



Safe and Efficient Skies for all



ANNUAL REPORT 2017

Civil Aviation Authority of Sri Lanka



Safe and Efficient Skies for all

CIVIL AVIATION AUTHORITY OF SRI LANKA

Annual Report - 2017

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



“Safe and Efficient Skies for All”

THEME SONG OF THE CIVIL AVIATION AUTHORITY



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 - 2017 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 2017 to 31st December 2017 and the Statement of Financial Position of the Authority for the Financial Year 2017.

Ananda Wimalasena
Chairman

Civil Aviation Authority of Sri Lanka
28th February 2018

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ABBREVIATIONS



AE	Aerodromes
ANS	Air Navigation Services
AASL	Airport and Aviation Services (Sri Lanka) Ltd
AIU	Accident Investigation Unit
L&EU	Legal and Enforcement 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&LA	Air Transport and Legal Affairs
ATC	Air Traffic Control/ Air Traffic Controller
Av. Sec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAASL	Civil Aviation Authority of Sri Lanka
CADEC	Civil Aviation Development and Educational Committee
CEO	Chief Executive Officers
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
CSI	Cabin Safety Inspector
C of R	Certificate of Registration
D	Director
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
D/ARAW	Director/Aircraft Registration and Airworthiness
D/AT&ER	Director/Air Transport and Economic Regulation
D/AvS	Director/Aviation Security
D/HROM	Director/Human Resources and Office Management
D/RFM	Director/Revenue and Finance Management
D/TOPL	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
FIR	Flight Information Region
FS	Flight Safety
IA	Internal Audit
ICAO	International Civil Aviation Organization
PBN	Performance Based Navigation
FPP	Flight Procedure Programme
MRIA	Mattala Rajapaksa International Airport
NCASP	National Civil Aviation Security Programme
PEL	Personnel Licensing
PLO	Personnel Licensing Officer
RPK	Revenue Passenger Kilometres
RTK	Revenue Tonne Kilometres
SARPs	Standards and Recommended Practices
SARI	South Asia Regional Initiative
SLAS	Sri Lanka Accounting Standards
SLCAP	Sri Lanka Civil Aviation Publication
SLFRS	Sri Lanka Financial Reporting Standards
RDP&SP	Research, Development Planning and Special Programmes
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
	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 : VCCCYAYX
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
	Fax : 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	: MBSL Insurance Company Ltd

“Safe and Efficient Skies for All”



CHAIRMAN'S REVIEW

The national airspace is a precious asset to the nation. A safe & efficient airspace will continue to provide maximum benefit for the wellbeing & economic development of the country.



The year 2017, saw some remarkable achievements in the Civil Aviation Industry in Asia Pacific Region as well as in Sri Lanka. In terms of the overall regional picture for international air traffic in 2017, Asia and Pacific Revenue Passenger Kilometers (RPK) grew by a very healthy 9.6 per cent. The region also continued to manage the second largest market share of international traffic at 29 per cent.

With respect to the economic impacts of civil aviation in the Asia Pacific, The Region's air transport sector today employs over 30 million people and contributes more than 630 billion dollars in Gross Domestic Product (GDP).

During the year 2017 China Southern Airlines commenced their operations to Colombo in September, SriLankan Airlines commenced daily operations to Melbourne from October and Air India started a new service from Varanasi to Colombo in August 2017.

This year Civil Aviation Authority of Sri Lanka hosted the ICAO Air Services Negotiation (ICAN) Event. This was a very successful event with the participation of 426 delegates from Sixty six (66) countries and International Organizations. ICAO reported that 456 Bilateral Air Services meetings were held between participating States and approximately 420 agreements and MoUs have either been reviewed or signed during the meeting. Sri Lanka was able to participate in 31 meetings and finalized 20 agreements, including 07 new agreements.

The National Airspace is a precious asset to the nation. A safe & efficient Airspace will continue to provide maximum benefit for the wellbeing & economic development of the country. While being aware of the various security requirements of the nation, every possible measure was taken by the CAASL to emphasize the importance of this fact whilst continuing to ensure safe & effective management of this valuable asset and to optimize its use during year 2017, within existing regulatory arrangements.

The CAASL has improved its dialogue with the Sri Lanka Air Force to implement the concept of “Flexible use of Air Space”, introduced by ICAO where the effective use of Airspace is maximized by considering both civil and military requirements.

Further CAASL assisted the Airport & Aviation Services (S.L.) Ltd. to implement Performance Based Navigation (PBN) and ADS-B in Sri Lanka. With the implementation of PBN at MRIA in 2017, Sri Lanka is now 100% compliant with the ICAO regional target of implementing PBN approaches to International runways.

During the year Drone operations in Sri Lanka increased rapidly. In order to regulate drone operations, CAASL implemented new Drone regulations and conducted awareness programmes aiming at educating the general public on Drone regulations in Sri Lanka.

During the year 2017, airspace has been managed relatively efficiently & safely. However Airspace Development is a continuing process.

The Runway at Bandaranaike International Airport (BIA) was resurfaced from 5th January to 6th April in the year under review, for the first time after it was constructed and commissioned in 1986. This was a long overdue requirement. CAASL very closely monitored the runway resurfacing process, held regular stake holder meetings and drafted a policy and procedures document to be used during the period of Runway resurfacing. CAASL assisted AASL to minimize the safety risks associated with runway resurfacing for aircraft operations at BIA and to accommodate the maximum number of aircraft during the period.

Legal & Enforcement Unit of the CAASL was established in May 2017 as per the

reformed organizational structure of the CAASL. Main objective of the L&E Unit is to streamline the work relating to the legal and enforcement matters of the CAASL.

During the year 2017, CAASL recruited 36 numbers of new recruits to fill the vacancies of the reformed organizational structure of the CAASL making the total number of staff at the CAASL 172. Most of these positions were inspector positions for safety oversight duties in the technical sections and assistant manager positions in the corporate division. These recruits were given the initial training during the year 2017 and are now working at CAASL. This was the first time in history that CAASL recruited such a large number of new recruits.

By the close of financial year 2017, CAASL has generated an income of Rs.1,993 Mn which is a 17% increase compared to the previous year. Expenditure increased by 21% compared to 2016, and was mainly due to filling of vacancies in the cadre.

I wish to take this opportunity to thank the Hon.Minister of Transport and Civil Aviation, Secretary and all officials of the Ministry of Transport and Civil Aviation for the support extended to the CAASL during the year. At the same time, I wish to convey my heartfelt gratitude to all Members of the Board, DGCA and all employees of CAASL for the fullest support and cooperation extended to me to function as the Chairman and to accomplish CAASL’s mission effectively.



Ananda Wimalasena

Chairman
Civil Aviation Authority of Sri Lanka



“Safe and Efficient Skies for All”

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

Air travel demand growth has gained solid momentum, supported by the ongoing improvement in global economic conditions throughout the year.



Global Situation

The sustainability of the tremendous growth in international civil air traffic was demonstrated by the continuous improvements to its safety, security, efficiency and environmental footprint in 2017. This sustainability is the result of concerted efforts and cooperation at the national, regional, and global levels. Air travel demand growth has gained solid momentum, supported by the ongoing improvement in global economic conditions throughout the year. World real gross domestic product (GDP) growth was projected to be at 2.7% in 2017, an acceleration from the 2.4% in 2016. The upward trend was driven by the strengthening investment in advanced economies as well as the recovery in emerging market and developing economies owing to the increased export demand.

A new record 4.1 billion passengers had been carried by the aviation industry on scheduled services in 2017, according to the preliminary figures released by the

International Civil Aviation Organization (ICAO). This indicates a 7.1% increase over 2016. The number of departures had risen to approximately 37 million globally, and world passenger traffic, expressed in terms of total scheduled revenue passenger-kilometres (RPKs), had posted an increase of 7.6% with approximately 7.7 trillion RPKs performed. This growth is a slight improvement from the 7.4% achieved in 2016. Over half of the world's 1.2 billion tourists who travelled across international borders last year were transported by air, and that air transport had carried some 35% of world trade by value. Indeed, more than 90% of cross border Business-to-Consumer (B2C) e-commerce was carried by air transport. The lower air fares owing to the low fuel price also continued to stimulate traffic growth, albeit at a more moderate level compared to 2016.

In terms of domestic scheduled air services, overall markets grew by 7.0% in 2017, an improvement from the 6.7% growth recorded in 2016. Owing to the strong demand in India and China, especially the former with over 20.0% growth, the Asia/

Pacific region grew strongly by 10.6% in 2017 while North America posted a slower pace compared to last year, at 3.8% in 2017. Both regions were the world's largest domestic markets with each accounting for around 41% share of world domestic scheduled traffic.

The low-cost carriers (LCCs) consistently grew at a faster pace compared to the world average growth, and its market share continued to increase, specifically in emerging economies. In 2017, the LCCs carried an estimated 1.2 billion passengers, and accounted for approximately 30% of the world total scheduled passengers. LCCs in Europe represented 33% of total passengers carried by LCCs, followed by Asia/Pacific and North America with 31% and 26%, respectively.

Industry capacity expansion outstripped the increase in travel demand. Total capacity offered by the world's airlines in 2017, expressed in available seat-kilometres (ASKs), increased globally by around 6.4%. As a result, overall passenger load factor improved by 0.9 percentage points and reached a record high of 81.2%. The Middle East was the only region posting a decline in load factors, as being under pressure with the slowing trend in traffic growth. Load factor varies by region, ranging from 70.8% for Africa to 83.4% for North America.

Underpinned by the improving global economic conditions and world trade with increasing import and export orders, air cargo demonstrated a strong rebound in 2017. World scheduled freight traffic, measured in freight tonne-kilometres (FTK) grew robustly by 9.5% in 2017, a significant improvement from the 3.8% growth registered in 2016. The international segment of freight traffic which represents nearly 87% of total air freight grew by around 10.3% up from the 3.7% growth in 2016. The scheduled international freight load factor improved as well from around 53% in 2016 to 55% in 2017.

Average jet fuel prices increased by approximately 25% in 2017 compared to 2016 but remained significantly lower than

the prices observed for the ten years prior to 2016. This coupled with improvement in traffic helped the airlines to maintain their operating profit nearly at the same levels seen in 2016. Preliminary information suggested that the airline industry had another record operating profit of around USD 60 billion by close 2017 and an operating margin of 8.0%. The net profits for the Industry was estimated to be around USD 36 billion with nearly 45% of this being generated by air carriers of North America.

Regional Situation

Asia/Pacific had the second largest share of the global air transport market with 29%, and grew by 9.6%, the second strongest growth among all regions. Aviation's role in Asia-Pacific became more critical to the region's social and economic development in 2017 with the industry enabling over \$705 billion of GDP, over 33 million employment and mobility by air to 1.5 billion passengers. The region's airlines had carried more than 14 million tonnes of air cargo internationally last year. By the end of 2017, Asia-Pacific's airlines carried around a third of all passengers and about 40% of the world's air cargo.

Domestic Situation

2017 was yet another significant year of growth of local air transport industry with no accidents. The year registered an overall positive growth (year on year) in air transport. In 2017, passenger movements grew at a rate of 5.9 % (11.3 million) and cargo movements at a rate 4.5% (265 thousands of MT) compared with 2016. The aircraft movements in 2017 was 64,903 (Inc. both scheduled & Non-scheduled). Out of the two international airports in the country, majority of air traffic were handled by Bandaranaike International Airport, Colombo. Contribution of Mattala Rajapakse International Airport for air transport development continued to remain insignificant in the year under review too. Absence of a sizable community or industrial zones within a reasonable distance of the airport that demand air transport was a major factor for underutilization of MRJA.

Demand for domestic air travel has not shown much of a progress in the year under review. Absence of scheduled air services operated at reasonable price covering island wide domestic route network was a negative factor for the growth of traffic.

Airport and Aviation Services (Sri Lanka) Ltd. completed the resurfacing of the runway of Bandaranaike International Airport within a period of three months from 6th Jan to 6th April with eight hour closure of the airport daily. AASL has selected Joint Venture of Netherlands Airport Consultant (NACO) and Engineering Consultancy Ltd (ECL) for Design Review and Construction Supervision and the Joint Venture of China National Aero Technology International Engineering Group (CATIC) and Shanghai New Era Airport Design and Research Institute Co. Ltd. of Civil Aviation Authority of China as the Contractor for the runway overlay and associated work in the form of Design and Build contract. The total cost of runway resurfacing was estimated to be Rs.7.2 billion and it was wholly financed by Airport and Aviation Services (Sri Lanka) Ltd.

The construction of CAASL Head Office building at Katunayake was planned to be completed by the middle of June 2017. The State Engineering Corporation who was contracted for the construction of the building could not complete the construction as targeted. Hence the Cabinet of Ministers extended the time till 30th September 2017. Despite the extension of time by three more months, the contractor could not complete the construction and consequently the CAASL could not occupy the building even by 31st December 2017.

The CAASL played a leading role in the development of National Civil Aviation Policy which was drafted with patronage of the Hon. Prime Minister's office and active participation of wider cross-section of the industry stakeholders. The draft National Civil Aviation Policy was published in the newspapers for the comments by the members of the public and subsequently taken up for final review at an industry consultative meeting presided over by the Hon. Minister of Transport and Civil

Aviation. The final National Civil Aviation Policy paper was presented to the Cabinet of Ministers for approval.

Under the powers vested in him in terms of Section 9 of the Civil Aviation Act No.14 of 2010, Hon. Minister transferred and vested in the Civil Aviation Authority of Sri Lanka the Ratmalana Airport and Katunayake Airport which are specified under Schedule 2 and other properties that are specified in the Schedule 3 of the Civil Aviation Act.

There are four international instrument runways in Sri Lanka viz. Katunayake (04/22) and Mattala (05/23). The CAASL enabled the AASL to provide PBN approach facilities to all those runways by the end of 2017 satisfying one of the regional air navigation priorities established by ICAO. Furthermore AASL was encouraged to introduce ADS-B for enhanced aircraft surveillance in Sri Lanka airspace and arrangements were made to provide ATC controllers employed by AASL to receive free training in India as regards use of ADS-B for air traffic control purposes.

Steps were taken to take over operational control of Batticaloa airport with clear demarcation of civil and military area. The CAASL spent 23 Million for the establishment of these demarcation boundaries.

The CAASL conducted 10th Air Services Negotiation Conference (ICAN) in Colombo from 04-08 December 2017 with a participation of over 425 delegates from over 65 States. 2015. As mentioned elsewhere in this report, it was of a grand success that brought benefits of manifolds to the country.

In the year under review, CAASL continued discharging its primary function of initial certification and post surveillance of organizations and personnel involved in safety sensitive activities of aviation. A series of measures were taken for the effective implementation of State Safety Programme (SSP) that binds and monitor performance of the Operators, Training Organization and Service Providers under their respective Safety Management Systems (SMS).

A group of 27 young graduates who were recruited to different posts of Assistant Manager/Civil Aviation Inspector were given a comprehensive course of initial training for a continuous period of ten (10) months at CAASL office at MRJA. The course included field visits, hands on training in flying, guest lectures, presentations, periodical assessments and recreational activities too. The participants had valued the opportunity and importance of the course as it provided them with an overall knowledge about aviation.

Training and re-training is key to success of any organization. In this context, steps were taken to prepare Position Competency Development Scheme (PCDS) stipulating as to how a holder of a post in the CAASL is made competent to discharge the assigned duties diligently. With a recruitment of a person to a post, an assessment of the person is done in relation to his competencies vis-a-vis the PCDS in order to develop Employee Competency Development Scheme (ECDS) which is used as the base document for career progression. Activities in this area was done to a great extent in the year under review.

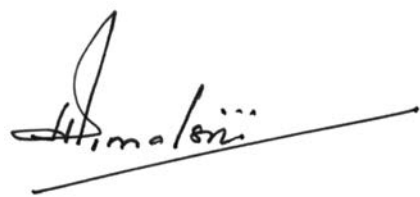
As far as the effective discharge of duties and functions, the CAASL continued to face with the main challenge of recruitment and retention of skilled and experienced aviation professionals under the approved regular cadre. Without such personnel in employment, it is difficult for the CAASL to develop and maintain an effective State Safety Oversight system, which is subject to universal, systematic and mandatory audits conducted by ICAO on continuing basis to ascertain whether Sri Lanka as a Member State is in a position to discharge her obligations under the Convention on International Civil Aviation. Failure at the ICAO audits would entail adverse ramifications not only on the local aviation industry but also the whole economy of the State. The dearth of such aviation professionals are due to various factors as follows.

- Retirement of trained and experienced staff
- Absence of integrated national system for constant supply of needy professionals
- Insufficient Training capacity to meet demand
- Heavy competition with industry sectors for skilled employees
- Competition with the overseas counterparts for skilled staff and
- Dearth of affordable training

It is therefore necessary for the CAASL Board of Management to pay a greater attention to this problem and find reasonable and sustainable solutions.

The chapters following outline the major tasks and activities performed by the CAASL in the year 2017. I take this opportunity to thank all employees of the CAASL for their valued positive contribution to complete the Annual Work Programme -2017 successfully.

Equally, I wish to thank the chairman, vice chairman and all members of the Board for their unstinted support, cooperation and guidance to accomplish the CAASL's mission. Finally I thank the Hon. Minister of Transport and Civil Aviation, Deputy Minister of Transport and Civil Aviation, Secretary, Ministry of Transport and Civil Aviation and all staff in the Ministry for their support and cooperation to perform my duties as the DGCA and CEO of the CAASL.



H.M.C. Nimal Siri
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 Defence, 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, who at present is Hon.Nimal Siripala de Silva, Minister of Transport and Civil Aviation.

Members of the Civil Aviation Authority of Sri Lanka

10th Board of the CAASL (From 12/10/2015)

Board Members (Appointed by the Minister of Transport & Civil Aviation)

- **Mr. Ananda Wimalasena**
- Chairman of the CAASL
- **Mr. Kushan De Alwis, P.C.**
- Vice Chairman of the CAASL
- **Prof. W.L.P Perera**
- Member of the CAASL
- **Eng. Sudharma Elakanda**
- Member of the CAASL
- **Dr. Aminda Methsila Perera**
- Member of the CAASL

Board Members (Ex Officio)

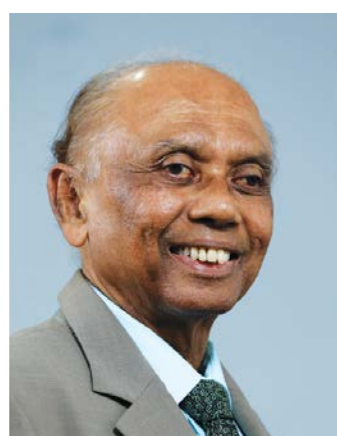
- **Eng. Karunasena Hettiarachchi**
The Secretary to the Ministry of the Minister in charge of the Subject of Defence - (Till 29th June 2017)
- **Mr. Kapila Waidyaratne P.C.**
The Secretary to the Ministry of the Minister in charge of the Subject of Defence - (From 27th July 2017)
- **Mrs. Anula Harasgama**
A Representative of the Ministry of the Minister in charge of the subject of Finance nominated by that Minister - (Till 29th June 2017)
- **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)
- **Mr. H.M.C Nimal Siri**
Director General of Civil Aviation and Chief Executive Officer Civil Aviation Authority of Sri Lanka



BOARD OF DIRECTORS



PROFILES OF THE MEMBERS OF THE 10TH 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 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.



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.



Eng. Karunasena Hettiarachchi
(The Secretary to the Ministry of the Minister in charge of the Subject of Defence) - (Till 29th June 2017) - Member of the CAASL - Ex-Officio

Mr. Hettiarachchi holds a Bachelor of Science Honors (Engineering) from Sri Lanka, 1977 and a Master of Science (Engineering) from Belgium, 1986. He has started his career as a Civil Engineer at Ministry of Housing and Construction in 1977. From there he has worked at several local and international bodies in the capacity Civil Engineer, Chairman and Director. Some of these organisations include Central Engineering Consultancy Bureau, Department of Irrigation, Katholieke Universiteit of Leuven Institution, Belgium, International Irrigation Management Institute, Nippon Koei Consultants Ltd, Ministry of Housing and Urban Development, Ministry of Mineral Resources, Ministry of Labour Relations and Foreign Employment, Japan Bank for International Cooperation, Central Environmental Authority, Sri Lanka Land Reclamation and Development Corporation, National Water Supply and Drainage Board, Sierra Engineering & Construction (Pvt.) Ltd and Ministry of Urban Development, Water Supply & Drainage.

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



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. 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.

Mr. Kapila Waidyaratne was appointed as the Secretary to the Ministry of Defence 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.

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 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.



Mrs. D.M. Anula Harasgama

(A Representative of the Ministry of the Minister in charge of the subject of Finance nominated by that Minister) - (Till 29th June 2017) - Member of the CAASL - Ex-Officio

Mrs. Anula Harasgama is the Director General of Treasury Operations General Treasury, Ministry of Finance and Planning.

She has served in the capacity of Director General in various departments in the General Treasury such as Department of Information and Technology Management (2014) and Department of Public Enterprises (2012-2013) and Department of State Accounts.

Furthermore, she has also held positions as Additional Director General - Department of Public Finance (2011-2012), Director - Department of Public Finance, Finance Analyst in the UNDP Asia Pacific Regional Centre in Colombo, Director - Finance and Administration at the Public Enterprises Reform Commission of Sri Lanka and also served in the capacity of the Chief Accountant/Accountant in various government ministries and foreign funded projects.

She holds a Master of Commerce majoring in Finance from the University of New South Wales (UNSW), Australia and Postgraduate Diploma in Management from the Postgraduate Institute of Management (PIM) and a Bachelor of Arts Degree from University of Sri Jayawardenapura.

She is also a member of the Australian Institute of Banking and Finance and the institute of Public Finance & Development Accountancy in Sri Lanka.



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.



1. **Mr. P.A. Jayakantha**
Director - Aviation Security

2. **Mr. M.A.K. Prasanna**
Director - Air Navigation Services

3. **Mrs. C.S. Casseer**
Director - Aerodromes

4. **Mr. D.A.G. Jayasuriya**
Director - Aircraft Registration and Airworthiness
5. **Mrs. K.V.P.R.M. De Silva**
Chief Internal Auditor

6. **Capt. W.L.A. Fernando**
Director - Aircraft Operations

7. **Mr. Rayhan Wannappa**
Director - Air Transport and Economic Regulation

8. **Mr. K.M.M.N. Dassanayake**
Director - Research, Development Planning and Special Programmes
9. **Mr. P.P. Jayaweera**
Deputy Director General (Corporate Affairs and Economic Regulation)

10. **Mr. H.N.C. Nimalsiri**
Director General of Civil Aviation and Chief Executive Officer

11. **Mr. S.A. Jayawickrama**
Additional Director General

12. **Mr. S.P.R. Manukulasuriya**
Deputy Director General (Airspace and Security Regulation)
13. **Mr. P.R. Perera**
Deputy Director General (Flight Safety Regulation)

14. **Mrs. M.N. Wickramanayake**
Director - Revenue and Finance Management

15. **Mr. S.U. Nagahawatta**
Director - Training Organization and Personnel Licensing

16. **Mrs. S.I. Magamamudali**
Director - Human Resources and Office Management



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 enable affordable air travel to people with average income;
- 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.

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;
- 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.

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 2017, the Regulatory Scope of the Civil Aviation Authority of Sri Lanka stood as follows.

Regulated Area	2017	2016	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	10	08	25%
Local Airlines engaged in international air services	02 ¹	03	-33%
International Foreign Airlines	37	33	12%
Training Organizations			
Flying Schools	08	08	00
Engineering/Maintenance Schools	07	06	17%
Civil Aviation Training Centres	01	01	00
Aeronautical Services Providers			
Air Navigation Services	06	03	100%
Drone on Operation	01	01	00
Registration and Airworthiness of Aircraft			
Large Aircraft (Maximum take-off weight 5700kg & above)	30	25	20%
Small Aircraft (Maximum take-off weight less than 5700kg)			
Light Transport Aircraft	36	34	06%
Ultra-Light Aircraft	02	02	00
Helicopter	13	12	08%
Hot Air Balloons	07	06	17%
Synthetic Training Devices Flying Training Devices			
Local Full Flight Simulators – A 320/A 330/ Integrated Panel Trainer	03	03	00
Foreign Based Full Flight Simulators	00 ²	03	-100%
ATC Simulator	01	01	00
Personnel Licensing			
Student Pilot Licence Holders	192 ³	247	-22%
Private Pilot Licence Holders	119 ⁴	148	-20%
Commercial Pilot Licence Holders	373	381	-02%
Air Transport Pilot Licence Holders	327	394	-17%
Air Traffic Control Licence Holders	85	89	-04%

Regulated Area	2017	2016	Change (%)
Aircraft Maintenance Engineer Licence Holders	04	03	33%
Aircraft Maintenance Licence Holders	442	483	-08%
Flight Dispatcher Licence Holders/Flight Operation Officer Licence	208	204	02%
Aeronautical Station Operator Licence Holders	04	04	00
Cabin Crew Member Certificate Holders	1215	1452	-16%
Flying Instructors	23	19	21%
Assistant Flying Instructors	09 ⁵	18	-50%
Ground Instructors Licence Holders	09	07	29%
Flight Examiners	07	07	00
Designated Check Pilots	35	39	-10%
Designated Aeronautical Medical Examiners	06	05	20%
Certified Aviation Security Screeners	847	703	20%
Certified Aviation Security Instructors	14	14	00
Certified Aviation Security Managers	28	17	65%
Air Transport Service Providers			
Global Distribution Service Providers	04	04	00
Air Transport Service Provider Licence	511	538	-05%
Air Transport Service Provider Licence –Group A	433	446	-03%
Air Transport Service Provider Licence –Group B	78	92	-15%
General Sales Agents	25	19	32%

(Footnotes)

- ¹ Mihin Lanka Ltd closed down this year
- ² SriLankan Airlines stopped using Foreign Simulators in view of having local simulators for their training
- ³ Restricted intake of cadet pilots and the opportunity to get trained abroad
- ⁴ Obtain further training abroad
- ⁵ AFI Promoted as FI

“Safe and Efficient Skies for All”



FLIGHT INFORMATION REGION - SRI LANKA

This map displays the flight information region for Sri Lanka, centered on the Colombo TMA (Terminal Manoeuvring Area) and VMC FIR (Visual Meteorological Conditions Flight Information Region). The map shows a dense network of flight paths, including arrival and departure routes, and various altitudes (e.g., FL460, FL280, FL150). Key locations and coordinates are marked, such as Colombo (08°33'25"N, 078°52'00"E) and Male (04°46'05"N, 077°30'00"E). The map also includes the Colombo VMC FIR and the Male VMC FIR. The map is titled "FLIGHT INFORMATION REGION - SRI LANKA".



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 CAASL Corporate Plan to reflect the government's objectives in the civil aviation sector, as applicable;
- Delegating responsibility for the achievement of specific objectives of the Director –General of Civil Aviation who is also 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 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 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. Mrs. Anula Harasgama (Chairperson)
(Till 29th June 2017)
Mr. C.J.K. Perera (Chairperson)
(From 31st August 2017)
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.

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. G.C.G.P. 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

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.

Internal Audit operates independently of the senior management & reports it's finding 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.

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.

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.

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.



DIRECTION AND MANAGEMENT



Director General's Office, Chairman's Office, Legal & Enforcement Unit & Accident Investigation Unit



Quality & Internal Audit Section



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.

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

Being a member State of the International Civil Aviation Organization, Sri Lanka has an obligation to conduct its local aviation activities in conformity with the international standards and recommended practices adopted by ICAO. Pursuant to ICAO standards, each Member State shall have a fully independent organization for the investigation of aircraft accidents or incidents. Currently this function is entrusted to the CAASL in terms of the Civil Aviation Authority of Sri Lanka Act No.34 of 2002, but that arrangement is viewed to be not satisfactory as the CAASL, being the regulator has a role to play in maintaining aviation safety. Having identified this deficiency the Government approved creating a separate and independent unit for the conduct of aircraft accidents or incidents. Accordingly, laws were drafted for establishment of an independent investigation authority called "Aircraft Accident Investigation Bureau" and forwarded to Attorney General for review and certification in preparation for tabling it in Parliament for enactment.

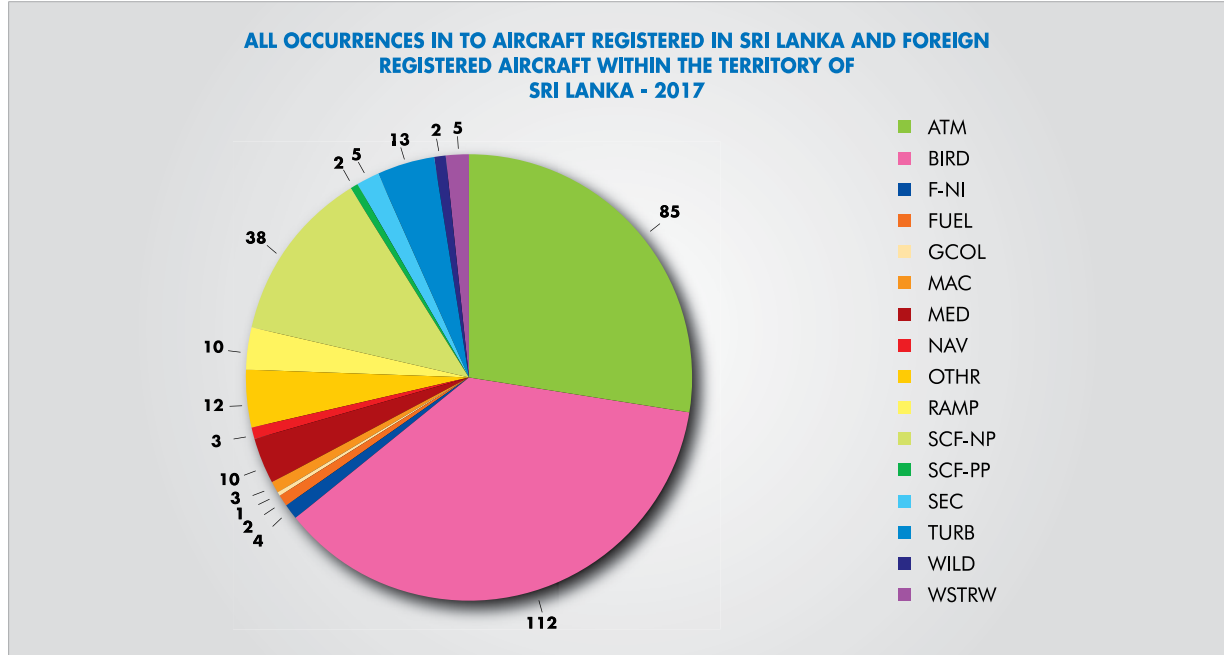
A total of 307 occurrences had been reported in 2017 involving aircraft registered in Sri Lanka and foreign registered aircraft that operated within Sri Lanka's airspace. Of those, 293 were relating to Sri Lanka registered aircraft. Out

of those 293 reported occurrences, 112 were involving Bird Strikes, 85 were related to ATM/Communication incidents and 38 System/Component failures. Amongst the reported bird strikes, 58 occurred at Bandaranaike International Airport, eight (8) occurred at Mattala Rajapaksa International Airport, two (2) were at China-bay, Trincomalee and one (1) was at Colombo Airport, Ratmalana. The rest have been bird strikes outside the country. From the 85 ATM/Communication occurrences, 83 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, 37 were into flights of Sri Lankan Airlines.

Work relating to the preparation for the ICAO- USOAP onsite audit in 2018 was continued in 2017. In this connection, relevant State Aviation Audit Questionnaire (SAAQ) and Compliance Checklist (CC) with regard to the Audit Area - Accident Investigation (AIG) were completed and uploaded to the ICAO CMA website. Protocol Questions (PQ) in relation to Critical Element CE-1 and CE-2 were completed and the completion of Protocol Questions in other areas were in progress. The arrangements made between Sri Lanka and BEA, France and Sri Lanka and Air Accident Investigation Bureau of Singapore in 2012 for assistance in the conduct of aircraft accident were reviewed and renewed.

Abbreviation

ATM	: Air traffic management (ATM) or communications, navigation, or surveillance (CNS) service issues
BIRD	: Bird Strike
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	: Occurrences involving the incorrect navigation of aircraft on the ground or in the air



- OTHR : Other
- RAMP : Ground Handling
- 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 & Enforcement Unit of the Civil Aviation Authority was established set up under the Direction and Management stream of the Authority in May 2017 as per the new organizational structure of the CAASL. Main objective of the L&E unit is to streamline the works involving legal and enforcement matters of the CAASL to assist the Authority.

Legal & Enforcement Unit is primarily be responsible for;

- Making new legislations or revising the existing legislations
- Making new operating regulations or revising existing operating regulations
- Reviewing the structure and contents of all Implementing Standards to be issued by the DGCA

- Reviewing the structure and contents of all forms of Licenses, Certificates, Permits, Authorizations, Delegations under any of the legal provisions of CAASL Act or CA Act
- Reviewing all kind of Agreements, Memorandum Of Understanding, Service Letters, Forms, letter of award or any similar administrative documents
- Appearing for CAASL/DGCA at judicial proceedings
- Litigation against errant persons/ organizations for violation of the published Civil Aviation Requirements
- Providing legal advice to CAASL staff as and when required
- Advising the CAASL/DGCA on legal matters where disputes exist

During the period from May to end of December, 2017 Legal & Enforcement Unit, was able to attend to the following in coordination with other Divisions,

- Forwarding the final draft of the Accident And Incident Bureau Act (AAIB) for the Certification of the Hon. Attorney General
- Finalizing the draft of Safety Management Regulations with the Legal Draftsman
- Submitting the draft Water Aerodrome Regulations to the Legal Draftsman for review

- Submitting the draft Personnel Licensing Regulations to the Legal Draftsman for review
- Submitting the draft Aerodrome Classification Regulations to the Legal Draftsman for review

Public Notices Published by the DGCA

- Checklist of Implementing Standards issued by DGCA as at 31.12.2016 was published in the Government Gazette (Extra Ordinary) No. 2006/2 – dated February 13, 2017 for the information of Members of the General Public.

Orders Made by the Hon. Minister

- By order made by the Minister in charge of Civil Aviation by virtue of powers vested in him under Section 23 Sub-section 1 (a) of the Civil Aviation Act No. 14 of 2010 and published on the Government Extra Ordinary Gazette No. 2005/ 3 – Monday, February 06, 2017, the Batticaloa Airport Protected Area Order No. 01 of 2017 was given effect to. This order prevents construction of high rise building within the areas identified in the Order, without approval from the Director General of Civil Aviation.
- By virtue of the powers vested in him under section 9 of the Civil Aviation Authority of Sri Lanka Act, No. 34 of 2002, the Minister of Transport and Civil Aviation, by Order published in the Government Gazette (Extra Ordinary) No. 2050/38 – dated December 21, 2017 , transferred and vested in the Civil Aviation Authority of Sri Lanka the BIA and RMA aerodrome that are specified in the Second Schedule and the aeronautical facilities and the land appertaining thereto as specified in Third Schedule of the aforementioned Act, with immediate effect.

Quality and Internal Audit Section

The main objective of the Quality and Internal Audit Section is to enhance the quality services rendered by various divisions, sections and units of the CAASL in compliance with the policies, procedures and directions given by the Authority. The internal audit process provides an

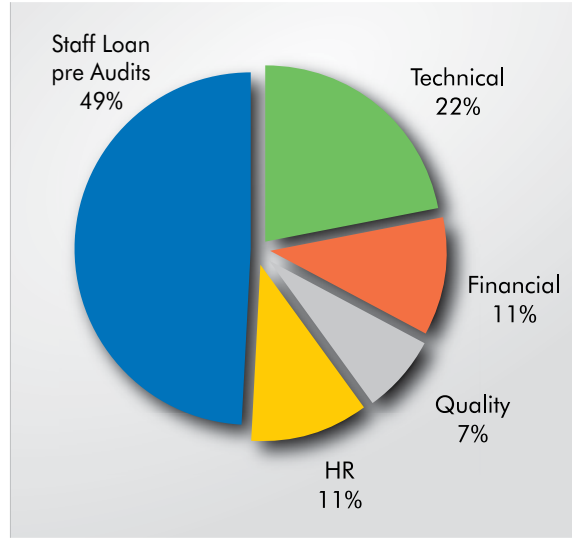
assurance on the organization's risk management, internal control environment and governance framework through review and appraisal of the extent of compliance with relevant statutory requirements and rules on corporate governance. The Quality and Internal Audit Section has further taken necessary steps 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, with a view to averting possible inadvertent deviations from the established rules which would damage the employer-employee relationship and goodwill. During the year 2017, 27 no's of pre audits were carried out in relation to payment of staff loans. The Section carried out a total of 55 audits in 2017 as against 40 audits conducted in 2016.

Section Highlights

Audit Area	No. of Audits
Financial	06
Human Resources	06
Technical Sections	12
Quality Audits	04
Staff Loans – Pre Audits	27
Total No. of Audits Carried Out	55

Table 1: Number of Audits Carried Out – 2017



Research, Development Planning & Special Programmes Section



Research, Development Planning & Special Programmes Section of CAASL which functions under the Direction and Management is responsible mainly for the conduct of research in the field of civil aviation for its continued growth and expansion and to formulate development plans for identified areas and also to undertake any special programmes that CAASL is required to embark on. The major tasks performed by the Section during 2017 are as follows.

Research & Development

The CAASL has been entrusted to 'initiate and carry out 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 initiated action for the conduct of a research on the topic 'Determining the Contribution of Civil Aviation Sector for the Development of National Economy in Sri Lanka'.

The research has been planned to be conducted by a consultancy firm/University under the close supervision and monitoring of a subject specialists nominated by Central Bank of Sri Lanka, Department of National Censes & Statistics, Ministry of Transport Civil Aviation & University of Moratuwa for technical & statistical assistance for conducting this research.

Development of National Civil Aviation Policy

Absence of a National Civil Aviation Policy for the country was a major drawback for the development of civil aviation sector of the country. Having identified this deficiency, Hon.Prime Minister's office took an initiative for the development of National Policy for civil aviation in consultation with all key stake holders. Accordingly a series of meetings were held in the Prime Minister's office and policy was drafted and circulated amongst all stakeholders for comments. On receipt of their comments, a final meeting was held in the Ministry of Transport and Civil Aviation with Hon. Minister of Transport and Civil Aviation presiding the meeting. The final draft was amended taking into

the comments received at the industry consultative meeting and final policy paper was submitted to the Cabinet of Ministers for approval.

Publications/ Reports

The Annual Report-2016 was compiled, in accordance with the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 and forward for the approval authority for presenting in Parliament through the Hon. Minister.

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

Administrative & Logistics Arrangements

The Section contributed the development of manpower in arranging the required logistics for the conduct of 11 training activities for following meeting/trainings during the year 2017. There were a total 255 participants for those activities and the CAASL spent a total of Rs.5.4 Million for sponsoring them.



1. South Asian Regional Initiatives - SARI Training Programme in May 2017.

CAASL organized the South Asian Regional Initiatives - SARI Training Programme from 03rd to 05th May 2017 at Ramada, Colombo. There were 18 participants from Bangladesh, India, Maldives & Sri Lanka.

2. Safety Management System - SMS Training Programme in March 2017.

CAASL organized the training programme as three courses 7th - 17th March 2017 at Miloda Training Academy, Colombo. The purpose of this course was to provide the foundation of SMS & Provide senior management with knowledge of safety management concepts and an introduction to ICAO Standards and Recommended Practices (SARPs) as it pertains to the executive management of an SMS programme. Almost all the technical staff in the CAASL and Industry participants were trained in SMS at this training Programme.



3. Flight Operation Inspector Training - FOI Training Programme in June 2017.



Flight Operations Inspector training conducted from 05-16 June 2017 in Sri Lanka with the help of expert from CAA-UK. There were 16 participants from Bangladesh, Maldives, Nepal & Sri Lanka.

This course provided delegates with the core knowledge and competencies required to understand the process of compliance with EASA and potential SARI rules in respect of Commercial Air Transport (CAT) Operations. This training is based on the EASA Virtual Academy approved training course.

4. Safety Management System (SMS) and the State Safety Programme (SSP) Implementation Training including on-the Job Training in August 2017.

This Classroom course covering ICAO Annex 19 SSP and SMS Requirements and how to evaluate the effectiveness of the SMS. This course supplemented with on the job training whereby an SMS assessment will be made at an organization and reinforced the inspector's knowledge and understanding on safety management (SSP and SMS) and how to evaluate an SMS using SMS assessment tools. The 'on the job training' was to reinforce the knowledge and understanding gained in the classroom and provide practical experience of assessing an SMS. There were 18 participants in this course from 2nd -11th August 2017.

5. Aviation Security Supervisor Course September 2017

Aviation Security Supervisors Course conducted from 19th to 28th September 2017 in Sri Lanka with the help of expert from ICAO. There were 26 participants from Bangladesh, Bhutan, Nepal, Myanmar, Maldives, Singapore, Philippines & Sri Lanka.

6. Instructor Training Course for OPS Inspectors (OJT)

The training course held from 25th September to 13th October 2017 in Sri Lanka with 3 days On the Job Training. This course was held to provide inspectors with the knowledge and support required to become an active trainer / instructor in the OPS Section of Civil Aviation Authority

7. Instructor Training Course for AIR Inspectors(AIR)

The training course held from 18th September to 04th October 2017 in Sri Lanka with 5 days On the Job Training. This course was held to revise the main principles and objectives of each EASA/SARI Part and to help participants acquire auditing techniques and best practice to prepare, realise, follow-up audits about maintenance / training organisations. It also aimed at participants acquiring knowledge of Aircraft Maintenance Part - 66 Licenses and about the training of personnel.

8. Thirteenth Meeting of the South East Asia & Bay of Bengal Sub Regional (ADS- B Implementation Working Group)

CAASL organized the 13th Meeting of the ICAO SEA BOB WG from 11-13 November 2017 at Ramada, Colombo. The primary objective of the meeting was to further progress the tasks resulted from the SEA/BOB ADS-B WG 12 meeting. The meeting discussed and updated the ADS-B implementation plan in the South East Asia & Bay of Bengal sub – regions. There were 47 participants from South East Asia, Bay of Bengal sub region and Sri Lanka.



9. Continuing Airworthiness (Part 145, Part M, Part 147) Course

The training course held from 20-27 November 2017 in Sri Lanka with participation of Afghanistan, Bangladesh and Sri Lanka Airworthiness Inspectors.

10. EASA.3 -SARI AIR Ops Workshop

The training course held from 4-6 December 2017 with the support from EU South Asia and EU SA APP.

11. EASA 4.Reliability Programme

The training course held from 11-13 December 2017 to impart knowledge to AWS staff regarding maintenance program development and Reliability programs. The course was delivered over three days.

Construction of Head Office Building for CAAL

CAASL contracted the State Engineering Corporation (SEC) in December 2015 for the construction of its new head office of six storied building at Katunayake at a cost of Rs. 803 million. As per the initial plans, the construction was to be completed by June 2017. However due to various reasons, the construction was delayed SEC had made 90% physical progress at the close of 2017.



Statistics & Forecasting

The Section is responsible for development and maintenance of a national civil aviation statistical programme. Accordingly a Master Statistical Data Base maintained by representing all the Divisions of the Civil Aviation Authority of Sri Lanka was updated and maintained for the period of January to August. 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 2017

The Civil Aviation Authority of Sri Lanka has been conducting its annual outdoor training workshop from its inception with the exemption for the last two years. 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 carrier 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 integration of the employees at different hierarchical layers of the organization aiming at building up a strong team with a good understanding of the talents and potentials of each employee.

Also, prior to the establishment of CAASL, five similar workshop had been conducted under its predecessor, the Department of Civil Aviation.

The Annual Outdoor Workshop was conducted from 17th to 19th November at Amaya Beach in Passikudah for CAASL all Staff under the theme of "Adjust the seat for better accomplishment of the mission for early realization of our vision".

The training session was conducted by Prof. Attanayake M. Herath and his team. It was facilitated to motive staff and develop their interpersonal relationships which is a necessity for the success of the organization and the attitudes to work as team player with productive thinking.

The workshop was conducted successfully which was also attended by the Chairman,



Director General of Civil Aviation and 130 members of the CAASL employees at the training workshop accounting for 77% of staff participation, including both in executive & non-executive.

Conduct CAASL Media Handling & Promotion

Media and Promotional Programmes on Sri Lanka Civil Aviation were conducted and thereby, Awareness Programmes for the School Children on the Civil Aviation were continuously implemented during this period.



- An Educational Exhibition Stall was organized with a view to representing the Sri Lanka Civil Aviation Authority at the "Thirasara Yugayak" Trade and

Educational Exhibition conducted at the Bandaranaike Memorial International Conference Hall for the Period of 31st March 2017 up to 04th April.

- An Educational Programme for creating awareness among the school students on the Civil Aviation at Karadeniya Central College, Galle on 26th June 2017.



- An Educational Programme for creating awareness among the school students on the Civil Aviation related to the functions of the Bandaranaike International Airport on 14th July 2017.

Civil Aviation Awareness Programme

During the year 2017, two school programmes were conducted and



supported formulation of total of 584 School Aviation Clubs by the end of 2017. Two Guwansara Aviation magazines were issued and distributed among 3100 schools on complimentary basis and Special Guwansara edition was issued for ICAN 2017 summit.

In addition CADEC were introduced a new programme for students to aware of airport operations and which will be held in monthly basis. Three programmes were conducted in year 2017.

Next Generation of Aviation Professionals (NGAP) Sri Lanka Programme

Having identified the necessity of active participation of the members of the public for the successful launch of any development programme, the Civil Aviation Authority of Sri Lanka launched in 2008 conducting several programmes together with voluntary groups for creation of public awareness in the enormous potential of civil aviation for socio economic development programs of the country. The activities initially included maintaining of a separate website, launch of quarterly magazine "Guwansara", establishment of Aviation Societies (clubs) in Government Schools, conducting model aircraft show, kite festivals etc. which created enthusiasm especially in the minds of school children, who in turn made some influence in the minds of their parents.

With the Awareness Creation Programme getting more momentum, the Civil Aviation Authority of Sri Lanka felt the need of brining under one umbrella all



organizations engaged in aviation education and training for the coordination of training needs and opportunities. Accordingly, NGAP Sri Lanka Program was, officially inaugurated in Sri Lanka on the 01st of August 2016 with the participation of Hon. Minister of Transport & Civil Aviation, ICAO President of the Council, the Secretary General of ICAO and Regional Director, Asia Pacific Region at the 53rd Director General's, Asia Pacific Regional Conference.

According to the requirements of the 39th Assembly of ICAO, the Sri Lankan Government incorporated ICAO, NGAP program to Develop Human Resource function within National Civil Aviation Policy of Sri Lanka. The National Committee was recently setup to communicate and assist industry stakeholders in identifying their long-term human resources needs to establish strategies to attract, educate, train and retain aviation professionals. Also to assist the industry by providing guidance and tools for engaging the next generation and promoting aviation amongst youth as a viable career. A National Committee that comprises of the members of the Sri Lanka Civil Aviation Authority, Airport and Aviation Services (Sri Lanka) Limited and Sri Lankan Airlines was established under the approval of the Board of Directors of the Civil Aviation Authority of Sri Lanka on 30th March 2017 for the implementation of the Next Generation of Aviation professionals (NGAP) in Sri Lanka.

The main target of NGAP Sri Lanka is to produce academically and professionally qualified human resource personnel to strengthen the local civil aviation sector and reach out to regional and global levels in time to come.

The Welcome Ceremony for Shaesta Waiz, (Global Solo flight for STEM):-

Captain Shaesta Waiz, is the global solo travels all around the world jointly with the International Civil Aviation Organization (ICAO) as the Founder of the Programme "DREAMS SOAR", which publicizes the importance of learning the subject stream



of Science, Technology, Engineering and Mathematics (STEM) among the future generation and even though Sri Lanka was not marked in her flight to Florida, United States of America on 13th May, she finally decided to select Sri Lanka as her 14th destination due to the unfavourable weather condition prevailed in India.

Accordingly, a special welcome ceremony was organized on 27/07/2017 for Captain Shaesta Waiz with the patronage of the National Committee on NGAP Sri Lanka in compliance on the special request of the International Civil Aviation Organization.

School students and female Student Pilots participated in the Welcome Ceremony representing School Aviation Societies and Flying Training Schools.

NGAP Sri Lanka involvement at the ICAO, Next Generation of Aviation Professionals, (NGAP) Global Summit & 09th



ICAO NGAP Meeting at the ICAO Head Quarters, Montreal, Canada held on 27th – 29th November 2017.

Mr. Malaka Dasanayaka's, Director, Research Development Planning & Special Programmes & Mr. G.C.G.P. Dabarera, Secretary of the NGAP Sri Lanka Programme & NGAP National Coordinator participated at the ICAO, Next Generation of Aviation Professionals, (NGAP) Global Summit & 09th ICAO NGAP Meeting at the ICAO Head Quarters, Montreal, Canada held on 27th – 29th November 2017.

A presentation was done by Mr. Dabarera regarding ICAO NGAP best practices with reference to NGAP Sri Lanka programme, as a Panelist in the Panel 07 – Developing a National NGAP Strategy at the ICAO, NGAP Global Summit held on 27th & 28th November 2017. Also, a new Proposal with regard to NGAP Aviation Industry Jobs & Science, Technology, Engineering and Maths (AIJ-STEM) Outreach programme was presented by Mr. Dabarera as a member in the ICAO NGAO outreach working Group at the ICAO NGAP 09th Meeting held on 29th November 2017. This proposal is already in ICAO NGAP Work plan of the ICAO which is expected to be held in Sri Lanka as a pilot programme by September 2018.

Dr. Fang Liu, Secretary General of ICAO highlighted in her speech that the National NGAP Programme in Sri Lanka is a good example for other countries, at the ICAO NGAP Global Summit.

AIRSPACE AND SECURITY REGULATION DIVISION



Aviation Security Section



In the year 2017 Aviation Security Section continued its oversight regulatory functions in the field of civil aviation security. The Quality Control & certification activities were carried out by the f the section in accordance with the approved Activity Schedules of Aviation Security Surveillance and Avsec Personnel Certification 2017.

Certification and recertification of following categories & numbers of Avsec personnel of Airport / Aircraft operators were continued.

- Certification and Re-Certification of Aviation Security Managers – 25
- Certification and Re-Certification of Aviation Security Screeners – 481

The undermentioned vital tasks were carried out by the section in addition to the quality control and certification functions mentioned above.

Certification of Aviation Security Service Provider at BIA

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

Certification process of service provider organizations for aviation security was continued throughout the year 2017. A number of follow up inspections were carried out at BIA to determine whether the corrective actions proposed were accomplished. Inspection reports indicated that there were few deficiencies yet to be completed. Certification will be done once all the pending areas are completed by the airport operator.

Development of Regulations

Avsec Section reviewed the draft regulations sent by CASP-AP and based on which, developing of the final draft of Aviation Security Regulations were completed.

Evaluation of Security Programmes

Security programmes of aircraft operators and airport operator are assessed in order to ascertain whether the aviation security measures of controls are implemented in accordance with the National Civil Aviation Security Programme by respective operators.

The details are as follows.

- Foreign Aircraft Operator Security Programmes – 31
- Local Airlines Security Training Programmes – 02

Approval for Carriage of Munitions

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

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

In this context, there were 167 approvals granted for carriage of munitions in the cargo hold and 39 approvals for carriage on board during year 2017.

Participation of ICAO Missions

Director Aviation Security participated on ICAO USAP Audit in Thailand as an ICAO audit team member on the invitation of ICAO.

ICAO Air Services Negotiation Event

The 10th ICAO Air Services Negotiation Event (ICAN2017) was held in Colombo, Sri Lanka from 4 to 8 December 2017 hosted by the Civil Aviation Authority of Sri Lanka. All members of the section supported to achieve the desired objectives.

Aviation Security Meetings/ Seminars/Workshops

- ICAO Training Developers Course from 13th to 24th March 2017 in Bangkok, Thailand attended by Director Aviation Security.
- 14th Steering Committee Meeting from 03th to 04th July 2017 in Yangon, Myanmar attended by Director Aviation Security.
- ICAO 05th Regional Aviation Security Co-ordination Forum (RASCF) from 6th to 7th July 2017 in Thailand attended by Director Aviation Security.
- ICAO Regional Conference on Global Aviation Security Plan (GASeP) from 20th to 21st December 2017 in Thailand attended by Director Aviation Security.
- ICAO Exercise Workshop held from 28th to 30th March 2017 in Macao attended by SCAI-APS.

Aerodromes Section



Aerodrome Section is responsible for the development of Regulations, Rules, Directives, Guidance Material and Procedures for the maintenance of International and Domestic Aerodromes in accordance with the applicable International and local Standards and Recommended Practices (SARPs) and also for the initial Certification and continuous Surveillance of the Airports used for transport of civil passengers. The implementation of International Standards relating to Facilitation at Airports also comes under the purview of this Section.

Certification and Surveillance of Aerodromes

During the year 2017, the Aerodrome Certification for Mattala Rajapaksa International Airport (MRIA) was renewed until 2019 after a comprehensive inspection carried out in March 2017 and the acceptance of Corrective Action Plan submitted by Airport & Aviation Services (S/L) Ltd; (AASL) who is the Aerodrome

Operator. Twenty nine (29) inspections at Bandaranaike International Airport, Katunayake (BIA), six (06) inspections at MRJA, seven (07) inspections at Ratmalana Airport (RMA), three (03) inspections at Batticaloa Airport (BDA), four (04) inspections at Water Aerodromes and one (01) inspection at a Heliport were carried-out. Temporary Approval to operate eleven (11) Water Aerodromes was also granted to Saffron Air whilst guidance was provided for IWS Aviation and ITC in establishing Helicopter Landing sites. Aerodrome Registry for Sri Lanka was also completed.

BIA Runway Resurfacing

The Aerodrome Section had to play a major role in relation to resurfacing of the BIA runway and widening of its shoulders to accommodate New Large Airplane operations which was conducted from 06 January - 06 April 2017. In this regard, the Section mediated in the coordination with all stake holders in the development and implementation of the Runway closure and

opening procedures to facilitate Resurfacing Programme.

The BIA runway was closed for a period of eight (8) hours from 0830 hrs -1630 hrs every day during the aforementioned period with least disturbance to airport



users. All flights that had been scheduled to operate between the closure periods were rescheduled to operate outside the closure period, to the extent possible. However, 20 flights that had been programmed during this period had to be cancelled. During this period the Section performed the following tasks.

- Continuous monitoring of the runway resurfacing program at BIA.
- Providing expertise in the establishment of the runway turn pads at BIA.
- Compatibility study for operations of A380s for the runway after resurfacing and widening of shoulders
- Grant of approval of renaming BIA taxiway.

Development of Airports for Domestic Aviation

In conformity with the policy of the Government of Sri Lanka (GOSL), expertise were shared with AASL for the development of Batticaloa, Bandarawela, Hingurakgoda and Palaly Airports in respect of Segregation of Civil and SLAF areas, Preparation of Operations Manual, obtaining relevant Survey Data and obtaining a Valuation for the premises at Batticaloa Airport. As for the

proposed Airport at Bandarawela, after receiving Terms of Reference (TOR) for the Environmental Impact Assessment (EIA), Expressions of Interest (EOIs) were called for conducting the EIA and 4 companies were selected, from whom Request for Proposals (RFPs) to conduct the EIA will be called. The development of Hingurakgoda Airport for Civil Operations was also being pursued through the Defence Ministry. The required Cost Estimates for the development of Hingurakgoda were prepared and submitted to the Ministry of Transport and Civil Aviation. The development of Palaly Airport for civil operations under Indian Government funding could not be initiated as the Master Plan for Development was not received from Airports Authority India. Nevertheless, assistance was sought from AASL for obtaining the Cost Estimate for the development of Palaly for Civil Operations.

Airport Zoning Regulations

Zoning regulation for Batticaloa Airport was completed and the Gazette notification was issued, in addition to the issuance of a Directive by Minister of Transport and Civil Aviation for Exemptions for Zoning Regulation at Ratmalana.

Water Aerodromes

The final Draft of the Water Aerodrome Certification Regulations for Sri Lanka as well as the Aerodrome Classification Regulations were completed and submitted to Legal Draftsman for Review.

Approvals for High-rise Buildings

The Office Procedure for granting approval for high-rise buildings and towers were improved and three hundred and twenty two (322) buildings and one hundred and one (101) high-rise structures were approved.

Technical Guidance

Technical guidance was provided and relevant approvals were granted for the Runway Re-surfacing Program at BIA, Establishment of the Runway Turn Pads

at BIA, AASL's Compatibility Study for Operations of A380s to BIA and Re-naming Taxiways at BIA.

Meetings with Industry

The Aerodromes Section participated at Apron Safety Meetings at BIA regularly and Full-scale Emergency Exercise at RMA providing necessary guidance.

Liaison with Government Institutions/Agencies

Aerodrome Section provided the Ministry of Megapolis & Western Province Development with necessary inputs for the BIA 2nd Runway Construction options towards their Conceptual Plan of the Aerotropolis.

Facilitation

Standards and Recommended Practices (SARPs) contained in ICAO Annex-9 on Facilitation were promulgated by way of the issuance of Implementing Standard IS-60.

Furthermore, the National Air Transportation facilitation Program (NATFP) for Sri Lanka was published and the inaugural meeting of the National Air Transportation facilitation Program was also convened.

This section also represented CAASL at Airport Facilitation and Airlines Operators' Committee (AOC) Meetings at BIA regularly.

Training of Staff

Officers of the Aerodromes Section followed Training Courses in State Safety Programme (SSP) conducted by COSAP-SA, Aerodrome Certification, Auditing Techniques & Practices for Aviation Safety Regulators and Safety Oversight Inspector (Aerodromes). The Position Competency Development Scheme (PCDS) for the Section has been updated and a procedure for obtaining statistics from individual officers of the section has also been prepared.

Air Navigation Section



The primary responsibility of the Air Navigation 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 to undertake initial certification and continued surveillance of air navigation service providers.

Surveillance Activities

Completed all inspections scheduled for ATS Centres at BIA, RMA and MRJA and AIS Centres at BIA and RMA as per the 'ANS Surveillance Plan 2017' approved by the DGCA as follows:

ATS units - 29 and AIS Units - 16 inspections were carried out

ATC Rating Assessments

ANS Section conducted a total of 45 assessments in 2017 for the issuance following ATC Ratings;

- 10 Area Control Radar Ratings (2016 : 8)
- 12 Approach Radar & non Radar Ratings (2016 : 03)
- 23 Aerodrome Control Ratings (2016:16)
- 18 SIM Tests for OJT (2016 : 16)

Language Proficiency & Radio Telephony Procedure Tests

ANS Section collaborated with PEL Section in conducting Language Proficiency tests & also represented the Examination Panel for R/T Examinations conducted on Pilots of private Flying Schools for CPLs and PPLs. Accordingly, 41 R/T tests and 18 ELPC Tests were conducted.

Investigations

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.

Conducted investigations on TCAS RA activation due to higher vertical rate of descent by aircraft and Large Height Deviations by aircraft. Provided recommendations to ANSP to minimize such occurrences.

ANS section was also played a major role in two investigations in respect of domestic aircraft operations provided required expertise for the enforcement action taken thereof.

Granting Approvals

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, Archeological Dept; etc; depending on the location of intended operation.

Accordingly, ANS Section granted approvals for 931 non-scheduled over flights, 1412 non-scheduled Landing flights, 71 no-objection notes to diplomatic over flights, 156 no-objection notes to diplomatic landing flights and 87 Aerial Photography flights.

Furthermore, approvals were also granted for 491 Drone operations which has shown a rapid increase in popularity in the country.

ANS Training

One overseas training on Aeronautical Information Management was undertaken by ANS section whilst 24 other local Seminars/Workshops were also attended by ANS Staff.

ICAO Meetings

The following ICAO Meetings were attended by ANS officials:

- SURICG/2 Meeting
- FIT-ASIA/7 Meeting
- AAITF/12 on AIS to AIM Transition
- SEA/BOB WG/13 Meeting

The Thirteenth Meeting of the South East Asia and Bay of Bengal Sub-regional ADS-B Implementation Working Group (SEA/BOB ADS-B WG/13) was held in Sri Lanka from 14 to 16 November 2017. The Meeting was hosted by the Civil Aviation Authority of Sri Lanka. The meeting was attended by 40 participants from 12 countries/ Organizations including delegates from China Hong Kong China, India, Indonesia, Malaysia, Philippines, Papua New Guinea, Singapore, Sri Lanka, Thailand, USA, CANSO, IATA and ICCAIA. The meeting was inaugurated by Hon. Nimal Siripala De Silva, Minister of Transport and Civil Aviation.

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

Two AIP Amendment, Eight AIP Supplements and Seven AICs related to ANS were issued while 386 NOTAMs on Operational ANS activities were scrutinized and granted approval for issuance

Search And Rescue (SAR) Services within Colombo FIR

Continued further development of SAR capabilities in Sri Lanka including the proposed formation of National SAR Organization in Sri Lanka through the assistance under the 3-year SAR Capability Partnership Programme (SCPP) with Australian Maritime Safety Authority (AMSA) which was launched in 2015 and now in-progress.

National SAR coordination committee was formulated which was entrusted with the formulation of the National SAR plan. Plan is being drafted under the guidance of AMSA

AMSA has provided following assistance;

- 02 officers were given opportunities to familiarize in SAR arrangements in Australia
- 06 officers were trained as SAR Mission Coordinators
- 03 officers were trained as SAR administrators
- SAR officer course conducted in SL for 15 officers
- A Table -Top SAR exercise and a full scale SAR exercise without deploying SAR assets have been conducted

While SAR arrangements with Australia and Maldives have been already signed, continued efforts on the SAR agreements with India and Indonesia has reached to a state where the counter draft of agreements have been exchanged through diplomatic channels of respective countries for which CAASL has consented with a no objection.

PBN Implementation (1)

PBN flight Procedures to MR1A was accomplished with RNP Approaches for Rwy 23 and 05 at MR1A. With this milestone Sri Lanka is now 100% compliant with ICAO requirement of RNP approaches to runway ends of Inter National airports.

ADS-B Implementation in Sri Lanka (2)

ANS Section continued to provide appropriate Regularity Assistance/ guidance to AASL for the implementation of ADS-B within the Sri Lankan airspace. Implementing standards on ADS-B out Operations in Sri Lanka was formulated and published in order to regulate the ADS-B operation in Sri Lanka and CAASL coordinated with Airports Authority of India to secure training opportunities for 15 Air Traffic Controllers on ADS-B operation in India at no cost to the Government of Sri Lanka.

Implementation of APANPIRG Decisions of ICAO

Continued to implement applicable APANPIRG Decisions through coordination with the Air Navigation Service provider in Sri Lanka. The effective implementation of APANPIRG decisions was also monitored during routine Inspections to ATS/AIS Operational Centre's

ANS Regulatory Aspects

Implemented ICAO State Letters & all other requirements related to ANS with regular coordination with ANS Division of AASL and other relevant stake-holders of the Aviation industry.

07 implementing Standards were issued in respect of ANS regulatory matters.

- Drone regulation IS-053 01st Edition Revision 02 published on 10th Jan 2017
- Annex 10 Vol IS-039 02nd Edition published on 01st Feb 2017 for Annex 10 Vol ii part I with revised Regulations on Digital Data Communication Systems
- IS-040 2nd Edition published on 25th Jan 2017 for Annex Vol iii part two with revised Regulations on Voice Communication Systems
- IS-031 01st Edition published on 06th Mar 2017 for Annex 4 with revised Regulations on Aeronautical Charts
- IS-038 02nd Edition Revision 00 published on 08th May 2017 for Annex 10 vol ii with revised Regulations on Aeronautical Telecommunication
- IS-042 01st Edition Revision 01 published on 20th January 2017 for Annex 3 with revised regulations on Aeronautical Meteorological Services
- IS-064 01st Edition published on 10th October 2017 for Regulations on Automatic Dependent Surveillance Broadcast Out (ADS-B Out) operations

Awareness Programmes on Drone Regulations in Sri Lanka

ANS section continued to facilitate/Organize awareness programmes aimed at educating the public on drone regulations in Sri Lanka.

- Conducted Seminar on Drone regulations in Sri Lanka for the drone operators at CAASL (14th July 2017/Chief Guest Hon. Minister Nimal Siripala de Silva).
- Conducted Three awareness sessions organized by Ministry of Finance & Mass Media, Conducted awareness programme at artillery Regiment SL Army
- Conducted Seven awareness sessions for 126 OIC's/Police Stations; organized by Office of the Chief of Defence Staff

Assistance for ANS Dues Recovery from Airlines

Assisted AASL the ANS Provider with special letters to our counterparts urging some Airline operators to settle long-overdue payments on Overflying/Landing in Year 2017 as well. As a result, some of the concerned airlines settled their long-overdue overflying charges to AASL.

Service Agreements

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

Improvements/Contribution in Corporate Affairs & Office Management

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

Development of Domestic VFR Navigation Map

A Domestic VFR Navigation MAP was developed and promulgated in order to assist the domestic navigation especially the trainee pilots in Sri Lanka satisfying long felt need in this respect in the Sri Lankan Aviation industry.

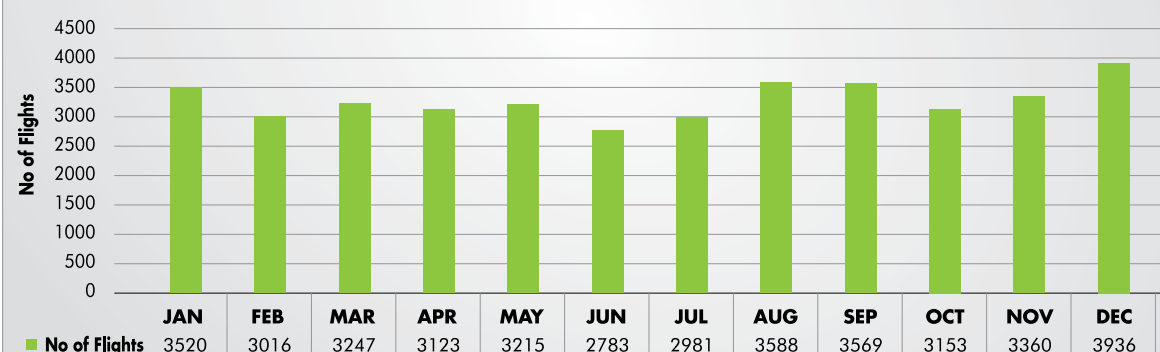
Facilitation of Discussion between Air Traffic Controllers and Domestic Air Line Pilots

ANS section facilitated the long felt need of an effective dialogue between Air traffic Controllers and the Domestic Airline Pilots on operational matters and continued to be the mediator between the parties to solve operational issues with amicable solutions which was a progressive approach taken up to ensure the safety, regularity and efficiency of domestic Air Traffic Operations.

Overflights

In 2017, 39491 flights flew over Sri Lanka airspace as against 35,229 flights flew over Sri Lanka in 2016.

Overflying Traffic (Colombo FIR) - 2017



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 2017, to cater to the needs of the aviation community making the clientele satisfied. Key areas intended for improvements are listed below.

Development of System for Computer Based Examinations:

In order to include additional functions to improve the quality, Personnel Licensing Section undertook developing Computer Based Examination to be incorporated into

the CAASL IT development plan and work was continued in 2017 as well.

Certification of New Flying Schools

One Flying School licenses were issued to Sakurai Aviation to carry out flying training for PPL/CPL/IR.

Surveillance on Flying Schools /Aviation Training Organizations/ Designated Hospitals.

Personnel Licensing Section has conducted following surveillance on Aviation Training Organizations & Designated Hospitals.

- Fairways Aviation Academy - 2
- Millennium Flight Academy - 2
- Openskies Flight Training (Pvt) Ltd - 4
- Fly Southern Pvt Ltd - 4
- International Aviation Academy (Flight Operations Officer Training) - 2
- Designated Hospitals - 5

Participation in International Meetings/Workshop

Senior Civil Aviation Inspector Aviation Medicine (SCAI-AM) attended 9th CAPSCA/ AP meeting held in Kota Kinabalu, Malaysia as the Focal Point of CAPSCA project in November 2017.

New Licence and ratings issuances

Personnel Licensing Section has issued following licenses to aviation personals during the year under review.

- Pilot licenses - 237
- Aircraft type ratings for pilots - 138
- Flight Instructor Ratings (FI&AFI) - 04
- Air Traffic Controller ratings - 25
- Aircraft Maintenance Licenes (AML) - 14
- AML categories/ Ratings - 149
- Flight Operation Officer licences - 04
- Cabin Crew Member Certificates - 102
- Ground Instructor appovals & license - 22
- Foreign Licence validation certificates for pilots - 119

- Foreign Licence validation certificates for AML - 6

Medical Examination/Medical Board Meetings

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

- Initial Medical Examination - 276
- Renewal of Medical Examination - 794

Aero Medical Centre has held 05 Medical Board Meetings throughout the year to resolve borderline cases of Medical certificates.

Renewal of Agreement with Designated Hospitals

The section has renewed agreements with all 5 designated hospitals Hospital. Inspections were carried out prior to the renewal of the agreement to assess the services & standards of the hospital.

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 certification and post certification surveillances of airlines for operation of air services. Issuance of dangerous goods permits and ground handling functions too come under the purview of Aircraft Operations Section.

In year 2017 Operations section has issued the following regulations, guidance material and directives for the compliance of the industry.

- IS-058 – ICAO Annex 6 Part (1) - Operation of Aircraft International Air Transport- Aeroplanes including up to the amendment 40C to Annex 6, Part I

- IS057 - Compliance to Annex 06 -Part (01) - Chapter 14 - Dangerous Goods
- D007 – Medical Requirements for Cabin Crew
- D005 – Compliance to Annex 18
- GD 006 – Bracing for Impact Positions during an emergency for Aeroplanes and Helicopter Occupants
- GD001 – Crew Resource Management Training for Flight Crew, Cabin Crew and Flight Dispatchers

Three operators were certified and were issued with Air Operator Certificate (AOC) upon successful completion of the requirements stipulated by the DGCA. The operators certified include; Sakurai Aviation, F-Air and Fly Southern. Furthermore one operator and an individual was approved for Private Aircraft Operator Permit (PAOP).

Additionally the Operations section issued four initial Foreign Air Operator Certificates while renewing twenty seven Foreign Air

Operator Certificates issued to the existing airlines operating services to Sri Lanka. One initial dangerous goods permits has been issued and thirteen DGR permits were renewed.

Amendments to Flight Operations Manuals and Ground Operations Manuals submitted by current AOC holders were evaluated for approval as an obligation to the Air Operator Certification.

DCP Monitoring and PPC Approvals to conduct Pilot Proficiency Checks of thirty two Pilots were granted, and Flight Operations Inspectors (FOI) evaluated and monitored 08 Designated Check Pilots to conduct Pilot Proficiency Checks. Five instructor approvals were granted evaluation carried out after in 2017 for DGR instructors and cabin safety instructors.

The Operations section continuously conduct surveillance on Local and Foreign Air Operators for the compliance of CAASL Regulatory Requirements as per the approved Surveillance Plan to ensure

an effective Safety Oversight System in Sri Lanka. A Total of 106 surveillance activities were carried out in 2017 by the operations section including Ramp Inspections, En-route Inspections, DCP Monitoring Activities, Main Base Inspections and other inspections including Training Programme Observation.

A Comprehensive Regulatory Audit on SriLanka Airlines and FITS Aviation was carried out with the view of renewing their AOC by the section in 2017 to ascertain the level of compliance by the AOC holder for the stipulated ICAO SARPs and promulgation of local regulations/ procedures.

Also the section was involved in ICAO Universal Safety Oversight Audit Programme (USOAP) activities

In preparation for the Audit scheduled to be held in 2018. The exiting Implementing Standards and guidance material were examined by the section for amendments in answering the corrective action plan, protocol questions and filling of the compliance checklist.

Aircraft Registration and Airworthiness Section



The section had a very busy 2017, in terms of training of its inspectors in regulations related to Airworthiness, and development of new regulations and associated procedures related to Maintenance Organization Certification, Maintenance Training Organization Certification, and Continuing Airworthiness Requirements fulfillment.

New Implementing Standards (IS) were developed with associated procedures, application forms, checklists, guidance to CAASL personnel, guidance to Industry to replace ASN's, related to Aircraft Maintenance Organizations (IS 145), Aircraft Maintenance Training Organizations (IS 147), Aircraft Continuing Airworthiness Requirements fulfillment (IS M), Code of Airworthiness for Sri Lanka (IS 21).

These comprehensive IS's are aligned with EASA standards and were developed with the support and guidance of South Asian Regional Initiative (SARI) of EU /SA project.

The AWS staff were given support by SARI experts in developing these comprehensive IS's, through training and implementation workshops conducted in Sri Lanka. Industry seminar was conducted to introduce the new IS M and IS 147 to the industry, which was well attended.

With the publication of new regulation, procedures and industry guidance already accomplished, the IS Part M, Part 145 and Part 147 will be implemented in local industry, mainly in 2018, with recertification of current approved organizations expected to take place in a planned manner, during the year 2018.

The section Inspectors were trained in regulations related to Safety Management, Continuing Airworthiness, Maintenance Training Organization requirements, Aircraft Maintenance Organizations and Reliability & Maintenance Programs. This included theoretical and on the job training as well.

Senior Inspectors participated in regional implementation workshops in Nepal, as subject matter expert in Continuing Airworthiness Requirements.

Three new Civil Aviation Inspectors underwent comprehensive induction training program over a duration of eight months at Mattala Airport training facility.

ICAO audit preparatory activities are in progress, with most areas showing compliance as required. Airworthiness Office Manuals are being redrafted to meet new regulations, which will also address ICAO audit questions.

AWS inspectors participated in four A320/A321 new aircraft acceptance activities in Europe.

AWS Inspector roles were aligned with the intent of specialization them in specific regulations, with junior inspectors performing understudy roles. With this realignment, subject knowledge depth and expertise is expected to further develop.

The section performed its annual work plan and annual surveillance plan activities in a successful manner. The industry surveillance, audits and other sectional support activities to the industry were performed in an efficient manner. Incremental improvement in the quality of work performed observed during the period under consideration.

CORPORATE AFFAIRS AND ECONOMIC REGULATION DIVISION



Air Transport & Economic Regulations Section



International Air Service Operations

Thirty one (31) airlines as shown below were operating international air services into and out of Sri Lanka by the close of 2017.

ABG - RL - Royal Flight	FTD - FY - Etihad Airways	OMA - WY - Oman Air
ABY - G9 - Air Arabia	FDB - FZ - Fly Dubai	QTR - QR - Qatar Airways
AIC - AI - Air India	GFA - GF - Gulf Air	SEJ - SG - SpiceJet
AUA - OS - Austrian Airlines	JAI - 9W - Jet Airways	SIA - SQ - Singapore Airlines
ALK - UL - SriLankan Airlines	KAC - KU - Kuwait Airways	SLK - MI - Silk Air
AUI - PS - Ukraine International	KAL - KE - Korean Airways	SVA - SV - Saudi Arabian Airlines
AXM - AK - Air Asia Berhad	KLM - KL - KLM Royal Dutch Airlines	THA - TG - Thai Airways
CCA - CA - Air China	KTk - ZF - Azur Air	THA - TK - Turkish Airlines
CES - MU - China Eastern	MAS - MH - Malaysia Airlines	TOM - By - Thomson Airways
CPA - CX - Cathay Pacific	MXD - OD - Malindo Air	UAE - EK - Emirates
CSN - CZ - China Southern Airlines		

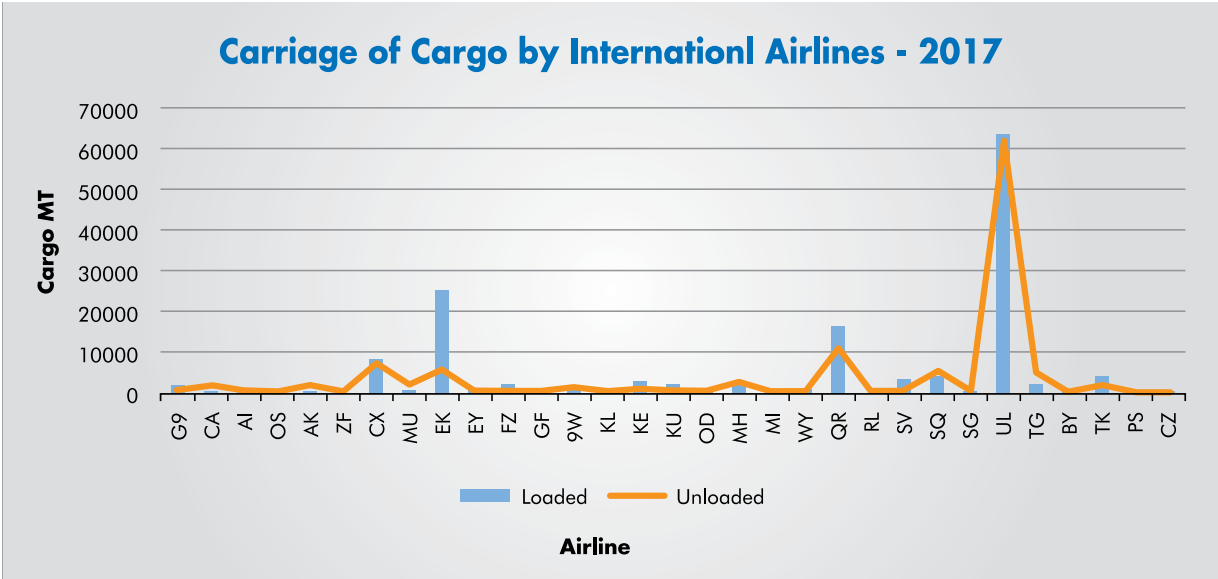
SriLankan Airlines commenced a daily operations to Melbourne effective 29th of October 2017. Air India began a new service from Varanasi to Colombo in the month of August 2017.

The following are the top destinations connected to Sri Lanka.

Carriage of Passengers by International Airlines

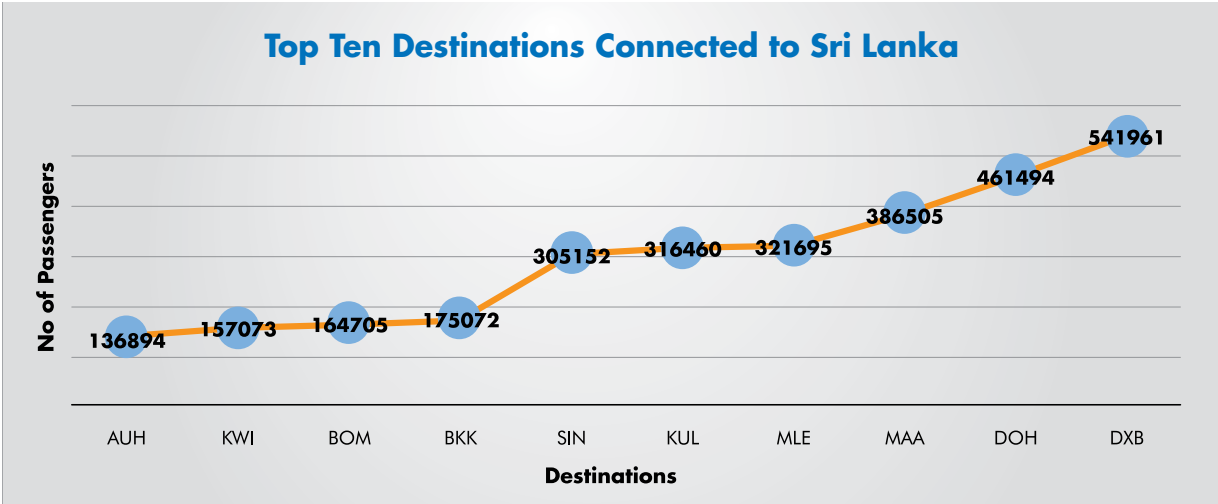


Carriage of Cargo by International Airlines 2017

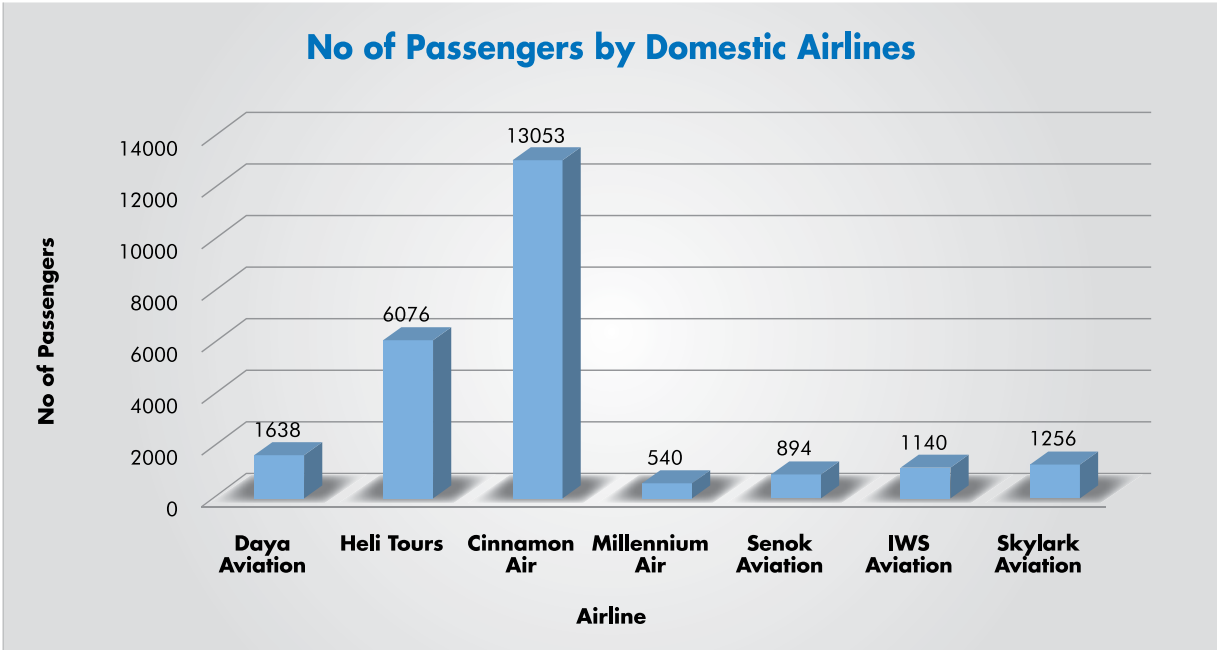


Most Popular Destinations

The following are the top destinations connected to Sri Lanka.



Carriage of Passengers by Domestic Airlines



International Civil Aviation Organization – Conference on Air Services Negotiations (ICAN 2017)

International Civil Aviation Organization annually organizes the international conference on Air Services Negotiations. Sri Lanka was the host country for the year 2017 and the conference was held in Colombo from 4th to 8th December 2017. The opening ceremony was held at BMICH and the negotiation meetings were held at the Hilton-Colombo. Sixty six (66) States, International Air Transport Association and one aviation related software Development Company participated at the event. There were 426 participants in total. The event was a good opportunity to enhance the aviation relationships among countries and

will help to increase the connectivity among nations. The Event was also very helpful to boost tourism development in the Sri Lanka.

Sri Lanka’s Bilateral Air Services Negotiations during ICAN 2017

The CAASL took part in several Bilateral Air Services negotiations held with overseas Aeronautical Authorities as a member of the delegation of Sri Lanka during ICAN 2017.

The delegation was led by the Secretary to the Ministry of Transport & Civil Aviation and comprised the other stake holders such as Airport & Aviation Services (Sri Lanka) Ltd, SriLankan Airlines, Ministry of Foreign Affairs and the Attorney General’s Department. Sri Lanka was able to participate in 31



meetings and finalized 20 agreements including 7 new agreements. This includes Afghanistan, Bahamas, Republic of Chile, Czech Republic, Dominican Republic, Hellenic Republic, Republic of India, Italian Republic, Republic of Kazakhstan, Sultanate of Oman, State of Qatar, Russian Federation, Republic of Seychelles, Republic of South Africa, United Republic of Tanzania, Kingdom of Thailand, Republic of Turkey, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland and Republic of Zimbabwe.

Airline License and Charter License

Most of the foreign airlines which operated during 2016 continued their operations to Sri Lanka during 2017. Five airline licenses were issued for Sri Lanka registered airlines and 11 charter license were issued for Sri Lanka registered Airlines. New Charter license were issued for F- Airways Ltd, Fly Southern (Pvt) Ltd and Sakurai Aviation Limited.

Travel Agents

As per the regulations of the CAASL all travel agents and other Air Transport Providers in Sri Lanka are required to obtain a license issued by the CAASL renewed on an annual basis.

At the end of the year there were 511 Air Transport Providers licensed by the CAASL. There is a slight reduction of the numbers of travel agencies existing at the end of 2017 from the previous year. Introduction of bank guarantee as a mandatory requirement for the initial issue and renewal of license can be observed as the major reason for the drop. Also some Hajj-Umara operators have not renewed their license since they have not received quota from the Department of Muslims Religious Affairs. The list of license holders is updated on the CAASL website on a monthly basis. 45 evaluation meetings were carried out by the Air Transport and Economic Regulation section to upgrade the license process of travel agencies. The prospective Management team members

of the travel agency is educated on how to improve their business in keeping with the competitive market trends and also told how they should deal with the general public.

All travel agent bookings are done through Global Distribution System (GDS) namely Amadeus, Sabre (Abacus), Galileo and Worldspan and the section was able to make the Air Transport Providers (Passenger) License as one of the main requirements to have a GDS connection. The Section continued their surveillance programs to successfully remove unlicensed agents with the help of GDSs.

Airline Reservation & Fares Calculation Course

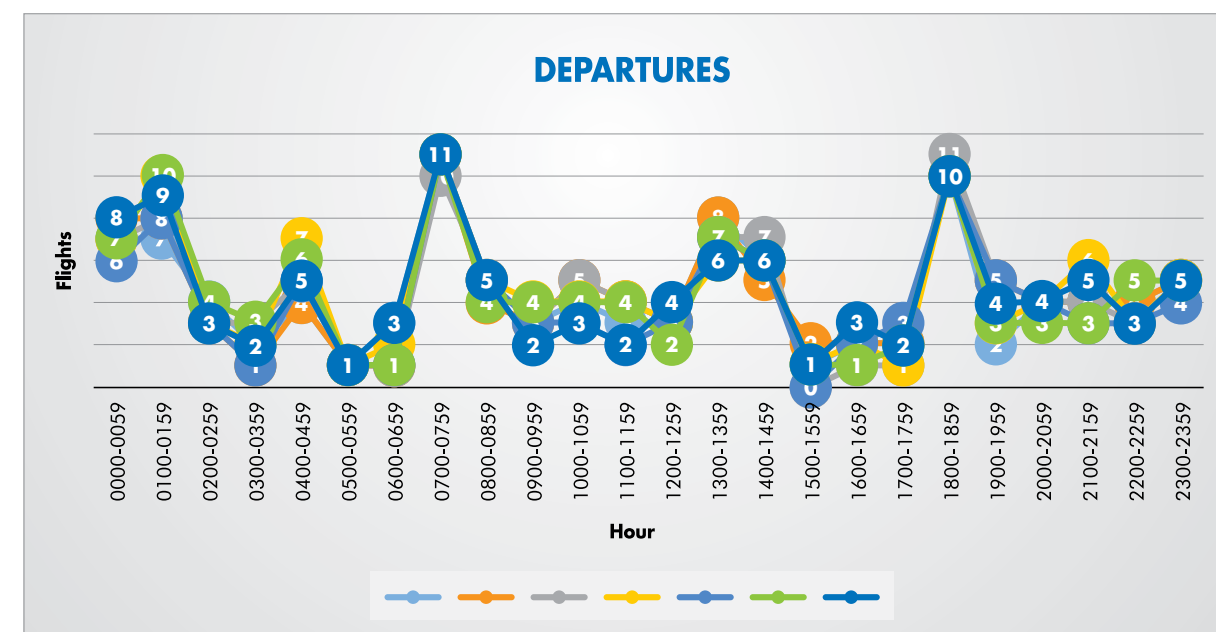
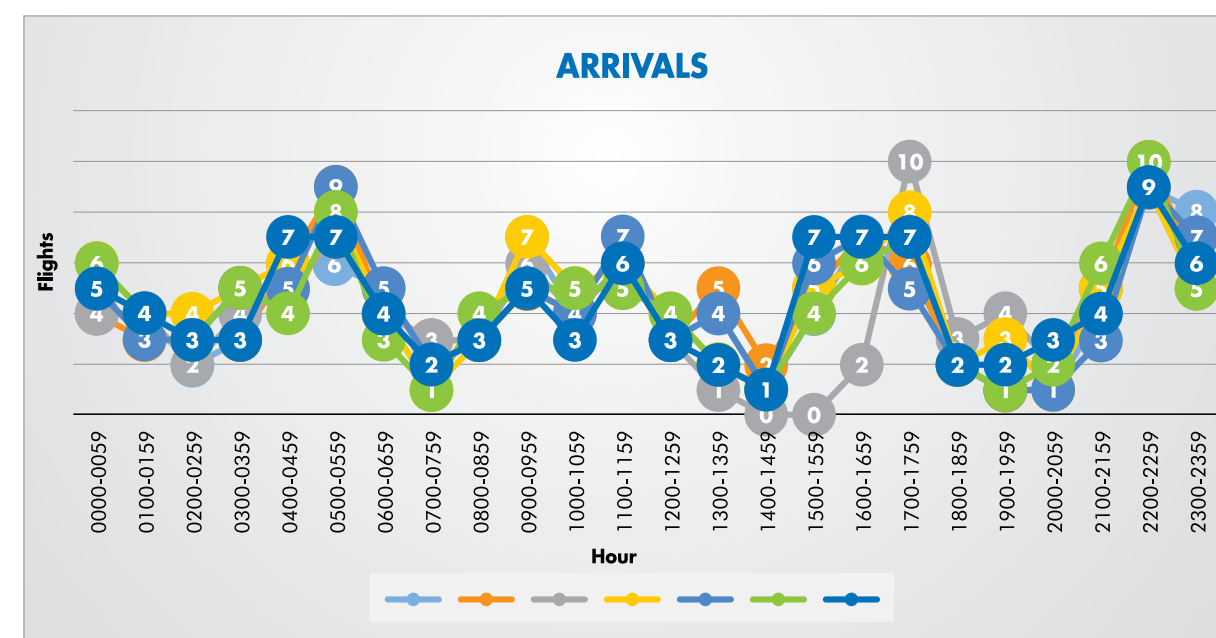
The 12th batch of Airline Reservations and Fares Calculations Course was successfully completed during the year concerned with 10 students graduating. The course was started in 2009 and so far 149 students have been graduated. Majority of the passed out students are working in leading local travel agencies while few of them are working overseas.

Consumer Complaints Handling

A total number of 52 complaints were received by the AT and ER section. Most of complaints made against Airlines/ Travel Agents were resolved in a professional manner. There is a positive feedback for this initiative from the industry as well as the general public.

Slot Co-ordination

The Slot Allocation at BIA were conducted in terms of the agreed criteria of the Slot Committee during the year. Special slot committee meetings were convened due to the planned runway overlaying program scheduled within the year 2017. Due to capacity constraints at the terminal BIA can accommodate only 10 arrivals and 12 departures at any given hour of the day. The BIA has observed a few peak hours as shown in the graph below.



Runway Closure Period Activities

Bandaranaike International Airport was closed for 8 hours during the day time from 0830hrs to 1630hrs from January to April 2017 due to runway overlaying. The Section in collaboration with the Schedules Planning Section of Sri Lankan airlines and other Slot committee members, devised a mechanism to re-allocate slots given for airlines. All operations were limited to evening and night time because of the reallocation of slots. Very few flight cancellations took place during this period due to the closure.

Several meetings of the slot committee and the stake holders were held to ensure the smooth management of the runway overlaying activities.

Meetings with Stakeholders in Air Transport Industry/Department of Commerce

The Section coordinated regular meetings with industry bodies such as Ministries, Board of Airline Representatives, Sri Lanka Association of Airline Representatives, Travel Agents Association of Sri Lanka, IATA

Agents association, Chamber of Commerce and with Government Institutions such as Department of Commerce to ensure a positive development in the Air Transport industry.

Visa Recommendations for Expatriate Staff Members

In terms of DGCA's delegation the section has been given the task with effect from May 2017 to provide recommendation letters to the Controller General of Immigration for expatriates employed by local aviation organizations to obtain their visas for technical employment Sri Lanka in addition to non-technical staff. During the year a total of 96 such recommendations were issued out of which 32 have been for technical employment.

Ground Support Service Providers

The CAASL identified the requirement of Ground Support Service Providers to provide assistance for business jet operators, private jet operators and some leisure operators within civil airports in Sri Lanka. In 2017 a directive was issued by the DGCA through Air Transport and Economic Regulation Section which outlined the regulatory aspects that need to be followed by such service providers. There were 4 service providers who provide services at BIA and other airports that registered with the CAASL at the end of the year.

The CAASL's ultimate view is to develop these Ground Support Service Providers to the level of Fixed Based Operators (FBO) in the near future which will support the growth of the aviation industry in Sri Lanka.

Human Resources & Office Management Section



The CAASL embeds 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 & Office Management Section has always maintained an uncompromising voice in ensuring that we align and reach 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, CAASL's highly evolved and stringent recruitment process ensures that each of the employee enters CAASL with a clear idea of expected outcome from them and the methods and systems that are implemented for them to optimize the innate abilities.

Pursuant to the revised organizational structure, the recruitments for the vacant positions took place, raising the total employment in the CAASL to 172 by the close of the year. During the year under review, 36 number of new recruitments were made and it was the first time in the history that CAASL has recruited a large number of Executives as one batch.

As depicted in Figure 01, by the end of the year under review, CAASL staff consist of 3 officials in the employment category of Senior Manager other than CEO, 10 in the employment category of Senior Manager and 23 in the category of Manager. According to the current statistics, 44 number of staff members are employed in the category of Enforcement/Operational/Extension and 2 staff members are categorized under Junior Manager. Further, 4 staff members are employed as Management Assistants –Technological and 51 are employed as Management Assistants – Non Technological. Under Primary Level

Category of Staff Members

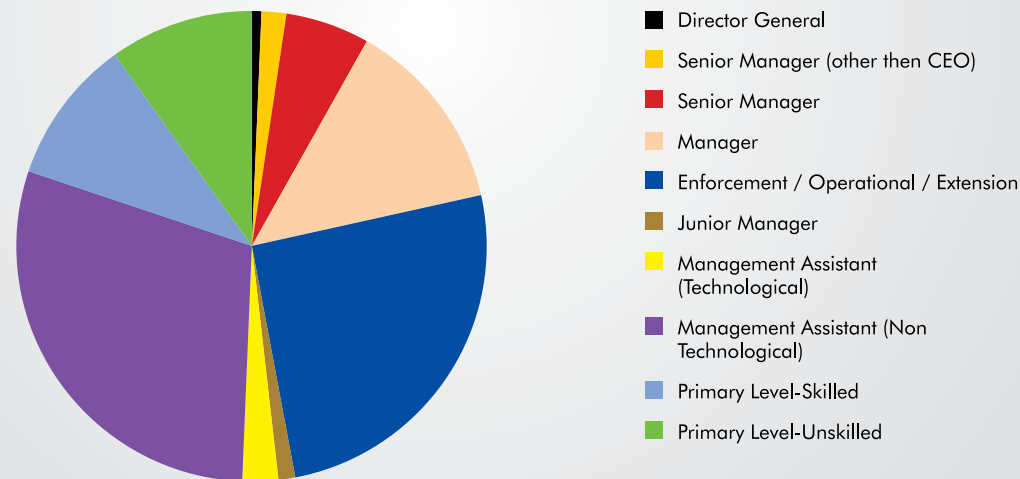


Figure 01

skilled and Primary Level un-skilled, 17 staff members are employed in each category.

CAASL has reported a turnover rate of 1.74% 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.

Staff Welfare

Irrespective of the increase of number of staff members, CAASL continued to provide a wide range of welfare facilities, which is presented in figure 02, 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 1221 claims have been made under Out Door patient benefits amounting to Rs. 5,206,741/- for the policy period from May 2017 till December 2017. Subsequently, the medical insurance indoor facility has also been granted to employees during the same period.



Figure 02

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. Over 40

number of staff members have been benefitted through the loan scheme during the year under review.

The staff of the CAASL were also facilitated with grant of loans and a sum of Rs. 10,911,090/- was granted as Distress loans for 42 employees during the year 2017. Besides this, sum of Rs. 4,287,176/- was provided as loans to purchase Motor Vehicles and a sum of Rs. 515,500/- was given for two employees as Motor bike loans. Additionally, Authority has supported

two staff members to purchase push bicycles through providing Rs. 40,000 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 2017, two staff members have been benefitted through the property loan scheme and was granted Rs. 6,273,944/-.

Festival advance has been issued to 98 staff members amounting Rs. 1,470,000/- 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.

Enhancing the regime of welfare facilities, in year 2017, CAASL has commenced providing railway warrants facilities for the staff member extended for the family members. During the year under concern, 30 number of railway warrants have been issued for 9 staff members.

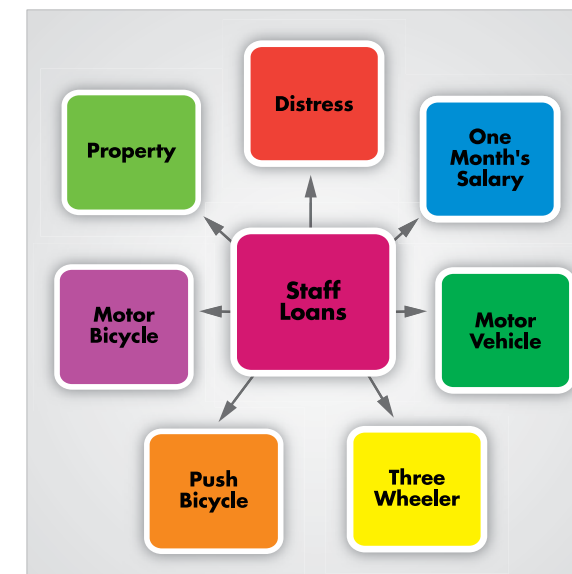


Figure 03

Utilization of Weerawila Banglow (Number of Days Per Month)

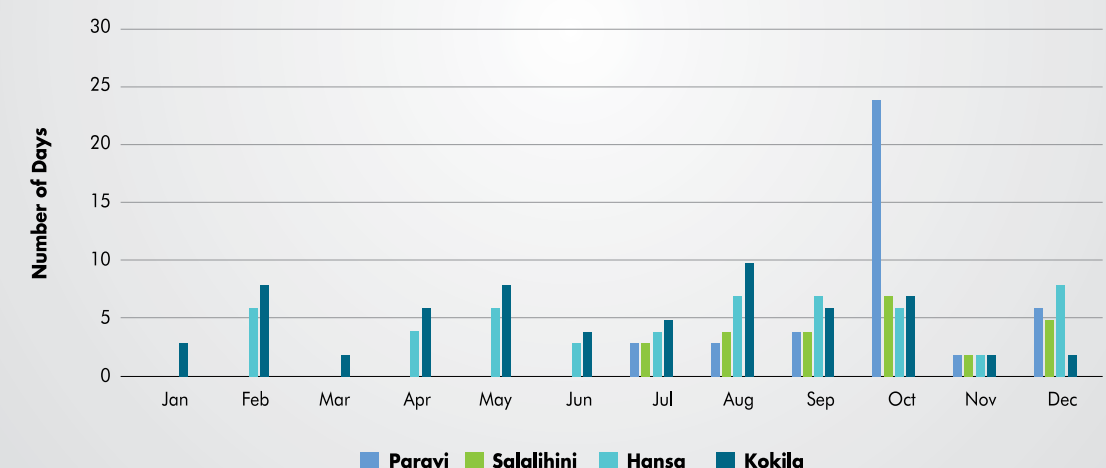


Figure 04

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. 32,817,133/- amount has been spent on Human Resource Development programmes.

The encouragement received from the Management has extended the capacity of providing training opportunities and the statistics depicts a 39% increase in the total number of trainings compared to the previous year.

The dynamic nature of aviation industry challenges its professionals to acquire most updated skills and competencies. Hence, 18

number of foreign trainings and 32 number of local trainings were carried out and 140 number of staff members have been trained in obtaining the required updated knowledge on the latest trends.

Similarly, total of 43 staff members have been participated for 40 number of meetings, conferences and symposiums held locally as well as in foreign countries.

An Aviation Executive Course was specially conducted for a group of newly recruited Assistant Managers and Civil Aviation Inspectors of CAASL spending Rs. 4,516,634/- at Mattala Civil Aviation premises. 40 aviation related subjects were covered during the 10 months of this programme. The paramount objective of this training course was to lay a strong foundation on aviation knowledge to the trainees with the intention of developing their ability to face the challenges of their respective fields of operation which they will encounter in the future, with confidence.

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. 1,484,000/-. The purpose of this special training was to uplift their skills in typing in Sinhala and English Languages.

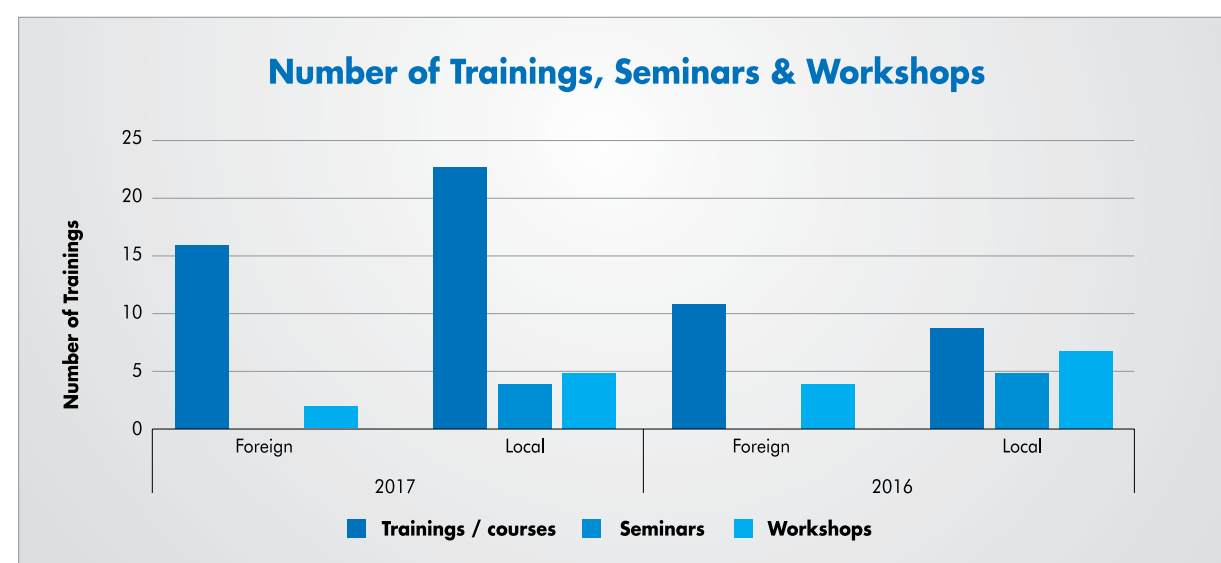


Figure 05

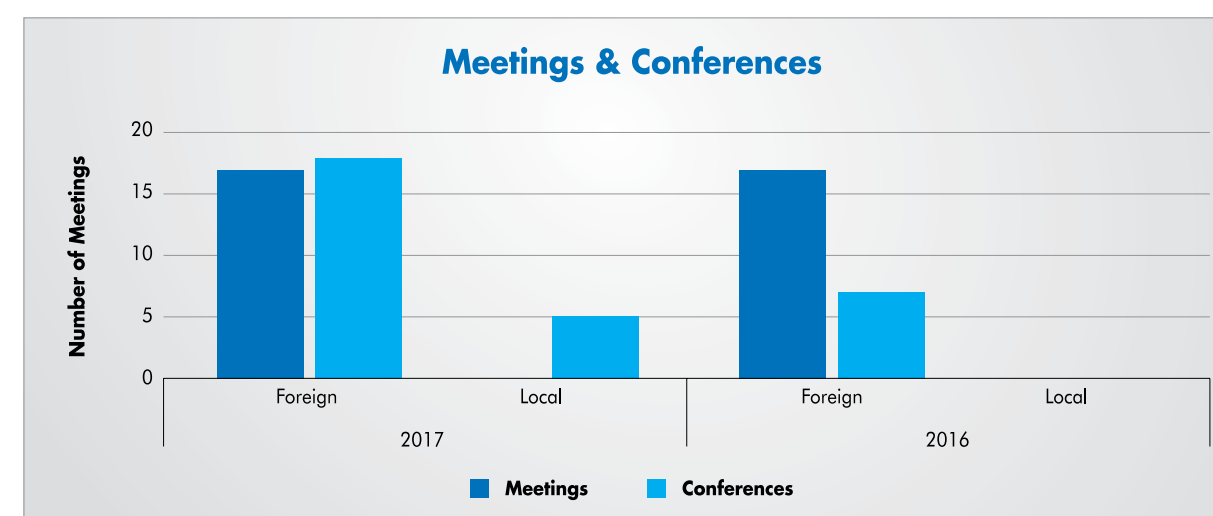


Figure 06

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, 201 external users have utilized the facilities of technical library and a sum of Rs. 80,399/- was spent on the purchase of new publications to the library for the year 2017. In addition to that 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 26% of increase in the number of visits of the website. The website of CAASL had been visited by 129,832 of users indicating the interest among public on the information relating to civil aviation and it is a 31% of increase in contrast to the previous year. Besides, the CAASL website was updated to provide the information on ICAN conference held in Colombo and it was reorganized considering the requirements.

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 2017 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 section of HROM Division 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.

Throughout the year under review, CAASL continued to function it's Head Quarters in the leased building as the construction of New Head Quarters in Katunayake is under way. However, preliminary work and the procurement for shifting to New Head Quarters has been initiated. Quotations have being called for majority of the services including janitorial activities, security, telecommunications, etc.

D I Building maintenance (Pvt) Ltd continued to provide janitorial services

of CAASL during the year for a sum of Rs. 145,680/-(without taxes) per month. Mechanism in monitoring the services of the company was also developed.

The Security services agreement signed between the CAASL and the S D Agencies (Pvt) Ltd, was extended for the year 2017 by paying an average sum of Rs.195,500/- and average sum of Rs.70,496/- (without Taxes) monthly for the Head office Building and the office building at Mattala respectively.

The maintenance activities of CAASL 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.

Apart from the major expenses, Rs. 408,287/- has been spent on various maintenance related activities in keeping the office ambience of CAASL Head Office.

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 2016 and 2017.

Year	CEO	Snr. Manager other than CEO	Senior Managers	Managers	Asst. Mgr/ Ju. Mgr.	MA (Tech/ Non Tech)	Primary level
2017	0%	1%	4.63%	12%	14.73%	31.58%	15.67%
2016	0%	1%	3.4%	9.3%	8.5%	32.64%	14.28%

Table 01

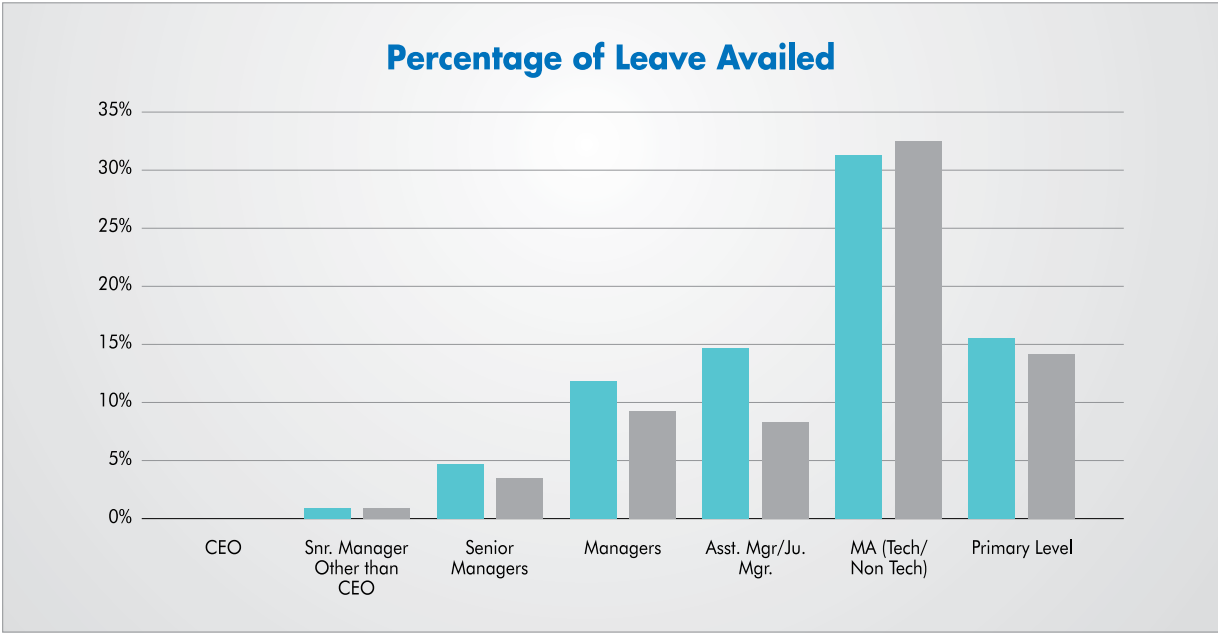


Figure 07

Revenue and Financial Management Section



Programme Budget

The Programme Budget- 2017, 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 estimated income was Rs. 1,863 Mn. as against the estimated expenditure of Rs. 1,730 Mn. The estimated Income and expenditure for year 2017 have shown increase of 37%and 10% when compared to previous year estimate budget.

CAASL Revenue and Expenditure

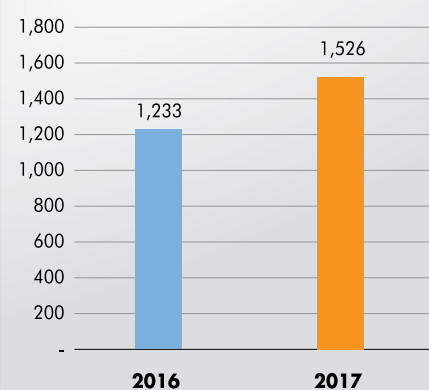
Rs.1,993 Mn income generated in the year 2017 increasing the previous year actual income by 17%.. A significant increase was shown in the income received from Overseas Sales Surcharge.

The Actual expenditure has shown increase of 21% compared to the last year Actual expenditure. This is due to new recruitments.

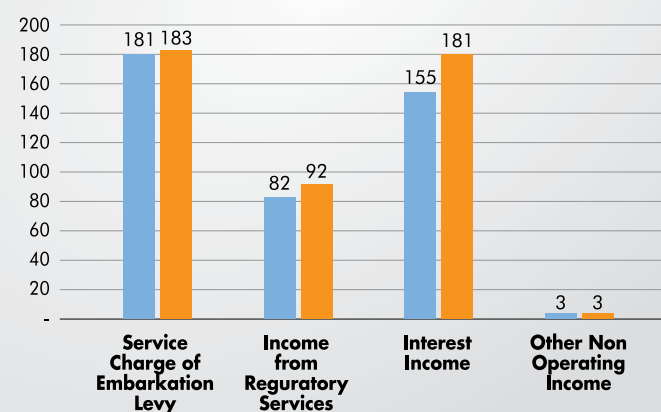
Management Information

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

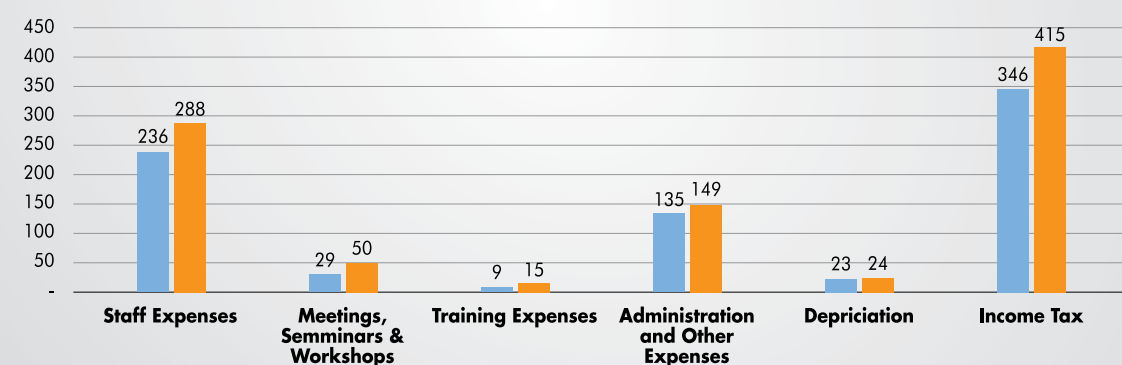
**Income - Overseas
Sales Surcharge
2016 Vs 2017 - (in Rs.Mn)**



**Income - Other Income
2016 Vs 2017 - (in Rs. Mn)**



**Expenditure - 2016 Vs 2017
(in Rs. Mn)**



KEY PERFORMANCE INDICATORS -2017



Performance of CAASL -2017

Safety and Security Oversight Duties and Functions (No of Regulations /Notices/Rules Issued)	2017	2016
Air Transport	00	01
Aerodromes	03	02
Air Navigation Services	06	02
Initial Certification of Organizations/Personnel		
Airlines (Foreign)	04	00
Maintenance Organizations	07	07
Pilots	237	253
Air Traffic Controllers	25	08
Aircraft Maintenance Licence holders	14	11
Flight Dispatchers	04	05
Flight Instructors	04	04
Assistant Flight Instructors	05	04
Ground Instructors	22	51
Cabin Crew Members	102	212
Flying Schools Licence	01	00
Surveillance of Certified Organizations/Personnel		
Ramp Inspections -Airworthiness	42	72
Ramp Inspections-Operations	30	18
Aerodrome Inspections	61	33
Air Traffic Service Inspections	28	30
Aircraft Maintenance Organization Inspections	61	66
Flying Training School Inspections	11	12
Conduct of Aviation Security Surveillance Activities (Inspections, Audits, Surveys, Tests)	18	29
Simulator Inspections	04	00
En-route Inspections-Operations	12	14
Dangerous Goods Inspections	12	12
Station Facility Inspections-Airworthiness (Foreign)	05	02
Aeronautical Information Services Inspections	16	16
Main Base Inspections/Instructor Observations	13	13
Designated Check Pilot (DCP Monitoring)	43	34

Audit Completed		
Aerodromes	00	01
Aviation Security	00	01
Direction and Management Section		
Authority Meetings	12	14
Audit Committee Meetings	04	05
Staff Committee Meetings	07	01
Industry Consultative Meetings	72	75
Appointment to Outside Organizations / Personnel	232	220
Number of Letters Received	4,491	4,864
Aviation Security Section		
Reviews/Amendments – National Civil Aviation Security Programme and Subsidiary Documents	05	06
Evaluations/Reviews – Local Airline / Airport Operator Aviation Security Programme	01	02
Evaluations/Reviews – Foreign Airline Operator Aviation Security Programme	31	20
Evaluations/Reviews – Aviation Security Training Programme / Syllabuses	02	03
Conduct of Aviation Security Surveillance Activities (Inspections, Audits, Surveys, Tests)	18	29
Certification and Re-Certification of Aviation Security Managers	25	07
Certification and Re-Certification of Aviation Security Instructors	00	07
Certification and Re-Certification of Aviation Security Screeners	481	419
Approval for Carriage of Weapons on Board/Cargo Holds of an Aircraft	206	196
Recommendation for Issuance of Airport Access Permits	229	96
Conduct of Aviation Security Training/Lectures/Presentation	06	10
Providing Expertise Services to Government & Other Agencies	01	01
Participation of Foreign Trainings/Workshops/Seminars/Meetings/ ICAO Missions	07	03
Research, Development Planning and Special Programme Section		
Construction of CAASL Head Office Building		
Construction of CAASL Head Office Building - Meetings with Consultant	20	27
Construction of CAASL Head Office Building - Site Visits	14	20
Construction of CAASL Head Office Building - Meeting with Contractor	20	27
Construction of CAASL Head Office Building - Internal Meetings	11	17
Guwansara Magazines Published	02	02
CADEC Programmes conducted	01	02
Workshops for School Principals	01	00
Workshops for School Students	02	01
Workshops for School Students Clubs	02	01
Conduct Special Activities	05	00
Organizing CAASL Stalls at Exhibitions	04	00

CAASL Annual Report	01	02
Other Publications/Reports	24	13
Sectional Statistics	12	12
CAASL Statistics	12	12
Promotional Activities	116	33
Air Navigation Services Section		
Approvals for Issuances of NOTAM	386	403
Issuance of Aeronautical Information Circulars	07	08
AIP Supplement Issued	05	00
AIP Supplement Amended	02	02
Issuance of over flying Clearance	931	1007
Landing Permissions for Non-Schedule Flights	800	1022
Training Courses / Seminars Attended	85	31
ATS Surveillance Carried Out	29	30
AIS Surveillance Carried Out	16	16
Aerial Work Approvals	87	73
Drone Operation Approvals	491	131
Aerodrome Section		
Approvals for Construction of High Rise Structures	322	415
Approval for Water Aerodromes	11	10
Aerodrome Surveillance Carried Out	45	33
Training Organization and Personnel Licensing Section		
Student Pilot Licences (SPL) (Issuance+ Renewals)	192	166
Private Pilot Licences (PPL) (Issuance+ Renewals)	119	118
Commercial Pilot Licences(CPL) (Issuance+ Renewals)	373	358
Airline Transport Pilot Licences (ATPL) (Issuance+ Renewals)	327	337
Air Traffic Controller Licences (ATC) (Issuance+ Renewals)	34	45
Aircraft Maintenance Engineer Licences (Issuance+ Renewals)	04	04
Aircraft Maintenance Licence-(Issuance +Renewals)	442	468
Aircraft Maintenance Licence-Type Ratings-Issuances	136	34
Aircraft Maintenance Licence-Categories-Issuances	13	07
Cabin Crew Certificate-Issuance	279	361
Flight Operation Officer Licence-Issuance	04	05
Aircraft Type Rating for Commercial Pilot Licence (CPL) & Airline Transport Pilot Licences (ATPL) Issuances	114	81
Assistant Flight Instructor (AFI) & Flight Instructor (FI) Rating – (Issuance +Renewals)	28	32
Flying School Licences-(Issuance +Renewals)	07	06
Ground Instructor Licence – Issuance+ Renewal	09	07

Ground Instructor Approvals	21	49
Air Traffic Controllers Rating (Issuances+ Renewals)	135	144
Issuance of Visa Recommendations	23	47
Issuance of NIB Clearances	91	73
Medical Examinations	1070	911
Personnel Licencing Examinations		
PPL Examination (Number of Papers)	317	337
Flight Operations Officer Examination	03	09
AML Examination (No of Exams)	01	02
AML Examination (No of Applicants)	1754	745
ATPL (A) Examination (Number of Papers)	1003	1277
ATPL (H) Examination (Number of Papers)	06	04
English Language Proficiency Check	130	84
Reactivation of Lapsed Licence Examination (CPL/IR)	00	02
Radio Telephony Practical Test	73	56
Assistant Flight Instructor Examination (Theory & Viva)	10	02
Assistant Flight Instructor Examination (Applicants)	03	00
Aircraft Operations Section		
Training Courses / Seminars Attended	10	00
Special Operations	12	01
Foreign Air Operator Certificate –Initial	04	11
Foreign Air Operator Certificate – Renewal	27	22
Dangerous Good Transport Licences – Initial	01	01
Dangerous Good Transport Licences – Renewal	13	13
DCP Initial	08	13
DCP Renewal	24	26
Air Operator Certificate-Renewal	09	11
Simulator Renewal	03	06
Check Authorization	115	117
Surveillance Activities Performed	106	117
Aircraft Registration & Airworthiness Section		
Maintenance Organization	07	07
Ramp Inspection – Airworthiness	42	72
Aircraft Maintenance Organization Inspection	16	66
Station Facility Inspections – Airworthiness	05	02
Industry Consultative Meetings	152	134
Appointment to Outside Organizations/ Personnel	208	116
Number of Letters Received	3792	4864

Training Courses/ Seminars Attended	91	55
Surveillance Activities Carried Out (Ramp, Audit)	68	86
Certificate of Airworthiness of Aircraft – Initial	10	10
Certificate of Airworthiness of Aircraft – Renewal	77	69
Approval of Workshop of Aircraft Maintenance Organization	08	20
Certificate of Registration of Aircraft – Initial	10	19
Certificate of Registration of Aircraft – Renewal	70	61
Resolution of Aviation Occurrences	97	149
Air Transport & Economic Regulation Section		
Draft New Regulations Produced	00	01
Training Courses / Seminars Attended	12	03
Domestic Flight Schedule Approvals	10	11
Surveillance of Air Transport Providers and Evaluation Meetings Carried Out	47	46
International Flight Schedule Approvals	337	287
Visa Recommendation for Non-Technical Experts Staff	96	47
Charter Licences for Sri Lanka Registered Airlines	11	09
Airline Licences for Sri Lanka Registered Airlines	05	06
Charter Licences – International Operations	02	02
Charter Licences – Domestic Regular Operations	09	07
Air Transport Provider’s Licences	511	538
Private Operations Licence	01	01
New Air Service Agreements Entered	06	00
Existing Air Services Agreements Reviewed	14	01
Open Skies Air Services Agreements	18	15
Human Resources and Office Management		
Staff Recruitment	36	17
Foreign Training, Seminars Workshops Attended	18	52
Foreign Meeting ,Conference & Symposium Attended	21	21
Foreign Inspections Attended	13	02
Local Training Arranged	47	40
Total Staff	172	172
Performance Evaluation Conducted	222	07
Staff Retirements	05	01
Staff Loans Facilitated (Rs. Million)	24.1	9.5
New Purchased Publications to the Technical Library	04	06
ICAO Documents Accessed & Updated	204	182
General Aviation & Other Publications	102	162

Revenue & Finance Management Section		
Total Revenue Collected (Rs. Million)	1993	1660
Total Expenditure Incurred (Rs. Million)	527	542
Total Staff Expenses Paid (Rs. Million)	288	236
Quality & Internal Audit Section		
Audits Conducted	55	40
Findings Raised	109	83
Aircraft Accident & Incident Investigation Unit		
Incidents Reported	04	02
Accidents Reported	00	00
Occurrence Reported	303	292
Serious Injuries to Passengers or Crew	00	00
Minor Injuries to Passengers or Crew	01	04
Training Courses/Seminars Attended	03	01
Existing Guidance Material Revised	01	03

TRAFFIC PARTICULARS INTERNATIONAL TRAFFIC



	2017	2016	Growth
Passengers			
Embarked	4,851,216	4,657,456	04%
Disembarked	4,970,549	4,684,762	06%
In Transit	1,536,640	1,364,452	13%
Cargo (Metric Tons)			
In Bound	113,516	107,349	06%
Out Bound	152,748	146,920	04%
Aircraft Movements			
Scheduled Flights	61,295	59,666	03%
Charters Flights	4,586	5,949	-23%
Number of airline operated			
Scheduled Services	31	28	11%
Charters	05	08	-38%
All Cargo	05	05	00%
Domestic Traffic			
Passengers Carried	24,597	30,523	-19%
Aircraft Movements	5,645	5,974	-06%
Number of Airlines Operated	10	07	43%
Scheduled Flights	04	02	100%
Charter Flights	06	05	20%



FINANCIAL STATEMENT'S - 2017



CIVIL AVIATION AUTHORITY OF SRI LANKA STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	2017 Rs.	2016 Rs.
Income		1,993,409,952	1,660,271,048
Operating Income	24	1,800,434,533	1,496,319,113
Non-Operating Income	25	192,975,419	163,951,935
Expenditure		527,316,932	432,649,534
Staff Expenses	26	288,374,181	236,120,184
Meetings, Seminars and Workshops	27	50,495,497	29,468,364
Training Expenses	28	15,295,043	8,973,167
Administration and Other Expenses	29	149,325,134	135,269,400
Depreciation	31	23,446,773	21,041,418
Amortization of Intangible Assets	32	380,305	1,777,001
Profit from Ordinary Activities before Taxation		1,466,093,020	1,227,621,514
Taxation	30	423,178,562	346,480,058
Net Profit for the year		1,042,914,458	881,141,456

CIVIL AVIATION AUTHORITY OF SRI LANKA STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

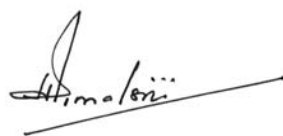
	Note	2017 Rs.	2016 Rs.
ASSETS		4,811,101,804	3,623,040,318
Non-Current Assets		1,333,752,902	494,985,108
Property, Plant & Equipment	31	742,820,187	211,521,640
Intangible Assets	32	1,587,550	1,944,674
Work in Progress - Capital	33	589,157,397	281,217,671
Fixed Deposit- Staff Welfare & Social Security Fund		187,767	301,123
Current Assets		3,477,348,902	3,128,055,210
Inventories		5,554,212	5,020,654
Trade Receivables	34	123,435,199	116,299,047
Staff Loans	35	37,147,958	39,904,738
Financial Assets	36	1,544,425,181	1,663,751,030
Advances, Prepayments and Other Receivables	37	221,579,884	93,426,423
Cash and Cash Equivalents	38	1,545,206,468	1,209,653,318
EQUITY AND LIABILITIES		4,811,101,804	3,623,040,318
Capital and Reserves		3,135,524,633	2,467,386,618
Government Grants	39	575,571,516	50,347,959
Revaluation Surplus		7,000,418	7,000,418
General Reserve		1,150,000,000	1,150,000,000
Accumulated Profit		1,402,952,699	1,260,038,241
Non-Current Liabilities		92,744,480	47,908,980
Deferred Tax Liabilities	40	26,691,100	14,076,078
Provisions and Other Liabilities	41	42,589,400	26,476,006
Retirement Benefits Obligation	42	23,406,485	7,356,896

Current Liabilities		1,582,832,691	1,107,744,720
Trade Payables	43	1,373,802,676	966,442,757
Other Payables	44	20,156,095	20,344,855
Income Tax Liabilities	45	188,873,919	120,957,108

The Notes to the Financial Statements on pages 101 to 118 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 31.12.2017

Director – Revenue and Financial Management

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



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



Ananda Wimalasena
Chairman

Civil Aviation Authority of Sri Lanka
28th February 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	Government Grant Rs.	Revaluation Reserve Rs.	General Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 01st January 2016	29,170,677	29,050,410	1,150,000,000	764,175,086	1,972,396,173
Profit for the period				881,141,457	881,141,457
Prior Year Adjustments				32,721,699	32,721,699
Transfers during the year				250,000,000	250,000,000
Transfer -Revaluation surplus	22,049,992	(22,049,992)			
Appropriation of net surplus – Consolidated Fund				(668,000,000)	(668,000,000)
Amortization for the year	(872,710)				(872,710)
Balance as at 31st December 2016	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	3,135,524,634

CIVIL AVIATION AUTHORITY OF SRI LANKA
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 Rs.	2016 Rs.
Cash Flows from Operating Activities		
Profit/(Loss) from Ordinary Activities before Taxation	1,466,093,020	1,227,621,514
Adjustments for		
Depreciation	23,446,773	21,041,418
Amortization of Intangible Assets	380,305	1,777,001
Amortization of Government Grant	(829,756)	(872,710)
Interest Income from Investments	(180,781,182)	(154,795,710)
(Profit)/Loss on sales of Property, Plant & Equipment	-	2,002,676
Provision for Defined Benefit Plans	28,605,878	604,470
Operating Profit/(Loss) before Working Capital Changes	1,336,915,038	1,097,378,658
(Increase) /Decrease in Inventories	(533,558)	430,163
(Increase)/ Decrease in Trade Receivables	(7,136,153)	125,792,670
(Increase) / Decrease in Staff Loans	(5,424,435)	4,176,975
(Increase) / Decrease in Advances, Prepayments and Other Receivables	(115,446,470)	12,227,585
Increase in Trade and Other Payables	407,171,159	248,534,765
Cash Generated from Operations	1,615,545,582	1,488,540,816
Cash Received from Prior year Transactions (cancelled payment)	-	32,721,699
Decrease of Staff Welfare & Social Security Fund	(113,356)	-
Defined Benefit Plan Costs Paid (Gratuity)	(12,556,289)	(1,316,740)
VAT Refund	4,366,656	(21,676,129)
Income Tax Paid	(346,955,891)	(371,947,982)
Net Cash From Operating Activities	1,260,286,702	1,126,321,665
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(28,715,188)	(22,503,547)
Acquisition of Intangible Assets	-	(100,000)
Increase in Work in Progress	(307,939,725)	(108,852,428)
Proceeds from Sale of Property, Plant & Equipment	-	222,010

Withdrawal /Acquisition of other Investments	123,439,024	(112,555,905)
Interest Received	172,142,231	155,573,235
Cash Received for Bank Guarantee	16,226,750	10,548,250
Withdrawal of Staff Welfare & Social Security Fund	113,356	-
Net Cash Used in Investing Activities	(24,733,552)	(77,668,386)
Cash Flows from Financing Activities		
Contribution to Consolidation Fund	(900,000,000)	(668,000,000)
Net Cash Used in Financing Activities	(900,000,000)	(668,000,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	335,553,150	380,653,278
Cash and Cash Equivalents at the beginning of the year	1,209,653,318	829,000,040
Cash and Cash Equivalents at the end of the year	1,545,206,468	1,209,653,318
Analysis of Cash & Cash Equivalents		
Cash at Bank	965,206,468	721,653,318
Short term investments	580,000,000	488,000,000
	1,545,206,468	1,209,653,318

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,

- Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.
- 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.
- Taking appropriate steps to safeguard the assets of the Authority and to establish appropriate internal controls to prevent and detect frauds and other irregularities.

H.M.C. Nimalsiri
Director General & Chief Executive Officer

Ananda Wimalasena
Chairman

Civil Aviation Authority of Sri Lanka
28th February 2018

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 2017 were authorized for issue in accordance with the resolution of the Civil Aviation Authority on 22nd February 2017.
- 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 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 + Call Deposits) is Rs. 2,151,116,281/- (2016 Rs: 2,182,856,428/-)

(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. 23,406,485/- (2016: Rs. 7,356,896/-)

(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 derecognised when:

- The rights to receive cash flows from the asset have expired
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Authority has transferred substantially all the risks and rewards of the asset, or
 - (b) The Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the 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 recognised to the extent of the Authority's continuing involvement in it. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Cost / Revaluation

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is

probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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

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

- 4.2 Property, Plant and Equipment transferred from General Treasury/ Government are stated at the fair value as of the date of receipt of the assets. (Valuation was done in 2003.) For the purpose IFRS conversion, revalued amounts of the said assets have been considered deemed cost as at 1st January 2011.
- 4.3 In terms of section 9 of the Civil Aviation Authority Act No. 34 of 2002 the Hon. Minister of Transport & Civil Aviation has published a Gazette Notification No: 1973/78 dated 01st July 2016 to transfer & vest Baticalloa aerodrome with Civil Aviation Authority of Sri Lanka Accordingly Property value

of Rs. 511,000,000/- taken in to Land (Rs. 472,600,000/-) and Building (Rs.38,400,000/-) based on the Value given by the Department of Valuation.

- 4.4 The value Rs. 13,000,000/- of the two vehicles 65-3651 and 65-3653 received from ICAO project have been taken into the accounts based on the value given by the Valuation Department plus tax paid to the Sri Lanka Customs.
- 4.5 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.

4.6 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.

4.7 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.

4.8 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.

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. 117,463,602/- has been included in the Financial Statements 2017 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

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 recognised initially at fair value and, in the case of loans and borrowings, carried at amortised 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.

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 recognised 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.

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

Deferred income tax liabilities have not been recognized for gratuity provision for the accounting years before 2017.

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

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

	2017	2016
Opening Balance	14,076,078	11,330,044
From Provision for Gratuity	8,009,646	-
From Accelerated Tax Depreciation	4,662,870	2,746,034
Net Deferred Tax Liability	26,748,595	14,076,078

	2017 (Rs)	2016 (Rs)
Accounting Profit Before Income Tax	1,466,093,020	1,227,621,514
Less : Income from other Sources & Exempt Income	206,899,624	191,802,327
	1,259,193,396	1,035,819,187
Non- Deductible Expenses	31,520,512	25,983,113
Statutory Income from Business	1,290,713,908	1,061,802,300
Less : Tax Exempt Profit	0	0
Taxable Income - Business Income	1,290,713,908	1,061,802,300
Taxable Income - Non- Business Income	199,703,658	170,642,318
Total Taxable Income	1,490,417,566	1,232,444,618
Income Tax Expenses		
Taxable income- Business & Non-Business Income 28%	417,316,918	345,084,493
Income Tax Expenses	417,316,918	345,084,493

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 less accumulated amortization.

Following Grants were taken in to Accounts during the year 2017

- 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 01.01.2016	Rs.	29,170,677
Add: Grants Received during the year	Rs.	22,049,992
Less: Amortization for the year 2016	Rs.	(872,710)
Government Grants as at 31.12.2016	Rs.	50,347,959
Add: Grants Received during the year 2017	Rs.	526,053,313
Less: Amortization for the year 2017	Rs.	(3,931)
Government Grants as at 31.12.2017	Rs.	576,397,341

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 %

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,

	2017 (Rs.)	2016 (Rs.)
Short -Term Employee Benefits	11,692,716	9,351,544
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.

Note		2017 Rs.	2016 Rs.
24.	Operating Income	1,800,434,533	1,496,319,113
	Overseas Sales Surcharge	1,525,627,954	1,233,237,881
	Service Charge of Embarkation Levy	182,986,786	181,187,790
	Income from Regulatory Services	91,819,794	81,893,442
25.	Non-Operating Income	192,975,419	163,951,935
	Rental Income	93,072	111,146
	Profit from Disposal of Fixed Assets	-	36,861
	Reservation of Circuit Bungalow	257,360	270,940
	Interest Income from Staff Loans (IFRS adjustment)	8,546,487	5,270,095
	Amortization of Government Grant	829,756	872,710
	Tender Application Fees	227,600	10,000
	Airfare & Ticketing Course - receipts	80,000	267,600
	Administrative Fine	1,237,532	834,494
	Miscellaneous Income	922,430	1,482,380
	Interest Income		
	Interest from Staff Loan	2,961,248	2,840,600
	Interest from Treasury Bill	139,385,548	112,528,009
	Interest from Call Deposits	38,434,386	39,427,100
26.	Staff Expenses	288,374,181	236,120,184
	Salaries and Wages	97,984,190	109,243,992
	Other Allowances	89,916,190	67,927,555
	Incentive Payments	2,255,893	31,750
	Employee Provident Fund	29,044,443	26,279,491
	Employee Trust Fund	5,706,780	5,250,909
	PAYE Tax	-	5,285
	Leave Encashment	4,918,251	4,432,312
	Bonus	4,192,802	3,711,520
	Welfare Expenses	13,582,606	10,083,895
	Gratuity	28,605,878	604,470
	Over time and Holiday Payment	3,620,660	3,278,911
	Staff Cost on Loan Benefits – (IFRS Adjustments)	8,546,487	5,270,095
27.	Meetings, Seminars and Workshops	50,495,497	29,468,364
	Workshop and Seminar Expenses		
	Local	5,643,733	241,025
	Foreign	12,023,790	10,815,924

	DGCA's Conference Expenses	-	18,411,415
	ICAN Conference Expenses	32,827,974	-
28.	Training Expenses	15,295,043	8,973,167
	Training Expenses		
	Local	9,252,932	1,125,073
	Foreign	6,042,110	7,848,094
29.	Administration and Other Expenses	149,325,134	135,269,400
	Inspections	442,497	484,527
	Out Door Meetings	136,682	352,457
	In House Meetings	333,952	505,402
	Travelling Expenses - Local	6,350	30,505
	Consultancy and Legal Fees	8,568	368,000
	External Technical Assistance	1,118,850	80,000
	Compliance Management Cost	77,858	78,400
	Interviews / Staff Evaluations	1,014,264	2,007,274
	Board Payments	1,178,000	1,291,500
	Maintenance of Property, Plant and Equipment	1,238,107	2,011,104
	Stationery and Consumable Expenses	7,144,828	7,482,784
	Domestic Airport Development	72,875	57,490
	Other Supplies	932,168	488,649
	Telecommunication	5,577,275	4,354,330
	Postal Charges	188,194	264,476
	Contributions to International Civil Aviation Organization	28,849,893	21,400,252
	Subscription for Publication & Advertisement	2,634,068	910,321
	Examination Fee	833,749	400,237
	Printing Expenses	1,286,973	1,495,241
	Bank Chargers	260	360
	Audit Fee	1,428,300	1,800,000
	Loss on Disposal of Assets	-	2,039,537
	Translation and Typing Expenses	310,121	98,205
	Welfare Utilities – Sports	197,166	209,927
	Sundry Expenses	164,130	82,156
	Promotional Activities	98,298	-
	Fuel & Lubricants	4,449,028	3,722,409
	Vehicle Maintenance	8,600,619	8,660,570
	Rent and Hire Charges	7,693,435	581,390

	Common – Welfare	397,630	358,177
	Expenses for Office Building and Quarters		
	Building Rent	44,728,634	44,113,103
	Electricity	13,395,490	13,565,499
	Water	1,312,680	1,170,303
	Security	3,224,662	3,464,924
	Janitorial	2,180,188	1,830,189
	Other Maintenance	792,984	1,168,953
	Management Services	2,301,500	2,302,500
	Aviation Development	1,880,290	1,838,485
	IT Maintenance	1,794,145	2,207,933
	Corporate Social Responsibility	1,100,000	-
	Organizational Events	95,717	1,734,836
	Airfare and Ticketing Course Expenses	104,708	256,995
30.	Taxation	423,178,562	346,480,058
	Income Tax 28%	410,506,045	343,734,024
	Deferred Tax	12,672,517	2,746,034

Note

31.	Property, Plant and Equipment (Rs.)						
	Cost / Valuation	Balance as at 01/01/2017	Additions/ Transfers	Disposals	Balance as at 31/12/2017	Balance as at 31/12/2016	
						Before Adjustment	After Adjustment
	Land	60,200,570	495,825,138	-	556,025,708	60,200,570	60,200,570
	Building	95,002,283	40,458,095	-	135,460,378	95,002,283	95,002,283
	Vehicles	110,315,313	13,186,950	-	123,502,263	110,315,313	110,315,313
	Plant and Machinery	69,159,818	4,986,801	290,466	73,856,153	69,159,818	68,944,352
	Furniture and Fittings	33,852,085	495,367	104,604	34,242,848	33,852,085	33,856,332
	Other Fixed Assets	739,436	64,704	285,100	519,040	739,436	519,040
	Total	369,269,505	555,017,055	680,170	923,606,390	369,269,505	368,837,889
	Depreciation	Balance as at 01/01/2017	Charge for the year	Depreciation for Disposals	Balance as at 31/12/2017	Balance as at 31/12/2016	
						Before Adjustment	After Adjustment
	Building	16,622,639	6,304,938	-	22,927,577	16,622,639	16,622,639
	Vehicles	64,534,519	10,266,263	-	74,800,782	64,534,519	64,534,519
	Plant and Machinery	49,090,461	5,020,017	(135,804)	53,974,674	49,090,461	48,954,656
	Furniture and Fittings	26,972,434	1,809,995	(60,020)	28,722,409	26,972,434	26,912,414
	Other Fixed Assets	527,811	45,560	(212,611)	360,761	527,811	315,200
	Total	157,747,865	23,446,773	(408,435)	180,786,203	157,747,865	157,339,430
	Written Down Value				742,820,187	211,521,640	211,498,460

Note							
32.	Intangible Assets (Rs.)						
	Cost / Valuation	Balance as at 01/01/2017	Additions/ Transfers	Additions/ Transfers	Balance as at 31/12/2017	Balance as at 31/12/2016	
						Before Adjustment	After Adjustment
	IT Software	15,360,623	431,616	-	15,792,239	15,360,623	15,792,239
	Total	15,360,623	431,616	-	15,792,239	15,360,623	15,792,239
	Depreciation	Balance as at 01/01/2017	Charge for the year	Additions/ Transfers	Balance as at 31/12/2017	Balance as at 31/12/2016	
						Before Adjustment	After Adjustment
	IT Software	13,415,949	380,305	408,435	14,204,689	13,415,949	13,824,384
	Total	13,415,949	380,305	408,435	14,204,689	13,415,949	13,824,384
	Written Down Value				1,587,550	1,944,674	1,967,855

Note		2017 Rs.	2016 Rs.
33.	Capital Work in Progress	589,157,397	281,217,671
	Katunayaka Head Office	588,265,397	280,325,671
	Domestic Airport- Bandarawela	577,000	577,000
	Domestic Airport- Putlam	315,000	315,000
34.	Trade Receivables	123,435,199	116,299,047
	OSS & Embarkation Service Charge Income Receivable	99,368,565	93,797,484
	Other Debtors	24,066,634	22,501,563
35.	Staff Loan	37,147,958	39,904,738
	Staff Loans	71,693,368	66,268,933
	Deferred Staff Cost (Loans)	(34,545,410)	(26,364,195)
36.	Financial Assets	1,544,425,181	1,663,751,030
	Treasury Bills	1,571,116,281	1,694,555,305
	Less: Deferred Interest Income	(26,691,100)	(30,804,275)
37.	Advances, Prepayments and Other Receivables	221,579,884	93,426,423
	Advances	58,480,566	1,429,805

	Prepayments	4,552,447	4,115,984
	VAT Receivable	117,463,602	59,504,356
	Interest Income Receivable	6,537,860	2,012,084
	Prepaid Staff Cost	34,545,410	26,364,194
38.	Cash and Cash Equivalents	1,545,206,468	1,209,653,318
	Cash at Bank		
	Current Account: 0002026666	5,830,185	51,067,213
	Current Account: 0002026678	959,376,282	670,586,105
	Call Deposits	580,000,000	488,000,000
39.	Grants Received	575,571,516	50,347,959
	Land	522,374,500	49,774,500
	Buildings	38,807,550	1,257,473
	Plant , Machinery & Equipment	2,201,109	147,794
	Vehicle	13,000,000	
	Furniture & Fittings	18,113	18,113
	Other Fixed Assets	-	<u>22,787</u>
	Total	576,401,272	51,220,669
	Amortization for the year	<u>(829,756)</u>	<u>(872,710)</u>
	Balance at the end of the year	575,571,516	50,347,959
40.	Deferred Tax Liability	26,748,595	14,076,078
	Balance at the beginning of the year	14,076,078	11,330,044
	Transfers during the year	12,672,517	2,746,034
41.	Provisions and Other Liabilities	42,589,400	26,476,006
	Staff welfare fund	187,767	301,123
	Deposits Received	42,401,633	26,174,883
42.	Retirement Benefits Obligation	23,406,485	7,356,896
	Balance at the beginning of the year	7,356,896	8,069,167
	Provision for the year	28,605,878	604,470
	Paid during the year	(12,556,289)	(1,316,740)
	Balance at the end of the year	23,406,485	7,356,896

43.	Trade Payables	1,373,802,676	966,442,757
	Deposit Inspection Charges and Operation	5,497,469	2,735,782
	Payable to AASL, Tourism Development Authority and Government Treasury	1,324,342,080	948,586,104
	Other Creditors	43,963,127	15,120,871
44.	Other Payables	20,156,095	20,344,855
	Accrued Expenses		
	- Staff Expenses		14,571,426
	Leave Encashment	4,918,427	4,304,669
	Incentive Payments	2,195,643	-
	EPF	4,704,626	7,703,139
	ETF	555,595	915,469
	Other Staff Expenses	1,210,358	1,648,149
	- Training	79,352	49,000
	- Meeting, Seminars	592,823	-
	- General Expenses	5,899,271	5,724,429
45.	Income Tax Liabilities	188,873,919	120,957,108
	Balance at the beginning of the year	120,957,108	170,847,196
	Provision for the year	410,506,046	343,734,024
	VAT Refund	4,366,656	(21,676,129)
	Paid during the year	(346,955,891)	(371,947,982)
	Balance at the end of the year	188,873,919	120,957,108

AUDITOR GENERAL'S REPORT





ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

உமது இல.
Your No.

දිනය
திகதி
Date

AVA/B/CAASL/1/17/2

10 October 2018

Chairman,
Civil Aviation Authority of Sri Lanka.

Report of the Auditor General on the Financial Statements of Civil Aviation Authority of Sri Lanka for the year ended 31 December 2017 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 14(4) of the Civil Aviation Authority of Sri Lanka Act, No.34 of 2002. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.



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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Civil Aviation Authority of Sri Lanka as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Accounts Receivable

The following observations are made.

- The value of Value Added Tax receivable to the Authority as at 31 December 2017 amounted to Rs. 117.46 million. When comparing that balance with that of the preceding year amounting to Rs. 59.50 million, an increase of 97 per cent equivalent to Rs. 57.97 million was observed. It was observed that the said value had aggregated long-term due to lack of output tax in the Authority. Although discussions had been held with the Department of Inland Revenue on the recovery of the said sum, no conclusion was arrived at so far. As such, it was observed that the recovery of the said sum remained doubtful.
- The sum of Rs. 18.97 million incurred in the year 2016 on the construction of airport in Batticaloa by the Authority on reimbursement basis, had not been reimbursed by the Ministry of Transport and Civil Aviation even up to the end of the year 2017.



2.3 Non-compliances with Laws, Rules, Regulations, and Management Decisions

The instances of non-compliances with Laws, Rules, Regulations, and Management Decisions, are as follows.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
a) Section 4.2 of the Public Enterprises Circular, No. PED1/2015, dated 25 May 2015.	State institutions should be provided with transport facilities subject to maximum of 100 Km for a return journey. However, as the Head Office of the Authority had been located in Katunayake, a bus had been used for the staff to travel from Dodamgoda to Katunayake over a distance of 188 Km at a daily fare of Rs. 16,800.
b) Section 06 of the Management Audit Circular, No. 01/2016, dated 01 January 2016.	It is necessary to furnish the initial report on vehicles pertaining to the Authority, and once furnished, the changes thereon should be submitted to the Department of Management Audit as per the Format prior to the 15 th day of the month following the end of each quarter. However, the Authority had not submitted that report in the year 2017.
c) Section 08 of the Gazette Notification, No. 1550/7, dated 22 May 2008.	A methodology to credit the surcharge on foreign sales charged by the Authority to the Consolidated Fund, had not been formulated even up to the end of the year under review. The surcharge on foreign sales credited in that manner to the account of the Authority in the year 2017, totaled Rs. 1,525.63 million.
d) Gazette Notification, No. 2050/38, dated 21 December 2017	The Lands assigned for aeronautical facilities, relating to the airports in Katunayake and Ratmalana, and 07 other locations being used by the airline license holder at present, had been vested in the Civil Aviation Authority. Subject to the conditions determined by the Authority in terms of Section 88 of the Civil Aviation Authority of Sri Lanka Act, the said lands should again be handed over to the institutions supplying aviation services. However, it had not been so done even up to 30 April 2018.

3. Financial Review

3.1 Financial Result

The overall operating result of the year under review had been a profit of Rs. 1,042.91 million as compared with the corresponding profit of Rs. 881.14 million for the preceding year, thus observing an improvement of Rs. 161.77 million in the financial result. The said improvement had mainly been attributed by the increase in operating income by a sum of Rs. 304.31 million equivalent to 20 per cent, and the increase in the non-operating income by a sum of Rs. 29.02 million or 18 per cent as compared with the preceding year.

The examination on the values contributed to the national economy comprising operating profits, employee remuneration, and miscellaneous taxes relating to the year under review and 04 preceding years revealed that the contribution of the year 2013 amounting to Rs. 1,002.81 million had increased to Rs. 1,792.98 million by the year 2017. The gradual improvement in the payment of employee remuneration and income tax had attributed thereto.

3.2 Analytical Financial Review

Quantitative ratios and percentages relating to the year under review and 04 preceding years, are given below.

	2017	2016	2015	2014	2013
	-----	-----	-----	-----	-----
Net Profit to Turnover Ratio (Per Cent)	74	74	77	76	69
Cost on Employees to Turnover Ratio (Per Cent)	14	14	12	11	13
Current Ratio	2.2:1	2.85:1	3:1	3:1	2.4:1

Although a decrease in the cost on employees to turnover ratio was indicated in the year 2014 as compared with the year 2013, it was observed that the said value had gradually increased from the year 2014 up to the end of the year under review, whilst the current ratio of 3:1 for the year 2014 had gradually decreased from the year 2016.

Considering the variations in assets, equity, and liabilities, the total assets had increased by 33 per cent or Rs. 1,188.06 million whilst equity had increased by Rs. 668.14 million or 27 per cent in the year 2017 as compared with the year 2016. Total liabilities had increased by Rs. 519.92 million representing 45 per cent.

4. Operating Review

4.1 Performance

4.1.1 Planning

The Authority had prepared a Corporate Plan for the 03 year period of 2016 – 2018 by planning to carry out the operations so as to achieve the proposed targets. Having identified 18 activities covering all the operations of the Authority for the year 2018, key performance indicators had been formulated in accordance therewith, but the Performance Report had not been prepared complying thereto.

4.1.2 Performance and Review

According to the report of the Universal Safety Oversight Audit Programme issued by the International Civil Aviation Organization in the year 2010, Sri Lanka had been ranked number 19 among 191 countries.

As stated in the Civil Aviation Authority of Sri Lanka Act, No.34 of 2002, the Minister should be assisted by the Authority in the formulation of national aviation policy of Sri Lanka. Accordingly, a formulation of a national aviation policy had been commenced several years ago, but approval of the Cabinet had not been granted thereon even up to 31 December 2017. I was informed by the Chairman that an aviation development plan could not be developed due to non-availability of a national aviation policy.

4.1.3 Performance of the Aviation Security Division

The following matters were observed in the progress of surveillances relating to the year under review and 04 preceding years.

- I. Despite being mentioned in the annual Surveillance Plan that the number of surveillance tests to be carried out in the years 2016 and 2017 by the Aviation Security Division of the Civil Aviation Authority, had been 47 and 32 respectively, the number of surveillance tests actually carried out had been 29 and 18.
- II. According to the aviation security programme, 03 tests had been planned for the year 2017, but no test whatsoever had been carried out.



4.2 Management Activities

The following observations are made.

- a) According to the provisions set forth in Sections 55 and 56 of the Civil Aviation Act, No. 14 of 2010, a Board of Investigation had been appointed with respect to each incident in view of investigating the air accidents and reporting to the Civil Aviation Authority. Nevertheless, it had been emphasized in the audit report presented by the International Civil Aviation Organization in the year 2010 that an “Independent Aviation Safety Investigation Authority” be established in place of the said Board of Investigation. But, even by the end of the year 2017, the activities relating to the establishment of such an independent authority, remained at the preliminary stages.
- b) According to the Gazette Notification, No. 1973/78, dated 01 July 2016, the airport in Batticaloa had been vested in the Civil Aviation Authority. Although the land of the said airport had been assessed for a value of Rs. 495.82 million in the year 2017, and brought that value to accounts, the deeds of the land had not been obtained even up to 30 June 2018.
- c) The only applicant responded to the newspaper advertisement, dated 21 September 2017 relating to maintaining a flying school at the airport in Batticaloa, had been selected upon approval of the Cabinet. The business plan that should have been furnished by that institution to the Authority on or before 30 September 2017, had not been furnished even by 30 June 2018.

4.3 Operating Activities

It had been recommended in the safety oversight audit carried out by the International Civil Aviation Organization (ICAO) in the year 2010 to rectify 80 weaknesses relating to each division of the Authority. According to the audit test check, 02 of the 07 weaknesses identified in the Air Navigation Service Division and Accident Investigation Division were as follows.

Weakness	Recommendation for Rectification and Targeted Dates	Current Situation
i. Failure to prepare an opportunistic plan in respect of region to avoid the breakdown of flights to other countries of	To sign an agreement with other countries in the region to avoid the weakness as at 31 December 2011.	Despite being agreed with countries for the agreements, such agreements had not been signed diplomatically.



the region,
breakdown of
disruptions, and
supporting services
relating to aviation
services.

- ii. Failure of the party To establish a It was not verified that the providing whether methodology on quality relevant methodology had related data to prior to 31 December been established in the establish a quality 2011. Department of service in their Meteorology. institution.

4.4 Transactions of Contentious Nature

Allocations on gratuity for the employees of the Authority for the year 2016 had been computed based on half of the monthly salary. However, in the year 2017, allocations for gratuity had been made based on monthly salary. As such, the Allocations for Gratuity Account relating to the year under review had been overcalculated by Rs. 14.30 million whilst a sum of Rs. 6.28 million had been overpaid to 06 officers in the year.

4.5 Idle and Underutilized Assets

The Civil Aviation Authority had constructed an office with an area of 1200 square feet within the premises of Mattala Airport by spending a sum of Rs. 45.04 million. However, due to decline in the operations of the Airport during the year 2017, that office remained underutilized.

4.6 Uneconomic Transactions

An engineering services consultancy firm had been assigned to supervise and provide consultancy services for the construction of new office building in Katunayake on the basis of paying a fee amounting to Rs. 24.40 million. Nevertheless, a civil engineer and an office assistant had been employed from January 2016 for the same purpose mentioned above paying a monthly allowance of Rs. 250,000. The expenditure of Rs. 8.77 million incurred on the two personnel up to March 2018 was observed to have been uneconomic.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Every public institution should act in accordance with the Year 2030 Agenda of Sustainable Development adopted by the UN. However, the Civil Aviation Authority of Sri Lanka had not been aware as to how to act on the activities coming under their scope in the year under review. Furthermore, no action had been taken to identify the sustainable development goals and targets relating to the activities of the Authority, the milestones in the achievement of those targets, and the indicators to evaluate the reaching of targets.

6. Accountability and Good Governance

6.1 Internal Audit

Even though a work plan had been prepared by the Internal Audit Unit of the Authority for the year 2017, an audit had not been conducted in a manner that the physical performance of the Authority had been sufficiently evaluated.

6.2 Deficiencies in Contract Administration

The following observations are made.

- a) It had been scheduled to complete the construction of the Head Office building in Katunayake by 13 June 2017. Furthermore, the duration for those activities had been extended up to 30 September 2017 in terms of Cabinet Decision, No. 40/17/1019/709/041, dated 07 June 2017. However, despite the failure to complete the constructions by 30 September as expected, the building had been occupied by the Authority in January 2018. Due to delays in the constructions, the additional expenditure incurred on lease rent for 03 months for the building in Hunupitiya in which the Head Office had been maintained since 01 October 2017, totaled Rs. 14.91 million.
- b) The Head Office building in Katunayake mentioned in “a” above had been declared open in January 2018, but, of the 22 main activities thereof, the three activities, namely, flag posts, boards, and terrace works had not yet been commenced up to 19 March 2018, whereas the completeness of 04 more activities had ranged between 15 per cent to 75 per cent.

6.3 Budgetary Control

The estimated cost on the construction of Head Office building amounted to Rs. 803.37 million. Constructions worth Rs. 281.22 million therefrom had been completed by 31 December 2016. Provision amounting to Rs. 760 million had been financed in the year under review with respect to the cost of Rs. 522.15 million to be further incurred thereon whereas a sum of Rs. 307.94 million equivalent only to 40 per cent of the amount provisioned, had been incurred in the year 2017. As such, a surplus allocation of 60 per cent equivalent to Rs. 452.06 million was observed between the amounts allocated and spent on the construction of the building.

7. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

Systems and Controls	Observations
a) Contract Administration	Delays in constructions.
b) Monies Receivable	Delays in the recovery.
c) Control of Assets	Failure to take action to take over the lands after entering into an agreement.
d) Performance	Failure to carry out surveillances as planned.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M. Gamini Wijesinghe.
Auditor General.

REPLY TO THE AUDITOR GENERAL'S REPORT

Auditor General,
Auditor General's Department,
Battaramulla.

Report of the Auditor General in terms of the Section 14 (2) (c) of the Finance Act No. 38 of 1971 on the Financial Statements of the Sri Lanka Civil Aviation Authority for the year ended on 31st December 2017

With reference to your report bearing No. AVA/B/CAASL/1/17/2 dated 10.10.2018 on the above matter.

The opinions of this Authority on the facts mentioned in the referred audit query are mentioned below.

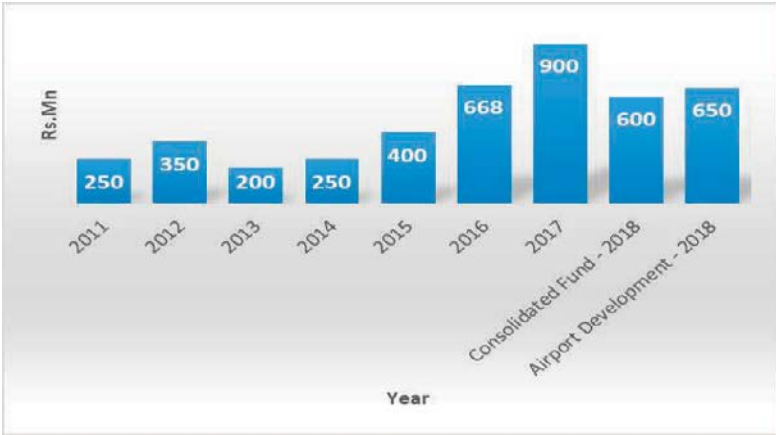
2.2 Accounts Receivable

- (a) Agreed with your observation. However, necessary arrangements are being made by the Inland Revenue Department in relation to the provision of this amount and following up activities are being carried out by this Institution. There is no uncertainty in receiving this amount.
- (b) Agreed with your observation. The Line Ministry has been continuously made aware on this regard and noted down to take necessary steps in this connection during the year 2018 on the instructions of the Chief Accounting Officer.

2.3 Noncompliance with Laws, Rules, Regulations and Management Decisions

(a) Section 4.2 of the Public Enterprises Circular No. PED1/2015 dated 25 th May 2015.	It is difficult to agree with your observation due to the following reasons. As per the Section 24.2 of the Staff Rules and Administrative Procedures of the Authority, transport facilities can be given for one way up to 60 Km from the Work place and the distance from Colombo has increased by 30 Km after shifting the new Office to Katunayake. Therefore, the distance has taken in to account.
(b) Section 06 of the Management Audit Circular No. PED1/2016 dated 01 January 2016.	Agreed with your observation. Noted down to send this report on the due date starting from the year 2018.



(c) Section 8 of the Gazette Notification bearing No. 1550/7 dated 22 May 2008	<p>It is difficult to agree with your observation due to the following reasons.</p> <p>Incurring expenditure in accordance with the Programme Budget approved by the Board of Directors from the amount received from the sum collected from the Foreign Sales surcharge and from the other income sources and confirming the financial strength of the institution required to incur expenses for five ensuing years under Section 07 (1) of the Financial Act No.38 of 1971 and crediting the balance amount to the Consolidated Fund is the methodology adopted by the Institute in relation to the income of this Authority. Accordingly, money has been credited to the Consolidated Fund by the Authority in the previous years and during this year as mentioned below with the favourable financial condition of the Institution.</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Expenditure (Rs.Mn)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>250</td> </tr> <tr> <td>2012</td> <td>350</td> </tr> <tr> <td>2013</td> <td>200</td> </tr> <tr> <td>2014</td> <td>250</td> </tr> <tr> <td>2015</td> <td>400</td> </tr> <tr> <td>2016</td> <td>668</td> </tr> <tr> <td>2017</td> <td>900</td> </tr> <tr> <td>2018</td> <td>600</td> </tr> <tr> <td>2019</td> <td>650</td> </tr> </tbody> </table> <p>Arrangements have been made to include this methodology in to the Financial Procedures Manual drafted by the Institution with the approval of the Board of Directors.</p>	Year	Expenditure (Rs.Mn)	2011	250	2012	350	2013	200	2014	250	2015	400	2016	668	2017	900	2018	600	2019	650
Year	Expenditure (Rs.Mn)																				
2011	250																				
2012	350																				
2013	200																				
2014	250																				
2015	400																				
2016	668																				
2017	900																				
2018	600																				
2019	650																				
(d) Gazette notification bearing No. 2050/38 dated 21 st December 2017.	Agreed with your observation. Even though Honourable Minster had transferred the immovable properties mentioned in the Gazette Notification bearing No. 2050/38 dated 21 st December 2017 to the Authority, necessary action would be taken to effect the required transfer subsequent to collecting information on the boundaries and extents and the current usage and obtaining an estimate on other property, plant and equipment and duly including them in the Assets register of the Authority as a specific document indicating the boundaries and extents of such immovable properties had not been provided. Necessary action has already been taken in this regard.																				

3. **Financial Review**

3.1 **Financial Result**

Agreed with the analysis made by you.

3.2 **Analytical financial Review**

Agreed with the analysis made by you

4. **Operational Review**

4.1 **Performance**

4.1.1 **Planning**

Agreed with your observation. All the performance indicators of the Authority have been identified in the preparation of performance reports covering all the operations of the Authority and even though they were prepared in a way that they befit the 18 aspects, they were not mentioned correspondingly and therefore, the matter was noted down to submit future performance reports correspondingly.

4.1.2 **Functioning and Review**

Agreed with your observation.

4.1.3 **Performance of the Aviation Security Division**

It is difficult to agree with your observation due to the following reasons.

18 security inspections out of 47 scheduled for the year 2016 could not be conducted due to the shortage of the Civil Aviation Inspectors. Further, the Aviation Security Division had conducted only 14 inspections out of 32 security inspections scheduled for the year 2017 and the reason for this situation was the shortage of the Civil Aviation Inspectors.

4.2 **Management Activities**

- (a) Agreed with your observation. Laws required to investigate air accidents have already been formulated by the Legal Draftsman and it will be submitted to the Parliament in due course for the approval.

- (b) Agreed with your observation. A formal application has been forwarded to the District Secretary of Batticaloa District to obtain a land deed for this purpose and following up activities are being carried out in this regard.
- (c) It is difficult to agree with your observation due to the following reasons.
The Batticaloa Airport is a primary level Airport and any civil aviation activities were not carried out at the AirPort as it was under the Sri Lanka Air force for a longer period of time.

Under the Powers vested on the Minister by the Civil Aviation Act for the advancement in the field of the Civil Aviation, a paper advertisement was published in the National Newspapers calling the intention for the establishment of a flying school at the Batticaloa Airport and in responding the paper advertisement, Only Sakura Aviation Ltd, an Air Line Company, a holder of Air Operations Certificate for handling local aircrafts and a holder of License for conducting a flying school has declared its intention. They have planned the initiation of a local Aviation Unit in the Batticaloa Airport by importing a number of small scale and medium scale Japanese aircrafts for the establishment of a flying school and their plans were approved by the Cabinet of Ministers on the concurrence of the Ministry of Finance.

However, an agreement has not yet been signed with this Company and the Conditions of the Agreement will be formulated in compliance with their business objectives.

4.3 **Operational Activities**

The Observations should be corrected in such a way that those observations are applicable to Aeronautical Service Division and Accident Investigation Division.

- (i) Agreed with your observation. Action is being taken to sign this Agreement.
- (ii) It is difficult to agree with your observations due to the following reasons.

This task should be accomplished by the Department of Meteorology. The Authority has constantly made the Department of Meteorology aware on this task.

4.4 **Transactions of contentious Nature**

It is difficult to agree with your observation due to the following reasons.

Gratuity for the employees of the Civil Aviation Authority is paid as per the Section 18.8 of the Staff Rules and Administrative Procedures of the Authority which has been approved by the Cabinet of Ministers. The Staff Rules and Administrative Procedures of the Authority has been approved by the Board of Directors before it is submitted to the

Cabinet of Ministers and it was tested by a Committee that comprised of 8 higher officers including 4 Director Generals in the General Treasury. A higher officer from the Department of Labour was also participated in the Committee meeting. The Section which stipulates the payment of the Gratuity allowance was also tested by the Committee and they gave their concurrence to the Provisions mentioned in the Code of Rules. Further, the concurrence of the Department of Labour was granted to pay the gratuity allowance as stipulated in the Code of Rules when the Authority inquired this matter in writing from the Department of Labour.

4.5 Idle and Under-utilized Assets

It is difficult to agree with your observation due to the following reasons.

A building was constructed in the premises of the Airport as it is required to conduct an Office of the Civil Aviation Authority in concurrence with the construction of Mattala Airport. Only two employees were attached to the Office with the reduction of the operations in the Mattala Airport. However, this office was being used in carrying out regulatory activities at the Airport from time to time and this Office was used for training activities of employees during the year 2017.

4.6 Un-economical Activities

It is difficult to agree with your observations due to the following reasons.

Even though an Engineering Service Consultancy Company had been appointed for the construction activities of the new Office such as designing building plans, obtaining approvals, preparation of building estimates, supervision of construction activities and for obtaining advice, an Officer has been appointed on contract basis for the supervision of the construction activities of the building as the Civil Aviation Authority, the employer was in need of the service of an Engineer who is experienced and responsible for supervision of construction activities for the Civil Aviation Authority and the Officer was deployed for services at the Office designed for the employer at the construction site. An Office Assistant (Karyala Karya Sahayaka) was also appointed on the contract basis for assisting the Engineer in carrying out duties at the Office.

Monetary transactions between the Civil Aviation Authority and the State Engineering Corporation who is the major contractor, are carried out using a joint account as per the approval of the Cabinet of Ministers. The money released by the Civil Aviation Authority in relation to the work completed by the State Engineering Corporation is credited to this account. Before crediting money, the invoices related to the payment are certified by the Consultation Company and the Engineer of the Authority. Later, the invoices forwarded to pay the sub-contractors from the account are certified by the Engineer of

the Authority. The second signatory of the cheques issued for releasing money from the joint account based on the certification was placed by the Officers of the Authority.

Accordingly, this is not an uneconomical expenditure and a strategic decision taken by the Authority to confirm that money of the Authority is spent on the relevant task.

5. **Achievement of Sustainable Development Objectives**

Agreed with your observation. This shortcoming has been identified and noted down to design necessary plans in the year 2019 and to allocate budgetary provisions.

6. **Accountability and Good Governance**

6.1 **Internal Audit**

Agreed with your observation. Instructions were given to the Chief Internal Auditor to take action after considering your observation.

6.2 **Shortcomings in the Contractual Administration**

- (a) Agreed with your observation. The construction activities of the Main Office Building for the Civil Aviation Authority were assigned to the State Engineering Corporation and the Corporation was made aware that it should be completed within 18 months. The Contractual period was extended up to 30th September 2017 on the request made by the State Engineering Corporation while the construction activities were being carried out

However, it was decided to shift the Civil Aviation Authority of Sri Lanka situated in Hunupitiya Road of Colombo with effect from 28th January 2018 to the new building in Katunayake where construction activities had not yet been completed even though the State Engineering Corporation was unable to complete the construction activities up to the extent that the building is suitable to be occupied even by then. Therefore, we had to pay the relevant rental to the building situated in Hunupitiya Road of Colombo until 28th January 2018. .

- (b) Agreed with your observation. 50 progress review meetings were conducted on the construction of the main office by 31st March 2018 and the Corporation was constantly informed to avoid the delay in construction. The Contractor was constantly made aware on the delay in construction and in addition to that, the Ministry of Transport and Civil Aviation was made aware pertaining to the delays in the construction. The Secretary of the Ministry of Transport and Civil Aviation and the Director General of the Civil Aviation had informed the Chairman of the State Engineering Corporation in writing through the following letters to finalize the constructions in the due period avoiding probable delays in construction.

- ## Notes

It is difficult to agree with your observations due to the following reasons.

7. Systems and Controls

W. G. 23/11/11.

Civil Aviation Authority of Sri Lanka

Copy: Secretary, Ministry of Transport and Civil Aviation

[illegible]



Safe and Efficient Skies for all

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