences [ATPL] [Issuance+ Renewals]	322	327
Air Traffic Controller Licences [ATFC] [Issuance+ Renewals]	43	34
Aircraft Maintenance Engineer Licences [Issuance+ Renewals]	04	04
Aircraft Maintenance Licence-[Issuance +Renewals]	508	442
Aircraft Maintenance Licence-Type Ratings-Issuances	145	136
Aircraft Maintenance Licence-Categories-Issuances	26	13
Cabin Crew Certificate-Issuance	509	279
Flight Operation Officer Licence-Issuance	04	04
Aircraft type Rating for Commercial Pilot Licence [CPL] & Airline Transport Pilot Licences [ATPL] Issuances	146	114
Assistant Flight Instructor [AFI] & Flight Instructor [FI] Rating – [Issuance +Renewals]	11	28
Flying School Licences-[Issuance +Renewals]	12	07
Ground Instructor Licence – Issuance+ Renewal	16	09
Ground Instructor Approvals	16	21
Air Traffic Controllers Rating [Issuances+ Renewals]	160	135
Issuance of visa recommendations	22	23
Issuance of NIB Clearances	68	91
Medical Examinations	2330	1070
PPL Examination [Number of Papers]	537	317
Flight Operations Officer Examination	15	03
AML Examination [No of Exams]	02	01
AML Examination[Number of Papers]	3049	1754
ATPL [A] Examination [Number of Papers]	1272	1003
ATPL [H] Examination	05	07
ATPL [H] Examination [Number of Papers]	06	06
English Language Proficiency Check	125	130
Reactivation of Lapsed Licence Examination [CPL/IR]	01	00

KEY PERFORMANCE INDICATORS -2018

KPI	2018	2017
Radio Telephony Practical Test	66	73
Assistant Flight Instructor Examination [Theory & Viva]	08	10

Aircraft Operations Section

KPI	2018	2017
Training Courses/Seminars Attended	20	10
Special Operations	02	12
Foreign Air Operator Certificate –Initial	06	04
Foreign Air Operator Certificate – Renewal	28	27
Dangerous good transport Licences – Initial	00	01
Dangerous good transport Licences – Renewal	13	13
DCP Initial	07	08
DCP Renewal	21	24
International Air Operator Certificate-Renewal	02	09
Simulator Renewal	03	03
Check Authorization	132	115
Surveillance Activities Performed	206	106

Aircraft Registration & Airworthiness Section

KPI	2018	2017
No of Maintenance Training Organization	05	05
No of Approved Maintenance Organization – [Inside Sri Lanka]	18	18
No of Approved Maintenance Organization – [Outside Sri Lanka]	50	45
Ramp Inspection – Airworthiness	65	42
Aircraft Maintenance Organization Inspection	35	16
Surveillance Activities Carried Out [Ramp, Audit]	171	68
Certificate of Airworthiness of Aircraft – Initial	06	10
Certificate of Airworthiness of Aircraft – Renewal	69	77
Certificate of Registration of Aircraft – Initial	04	10
Certificate of Registration of Aircraft – Renewal	67	70
Resolution of Aviation Occurrences	138	97

Air Transport & Economic Regulation Section

KPI	2018	2017
Domestic Flight Schedule Approvals	18	10
Surveillance of Air Transport Providers and Evaluation Meetings Carried Out	52	47

KPI	2018	2017
International Flight Schedule Approvals	321	337
Visa Recommendation for Non-Technical Experts Staff	98	96
Charter Licences for Sri Lanka Registered Airlines	12	11
Airline Licences for Sri Lanka Registered Airlines	04	05
Charter Licences – International Operations	02	02
Charter Licences – Domestic Regular Operations	10	09
Air Transport Provider's Licences	520	511
Private Operations Licence	01	01
New Air Service Agreements Entered	02	06
Existing Air Services Agreements Reviewed	08	14
Open Skies Air Services Agreements	19	18

Human Resources and Office Management

KPI	2018	2017
Staff Recruitment	17	36
Foreign Training, Seminars Workshops Attended	22	18
Foreign Meeting ,Conference & Symposium Attended	29	21
Foreign Inspections Attended	07	13
Total Local Training Arranged	15	47
Total Staff	179	172
Performance Evaluation Conducted	118	222
Staff Retirements	00	05
Staff Loans Facilitated (Rs. Million)	42	24.1
ICAO Documents Accessed & Updated	3793	204

Revenue & Finance Management Section

KPI	2018	2017
Total Revenue Collected (Rs. Million)	2360	1993
Total Expenditure Incurred (Rs. Million)	552	527
Total Staff Expenses Paid (Rs. Million)	312	288

KEY PERFORMANCE INDICATORS -2018

Quality & Internal Audit Section

KPI	2018	2017
Audits Conducted	103	55
Findings Raised	143	109

Aircraft Accident & Incident Investigation Unit

KPI	2018	2017
Incidents Reported	04	04
Accidents Reported	00	00
Occurrence Reported	296	303
Serious Injuries to Passengers or Crew	00	00
Minor injuries to Passengers or Crew	11	01
Existing Guidance Material Revised	04	01
Drone Registered Local Owners	195	233
Drone Registered Foreign Owners	308	244
Accident/Incident Verifications on License Holders	49	20

*New Indicator

TRAFFIC PARTICULARS

	2018	2017	Growth
International Traffic			
Passengers			
Embarked	5,389,082	4,851,216	11%
Disembarked	5,409,587	4,970,549	09%
In Transit	1,705,886	1,536,640	11%
Cargo [Metric Tons]6			
In Bound	106,485	113,516	-06%
Out Bound	162,011	152,748	06%
Aircraft Movements			
Scheduled Flights	66,175	61,295	08%
Charters Flights	983	4,586	-79%
Number of airline operated			
Scheduled Services	35	31	13%
Charters	12	05	140%
All Cargo	04	05	-20%
Domestic Traffic			
Passengers Carried	30,725	24,597	25%
Aircraft Movements	6,831	5,645	21%
Number of Airlines Operated	11	10	10%
Scheduled Flights	05	04	25%
Charter Flights	06	06	00%



Safe and Efficient Skies for All



FINANCIAL STATEMENTS - 2018

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31st DECEMBER 2018

	Note	2018	2017
		Rs.	Rs.
Income		2,360,199,800	1,993,409,952
Operating Income	24	2,162,045,090	1,800,434,533
Non-Operating Income	25	198,154,710	192,975,419
Expenditure		551,895,155	527,316,932
Staff Expenses	26	312,201,525	288,374,181
Meetings, Seminars and Workshops	27	21,032,525	50,495,497
Training Expenses	28	17,327,535	15,295,043
Administration and Other Expenses	29	171,125,308	149,325,134
Depreciation	31	30,148,089	23,446,773
Amortization of Intangible Assets	32	60,174	380,305
Profit from Ordinary Activities before Taxation		1,808,304,645	1,466,093,020
Taxation	30	508,161,583	423,178,562
Net Profit for the year		1,300,143,061	1,042,914,458

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF FINANCIAL POSITION

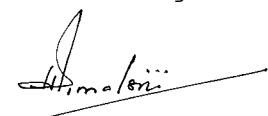
AS AT 31st DECEMBER 2018

	Note	2018 Rs.	2017 Rs.
ASSETS		5,579,129,708	4,811,101,804
Non-Current Assets		1,912,289,536	1,333,752,902
Property, Plant & Equipment	31	795,410,652	742,820,187
Intangible Assets	32	1,668,976	1,587,550
Work in Progress - Capital	33	1,114,700,993	589,157,397
Fixed Deposit- Staff Welfare & Social Security Fund		508,915	187,767
Current Assets		3,666,840,172	3,477,348,902
Inventories		6,815,096	5,554,212
Trade Receivables	34	127,643,810	123,435,199
Staff Loans	35	46,715,928	37,147,958
Financial Assets	36	1,327,161,961	1,544,425,181
Advances, Prepayments and Other Receivables	37	217,956,648	221,579,884
Cash and Cash Equivalents	38	1,940,546,728	1,545,206,468
EQUITY AND LIABILITIES		5,579,129,707	4,811,101,804
Capital and Reserves		3,581,428,944	3,135,524,633
Government Grants	39	571,332,766	575,571,516
Revaluation Surplus		-	7,000,418
General Reserve		-	1,150,000,000
Accumulated Profit		3,010,096,178	1,402,952,699
Non-Current Liabilities		156,670,324	92,744,480
Deferred Tax Liabilities	40	28,584,877	26,748,595
Provisions and Other Liabilities	41	94,454,283	42,589,400
Retirement Benefits Obligation	42	33,631,163	23,406,485
Current Liabilities		1,841,030,439	1,582,832,691
Trade Payables	43	1,556,193,276	1,373,802,676
Other Payables	44	25,323,614	20,156,095
Income Tax Liabilities	45	259,513,550	188,873,919

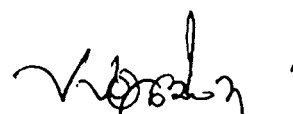
The Notes to the Financial Statements on pages 83 to 98 form an integral part of these Financial Statements. These Financial Statements give a true and fair view of the state of affairs of the Authority as at 31.12.2018

Director – Finance and Revenue Management

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


H.M.C. Nimalsiri

Director General of Civil Aviation &
Chief Executive Officer


Ananda Wimalasena

Chairman

Civil Aviation Authority of Sri Lanka

28th February 2019

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2018

	Government Grant	Revaluation Reserve	General Reserve	Accumulated Profit	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2017	50,347,959	7,000,418	1,150,000,000	1,260,038,241	2,467,386,618
Profit for the Period	-	-	-	1,042,914,458	1,042,914,458
Transfer- Government Grant	526,053,313	-	-	-	526,053,313
Amortization for the Year	[829,756]	-	-	-	[829,756]
Appropriation of net Surplus – Consolidated Fund	-	-	-	[900,000,000]	[900,000,000]
Balance as at 31st December 2017	575,571,516	7,000,418	1,150,000,000	1,402,952,699	3,135,524,633
Profit for the Period				1,300,143,061	1,300,143,061
Transfer- Accident Investigation Fund				[50,000,000]	[50,000,000]
Transfer- General Reserve			[1,150,000,000]	1,150,000,000	-
Transfer- Revaluation Surplus		[7,000,418]		7,000,418	-
Amortization for the Year	[4,238,750]				[4,238,750]
Appropriation of Net Surplus – Consolidated Fund				[800,000,000]	[800,000,000]
Balance as at 31st December 2018	571,332,766	-	-	3,010,096,178	3,581,428,944

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31st DECEMBER 2018

	2018	2017
	Rs.	Rs.
Cash Flows from Operating Activities		
Profit/[Loss] from Ordinary Activities before Taxation	1,808,304,645	1,466,093,020
Adjustments for		
Depreciation	30,148,089	23,446,773
Amortization of Intangible Assets	60,174	380,305
Amortization of Government Grant	[4,238,750]	[829,756]
Interest Income from Investments	[180,038,109]	[180,781,182]
[Profit]/Loss on sales of Property, Plant & Equipment	2,441,427	-
Provision for Defined Benefit Plans	10,546,128	28,605,878
Operating Profit/[Loss] before Working Capital Changes	1,667,223,604	1,336,915,038
Increase in Inventories	[1,260,884]	[533,558]
[Increase]/ Decrease in Trade Receivables	[4,208,611]	[7,136,153]
[Increase] / Decrease in Staff Loans	[19,248,326]	[5,424,435]
[Increase] / Decrease in Advances, Prepayments and Other Receivables	3,681,169	[111,079,814]
Increase in Trade and Other Payables	187,558,118	407,171,159
Cash Generated from Operations	1,833,745,070	1,619,912,238
Decrease of Staff Welfare & Social Security Fund	321,148	[113,356]
Defined Benefit Plan Costs Paid [Gratuity]	[321,450]	[12,556,289]
Income Tax Paid	[428,107,607]	[346,955,891]
Net Cash From Operating Activities	1,405,637,161	1,260,286,702
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	[85,173,581]	[28,715,188]
Acquisition of Intangible Assets	[148,000]	-
Increase in Work in Progress	[525,543,596]	[307,939,725]
Withdrawal /Acquisition of other Investments	220,415,852	123,439,024
Interest Received	178,929,837	172,142,231
Cash Received for Bank Guarantee	1,543,735	16,226,750
Withdrawal of Staff Welfare & Social Security Fund	[321,148]	113,356
Net Cash Used in Investing Activities	[210,296,901]	[24,733,552]



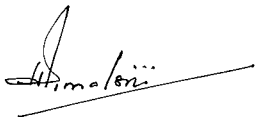
	2018	2017
	Rs.	Rs.
Cash Flows from Financing Activities		
Contribution to Consolidation Fund	(800,000,000)	(900,000,000)
Net Cash Used in Financing Activities	(800,000,000)	(900,000,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	395,340,261	335,553,150
Cash and Cash Equivalents at the Beginning of the Year	1,545,206,468	1,209,653,318
Cash and Cash Equivalents at the End of the Year	1,940,546,728	1,545,206,468
Analysis of Cash & Cash Equivalents		
Cash at Bank	850,546,728	965,206,468
Short Term Investments	1,090,000,000	580,000,000
	1,940,546,728	1,545,206,468

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF RESPONSIBILITY OF MANAGEMENT OF THE AUTHORITY TO FINANCIAL REPORTING


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

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



H.M.C. Nimalsiri

Director General of Civil Aviation &
Chief Executive Officer



Ananda Wimalasena

Chairman

Civil Aviation Authority of Sri Lanka

28th February 2019

CIVIL AVIATION AUTHORITY OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

- 1.1.** Civil Aviation Authority of Sri Lanka having its registered office at No 152/1, Minuwangoda Road, Katunayaka.
- 1.2.** The Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31st December 2018 were authorized for issue in accordance with the resolution of the Civil Aviation Authority on 19th March 2019.
- 1.3.** The Civil Aviation Authority of Sri Lanka was established under the Civil Aviation Authority Act No 34 of 2002 on 27th December 2002 and is deemed a Statutory body, in which its function are regulate safety, efficiency and regularity in civil aviation and its impact on environment in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization under the legislative provisions in the Civil Aviation Authority of Sri Lanka Act No.34 of 2002 and Civil aviation Act No.14 of 2010.

2. GENERAL ACCOUNTING POLICIES

2.1. Statement of Compliance

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

Responsibility for Financial Statements.

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

2.2. Going Concern

When preparing the financial statements the Management has assessed the ability of the Authority to continue as a going concern. The Management has a reasonable expectation that the Authority has

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

2.3. Significant accounting judgments, estimates and assumptions

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

Judgments

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

Estimates and assumptions

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

(a) Fair value of financial instruments

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

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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. Investment in Treasury Bills are shown at their Face Value whereas previous years shown at their cost.

The carrying value at the balance sheet date of financial Assets (Treasury Bills) is Rs. 1,350,700,429/- [2017 Rs: 1,571,116,281/-]

(b) Valuation of defined benefit obligation

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

The carrying value at the balance sheet date of defined benefit obligation is Rs. 33,631,163/- [2017: Rs. 23,406,485/-]

(c) Fair Value

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

(d) Income tax

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

2.4 Functional and Presentation Currency

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

3. SPECIFIC ACCOUNTING POLICIES
3.1 Financial assets

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

3.1.1 Classification
(a) Loans and receivables

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

(b) Held-to-maturity financial assets

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

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

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

(c) Available-for-sale financial assets

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

3.1.2 Recognition and measurement

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

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

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

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

3.1.3 Determination of fair value

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

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

3.1.4 De-recognition

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

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

[a] The Authority has transferred substantially all the risks and rewards of the asset, or

[b] The Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Cost / Revaluation

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

The cost of property and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use. Where items of property and equipment

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are subsequently re-valued, the entire class of such assets is re-valued. The Authority has changed the policy of revaluing assets every 03 years to every 05 years with effect from 2014. However, when the fair value of assets subject to revaluation defers materially from the carrying amount a further revaluation is done.

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

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

4.3 Classification changes has been identified during the year and reclassification has been done accordingly which is depicted in the note no. 30 and 31 as per the LKAS 1. Above Reclassification was not affected to the profit.

4.4 In view of the necessity to develop Rathmalana Airport for civil use cabinet of ministers has granted approval to relocate SLAF Y-12 Hangars, MA-60 Hanger, B-200 Hangar together with parking aprons at Rathmalana from current premises to the northern premises. Cabinet of Ministers has authorized CAASL to remit a sum of Rs. 650Mn out of surplus to SLAF as cost of relocation.

The Cost of Rs. 251,217,632.00 remitted by CAASL to SLAF up to 31.12.2018, has stated under the "Work in Progress – Capital" in Financial Statements.

4.5 In terms of 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 & vest Baticaloa with Civil Aviation Authority of Sri Lanka. Accordingly, Land and Buildings were taken to CAA Asset Register in the year 2017 and 2018.

4.6 By virtue of the powers vested under section 9 of the Civil Aviation Authority of Sri Lanka Act, No.34 of 2002, 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]

- i. Katunayake Airport
- ii. Rtamalana Airport

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

- i. The Civil Aviation Training Centre at Kandawla Road, Rathmalana, the building and structures thereon and the land appertaining thereto.
- ii. The Aeronautical Communication Transmission Station at Attidiya, Ratmalana, the buildings and structures thereon and the land appertaining thereto.
- iii. The Radio Navigational Aid for Bandaranaike International Airport located at Madampella, Gampaha, the buildings and structures thereon and the land appertaining thereto.
- iv. The Radio Navigation Aid for runway at Bandaranaike International Airport located at Kapungoda, Pamunugama in Gampaha, the buildings and structures thereon and the land appertaining thereto
- v. The Radar Station located at Mount Piduruthalagala, the buildings and structures thereon and the land appertaining thereto.
- vi. The Land at Piduruthalaga, in Nuwara Eliya District where the holiday bungalows for aviation staff have been constructed, including any structures thereon or appertaining thereto.
- vii. 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.



Value of above properties will be taken in to CAASL Asset Register once the survey plans and valuations are finalized and assets transferred in terms of Civil Aviation Authority Act No. 34 of 2002.

4.7 Depreciation

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

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

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

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

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

4.8 De-recognition

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

proceed and the carrying amount of the asset and is recognized in the income statement.

4.9 Impairment of Tangible Assets

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

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

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

5 INTANGIBLE ASSETS

Cost Model will be applied in measurement of Intangible Assets.

The provision for amortization is calculated on the straight-line basis on the Cost [less 10% of the residual value of the cost of the asset] of IT software. All IT software amortized annually at the rate of 50% in order to write off such amounts over the useful lives.

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6. INVENTORIES

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

7. OTHER ASSETS

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

(a) Advances, Deposits, Prepaid Expenditure

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

(b) Other Debtors

Other debtors are recognized at cost less impairment loss.

(c) Taxation Receivable

Taxation receivable is recognized at cost.

(d) Prepaid Staff Cost

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

(e) VAT Receivable

Although Rs.152,208,634/- has been included in the Financial Statements 2018 as receivables, the final VAT audited report has not been received from the Department of Inland Revenue.

8. CASH AND CASH EQUIVALENTS

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

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

9. PROVISIONS

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

Pursuant to the Section 7 (h) of the Civil Aviation Authority Act No. 34 of 2002, the Authority has been vested with the power, function and the duty to initiate investigations on aircraft accidents and incidents and arrange for the provision of search & rescue operations. This has been further elaborated by the provision in the Civil Aviation Act No. 14 of 2010 vide Chapter VI, Sections 53, 54 & 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 145th CAASL Board Meeting which was held on 30th May 2018, in order to have an allocation of Rs.50 Million rupees as reserved funds to be used for aircraft accident investigation and search and rescue operations.

9.1 Employee Benefits
Defined Contribution Plans

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

Defined benefit plans

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

9.2 Staff Welfare & Social Security Fund.

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

10 FINANCIAL LIABILITIES

10.1 Initial recognition and measurement

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

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

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

11. OTHER LIABILITIES

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

12. GENERAL RESERVE

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

13. INCOME RECOGNITION

13.1 In terms of section 12 of 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 be complied with the SLFRS.

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

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

13.3 Income received from Airfare & Ticketing Course, Administrative Fine and Sale of centenary Aviation Book, which was categorized under Operating Income in year 2015 have been categorized under Non-Operating Income in year 2016.

13.4 Interest Income

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

13.5 Other Income

Other income is recognized on an accrual basis.

14 EXPENSES RECOGNITION

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

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

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15 BORROWING COSTS

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

16. CURRENT AND DEFERRED INCOME TAX

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

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

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

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

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

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

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

16.2 The Analysis for Deferred Tax Assets and Liabilities

	2018	2017
Opening Balance	26,748,594	14,076,078
From Provision for Gratuity	2,952,916	8,009,646
From Accelerated Tax Depreciation	[1,116,633]	4,662,870
Net Deferred Tax Liability	28,584,877	26,748,594

Deferred income tax liabilities have not been recognized for gratuity provision for the accounting years before 2018.

	2018	2017
Accounting Profit Before Income Tax	1,808,304,645	1,466,093,020
Less : Income from Other Sources & Exempt Income	214,487,797	206,899,624
	1,593,816,848	1,259,193,396
Non - Deductible Expenses	59,413,835	31,520,512
Statutory Income from Business	1,653,230,683	1,290,713,908
Less : Tax Exempt Profit	-	-
Taxable Income - Business Income	1,653,230,683	1,290,713,908
Taxable Income - Non-Business Income	187,229,213	199,703,658
Total Taxable Income	1,840,459,896	1,490,417,566
Income Tax Expenses		
Taxable Income- Business & Non-Business Income 28%	515,328,771	417,316,918
Income Tax Expenses	515,328,771	417,316,918

17. FOREIGN CURRENCY TRANSLATION/ TRANSACTIONS

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

18. EVENTS AFTER THE REPORTING PERIOD

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

19. CONTINGENT LIABILITIES

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

20. CASH FLOW STATEMENT

The cash flow statement has been prepared by using Indirect Method in accordance with the LKAS 7 on Cash flow statements.

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

21. GOVERNMENT GRANTS

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

- The value of Baticaloa 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 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 01.01.2017	-	Rs. 50,347,959
Add: Grants Received During the Year 2017	-	Rs. 526,053,313
Less: Amortization for the year 2017	-	Rs. [829,756]
Government Grants as at 31.12.2017	-	Rs. 575,571,516
Add: Grants Received During the Year 2018	-	-
Less: Amortization for the Year 2018	-	Rs. [4,238,750]
Government Grants as at 31.12.2018	-	Rs. 571,332,766

Amortization of Government Grant

The provision for amortization is calculated on the straight-line basis on the Cost/ valuation [less 10% of the residual value of the cost/valuation of the asset] of the Property, Plant and Equipment. All Property, Plant and Equipment other than land which are accounted against the Government Grant as a corresponding account have been amortized annually on the following percentages over the useful life time.

Buildings	6 2/3 %
Motor Vehicle	12.5 %
Plant, Machinery & Equipment	25 %
Furniture & Fittings	25 %
Other Fixed Assets	25 %

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22. RELATED PARTY TRANSACTIONS.

According to the Sri Lanka Accounting Standards [LKAS24] Related Party Disclosures Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the Authority. Therefore, the Board of Directors of the Authority has been classified as key Management Personnel of the Authority.

The compensation paid to Key Management Personnel are as follows,

	2018 [Rs.]	2017 [Rs.]
Short -Term Employee Benefits	2,275,386	2,619,605
Post-Employment Benefits	-	-
Other Long-Term Benefits	-	-
Termination Benefits	-	-

23. FINANCIAL RISK MANAGEMENT

Civil Aviation Authority of Sri Lanka is a Statutory Board. The main function of this Authority is providing Regulatory Services to the Civil Aviation Industry. The Authority has not financed with financial instruments like Shares, Debentures, and Loans etc. The Authority has minimum exposure to the following risks from its use of financial instruments.

- Credit Risk
- Liquidity Risk

23.1 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.

23.2 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 meet its liabilities when due under both normal and unexpected conditions, without incurring unacceptable losses or risking damaging 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. Cash Flow forecasting is performed by the Finance and Revenue Management Section. 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.

	2018	2017
	Rs.	Rs.
24. Operating Income	2,162,045,090	1,800,434,533
Overseas Sales Surcharge	1,859,018,429	1,525,627,954
Service Charge of Embarkation Levy	217,590,386	182,986,786
Income from Regulatory Services	85,436,274	91,819,794
25. Non-Operating Income	198,154,710	192,975,419
Rental Income	-	93,072
Reservation of Circuit Bungalow	203,410	257,360
Interest Income from Staff Loans (IFRS adjustment)	10,574,310	8,546,487
Amortization of Government Grant	4,238,750	829,756
Tender Application Fees	68,100	227,600
Airfare & Ticketing Course - receipts	-	80,000
Administrative Fine	1,222,646	1,237,532
Sale of Century Aviation Book	14,850	-
Miscellaneous Income	1,794,535	922,430
Interest Income		
Interest from Staff Loan	3,466,212	2,961,248
Interest from Treasury Bill	138,370,978	139,385,548
Interest from Call Deposits	38,200,919	38,434,386
26. Staff Expenses	312,201,525	288,374,181
Salaries and Wages	99,370,489	97,984,190
Other Allowances	117,227,169	92,172,083
Employee Provident Fund	33,718,288	29,044,443
Employee Trust Fund	6,757,937	5,706,780
Leave Encashment	5,095,402	4,918,251
Bonus	7,037,359	4,192,802
Welfare Expenses	15,417,055	13,582,606
Gratuity	10,546,128	28,605,878
Over Time and Holiday Payment	6,457,387	3,620,660
Staff Cost on Loan Benefits - [IFRS Adjustments]	10,574,310	8,546,487
27. Meetings, Seminars and Workshops	21,032,525	50,495,497
Workshop and Seminar Expenses		
Local	4,382,365	5,643,733
Foreign	16,633,177	12,023,790
ICAN Conference Expenses	16,982	32,827,974

CIVIL AVIATION AUTHORITY OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

	2018	2017
	Rs.	Rs.
28 Training Expenses	17,327,535	15,295,043
Training Expenses		
Local	15,151,275	9,252,932
Foreign	2,176,260	6,042,110
29 Administration and Other Expenses	171,125,308	149,325,134
Inspections	449,619	442,497
Out Door Meetings	87,851	136,682
In House Meetings	897,799	333,952
Travelling Expenses - Local	1,708,820	6,350
Consultancy and Legal Fees	46,418	8,568
External Technical Assistance	15,601,824	1,118,850
Compliance Management Cost	697,079	77,858
Interviews/Staff Evaluations	570,800	1,014,264
Board Payments	803,500	1,178,000
Maintenance of Property, Plant and Equipment	2,599,302	1,238,107
Stationery and Consumable Expenses	8,142,050	7,144,828
Domestic Airport Development	766,572	72,875
Other Supplies	1,369,345	932,168
Telecommunication	6,339,325	5,577,275
Postal Charges	307,448	188,194
Contributions to International Civil Aviation Organization	23,406,785	28,849,893
Subscription for Publication & Advertisement	2,624,438	2,634,068
Examination Fee	822,064	833,749
Printing Expenses	2,828,353	1,286,973
Bank Chargers	-	260
Audit Fee	1,455,700	1,428,300
Loss on Disposal of Assets	2,441,427	-
Translation and Typing Expenses	308,107	310,121
Welfare Utilities - Sports	249,227	197,166
Sundry Expenses	43,095	164,130
Promotional Activities	28,380	98,298
Fuel & Lubricants	5,087,081	4,449,028
Vehicle Maintenance	7,153,837	8,600,619
Rent and Hire Charges	16,218,017	7,693,435
Common - Welfare	4,994,267	397,630
Expenses for Office Building and Quarters		
Building Rent	3,727,386	44,728,634
Electricity	20,488,017	13,395,490
Water	1,495,259	1,312,680
Security	6,167,941	3,224,662
Janitorial	9,442,626	2,180,188

	2018	2017
	Rs.	Rs.
Other Maintenance	7,267,877	792,984
Management Services	2,280,000	2,301,500
Aviation Development	8,209,079	1,880,290
IT Maintenance	2,783,669	1,794,145
Corporate Social Responsibility	-	1,100,000
Organizational Events	1,214,924	95,717
Airfare and Ticketing Course Expenses	-	104,708

30	Taxation	508,161,583	423,178,562
	Income Tax 28%	506,325,300	410,506,045
	Deferred Tax	1,836,283	12,672,517

31. Property, Plant and Equipment (Rs.)

Cost/Valuation	Balance as at 01/01/2018	Additions/ Transfers	Disposals	Balance as at 31/12/2018	Balance as at 31/12/2017
Land	556,025,708	18,973,363	-	574,999,071	556,025,708
Building	135,460,378	205,810	-	135,666,187	135,460,378
Vehicles	123,502,263	-	-	123,502,263	123,502,263
Plant and Machinery	73,856,153	37,982,853	[9,890,662]	101,948,343	73,856,153
Furniture and Fittings	34,242,848	27,801,537	[14,390,122]	47,654,264	34,242,848
Other Fixed Assets	519,040	210,018	[103,804]	625,254	519,040
Total	923,606,390	85,173,581	[24,384,588]	984,395,383	923,606,390

Depreciation	Balance as at 01/01/2018	Charge for the year	Depreciation for Disposals	Balance as at 31/12/2018	Balance as at 31/12/2017
Building	22,927,577	7,883,799	-	30,811,376	22,927,577
Vehicles	74,800,782	10,715,070	-	85,515,852	74,800,782
Plant and Machinery	53,974,674	7,279,941	[8,970,134]	52,284,481	53,974,674
Furniture and Fittings	28,722,409	4,208,984	[12,884,138]	20,047,255	28,722,409
Other Fixed Assets	360,761	60,295	[95,288]	325,768	360,761
Total	180,786,203	30,148,089	[21,949,561]	188,984,731	157,747,865
Written Down Value				795,410,652	742,820,187

CIVIL AVIATION AUTHORITY OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
32. Intangible Assets [Rs.]

Cost/Valuation	Balance as at 01/01/2018	Additions/ Transfers	Disposals	Balance as at 31/12/2018	Balance as at 31/12/2017
IT Software	15,792,239	148,000	[128,000]	15,812,239	15,792,239
Total	15,792,239	148,000	[128,000]	15,812,239	15,792,239

Depreciation	Balance as at 01/01/2018	Charge for the year	Additions/ Transfers	Balance as at 31/12/2018	Balance as at 31/12/2017
IT Software	14,204,689	60,174	[121,600]	14,143,263	14,204,689
Total	14,204,689	60,174	[121,600]	14,143,263	14,204,689
Written Down Value				1,668,976	1,587,550

	2018 Rs.	2017 Rs.
33 Capital Work in Progress	1,114,700,993	589,157,397
Katunayaka Head Office	831,984,977	588,265,397
Domestic Airport- Bandarawela	677,000	577,000
Domestic Airport- Putlam	315,000	315,000
Domestic Airport - Rathmalana	251,217,632	-
Circuit Bungalow - Baticaloa	30,506,385	-
34 Trade Receivables	127,643,810	123,435,199
OSS & Embarkation Service Charge Income Receivable	127,294,571	99,368,565
Other Debtors	349,239	24,066,634
35 Staff Loan	46,715,928	37,147,958
Staff Loans	90,941,694	71,693,368
Deferred Staff Cost [Loans]	[44,225,766]	[34,545,410]
36 Financial Assets	1,327,161,961	1,544,425,181
Treasury Bills	1,350,700,429	1,571,116,281
Less: Differed Interest Income	[23,538,468]	[26,691,100]
37 Advances, Prepayments and Other Receivables	217,956,648	221,579,884
Advances	11,215,701	58,480,566
Prepayments	5,813,047	4,552,447
VAT Receivable	152,208,634	117,463,602
Interest Income Receivable	4,493,500	6,537,860
Prepaid Staff Cost	44,225,766	34,545,410

	2018	2017
	Rs.	Rs.
38 Cash and Cash Equivalents	1,940,546,728	1,545,206,468
Cash at Bank		
Current Account: 0002026666	25,115,780	5,830,185
Current Account: 0002026678	825,430,948	959,376,282
Call Deposits	1,090,000,000	580,000,000
39 Grants Received	571,332,766	575,571,516
Land	522,374,500	522,374,500
Buildings	38,006,486	38,807,550
Plant, Machinery & Equipment	2,176,349	2,201,109
Vehicle	12,996,069	13,000,000
Furniture & Fittings	18,113	18,113
Total	575,571,517	576,401,272
Amortization for the Year	[4,238,750]	[829,755]
Balance at the end of the Year	571,332,766	575,571,516
40 Deferred Tax Liability	28,584,877	26,748,595
Balance at the Beginning of the Year	26,748,595	14,076,078
Transfers During the Year	1,836,283	12,672,517
41 Provisions and Other Liabilities	94,454,283	42,589,400
Staff Welfare Fund	508,915	187,767
Bank Guarantee Deposits (Embarkation Levy)	43,945,368	42,401,633
Accident Investigation Fund	50,000,000	
42 Retirement Benefits Obligation	33,631,163	23,406,485
Balance at the Beginning of the Year	23,406,485	7,356,896
Provision for the Year	10,546,128	28,605,878
Paid during the Year	[321,450]	[12,556,289]
Balance at the End of the Year	33,631,163	23,406,485
43 Trade Payables	1,556,193,276	1,373,802,676
Deposit Inspection Charges and Operations	5,335,183	5,497,469
Payable to AASL, Tourism Development Authority and Government Treasury	1,505,430,947	1,324,342,080
Other Creditors	45,427,145	43,963,127



CIVIL AVIATION AUTHORITY OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

	2018	2017
	Rs.	Rs.
44 Other Payables	25,323,614	20,156,095
Accrued Expenses		
- Staff Expenses		
Leave Encashment	5,671,824	4,918,427
Incentive Payments	-	2,195,643
EPF	6,141,347	4,704,626
ETF	737,412	555,595
Other Staff Expenses	901,693	1,210,358
- Training	-	79,352
- Meeting, Seminars	-	592,823
- Administration and Other Expenses		
Printing Expenses	2,328,577	-
Audit Fees	2,428,000	2,214,300
Electricity	1,521,622	1,045,934
Other Expenses	5,593,129	3,231.86
45 Income Tax Liabilities	259,513,550	188,873,919
Balance at the Beginning of the Year	188,873,919	120,957,108
Provision for the Year	506,325,300	410,506,046
VAT Refund	[7,538,063]	4,366,656
Paid During the Year	[428,107,607]	[346,955,891]
Balance at the End of the Year	259,513,550	188,873,919

AUDITOR GENERAL'S REPORT

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 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2018 comprising the statement of balance sheet as at 31 December 2018 and the statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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.



AUDITOR GENERAL'S REPORT

1.4 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 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

Specific provisions are included in the following requirements of the National Audit Act, No. 19 of 2018.

- 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.
- 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.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 [1] [d] [iv] of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- 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. 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;
- to state that the Authority has not complied with any

Reference to Law/ Direction Description

Letter bearing No. NP/SP/SDG/17 of 14 August 2017 issued by the Secretary of the Ministry of National Policies and Economic Affairs.

Every Public Institution should function in accordance with the 2030 Agenda for Sustainable Development of the United Nations and indexes had not been identified for setting sustainable developmental objectives and targets and for reaching the targets and for measuring the targets.

- 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.
- 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.

3. Other Audit Observations

- Even though it is not permitted to pay allowances without obtaining the approval of the Department of Management Services of the General Treasury, a management allowance of Rs. 50,000 each had been paid for 27 officers holding Management Posts in the Authority as per a decision taken by the Board of Directors with effect from May 2018.
- Value Added Tax (Input Tax) receivable to the Authority in relation to the purchases up to 31 December 2018 was Rs. 152,208,634. It was an increment of Rs. 34,745,032 or 30 per cent compared with the preceding year. Even though discussions had been held with the Inland Revenue Department, it was unable to reach a final conclusion on the recovery of this amount. Receiving of this amount had not been guaranteed and provisions had not been made in this regard.

W.P.C. Wickramaratne

Auditor General

REPLY TO THE AUDITOR GENERAL'S REPORT

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 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018

With reference to the Report of the Auditor General bearing your No. AVA/B/C/AASL/1/2018/4 of 20 June regarding the above matter.

The views of this Authority pertaining to the matters of the Report are mentioned below.

2. Report on Other Legal and Regulatory Requirements

Reference to Law/ Direction

Letter bearing No. NG/SP/SDG/17 of 14 August 2017 issued by the Secretary of the Ministry of National Policies and Economic Affairs and 2030 Agenda for Sustainable Development of the United Nations.

Description

Agreed with your observations.

Necessary arrangements are being made in this regard.

Even though the Ministry of National Policies and Economic Affairs has informed at the Workshop organized in this regard by the Ministry including all the Ministries of the Government that an awareness workshop would be organized to identify these targets separately in each Ministerial level, an awareness workshop has not yet been conducted.

4.3 Other Audit Observations

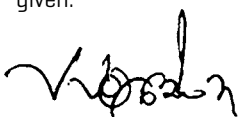
[a] Not agreed with your observations.

Since the service of senior Civil Aviation Inspectors and Managers of this institution has to be obtained extraneous to the office hours according to the nature of their duties, the Board of Directors has decided to grant this allowance to enable them to use their own vehicles for attending the duties and to depart from duties.

This allowance is made up by adding the two allowances namely, Rs. 30,000 paid on the government policy for using their own vehicle and the allowance of Rs. 20,000 approved by the Authority for officers in that category as the transport allowance.

[b] Agreed with your observation.

Although discussions were held continuously in this regard with the Department of Inland Revenue, a final decision has not yet been given.



Ananda Wimalasena

Chairman
Civil Aviation Authority of Sri Lanka

Copy: Secretary, Ministry of Transport and Civil Aviation

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CIVIL AVIATION AUTHORITY OF SRI LANKA

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