



**Parliamentary Series No 313**

**Eighth Parliament of the  
Democratic Socialist Republic of Sri Lanka  
(First Session)**

**Fourth Report of the Committee on Public Enterprises**  
(For the period from 01<sup>st</sup> of September 2016 to 28<sup>th</sup> of February 2017)

Presented by

**Hon. Sunil Handunnetti**

Chairman of the Committee on Public Enterprises

On 19<sup>th</sup> of October 2017

Ordered by Parliament of Sri Lanka to be printed on 19<sup>th</sup> of October 2017



## **Committee on Public Enterprises**

### **Eighth Parliament (First Session)**

The Committee on Public Enterprises for the first Session of the Eighth Parliament was appointed on 26 November 2015, with a Membership of 24 Members of Parliament. Its present Members are as follows:

1. Hon. Sunil Handunnetti (Chairman)
2. Hon. Rauff Hakeem
3. Hon. Anura Priyadarshana Yapa
4. Hon. Dayasiri Jayasekara
5. Hon. Lakshman Seneviratne
6. Hon. Ravindra Samaraweera
7. Hon. Sujeewa Senasinghe (Appointed on 7 July 2016)
8. Hon. Wasantha Aluvihare
9. Hon. Lasantha Alagiyawanna
10. Hon. Dr. Harsha De Silva
11. Hon. Ajith P. Perera
12. Hon. Ranjan Ramanayake
13. Hon. Ashok Abeysinghe
14. Hon. Anura Dissanayake
15. Hon. Chandrasiri Gajadheera
16. Hon. Mahindananda Aluthgamage (Appointed on 17 May 2016)
17. Hon. Bimal Rathnayake
18. Hon. Weerakumara Dissanayake
19. Hon. Mawai S. Senadhiraja
20. Hon. Abdullah Mahruf (Appointed on 7 April 2016)
21. Hon. S. Sritharan
22. Hon. M.A. Sumanthiran
23. Hon. Hector Appuhamy
24. Hon. Velu Kumar (Resigned on 05 July 2016)
25. Hon. (Dr.) Nalinda Jayathissa
26. Hon. Prasanna Ranatunga (Appointed on 7 April 2016 and resigned on 17 May 2016)
27. Hon. Harshana Rajakaruna
28. Hon. Gnanamuttu Srinesan



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## **Chairman's Note**

This Report is presented as the fifth one published by the Committee on Public Enterprises of the Eighth Parliament and I would like to draw your attention on a few specific matters contained in this Report.

The report we submitted to Parliament regarding the bond issuing process of the Central Bank of Sri Lanka resulted in special attention and respect towards the Committee on Public Enterprises to flow from the society and at the same time, a few interventions on the part of your Committee caused a dialogue in Parliament and out in the media regarding the scope and powers of your Committee. For this very reason, this report has made an attempt to give a brief introduction about the functioning of the Committee and the powers conferred on it by the Standing Orders. I hope that the excerpts will be given attention by Members of Parliament who peruse this Report as well as all sections of the academia. Any person who will derive an understanding about this scope will be able to understand that all the Members of Parliament who comprise this Committee have acted with responsibility regarding, having acted within the legislative framework pertaining to the oversight function over public finance assigned to us.

Similarly, this report contains problems identified in respect of fifteen state enterprises summoned before the Committee during the period from 01.09.2016 to 28.02.2017, the recommendations given by the Committee pertaining to such problems, the present status with regard to the problems and the programmes shown in acting according to the recommendations of the Committee.

At the same time, the annexes pertaining to each enterprise, which the Committee identified as important to those who refer to the Report, have been added as annexes to the part of the Report pertaining to each enterprise.

As all the investigations that can be seen in this Report are those having evidence that have been substantiated through audit queries by officers of the Auditor General's Department, rather than calculating the number of years to verify under which regimes these financial losses and administrative lapses have occurred, I emphasize that it is the responsibility of all stakeholders who exercise power at present to unveil the losses caused to the country, to people and to taxpayer's money and take action against the officers who caused such losses and political authorities who gave them approval and backing for it, and prevent the recurrence of such losses.

The thing that could happen by allowing these Report to accumulate in the garbage bin of history while similar lapses are continuing is people losing trust in not only these Reports but also in your Committee, which prepares these Reports. It is the hope of all of us that it will be possible to prevent it and build trust towards the Committee, which present these Reports, as well as the Cabinet and officers, who make up the implementation structure in respect of the matters revealed by the Reports and recommendations made therein. I optimistically expect that the attention of all stakeholders will be drawn in this regard.

I wish to extend my gratitude to the Hon. Members of Parliament who serve on the Committee, who assisted in preparing this Report, Secretary of the Committee Office and all officers who contributed to

prepare the Report expeditiously, Auditor General and his staff, officers of the Ministry of Finance, the Department of Public Enterprises and the Department of Government Budget, and all the officers to the Interpreters' Office in Parliament, who did the translation work.

Sunil Handunnetti  
Chairman  
Committee on Public Enterprises



## **Legislative Framework of Committee on Public Enterprises**

An important dialogue has emerged in the society with regard to the Committee on Public Enterprises due to special investigations and interventions made on the part of the Committee for the purpose of strengthening Parliament's control over public finance during the present period.

In such a backdrop, it is important to focus on the following in order to have an understanding about the Committee on Public Enterprises and its functioning and the legal context.

### **Committee on Public Enterprises**

The Committee on Public Enterprises, which was created on 21 June 1979, is a Committee of Parliament established at the beginning of each Session of Parliament under Standing Order 126 of the Standing Orders of Parliament comprising twelve Members of Parliament nominated by the Committee of Selection.

### **Composition**

Provision has been made under Standing Order 126 to appoint twelve members to this Committee and Parliament proceeds to appoint a number of additional Members to the Committee by a Motion in Parliament to revise the number of Members applicable for each Session as warranted.

As such, a Motion had been adopted by Parliament at its Meeting held on 4 November 2015 to increase the number of Members of Parliament to 24 applicable to the First Session of the Eighth Parliament and subsequently, a further Motion was passed by Parliament on 26 February 2016 to increase the number even further to 26.

Therefore, as it is in effect at present, the Committee on Public Enterprises comprises 26 Members of Parliament nominated by the Committee of Selection. The change that has taken place in the number of Members of Parliament of the Committee can be understood from the following chart:

Parliament	Period	Number of Members of Parliament Serving in the Committee
First Parliament	1978.09.07 - 1988.12.20	0
Second Parliament	1989.03.09 - 1994.06.24	12
Third Parliament	1994.08.25 - 2000.08.18	13
Fourth Parliament	2000.10.18 - 2001.10.10	12
Fifth Parliament	2001.12.19 - 2004.02.07	15
Sixth Parliament	2004.04.22 - 2010.02.09	18
Seventh Parliament	2010.04.22 - 2015.06.26	31
Eighth Parliament	2015.09.01 to Date	26

### **Chairman of the Committee**

The Members of Parliament to be nominated to the Committee are selected to make up a representative group in terms of political parties. At the first meeting, the Members of Parliament belonging to the Committee elect a Chairman by vote. The quorum of the Committee is 04 Members.

Hon. Sunil Handunneththi, M.P., serves as the Chairman of the Committee on Public Enterprises at present. Since the Committee's inception, the following Members of Parliament have held its Chair with great commitment for its advancement:

- i. Hon. George Abeygunasekara, M.P.
- ii. Hon. M.S. Amarasiri, M.P.
- iii. Hon. J.A.E. Amaratunga, M.P.
- iv. Hon. Wimal Wickramasinghe, M.P.
- v. Hon. Rohan Abeygunasekara, M.P.
- vi. Hon. Reggie Ranatunga, M.P.
- vii. Hon. Jeyaraj Fernandopulle, M.P.
- viii. Hon. Rohitha Bogollagama, M.P.
- ix. Hon. Wijedasa Rajapaksa, M.P.

- x. Hon. W.D.J. Senevirathna, M.P.
- xi. Hon. D.E.W. Gunasekara, M.P.
- xii. Hon. Sunil Handunneththi, M.P.

## **Role**

In terms of Standing Order 126 (2), the function of the Committee is to examine the accounts tabled in Parliament from any state Corporation or any trade or other enterprise vested in the government and the report of the Auditor General regarding such accounts. As such, the financial affairs of the following establishments are subjected to the scrutiny of the Committee:

- i. State owned enterprises
  - State Banks
  - State Corporations
  - State Boards
  - State Bureaus
  - State Authorities
  - State Industries
  - Commissions
  - Universities
  - Foundations/ Foundation Institutes
  - State-Owned Companies
  - State-Run Funds
- ii. Enterprises with more than 50% state ownership
  - Companies, whether registered or treated to have been registered under the Companies Act No. 7 of 2007, 50% or more shares of which are held by the state, by state-owned companies or by a local government institution,
  - Funds
  - Agencies
- iii. Other subsidiary institutions belonging to Ministries and Departments

- Institutions
- Companies
- Authorities
- iv. Subsidiary institutions belonging to enterprises of state ownership
  - Companies
  - Private Companies
  - Public Companies
- v. Affiliated institutions
  - Companies
  - Private Companies
- vi. Subsidiary institutions belonging to the Associated Newspapers of Ceylon Limited
  - Private Companies
- vii. State-owned funds

The Committee on Public Enterprises currently in operation during the First Session of the Eighth Parliament has held 98 Meetings of the Committee from 26 November 2015 to 26 July 2017 and summoned 69 institutions before the Committee and examined them.

**Things Subjected to Examination -**

- i. Account Reports
- ii. Budgets and Annual Estimates
- iii. Financial Situation
- iv. Procedure for financial affairs
- v. Procurement Plans and Combined Plans of the institution
- vi. Reports of the Auditor General, audit observations and audit opinions
- vii. General Management and current performance.

## **Powers of the Committee**

As per the provisions of Standing Orders 126 (3), 126 (4) and 126 (5), the Committee has the power to:

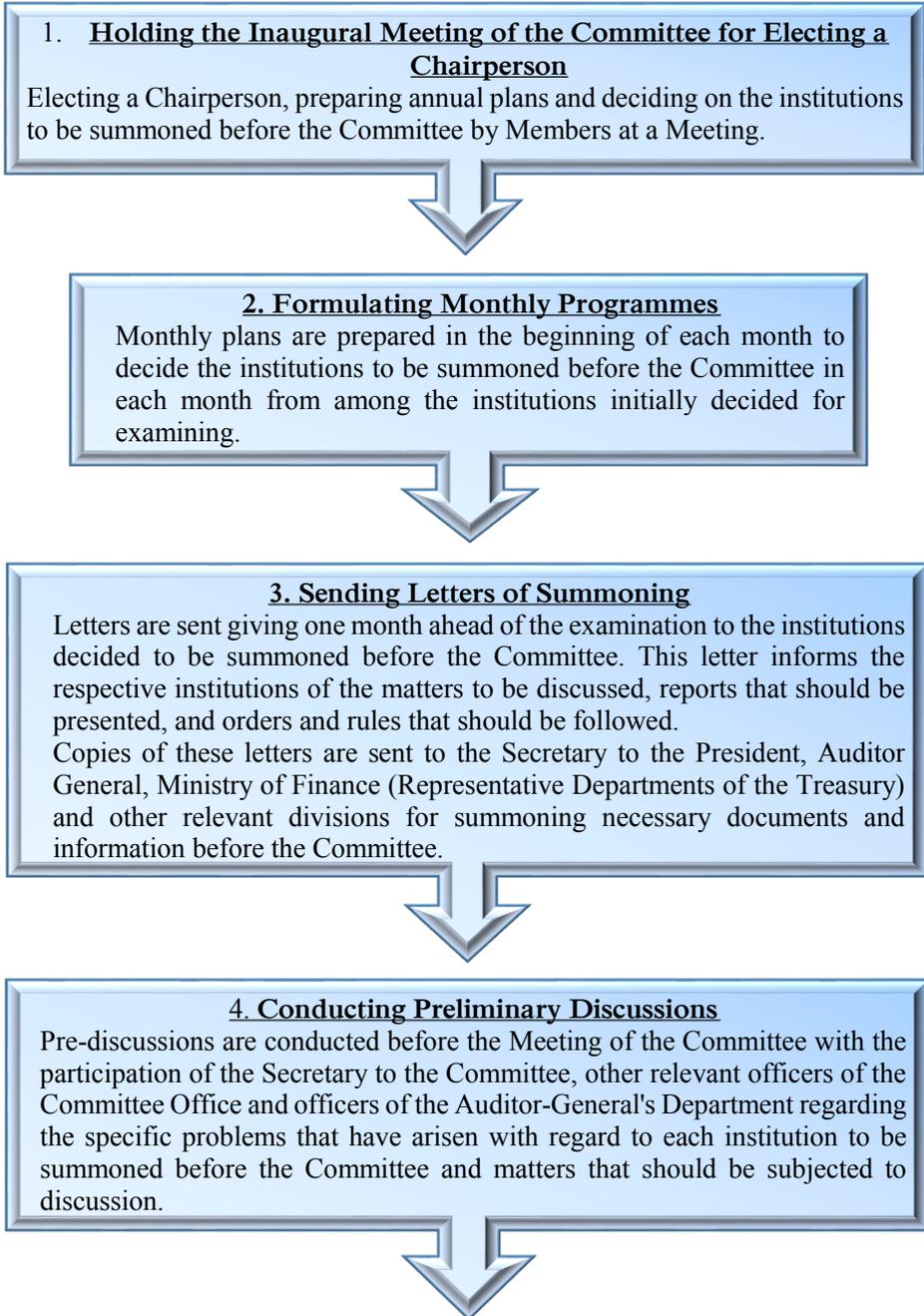
- i. report to Parliament from time to time on matters examined and any matter arising therefrom,
- ii. appoint Subcommittees of its own Members when it deems necessary for the performance of its functions,
- iii. summon anyone and question them for the purpose of performing the functions of the Committee or Subcommittees,
- iv. call any letter, book, register or any other document before the Committee and inspect same, and
- v. Access any stores, warehouses or other properties.

## **Participation in Meetings of the Committee**

- i. Chairman of the Committee
- ii. Members of Parliament representing the Committee
- iii. Secretary to the Committee and other relevant officers of the staff
- iv. Auditor General and other representatives of his staff
- v. Staff representing the Treasury
  - Department of Public Finance
  - Department of State Accounts
  - Department of National Budget
  - Department of Public Enterprises
- vi. Secretary to the Ministry to which the institution summoned belongs to (chief accounting officer)
- vii. Head of the institution summoned (accounting officer)
- viii. Following officers of the institution summoned:
  - General Manager
  - Director Finance
  - Members of the Board of Directors
  - Chief Legal Officer
  - Chief Internal Auditor and other relevant officers.

## **Functioning of the Committee**

The following flow chart depicts the manner in which the Committee on Public Enterprises performs its role methodically:



**5. Questioning Before the Committee**

Management of each institution is questioned with regard to the problems identified at the preliminary discussions and issues submitted through the brief notes prepared by the Auditor-General's Department pertaining to the respective institution.



**6. Referring the Directions and Recommendations of the Committee to Relevant Institutions**

The chief accounting officer and the accounting officer are informed of the decisions and recommendations by the Committee in writing pertaining to the matters subjected to discussion by the Committee.



**7. Obtaining a Reply**

The chief accounting officer and the accounting officer are to ensure that the reports concerned are submitted within the timeframe specified for reporting the progress with regard to the implementation of the directions of the Committee.



**8. Reviewing the Progress**

The progress reported with regard to the implementation of decisions of the Committee is reported to the Chairman and the Members of the Committee and the progress achieved by the institution is subjected to review by the Committee.

If the Committee is not satisfied with the functioning of the institution, action is taken to summon the institution concerned before the Committee again and again.



**9. Reporting to Parliament**

Once every quarter, a report containing the reviews and the recommendations by the Committee regarding the institutions summoned before the Committee during the period concerned is submitted to Parliament.



**10. Feedback**

Even after the Committee has submitted the report to Parliament, the Committee scrutinizes the progress of the issues that still remain to be solved with respect to each institution cited in the report.

## **Responsibility of the Committee**

As it has been acknowledged without reservation by both the Executive and the Judiciary, Parliament wields the full control of the government's finance in terms of the provisions of the Constitution. Parliament allocates funds annually to budgetary classification units through the Appropriation Bill. The Auditor General audits the annual accounts prepared to depict the spending of money so allocated, which provides the basis for the examinations of the Committee on Public Enterprises.

The fundamental responsibility of the Committee is to ensure financial discipline, i.e. proper maintenance of revenues including earnings, various funds built from such revenues and spending of money by the government institutions.

For the purpose of fulfilling that responsibility, the Committee submits its reports to Parliament from time to time in terms of the provisions of Standing Order 126 (3) and the recommendations contained in them are considered directives that should be followed by relevant Corporations and Statutory Boards.

The numbers of reports submitted by the Committee to Parliament are as follows:

<b>Parliament</b>	<b>Number of Reports Submitted</b>
First Parliament	10
Second Parliament	5
Third Parliament	1
Fourth Parliament	1
Fifth Parliament	2
Sixth Parliament	5
Seventh Parliament	6
Eighth Parliament	4

## **Intervention of Committee on Public Enterprises within the Structure of Public Finance**

According to Article 148 of the Constitution, the power to control public finance rests with Parliament.

In terms of the powers vested in the President by Article 43 (2) of the Constitution, the President has assigned the financial affairs of the Republic to the Minister of Finance. That means the Minister of Finance is assigned the task of monitoring of all financial affairs of the government including collection of receivable money (revenues and other) and spending<sup>1</sup>. Accordingly, the Minister of Finance should account for the subject of finance. It is the duty of the Minister of Finance to answer to Parliament for all receipts and payments of the government. Therefore, the Minister (or the Treasury on his behalf) imposes the limits within which the institutional money transactions of all types should normally be carried out.

For the purpose of his performance of responsibility, it is imperative that the Minister of Finance nominate officers for the collecting and spending of public funds on his behalf. Therefore, the Minister of Finance should appoint chief accounting officers<sup>2</sup> and accounting officers<sup>3</sup> and assign them the responsibilities including monitoring of monetary affairs<sup>4</sup> subject to the directives by the Treasury.

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<sup>1</sup> Provisions pertaining to monitoring of monetary affairs FR 124 (1) in Financial Regulations are also applicable.

<sup>2</sup> According to FR 124 (2), the Minister of Finance appoints the Secretary to the Ministry of each Ministry as the chief accounting officer assigns to this officer the responsibility of monitoring the monetary affairs (as the chief accounting officer) of the Department subject to the directives of the Treasury. In addition to the Secretaries of the Ministries, officers in charge of the Departments specifically mentioned in Article 52 (4) of the Constitution and other Departments that are not supervised by Secretaries of Ministries become chief accounting officers.

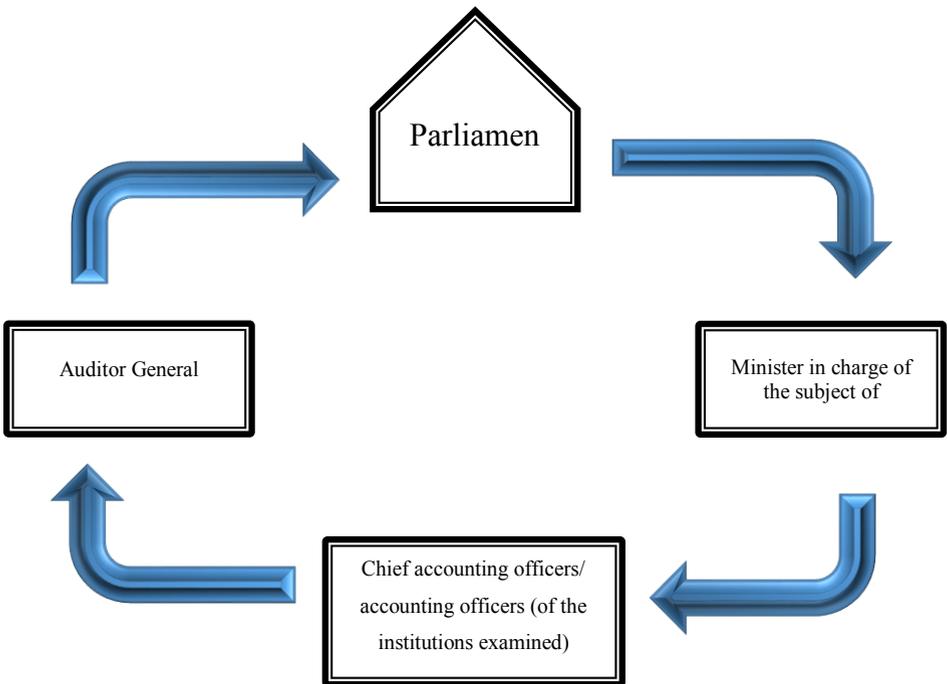
<sup>3</sup> Unless otherwise arranged by the Treasury in terms of FR 125, each head of Department also becomes the accounting officer in respect of all monetary transactions.

<sup>4</sup> FR 127 and FR 128 specify the responsibilities of chief accounting officers and accounting officers respectively.

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Article 154 (1) of the Constitution lays down that the Auditor General should audit the accounts from: all government Departments; Presidential Secretariat; Prime Minister’s Office; offices of the Cabinet Ministers, Judicial Service Commission; Constitutional Council; Commissions mentioned in the Schedule to Article 41 (b); Office of the Parliamentary Commissioner for Administration (Ombudsman); Parliamentary Secretariat; local authorities; State Corporations; trading enterprises and other enterprises vested in the government under any written law; and companies, of which 50% or more than 50% shares are held by the state, by state-owned companies or by a local government institution, whether registered or treated to have been registered under the Companies Act No. 7 of 2007. It has also been laid down that the Auditor General should, within ten months from the expiration of the financial year or whenever the Auditor General deems it necessary within those ten months table in Parliament a report on his performance of duties and functions during the year concerned in terms of Article 154 (6) of the Constitution.

This flow can be depicted as follows:



Note 2 - Structure of Public Finance

## **Intervention by the Committee on Public Enterprises in the Government Financial Structure**

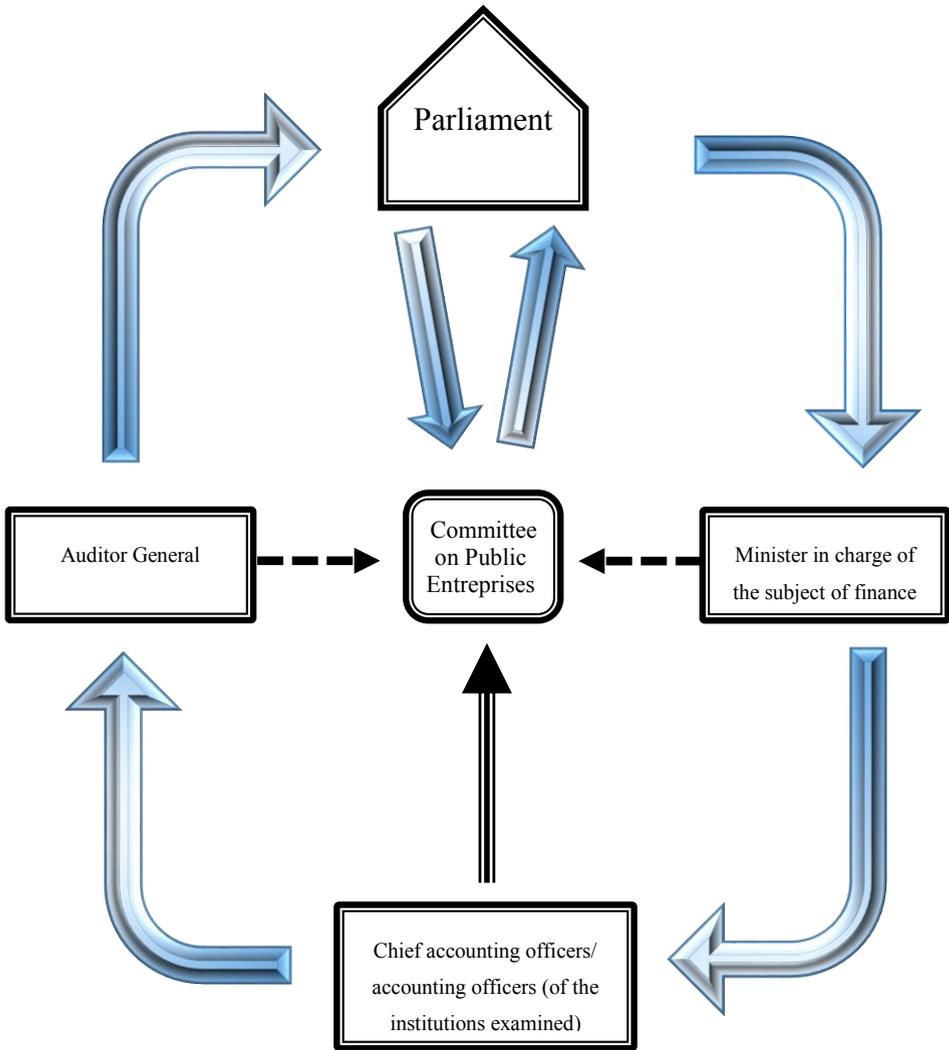
After the Auditor General has submitted reports pertaining to each institution in terms of Article 154 (6) of the Constitution, they are printed and made public. The Committee summons before it the institutions that fall under the purview of the Committee on Public Enterprises (from among the institutions on which audit reports have been produced) pertaining to matters revealed by the audit reports and pertaining to the matters which the Committee deems it necessary to subject to examination.

The Department of Public Finance, Department of Public Accounts, the Department of National Budget and the Department of Public Enterprises, which Departments are under the Treasury, provide the Committee with information necessary for the examinations carried out by the Committee.

The Auditor General constantly gives advisory support to this Committee while extending his contribution to the Committee by supplying annual audit reports as well as periodic reports on matters which need special attention of the Committee in respect of these institutions.

The Committee, with the assistance of the Auditor General and the representatives of the Treasury, submits to Parliament from time to time detailed reports that are prepared by it with its recommendations pertaining to facts unveiled through general inquiries and spot inspections regarding the institutions summoned before the Committee and investigations carried out with regard to special incidents involving them.

This flow can be depicted as follows:



Note 2 – Intervention by COPE in Public Finance

Following such reports being tabled in Parliament, copies of same are referred to the Treasury and Secretaries of relevant Ministries.

After receiving the report of the Committee on Public Enterprises, it shall be the duty of accounting officers and all chief accounting officers to study the various comments and recommendations made in the report together with the Treasury notes thereto and treat those as guidelines for their future financial affairs.

## **First Session of the Eighth Parliament**

### **Fourth Report of the Committee on Public Enterprises**

The Committee on Public Enterprises is happy to present its fourth report of the Eighth Parliament.

The Auditor General, under the Committee on Public Enterprises, audits the accounts of all government Corporations and the Corporations registered under the Companies Act No. 7 of 2007 of which 50% or more than 50% of the shares are borne by the government or a Government Corporation or a Local Authority.

Accordingly, the observations and recommendations with regard to the following 15 institutions that have been examined by the Committee from 01.09.2016 to 28.02.2017 have been included in this report.

The Institutions examined by the Committee on Public Enterprises in 2016.

	Institution	Date on which it was examined	The period of time taken for examination
1	National Transport Commission	06.09.2016	Auditor General's report for 2012 and the present performance
2	Sri Lanka Tourism Development Authority	09.09.2016	Auditor General's Reports for 2011, 2012, 2013 and 2014 and the present performance.
3	Airport and Aviation (Sri Lanka) Ltd.,	09.09.2016	Auditor General's Report for 2012 and the present performance.
4.	Corporative Wholesale Establishment and Lanka Sathosa	20.09.2016	Performance and present condition.
5.	Central Environmental Authority	21.09.2016	Auditor General's reports for 2013 and

			2014 and the present performance
6.	People's Bank	22.09.2016	Auditor General's reports for 2011, 2012 and 2013 and the present performance.
7.	Sri Lanka Ayurvedic Drugs Corporation	04.10.2016	Performance and present condition
		07.12.2016	Performance and present condition
8.	National Lotteries Board	05.12.2016	Performance and present condition
		07.02.2017	Performance and present condition
9.	Ceylon Petroleum Corporation	25.01.2017	Auditor General's Report for 2014 and the present performance
10.	Lanka Mineral Sands Ltd.,	26.01.2017	Performance and present condition
		07.02.2017	Performance and present condition
11.	Geological Survey and Mines Bureau	07.02.2017	Performance and present condition
12.	Hingurana Sugar Company Ltd.,	08.02.2017	Performance and present condition
13.	Ceylon Fisheries Corporation	09.02.2017	Auditor General's report for 2012 and Performance and present performance
14.	Independent Television Network	21.02.2017	Auditor General's report for 2015 and 2016 and Performance and present performance
15.	University Grants Commission	22.02.2017	Auditor General's report for 2011,2012,2013 and 2014 and Performance and present performance

## **National Transport Commission**

(Ministry of Transport and Civil Aviation)

**Date of Examination: 06<sup>th</sup> September 2016**

### **Main issues identified**

01. **Procurement plans for 2012, 2013, 2014 and 2015 have not been approved by the Board of Directors**

Further there were instances where the procurement plan did not align with the budgeted expenditure and the expected goals of the Action Plan.

Rs. 1,705,343/- that was spent to print the stickers of destination boards and details of emergency telephone numbers in 03 occasions in 2015 has been spent without following the proper procurement procedure.

Further, the committee expressed its concern for not having a Director in the institution to entrust the financial responsibility.

### **Recommendations**

Submit a report to the Committee within two weeks time about the officers responsible for financial activities of the institution within the context that the procurement plan has not been properly approved and the courses of action that have been taken to change this situation.

### **Reporting current situation and the progress**

The said Commission has reported that the Scheme of Recruitment and the Promotions procedure of the National Transport Commission was approved in 2014 and accordingly applications were called on several occasions to recruit Director ( Finance and Planning) but due to the difficulty faced in selecting an applicant with all the required qualifications in the SOR, a discussion was held with the Board of Directors to reduce the number of years with regard to the experience and to keep the required qualifications without any change and it has been directed for the approval of the Department of Management Services.

02. **Activities with regard to the regulation of inter provincial buses based on GPS technology**

A total amount of Rs. 37 million has been spent to renovate a part of a building to regulate inter provincial buses using GPS technology (Rs. 20 million) and to improve its technical network (Rs. 17 million) but the control room has not been utilized.

Of 1,307 GPS equipment fixed in buses spending Rs. 79 million, some equipment in certain buses are not functioning properly and it was revealed that the reason for that is irregularity in maintenances.

**Recommendations**

Stop payments for the party that did not carry our maintenance and black list them.

**Reporting current situation and the progress**

It has been reported that no money has been paid for any external party for maintaining GPS equipment.

It has been further reported that the Transport Commission does not fix GPS equipment and the laws have been formulated that the owner of the bus must fix and maintain the unit and Transport Commission only do the maintenances of the GPS equipment.

03. **Spending Rs. 8,009,310/- for the festival organized by the Commission and spending Rs. 1,891,000/- to record a television documentary without the proper approval.**

**Recommendations**

- i. Conduct an internal investigation immediately
- ii. Provide a copy of the recorded television programme to the Committee.

**Reporting current situation and the progress**

It has been reported to the Committee that investigation officers have been appointed after obtaining the approval of the commission to conduct an

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investigation regarding the ceremony at Shalika Ground and the television documentary program related to the commission.

A soft copy of the aforesaid TV program, recorded by the commission on 24.10.2016 has been referred to the Committee.

04. **07 electronic boards fixed to display the time tables for inter provincial bus service and provincial bus services have stopped functioning.**

The 07 electronic boards fixed in 2013 at a cost of Rs. 62 million in Bastian Mawatha – Colombo, Anuradhapura, Kurunegala, Nuwar Eliya, Kataragama, Ranna and Puttalam to display the inter provincial and provincial running time tables of buses have stopped functioning.

**Recommendations**

To submit a report to the Committee within a period of two weeks -

- i. Of the reason for these boards to stop functioning.
- ii. About the officers responsible for that.
- iii. The courses of action taken against them.

**Reporting current situation and the progress**

As per above recommendations, a report has been presented to the Committee and that report is attached as annexure 02.

05. **Purchasing of a vehicle at a cost of Rs. 9.2 million though the Treasury approval was Rs. 8 million to purchase a vehicle for a former chairman of the National Transport Commission in 2014.**

**Recommendations**

To inform the Committee

- i. How did the amount of Rs. 8 million was increased to Rs. 9.2 million only with the approval of the Board of Directors?
- ii. What is the authorized power to make that payment?

- iii. What is the possibility of making such a payment without the approval from the Treasury?

### **Reporting current situation and the progress**

The president of the National Transport Commission has stated in a letter of response dated 29.09.2016 that the statement made by the Accountant before the Commission was false (Annexure 03) and he has submitted a copy of the letter of response dated 17.11.2014 and No. BD/ID/184/2/2/3 sent by the Budget Department of the General Treasury responding to the letter that was submitted requesting additional allocations for the relevant purchases (Annexure 4).

Apart from that by submitting a further report it has been revealed that approval had been granted for Rs. 8, 000,000/- to purchase a vehicle for the former president of the National Transport Commission and a letter dated 15.08.2014 (Annexure 05) has been sent to the Budget Department through the Secretary, Ministry of Private Transport requesting approval for the additional expenses but the General Treasury has informed in a letter dated 17.11.2014 (**Annexure 04**) that “ the maximum limit approved to purchase a vehicle at present is Rs. 8 million and the relevant expenses should be managed within that limit.” But by that time Rs. 9,150,000/- has been paid by a cheque dated 19.08.2014 for the vehicle. The former president of the National Transport Commission has approved that.

The above said vehicle has been purchased violating the recommendations of the National Budget Department.

06. **Distribution of school bags by the Commission on two occasions in 2014 at a cost of Rs. 2,669,500/- and out of that Rs. 1,327,500/- has been paid without proper approval.**

### **Recommendation**

- i. To conduct an internal investigation

### **Reporting current situation and the progress**

Through the letter dated 24.10.2016 a report including the documents on which the purchase was based has been sent (Annexure 06)

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Further it has been reported to the Committee that approval of the Commission has been obtained to conduct a preliminary investigation and investigating officers have been appointed in this regard.

Annexure 01

<u>වියදම් විස්තරය</u>	<u>මුදල රු.</u>
1 උදාසන දිවා ආහාර සඳහා	3,450,048.00
2 විශේෂ අමුත්තන් සඳහා (VIP) ආහාර සැපයීම	373,000.00
3 පානීය ජල බෝතල් සඳහා	224,000.00
4 අතුරුපස සඳහා	165,600.00
5 වේදිකාවේ සහ හට ඉදි කිරීම සඳහා	2,495,200.00
6 සමරු කිලිණ සඳහා	18,000.00
7 සහතික හා ආරාධනා පත්‍ර මුද්‍රණය සඳහා	156,075.00
8 LED පැනල් සවි කිරීම	1,100,000.00
9 පිරිසිදු කිරීමේ කටයුතු සඳහා ගෙවීම්	49,330.00
10 තාවකාලික වැසිකිලි පහසුකම් සඳහා	96,533.00
	<b>8,127,785.00</b>

LD

**Annexure 02**

ලේකම්

ප්‍රවාහන හා සිවිල් ගුවන් සේවා අමාත්‍යාංශය

බත්තරමුල්ල.

2016-09-06 දින පැවති පොදු ව්‍යාපාර පිළිබඳ කාරක සභා රැස්වීමේ සාකච්ඡා සටහන් 13 අනුව 2013 වර්ෂයේදී ජාතික ගමනා ගමන කොමිෂන් සභාව විසින් සවි කරන ලද විද්‍යුත් පුවරු 07 පිළිබඳ වාර්තාව පහත පරිදි ඉදිරිපත් කරමි.

**විද්‍යුත් පුවරු (LED) සවි කිරීම**

අන්තර් පළාත් බස් රථවල කාල සටහන් හා වෙනත් තොරතුරු ප්‍රදර්ශනය කිරීම සඳහා බැස්වියන් මාවත බස් පර්යන්තයේ සහ කතරගම, නුවරඑළිය, කුරුණෑගල, පුත්තලම, රත්න හා අනුරාධපුර යන බස් නැවතුම් පොළවලද LED පුවරු 07 ක් 2013 වර්ෂයේදී සවි කිරීමට කටයුතු කරන ලදී.

මෙම විද්‍යුත් පුවරු සවි කිරීමේ මූලික අරමුණ වූයේ මගීන්ට පොදු ප්‍රවාහනයට අදාළ නිසි තොරතුරු පද්ධතියක් ඇතිකරලීම වන අතර ඊට සමගාමීව ජාතික ගමනාගමන කොමිෂන් සභාව විසින් අන්තර් පළාත් බස් රථවලට අදාළ කාලසටහන් සහ රියදුරු -කොන්දොස්තරවරු දැනුවත් කිරීමේ වැඩසටහන් ඇතුළත් කෙටි වික්‍රම, මාර්ග අනතුරු සම්බන්ධ වැඩසටහන් ඇතුළත් වීඩියෝපට (රථවාහන පොලීස් මූලස්ථානයෙන් ලබාදුන්) ආදී ප්‍රවාහන ක්ෂේත්‍රයට අදාළ වැඩසටහන් විකාශනය කරන ලදී. ඒ අතරතුර කාලයේදී විද්‍යුත් පුවරුව විටින් විට තාක්ෂණික දෝෂ පදනම් කරගෙන ක්‍රියාවිරහිත වූ අතර එවිට අදාළ සමාගම හරහා යථා තත්වයට පත් කරගැනීම සිදුකරන ලදී. වර්තමානය වනවිට අදාළ පුවරුව නැවත ක්‍රියාවිරහිත වී පවතින අතර එයට අදාළ හේතු පහත පරිදි වේ.

1. ජාතික ගමනාගමන කොමිෂන් සභාවේ සේවක පුරප්පාඩු විශාල වශයෙන් පැවති බැවින් ඒ ඒ ව්‍යාපෘති සෘජුව අධීක්ෂණය කිරීමට නොහැකිවීම හා එම ව්‍යාපෘති සඳහා අවශ්‍ය සේවකයන් බඳවා ගැනීමට උසස්වීම් හා බඳවා ගැනීම් පටිපාටියේ පැවති ගැටළු නිසා නොහැකිවීම.
2. දුර බැහැර ප්‍රදේශවල මෙම විද්‍යුත් පුවරු සවි කිරීම නිසා සම්පව නිරීක්ෂණය කළ නොහැකි වීම.
3. මෙම LED පුවරුවල නඩත්තුවට දැරිය යුතු වියදම් පියවා ගැනීමට මෙම පුවරුවලින් යම් ප්‍රතිශතයක ප්‍රමාණය වෙළෙඳ දැන්වීම් සඳහා ලබා දී ඉන් ආදායමක් ඉපයීමට බලාපොරොත්තු වී ප්‍රසිද්ධ දැන්වීම් පළ කළද ප්‍රචාරණ ආයතනයන් ඒ සඳහා ඉදිරිපත් වීම අවම වූ අතර ඉදිරිපත් වූ ආයතනයද එම ටෙන්ඩරය ලබා ගැනීමට ක්‍රියා නොකිරීම.

ඒ අනුව මෙම LED පුවරු නැවත ක්‍රියාකාරී තත්වයට ගෙනඒම සඳහා පහත ක්‍රියාමාර්ග ගනිමින් පවතී.

1. LED පුවරුවල අවශ්‍ය අළුත්වැඩියා කටයුතු හඳුනාගෙන ඇති අතර එම අළුත්වැඩියා කටයුතු කිරීමට අදාලව යම් යම් ක්‍රියාමාර්ග ගනිමින් පවතී.
2. වෙළඳ ප්‍රචාරණය සඳහාද ඇටම් ටෙක්නොලොජීස් පුද්ගලික සමාගම යන නමින් වෙළඳ ප්‍රචාරණ ආයතනයක් ටෙන්ඩර් ක්‍රමවේදය යටතේ තෝරාගෙන ඇත.
3. එම ප්‍රචාරණ ආයතනට මෙම ටෙන්ඩරය ලබාදී ඔවුන්ගේ වෙළඳ ප්‍රචාරණයට 40% ක් ද කාලසටහන් සඳහා 60% ක්ද ප්‍රචාරණ කාලයක් ලබා ගැනීමට සැලසුම් කර ඇත.



ඉංජි. එම්. ඒ. පී. හේමචන්ද්‍ර

සභාපති

ජාතික ගමනාගමන කොමිෂන් සභාව

ඉංජි එම් ඒ පී. හේමචන්ද්‍ර  
 සභාපති  
 ජාතික ගමනාගමන කොමිෂන් සභාව  
 අංක 241 උද්‍යාන පාර, කොළඹ-05



**Annexure 04**

12:14

0112484691

NATIONAL BUDGET DEP

PAGE 01

BD/ID 184/2/2/3

2014.11.17

ලේකම්  
පුද්ගලික ප්‍රවාහන සේවා අමාත්‍යාංශය

ලේකම්තුමනි,

ජාතික ගමනාගමන කොමිෂන් සභා සභාපති සඳහා නිල රථයක් මිලදී ගැනීමට වැයවන  
අතිරේක මුදල සඳහා අනුමැතිය ලබාගැනීම

ඉහත කරුණ සම්බන්ධයෙන් ඔබ විසින් අප වෙත යොමු කරන ලද අංක එම්පීටීඑස්/එල්5/4/2013 හා  
2014.08.25 දිනැති ලිපිය හා බැඳේ.

02. එම ලිපිය මගින් ජාතික ගමනාගමන කොමිෂන් සභාවේ සභාපතිවරයා සඳහා නිල රථයක් මිලදී  
ගැනීමට 2014.07.14 දිනැති ලිපියෙන් අනුමත කරන ලද මිල සීමාව රු. මිලියන 8.0 සිට රු. මිලියන 9.0  
දක්වා වැඩිකරන ලෙසට ඉල්ලීමක් කර ඇත. රාජ්‍ය ආයතනයක සභාපතිවරයෙක් සඳහා නිල රථයක්  
මිලදී ගැනීමට වර්තමානයේදී අනුමත කරනු ලබන උපරිම මිල සීමාව රු. මිලියන 8.0 ක් වන බැවින්, එම  
සීමාව ඇතුළත මිලදී ගැනීමට අදාළ වියදම් කළමනාකරණය කරගැනීමට කටයුතු කරන ලෙසට  
කාරුණිකව දන්වා සිටිමි.

මෙයට - විශ්වාසී

  
සේ.ඒ.සේ. විමලවීර

අතිරේක අධ්‍යක්ෂ ජනරාල්  
අධ්‍යක්ෂ ජනරාල් වෙනුවට

පිටත : සභාපති, ජාතික ගමනාගමන කොමිෂන් සභාව



**Annexure 06**

**ආර්ථික දුෂ්කරතා ඇති පාසල් දරුවන් සඳහා බෙදා හැරීමට පාසල් බැග් මිලට ගැනීම**

එවකට හිටපු සභාපති රොෂාන් ගුණවර්ධන මහතාගේ උපදෙස් පරිදි ආර්ථික දුෂ්කරතාවයෙන් පෙළෙන පාසල් දරුවන් සඳහා පාසල් බැග් 2500 ක් බෙදා දීමට එවකට පාලන දෙපාර්තමේන්තුවේ සහකාර අධ්‍යක්ෂ (පාලන) දැල්පිටිය මහතා විසින් ප්‍රසම්පාදන අංශයෙන් ඉල්ලීම් කර ඇත. මේ සඳහා මාණ්ඩලික පත්‍රිකා අංක 133/2013 යටතේ 2013-12-23 දින මාණ්ඩලීය අනුමැතිය ලැබී ඇත. ඒ අනුව ප්‍රසම්පාදන ඒකක ප්‍රධානි විසින් මෙම කාර්යයට මිල කැඳවීම සඳහා (Minor Procurement Committee) සුළු ප්‍රසම්පාදන කමිටු හරහා සිදු කිරීමට සභාපතිතුමාගේ අනුමැතිය ලබාගෙන ඇත.

**ප්‍රසම්පාදන කමිටුව (කුඩා) සංයුතිය**

- සභාපති - රොෂාන් ගුණවර්ධන මහතා - ජාතික ගමනාගමන කොමිෂන් සභාවේ සභාපති
- සාමාජික - ඩබ්ලිව්.පී.ඩී.වී.එම් වීරසිංහ මහත්මිය - වැ.බ අධ්‍යක්ෂ ජනරාල්
- සාමාජික - ඩී.එම්.ඩබ්ලිව්.බී.දැල්පිටිය මහතා - සහකාර අධ්‍යක්ෂ පාලක (ජාගකොස)

**මිල කැඳවීම**

මේ සඳහා ආයතන 04 කින් මිල කැඳවීම් ඉල්ලා තිබූ අතර අවම මිල ඉදිරිපත් කර තිබූ NBC Promotions වෙතින් රු.610/= බැගින් බැග් 2500 ක් මිලට ගැනීමට ප්‍රසම්පාදන කමිටුව තීරණය කර ඇත. (ඇමුණුම් 01) ඒ අනුව 2013-12-10 දින ඇණවුම භාරදී තිබුණි. 2014-01-18 දින බැග් 2200 ක් පමණක් ලබාගෙන තිබූ අතර මේ සඳහා රු. 610/= බැගින් රු. 1,342,000/= මුදලක් ගෙවා තිබුණි.

පාසල් බැග් 2500 ක් සඳහා මිල කැඳවුම් හා (වලපනේ පාසල් සඳහා) පහත පරිදි සිදුකර තිබුණි.

<u>ආයතනය</u>	<u>ඒකක මිල</u>	<u>Delivery Time</u>
1 NBC Promotions	රු. 610.00	negotiable
2 D.S. Baggages (Pvt) Ltd	රු. 625.00	with in 45 days
3 Hiranya Promotion (Pvt) Ltd	රු. 650.00	with one month
4 Lanka Headwear International (Pvt) Ltd	රු. 665.00	with 1 ½ month

2014-01-18 දින ලබා ගන්නා ලද පාසල් බැග් 2200 ක් බැග් 1225 ක් වලපනේ ප්‍රදේශයේ පෙර පාසල් 73 ක් අතර 2014-01-19 දින බෙදාදී ඇත. ඉතිරි බැග් 669 ක් ජාතික ගමනාගමන කොමිෂන් සභාව වෙත නැවත භාරදී තිබුණි. මෙම ඉතිරි වූ බැග් අවස්ථා කිහිපයකදී එවකට සභාපතිතුමාගේ උපදෙස් පරිදි ජාතික ගමනාගමන කොමිෂන් සභාවේ සේවක මණ්ඩලය අතර බෙදාදී තිබුණි.

**ලෝක ළමා දිනයේදී බෙදා හැරීම සඳහා පාසල් බැග් මිලට ගැනීම**

2014 ලෝක ළමා දිනයට සමගාමීව පුද්ගලික ප්‍රවාහන සේවා අමාත්‍ය කුමාරතුංග ප්‍රධානත්වයෙන් 2014-10-19 දින පැවැත්වෙන ලෝක ළමා දින සැමරුම සඳහා බෙදා දීමට පාසල් බැග් 2500 ක් ලබාදෙන මෙන් පුද්ගලික ප්‍රවාහන සේවා අමාත්‍යකුමාරතුංග පෞද්ගලික ලේකම් අභීත රත්නායක මහතා විසින් ජාතික ගමනාගමන කොමිෂන් සභාවේ එවකට සභාපතිව සිටි ඊරේණුක පෙරේරා මහතා වෙතින් 2014-10-09 දින ඉල්ලීමක් කර තිබුණි. (ඇමුණුම 02) මෙම අවශ්‍යතාවය සපුරා දෙන මෙන් සභාපති විසින් එවකට වැ.බ අධ්‍යක්ෂ ජනරාල් ඩබ්ලිව්.පී.ඩී.වී.එම් වීරසිංහ මහත්මිය වෙත උපදෙස් ලබාදී ඇත. ඒ අනුව වැ.බ අධ්‍යක්ෂ ජනරාල් විසින් පාසල් බැග් ලබාදීමට කටයුතු කරන මෙන් ප්‍රසම්පාදන ඒකක ප්‍රධානී වෙත දන්වා තිබුණි.

ප්‍රසම්පාදන ක්‍රියාවලිය අනුගමනය කරමින් ඉහත බැග් මිලදී ගැනීමට කල් ගත වන බව පවසමින් මෙයට පෙර බැග් මිලට ගන්නා ලද NBC Promotions ආයතනයෙන්ම එම මුදලට බැග් මිලට ගැනීමට ප්‍රසම්පාදන කමිටුව විසින් තීරණය කර තිබුණි. (ඇමුණුම 03)

**ප්‍රසම්පාදන කමිටුව (කුඩා) සායුතිය**

සභාපති - ඊරේණුක පෙරේරා මහතා - ජාතික ගමනාගමන කොමිෂන් සභාවේ සභාපති

සාමාජික - ඩබ්ලිව්.පී.ඩී.වී.එම් වීරසිංහ මහත්මිය - වැ.බ අධ්‍යක්ෂ ජනරාල්

සාමාජික - ඩී.එම්.ඩබ්ලිව්.බී.දැල්පිටිය මහතා - සහකාර අධ්‍යක්ෂ පාලක (ජාගකොස)

ඒ අනුව පෙර සැපයුම් කරු සමඟ සාකච්ඡා කිරීමෙන් අනතුරුව පෙර මිලදී ගන්නා ලද රු.610/= ක මුදල රු. 590/= දක්වා අඩුකර ගෙන තිබූ අතර ඒ අනුව රු.590/= බැගින් බැග් 2500 ක් ලබාදීමට එකඟ වී ඇත. එහෙත් බැග් 2250 ක් පමණක් ලබාගෙන තිබූ අතර ඒ සඳහා රු. 590/= බැගින් රු. 1,327,500 ක් ගෙවා තිබුණි. එමෙන්ම මෙම බැග් 2250 ක ප්‍රමාණය 2014-10-17 දින ලැබී ඇති අතර එදිනම එම බැග් තොගයම 2014-10-19 දින පැවැත්වෙන ලෝක ළමා දින උත්සවයේදී බෙදා හැරීම සඳහා හඟුරන්කෙතට යවා තිබුණි.

*U Hemachandra*

Eng.M.A.P. Hemachandra  
Chairman  
National Transport Commission

## MINUTES OF THE DEPARTMENT OF PROCUREMENT COMMITTEE

Nature of the Procurement Committee	- DPC ( Minor)
Name of the Procurement Entity	- National Transport Commission
Date	- 17.12.2013
Subject	-Procurement of providing school bag for school children

Procurement Committee (Minutes)

01. Mr. Roshan Gunawardena - Chairman- DPC  
(NTC Chairman)
02. Mrs W.P.D.V.M. Weerasinghe - Member- DPC  
Director General (Actg)
03. Mr. D.M.W.B. Delpitiya - Member- DPC  
Assistant Director (Adm)

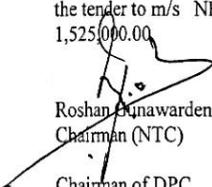
Following Quotations were received for providing school bags for school children.

- Hiranya promotions (pvt) Ltd.
- Lanka Headwear International. (pvt) Ltd.
- D.S. Baggages (pvt) Ltd.
- NBC Promotions (pvt) Ltd.

Items Specification	Hiranya promotions (pvt) Ltd.	Lanka Headwear International. (pvt) Ltd.	D.S. Baggages (pvt) Ltd.	NBC Promotions (pvt) Ltd.
providing school bag for school children	1,625,000.00	1,662,500.00	1,562,500.00	1,525,000.00

Recommendation

The procurement Committee perused the all documents related to the procurement of providing school bags for school children. The procurement committee approved to award the tender to m/s NBC Promotions (pvt) Ltd who is the lowest bidder for total price is Rs. 1,525,000.00

  
Roshan Gunawardena  
Chairman (NTC)  
Chairman of DPC

  
Mrs W.P.D.V.M. Weerasinghe  
Director General (Actg)  
Member- DPC

  
Mr. D.M.W.B. Delpitiya  
Assistant Director (Adm)  
Member- DPC

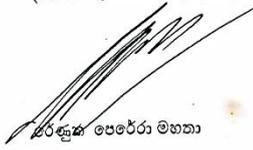


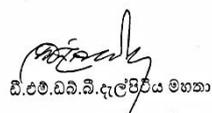
ප්‍රසම්පාදන කමිටු වාර්තාව

ප්‍රසම්පාදන කමිටුවේ ස්වභාවය	කොමිෂන් සභා ප්‍රසම්පාදන කමිටුව (කුඩා)
ප්‍රසම්පාදන අස්ථිත්වයේ නම	ජාතික ගමනාගමන කොමිෂන් සභාව
ප්‍රසම්පාදනයේ නම	පාසැල් ළමුන්ට බෙදා දීම සඳහා එකම වර්ගයේ බැග් 2500 ක ප්‍රමාණයක් ලබාදීම
දිනය සහ වේලාව	2014/10/17

2014 ලෝක ළමා දිනය හා සමගාමීව ගරු පුද්ගලික ප්‍රවාහන සේවා අමාත්‍ය සී.බී.රත්නායක මැතිතුමාගේ ප්‍රධානත්වයෙන් ළමාදින සැමරුමක් 2014 ඔක්තෝම්බර් 19 වන දින හඟුරන්කෙතදි පැවැත්වෙන බැවින් ඒ නිමිත්තෙන් පාසැල් ළමුන්ට බෙදා දීම සඳහා එකම වර්ගයේ බැග් 2500 ක ප්‍රමාණයක් ලබාදීමට කටයුතු කරන ලෙසට අමාත්‍යාංශයෙන් 2014/10/09 වන දින ලිපිය මගින් ඉල්ලීමක් කර ඇත.

මෙම බැග් 2500 ක් මිලදී ගැනීම සඳහා ප්‍රසම්පාදන ක්‍රියාවලිය ක්‍රියාත්මක කිරීමට තරම් ප්‍රමාණවත් කාලයක් නොමැති බව අපගේ අදහස වන අතර ඒ අනුව මීට පෙරද බැග් මිලදී ගන්නා ලද NBC Promotion ආයතනයෙන් මිල කැඳවීම් කරන ලද අතර බැග් 2500 ක් මිලදී ගන්නා නිසා රු.590/= බැගින් ලබා දීමට එකඟ විය. නමුත් පසුව එකම වර්ගයෙන් ඔවුන්ට සැපයිය <sup>සමුදාය</sup> ඉවුම හැක්කේ බැග් 2250 ක් බවත් පවසන ලදී. ඒ අනුව NBC Promotion ආයතනයෙන් බැග් 2250 ක්  $(2250 \times රු.590.00)$  රු.1,327,500= ක් ගෙවා මිලදී ගැනීමට අනුමත කරන ලදී.

 පෙරේරා මහතා  
 සභාපති ප්‍රසම්පාදන කමිටුව  
 (කුඩා)

 ඩී.එම්.ඩබ්.බී.දැල්පිටිය මහතා  
 සාමාජික, ප්‍රසම්පාදන කමිටුව  
 (කුඩා)

 ඩබ්.පී.ඩී.වී.එම්.වීරසිංහ මිය  
 සාමාජික, ප්‍රසම්පාදන කමිටුව  
 (කුඩා)

## **Tourism Development Authority of Sri Lanka**

(Ministry of tourism Development and Christian Religious Affairs)

**Date of Examination: 09<sup>th</sup> September 2016.**

### **Main issues identified**

01. **Majorly of members of the Board of Directors had absented from the committee held on 09.09.2016 without prior notice.**

The committee expressed its serve displeasure over the failure of the officials to be present at the committee and emphasized that the responsibility of the absence be taken by the secretary of the Ministry

### **Recommendations**

Referring a report showing cause of the above absence to the committee within three days.

### **Reporting the current status and progress**

The Board of Directors of the Tourism Development Authority of Sri Lanka consists of 9 members. The secretary of the Ministry of Tourism Development and Christian Religious Affairs had informed the committee on 15.09.2016 that three members had been away from the country and one member had been sick resulting in the being absent from the committee meeting while two members had arrived late and that necessary internal measures have been adopted to avoid such in indents from happening in the future.

02. **Staff**

Vacancies on the staff of the institution in relation to each cadre are as follows.

Type of Employees	Approved cadre	Read cadre	Numbers of vacancies
Senior Level	09	05	04
Medium Level	24	23	01
Tertiary Level	80	73	07
Primary Level	86	79	07
	<u>199</u>	<u>180</u>	<u>19</u>

On Questioning about the vacancies existing at various Levels, it was revealed that arrangements were being made to create 04 other positions in lieu of the 04 vacancies at the senior level.

The secretary of the Ministry stated that he was of the opinion that the post of Additional Director General of the Authority need not be field as it has been vacant for nearly 5 years.

### **Recommendations**

Amending the cadre in conformity with the present situation.

### **Reporting the present status and progress.**

The secretary of the ministry of the Tourism Development and Christian religious Affairs by his letter bearing no: MTCA/FMD/PAC – 16 dated 25.10.2016 has informed that the post of Additional Director General which has been vacant for nearly 5 years and which is the only vacancy to be filled among the vacancies in the senior level (Director Board) should be scrapped and posts of Director in other fields to suit the current requirements of the Authority should be created for which approval of the Management Services Department has been sought.

### **03. Leasing out of vellai and Ippantivu islands belonging to the Kalpitiya project.**

The bureau has already leased out vellai and Ippantivu islands belonging to the Kalpitiya project and arrangements are being made to lease out Uchchamuni Island.

The committee inquired on the above matter.

**Recommendations.**

Referring a comprehensive report including the relevant agreement, prices, calculation of prices, the company with which the agreement was entered in to, the basis on which that company was selected and all details of these island to the committee within a month.

**Reporting the present status and progress.**

The following details surface from the letter bearing number MTCA/FMD/PAC – 16 and dated 08.11.2016 sent by the secretary of the ministry of Tourism Development and Christian Religious Affairs.

The land with an extent of 5,000 acres for this project has been acquired by the Gazette extra ordinary no 1418/7 dated 07.11.2005 (annexure 07) and it has been planned create a tourism zone in it with a hotel complex comprising of 5,000 rooms (cabinet decision is given under annexure 08) The expected budgeted cost of this project is RS 400 billion and a report containing the following information of this project is given under annexure 09.

- Assessing the value of lands
- Details of the invested company
- Process of selecting that company
- Current situation

04. **Payment of Rs 7,382,305/- as part of the interest of a loan of Rs 100 million issued to a private hotel by the Bank of Ceylon, by the authority by 28.02.2014**

Even through the approval of the relevant minister is to be obtained to make their payment in terms of the provisions of the Tourism Act No 38 of 2005, it was revealed at the inquiry that the approval of the Minister had not been obtained.

## **Recommendations**

Referring a report containing all information from the date of the receipt of the proposed pertaining to this transaction up to now, to the committee with in month.

## **Reporting the present situation and progress**

Four hotels had been selected close to the Hambantota international cricket stadium which was selected to held the cricket matches relating to the 2011 cricket world cup, to develop necessary facilities including accommodation (Annexure 10)

It was revealed that this sum of Rs 7,382,305.54 being a portion of the 4% interest of a loan obtained by the Peacock Beach Hotel from the Bank of Ceylon, had been paid out of the Tourism Development Fund at a number of occasions (Annexure 11)

According to the documentations furnished to this committee the approval of the minister incharge of the subject had not been obtained to make the above payments.

### **05. Questionable spendings**

Interrogations by the committee uncovered many problems with regard to the following spendings

- i. It was received that a sum of Rs 11,089,228/- out of Rs. 29,195,802/- which had been renovating 30 rooms of holiday bungalow belonging to the Authority had been for work not done and overpaid taxes.

According to the report obtained by the Authority from ICTAD on the loss revealed by the auditor, a loss of nearly Rs. 5 million has taken place. Steps had not been taken to recover that amount from the revealed contractor or the officer who approved the payment.

- ii. Even through a sum of Rs.10,196,000/- had been paid to the relevant supplier of stones without prove of that 1648 cubes of boulders, 368 cubes of rubble and 40 cubes of gravel earth for containing the road near Kalpitiya Tooraiadi jatty and Wann

Mundalama lagoon were accepted and used for consumptions there was no evidence to prove that they were physically accepted.

- iii. A sum of Rs 3,226,950.00/- had been paid to suppliers based on 3 letters which the said suppliers had produced stating that they had provided dozers to construct the Kalpitiya Mohottuwasama Jetty.

However this payment had been made without a certificate of fixing work hours according to daily meter reading by an officer of the authority.

- iv. Even through the Kalpitiya integrated Tourism project , commenced in 2008 on an estimated cost of Rs. 5521 million in order to construct holiday resorts with 4,000 rooms and infrastructures facilities was to be completed within 5 years, not a single room had been constructed despite an expenditure of Rs. 88,797,590/- as at 31.12.2014

### **Recommendations**

Conducting a ministry level interval investigation on the manner all these expenditures have been made and reporting to the committee within a month

Submitting a detailed report containing information on the expenditure on the Kalpitiya integrated project so far , completed constructions and constructions to be completed.

### **Reporting the present situation and progress**

The chairman of the Tourism Development Authority of Sri Lanka had made a request to the committee on 05.10.2016 to extend the period given to submit a report on matters mentioned in 1, 2 and 3 above and the committee approved it.

The letter of the Secretary to the Ministry of Tourism Development and Christian Religious Affairs bearing No MTCA/FMD/PAC-16 dated 09.11.2016 had informed the committee that the Kalpitiya integrated Tourism Project mention under No 4 above was initiated in terms of the Cabinet Memorandum bearing No 04/1566/046/004 dated 16.11.2004 and the budgeted cost of the period was Rs. 400 billion (an annexure

containing detailed information on the expenditure made so far is annexed (annexure 12)

06. **Spending a sum of Rs. 4,768,982/- which had been allocated for the Tourism development programme to provide free meals and accommodation to a number of groups of persons from many areas including Balangoda.**

The committee inquired about this spending and it was revealed that a financial irregularity had taken place.

### **Recommendations**

- i. Submitting the decision of the board of directors that approved this payment to the committee
- ii. Conducting a Ministry level internal investigation in this regard and reporting it to the committee.

### **Reporting the present situation and progress**

The letter of the secretary of the ministry of Tourism Development and Christian Religious Affairs bearing No MTCA/FMD/PAC-16 dated 25.10.2016 has informed that services of public Administration and Management ad been obtained to conduct the Ministry level internal investigation and arrangements would be made to submit its report to the committee upon the completion of the inquiry

**Annexure 07**



*Handwritten signatures and initials.*

**ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය**  
**අති විශේෂ**

අංක 1418/7 - 2005 නොවැම්බර් 07 වැනි සඳුදා - 2005.11.07

(ආණ්ඩුවේ බලයපිටි ප්‍රසිද්ධ කරන ලදී)

**I වැනි කොටස : (I) වැනි ඡේදය - සාමාන්‍ය**

**ආණ්ඩුවේ නිවේදන**

1968 අංක 14 දරන සංචාරක සංවර්ධන පනත

2(1) වගන්තිය යටතේ නියමය

1968 අංක 14 දරන සංචාරක සංවර්ධන පනතේ 2(1) වැනි වගන්තියෙන් මා වෙත පවරා ඇති බලතල අනුව සංචාරක අමාත්‍යාංශයේ අනුර ප්‍රියදර්ශී සෞඛ්‍ය මන්දිරයේ සංවර්ධන වන මම, 1966 අංක 10 දරන ලංකා සංචාරක මණ්ඩල පනතින් ස්ථාපිත කරන ලද ලංකා සංචාරක මණ්ඩලයට සංචාරක සංවර්ධන කටයුත්තක් සඳහා පහත උපලේඛනයේ දක්වා ඇති ඉඩම් අත්පත් කර ගැනීම මෙයින් අනුමත කරමි.

අනුර ප්‍රියදර්ශී සෞඛ්‍ය මන්දිරයේ සංවර්ධන කටයුතු අමාත්‍යාංශය.

2005 සැප්තැම්බර් මස 15 වැනි දින,  
 සංචාරක කටයුතු අමාත්‍යාංශය,  
 අංක 64,  
 ගාලු පාර,  
 කොළඹ 3.

**උපලේඛනය**

වයඹ පළාතේ, පුත්තලම දිස්ත්‍රික්කයේ, කල්පිටිය මිලන්ද බොක්කේ සහ පෘතුගීසි බොක්කේ පිහිටි දුපතට පහත සඳහන් මායිම් කුළු හෙක්ටයාර් 199.86 පමණ වන ඉඩම්

දුපතෙහි නම	ඉල්ලාගත බණ්ඩාංක (ඩබ්ලිව් ජී අය් 84)	ප්‍රමාණය
පල්ලියවත්ත	අක්ශාංශ 8° 28' 10.51" දේශාංශ 79° 47' 23.86"	හෙක්ටයාර් 256
ලකුටිත්	-	බත්තල-ආච්චි
දකුණින්	-	ඉන්ද්‍රියානු සාහරය
නැගෙනහිරින්	-	පෘතුගීසි බොක්ක
බටහිරින්	-	පෘතුගීසි බොක්ක

IA-G 006276-600 (2005/11)

2 A I කොටස : (I) ජෙදය - ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ අති විශේෂ ගැසට් පත්‍රය - 2005.11.07

උච්චමුහුණේ	අක්ෂාංශ 8° 20' 39.18" දේශාංශ 79° 46' 23.92"	හෙක්ටයාර 6.3
උතුරින්	-	ඉන්දියානු සාගරය
දකුණින්	-	මුක්වල් (ඩව් බේ)
නැගෙනහිරින්	-	පහුගුප්පි බොක්ක
බටහිරින්	-	ඉන්දියානු සාගරය
ඉප්පත්තිවි	අක්ෂාංශ 8° 14' 46.24" දේශාංශ 79° 48' 18.50"	හෙක්ටයාර 71.36
උතුරින්	-	පහුගුප්පි බොක්ක
දකුණින්	-	මීලන්ද බොක්ක
නැගෙනහිරින්	-	පහුගුප්පි බොක්ක
බටහිරින්	-	මීලන්ද බොක්ක
ඉරමුහුණේ	අක්ෂාංශ 8° 15' 48.63" දේශාංශ 79° 46' 44.20"	හෙක්ටයාර 15.65
උතුරින්	-	මීලන්ද බොක්ක 1
දකුණින්	-	මීලන්ද බොක්ක
නැගෙනහිරින්	-	මීලන්ද බොක්ක
බටහිරින්	-	මීලන්ද බොක්ක
මුක්වල් (ඩව් බේ)	අක්ෂාංශ 8° 15' 59.48" දේශාංශ 44° 48' 57.42"	හෙක්ටයාර 103.82
උතුරින්	-	උච්චමුහුණේ
දකුණින්	-	කන්දකුලිය
නැගෙනහිරින්	-	මීලන්ද බොක්ක
බටහිරින්	-	ඉන්දියානු සාගරය

**Annexure 08**

SC/5

SC/3

(40)

නිකුත් කළයුතු දිනය: ජනාධි./ලේ. මගේ අංකය: අමප/04/1566/046/004  
 අග්‍රා./ලේ. ඔබේ අංකය:  
 මු.හා කු./ලේ. 2004 දෙසැම්බර් මස 22 දින,  
 කෘෂි.ප.ස.ඉ.හා වාරි./ලේ. කොළඹ, අමාත්‍ය මණ්ඩල කාර්යාලයේදී ය.  
 සංස්.හා ජ.ර./ලේ. විගණකාධිපති.

**සංවර්ධන අමාත්‍යාංශයේ ලේකම්.**

**සංවර්ධන ව්‍යාපෘතිය - කල්පිටිය ලක්දේසි බොක්කේ පිහිටි දුපත**

(සංවර්ධන ගරු ඇමතිතුමා ඉදිරිපත් කළ 2004.11.16 දිනැති සංදේශය)

2004 දෙසැම්බර් මස 15 දින පැවැත්වුණු අමාත්‍ය මණ්ඩල රැස්වීමේදී එළඹි තීරණයක් අවශ්‍ය කටයුතු සඳහා මේ සමඟ එවා ඇත.

පි.හපත්ගම, අතිරේක ලේකම්, අ.කලේ/වි.විජේසිංහ, අමාත්‍ය මණ්ඩලයේ ලේකම්වරයා

(ඇ) පරිපූරක ක්‍රියා පටුණේ විෂයයන්:

37. අමාත්‍ය මණ්ඩල පත්‍රිකා 04/1566/046/004 වූ, "සංවර්ධන ව්‍යාපෘතිය - කල්පිටිය ලක්දේසි බොක්කේ පිහිටි දුපත" යන මැයෙන් සංවර්ධන ඇමතිතුමා ඉදිරිපත් කළ 2004.11.16 දිනැති සංදේශය - මෙම සංදේශය, වරාය සහ ගුවන් සේවා ඇමතිතුමාගේ, මුදල් හා ක්‍රමසම්පාදන ඇමතිතුමාගේ සහ විටර් හා ජලජ සම්පත් ඇමතිතුමාගේ නිරීක්ෂණ සමඟ සලකාබලන ලදුව, එකී නිරීක්ෂණවලට යටත්ව, පහත සඳහන් කරුණු සඳහා අනුමැතිය දෙන ලදී:

- (I) කල්පිටිය ලක්දේසි බොක්කේ පිහිටි දුපත් ව්‍යාපෘතිය ශ්‍රී ලංකා සංවර්ධන මණ්ඩලය විසින් භාර ගැනීම;
- (II) යෝජිත ව්‍යාපෘතිය සඳහා ඉඩම් අක්කර 5,000 ක් අත්කර ගැනීමේ කටයුතු ඇරඹීම; සහ
- (III) ඉඩම් අත්කර ගැනීම සඳහා අවශ්‍ය පිරිවැය, සංවර්ධන සංවර්ධන බදු එකතුවෙන් පියවා ගැනීම.

මෙම ව්‍යාපෘතිය ක්‍රියාත්මක කිරීමේදී, ඇමතිතුමා විසින්, සංස්කෘතික හා ජාතික උරුමයන් පිළිබඳ ඇමතිතුමා විමසිය හැකි බවට ද තීරණය කරන ලදී.

ක්‍රියා කලයුතු: සංවර්ධන අමාත්‍යාංශය - වරාය සහ ගුවන් සේවා ඇමතිතුමාගේ, මුදල් හා ක්‍රමසම්පාදන ඇමතිතුමාගේ සහ විටර් හා ජලජ සම්පත් ඇමතිතුමාගේ නිරීක්ෂණ යාකොට ඇත.

පිටපත්: කෘෂිකර්ම, පශු. සම්පත්, ඉඩම් හා වාරිමාර්ග අමාත්‍යාංශය

## Annexure 09

### Ref: 04

#### Leasing of Ippantive and Velli Island in Kalpitiya.

- Agreements signed - Pls. Refer Annexure IV & V
- Prices and Calculation - Pls. Refer Table No. 01
- Name of the investing companies - Pls. Refer item 4.2
- Method of Selection of investor - Pls. Refer item 4.3

#### 4.1. Valuation of land

The Government Chief Value's valuation was based for this purpose. Valuation report for the 14 islands obtained in 2010 from the Government Valuations Department.

These valuations were based on the Survey maps issued by the Surveyor Generals office for each island with the fore shore. These surveys were conducted in 2010. (most recent survey plans)

Annual lease rental will be 4% of the undeveloped value of the land as per the presidential circular on land alienation.

#### 4.2 Calculation of the price

Table No. 01: company, amount paid, valuation and rental calculation						
No.	Name of the company	No of Hectares	Amount paid upto now (Rs. Mn)	Monthly rent Calculation	Land Value (Rs. Mn)	No Room
01	Qube Lanka Leisure Properties (Pvt.) Ltd	57.1186	20,248,069.40	177,552.38 X 36 355,104.70 X 24 532,657.05 X 13	70	200
02	Sun Resort Lanka (Pvt.) Ltd.	23.77	5,034,556.94	44,166.66 X 36 88,333.33 X 24 132,499.99 X 14	26	64 water villas

#### 4.2. The Investors (Company)

Vellai island's ( area extent 26.05 ha)

- Investor : Ms. Lets Travel Pvt Ltd ( Ms. Sun Resort Investment Lanka Pvt. Ltd.)
- Lease agreement signed on 11<sup>th</sup> of August 2010 - Copy annexed (annexure – IV)
- 5 star resort of 150 rooms with water bungalows.
- Investment estimated or Rs 1200 m.
- Features : unique architectural concept
  - water bungalows with ancillary facilities of an upmarket resort
  - Maldivian model.

**Ippantivu island** (area extent of 44.41 ha)

- Investor : Ms. Qube Lanka leisure properties pvt. Ltd
- Lease agreement signed on 02<sup>nd</sup> September 2010 - Copy annexed (annexure – V)
- 5 star resort of 200 rooms
- Investment estimated or Rs 1700 m.
- Features : unique architectural concept
- water villas with ancillary facilities of an upmarket resort
- Spa's, herbal treatment, beach villas etc. .

**4.3 Selection process of Company (Investors)**

- For the Stage I island lease bidding
- A standard tender bidding process was carried out for the selection of the investors (commenced in September 2009), with a newspaper advertisement indicating the date for the closing of the tender bids. (tenders closed in November 2009)
- A procurement document was prepared for the tender procedure which was approved by the Ministerial Procurement Committee (MPC) headed by the Secretary of the Ministry of Tourism.
- The document indicated the conditions of the tender and the special criteria set for the Kalpitiya Integrated Tourism Resort Project (KITRP), structured point system for the selection of investors, Draft Lease Agreement etc. all legal condition of the tender and the conditions after signing the lease agreement.
- The selection of the investors was from the report submitted by the Technical Evaluation Committee (TEC) which was appointed by the Secretary Ministry of Tourism.

**4.4 Current Status of ongoing projects**

**01. Sun Resort Investment Lanka (Pvt) Ltd - Vellai Island I, II, III**

- Ministry approval received on 15<sup>th</sup> February, 2010 to leased 64 acres for 30 years to Sun Resort Investment (Pvt) Ltd and lease agreement was signed on 11<sup>th</sup> August, 2010.
- Sun Resort Investment (Pvt) Ltd received approval in 2012 from Coast Conservation Department to construct 04 water bungalow near Vellai island and monitor for full monsoon period.
- Waiting for Land Commissioner consent and H.E. The President's approval to use the water bed for the construction of 04 mock up chalets followed by additional 62 chalets.
- Due to management changes of Sun Resort Investment Lanka (Pvt.) Ltd. there was a delay in submitting required papers for the approval of water bed leasing process. Pending approval from Land Ministry enabling District Secretary, Puttlam to lease the water bed to investor.

**02. Qube Lanka Resort (Pvt) Ltd - Ippantive Island**

- Ministry approval received on 25<sup>th</sup> February, 2010 to leased 135 acres for 30 years to Qube Lanka Leisure (Pvt) Ltd. Lease agreement signed on 02<sup>nd</sup> September, 2010
- Later investor requested government approval for 99 years' lease and allocation of full island for the project.
- Requested to submit the Cabinet Subcommittee on Economic Affairs for a decision lease period should be maximum for 50 years.

- Investor request is (a) all fishermen relocate to one corner of the island or (b) re location them in the same another island.
- Identified and surveyed 10 acres' land by the survey department to relocate fishermen as agreed by the fishing community.
- Subsequently, fishing community does not agree to shift to identified land.
- Due to this issue investor is not willing to proceed with the project

**Annexure 10**



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 இலட்ச கா குவிமேலாட்சன தமொதா-மெட  
 அபிவிருத்தி நிதித் திணைக்களம்  
 நிதி, திட்டமிடல் அமைச்சு  
**DEPARTMENT OF DEVELOPMENT FINANCE**  
 Ministry of Finance and Planning

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FINMIN  
CIE2149

1394908  
2484955

DFD/DDA/SPTS/01

25.11.2009

Secretary  
 Ministry of Tourism  
 61, Calle Road  
 Colombo 03.

04 DEC 2009

26 NOV 2009

Dear Sir,

Upgrading of ICC Cricket World Cup 2011- Matches in Sri Lanka on Co-host Basis

This is further to my letters dated 20<sup>th</sup> November 2009 addressed to the General Manager/ People's Bank & Bank of Ceylon and CEO/Hatton National Bank with copy to you on the above.

The banks have informed the Department of Development Finance that they have contacted the owners of the following four hotels and all of them have requested a loan with a very long repayment period at highly concessionary rates of interest since they do not feel such projects are viable on the commercial rates as the long term revenue generated from the operations of the hotel will not give them the required cash flows to repay the funds borrowed to do the required upgrading.

Name of the hotel	Room capacity	Upgrading category	Estimated Cost for upgrade (Rs. Mn.)
Mandera Rosen, Kataragama	50	Up to 4 Star	50
Peacock Beach, Hambantota	100	Up to 4 Star	141
Centuria Lake Resort, Ambilipitiya	60	Up to 4 Star	223
Rosen Safari Hotel Uslawalawa	50	Up to 4 Star	Cost has not been mentioned
<b>Total</b>	<b>260</b>		<b>414 +</b>

In view of high priority attached to the project, the Secretary to the Treasury instructed me to inform you that the soft loan facilities for upgrading the above four hotels should be arranged from the respective banks at a total interest of 12 percent of which the clients liability would be 8 percent. The remainder i.e. 4 percent would be channeled through the Tourism Development Fund to the respective banks in form of interest subsidy.

(5)

Please note that this facility is granted **exclusively** for the four (4) hotels listed above.

I further I wish to inform you that **no other requests** for refurbishing of hotels for this purpose should be entertained under any circumstances.

Your personal attention to liaise with the owners of the proposed 4 hotels enabling completion of the project on time is greatly appreciated.

Yours faithfully



Dr. (Ms.) Damitha de Zoysa  
Director General

Copies: General Manager, People's Bank  
General Manager, Bank of Ceylon  
Managing Director/CEO, Hatton National Bank

Annexure 11

Sri Lanka Tourism Development Authority		Transactions by Account		All Transactions		Debit	Credit
Type	Date	Num	Name	Item			
100 - DEVELOPMENT COST							
100-PB - DEVELOPMENT COST- PEACOCK BEACH							
✓ Cheque	03/01/2011	508650	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST PAYMENT OF PEACOCK BEACH HOTEL,VIN 471		441,315.07	
✓ Cheque	06/24/2011	771628	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST SUBSIDIARY GRANTED TO PEACOCK BEACH HOTEL TO UPGRADE THE HOTEL , JAN TO MAR 2011, V... 1497		799,437.97	1.
✓ Cheque	07/21/2011	771807	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	4% INTEREST SUBSIDIARY GRANTED TO PEACOCK BEACH HOTEL TO UPGRADE THE HOTEL FOR THE ICC WORLD CUP... 1463		997,260.27	2.
✓ Cheque	10/27/2011	114988	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST SUBSIDIARY GRANTED TO PEACOCK BEACH HOTEL TO UPGRADE THE HOTEL FOR ICC WORLD CUP 20... 1461		1,008,219.18	3.
✓ Cheque	03/22/2012	330640	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST SUBSIDIARY FOR PEACOCK BEACH HOTEL TO UPGRADE THE HOTEL ( OCT - DEC 2011 INSTALMENT... 1413		1,008,219.18	4.
Cheque	06/25/2012	620207	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST SUBSIDIARY FOR PEACOCK BEACH HOTEL TO UPGRADE THE HOTEL (JAN -MAR 2012 INSTALMENT)... 1510		897,260.27	5.
✓ Cheque	07/19/2012	620450	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH	04% INTEREST SUBSIDIARY PAYMENT ON BEHALF OF PEACOCK BEACH HOTEL FOR APR TO JUN 2012,VIN 1792 ✓ VIN 453,04% INTEREST ON CONCESSIONARY LOAN OF PEACOCK BEACH HOTEL FOR JUL TO SEP 2012,LOAN NO LN...		1,038,356.16	6.
Cheque	03/06/2013	105559	SNR.MANAGER.CREDIT SUPPORT,PEACOCK BEACH			1,092,237.44	7.3
Total 100-PB - DEVELOPMENT COST- PEACOCK BEACH						7,382,305.54	7.3
Total 100 - DEVELOPMENT COST						7,382,305.54	7.2
TOTAL						7,382,305.54	7.3

**Annexure 12****a) The work completed and expenditure; Refer annexure – XII, XIII, XIV, XV,**

No.	Description	Engineer's Estimate(Rs.)	Details refer. Pages
01	Boat Haring and Facilitation	2,247,098	1-5
02	Consultation fees	254,048	5
03	Investment promotion cost	149,007	6
04	Jetty Construction	18,223,811	6-9
05	Land Acquisition	145,859	9
			Refers
06	Naming Island (erecting of Boards)	92,616	9-10 Anne
07	Preparation Bidding documents	117,069	10
08	Project Advertising and Marketing	4,430,775	10
09	Road Construction	13,922,299	10-13
10	Survey of Island	7,110,516	10-15
11	Valuation of Island	329,538	15-16
12	Development Cost - Project	19,284,004	
	<b>Total Expenditure</b>	<b>66,306,642</b>	Refer Anne.
	<b>Project Administration Expenses</b>		XIII, XIV, XV
13	Administration Expenses	31,059,547	
14	Depreciation	1,368,070	
15	Capital Expenses	1,807,049	
	<b>Grand Total</b>	<b>100,541,307</b>	

**b) Projects to be completed**

- Completion of access road the two Jetty with a bridge connecting Mohottuwarama and Thoreiyadi
- De-vesting of land for the fishing community to develop their houses and common facilities
- Review and update the master plan of the Kalpitiya Integrated Tourism Resort Project.

**Note:** Presently there are project proposals requesting Uchchamuni Island and some area in Dutch Bay island etc. Since the land alienation policy is not clearly given, the projects are waiting to get land on lease. Policy decision on government land leasing process and selection of investors are necessary for the projects to proceed.

## **Airport and Aviation Services (Sri Lanka) Limited**

(Ministry of Transport and Civil Aviation)

**Date of Examination: 09<sup>th</sup> September 2016**

### **Major problems identified**

01. **Present situation and proposed new situation of Mattala Rajapaksa International Airport**

#### **Current situation**

The present performance of this airport constructed by obtaining a loan facility of \$ 190 million from 'China Exim' Bank can be summarized as follows.

<b>Description</b>	<b>June 2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total income (Rs)	21,651,104	71,430,816	136,264,763	48,010,898
Total Operational Expenditure (Rs)	1,147,373,705	2,288,694,851	2,228,465,247	1,776,140,280
Operational loss (Rs)	1,125,722,601	2,217,264,035	2,092,200,483	2,105,298,382
Loss percentage (%)	5,199	3,104	1,535	4,385
Financial expenditure (Rs)	421,208,727	881,966,545	637,001,196	377,169,000
Net loss (Rs)	<u>1,546,931,328</u>	<u>3,099,230,580</u>	<u>2,729,201,680</u>	<u>2,105,298,382</u>

Inquiry regarding the present situation and future plans of the Mattala Rajapaksa Airport

The Chairman briefed the Committee about the future plans of the institution and submitted a note on the income and expenditure since the inception of the institution.

### **Proposed new situation**

The Chairman said that 07 institutions had expressed their interest to invest under the proposed new situation and the Committee queried the areas on which investment would be made.

### **Recommendations**

Forwarding a report within month to the Committee regarding notice published in calling for tenders and the institutions responded.

### **Reporting current situation and progress**

The Secretary to the Ministry of Transport and Civil Aviation through his letter MT/07/07/493/2016 dated 16.12.2016 has submitted a copy of the notice calling for expression of interest (Annex 13) and report on the institutions responded thereto (Annex 14)

#### **02. Renovating runway of Katunayake**

When asked whether additional staff would be required at the Mattala Airport if it had to be used more since the runway of the Katunayake airport was due to be renovated, the Chairman said that a request had been made from the Defence Secretary seeking the assistance of the Army for extra security.

### **Recommendations**

It was recommended not to increase the permanent staff since such a move would be an added burden.

### **Reporting current situation and progress**

The Secretary to the Ministry of Transport and Civil Aviation through his letter MT/07/07/493/2016 dated 16.12.2016 reported to the Committee that additional staff would not expected for the Mattala Rajapaksa International Airport since a request had not been made by the airlines regarding additional flights to Mattala in view of the flights that would be interrupted due to the relaying of the runway of the Katunayake Airport.

03. **Total Assets Register**

The Committee inquired whether there is a register on total assets of the institution and the Secretary of the Ministry said that though an attempt was made to obtain such a report from the Chief Government Valuer, it had still not been received.

**Recommendation**

Expedite this task.

**Reporting current situation and progress**

All information had been provided in writing to the Department of Valuation on 13 September 2006 to have the assets of the company valued, but a detailed report had still not been submitted to the Airport and Aviation Service Limited and at the discussion held with the officials of the Department of Valuation on 12 October 2016, it was promised that the relevant reports would be submitted soon.

Further, the Secretary to the Ministry of Transport and Civil Aviation through his letter MT/07/07/493/2016 dated 16.12.2016 reported to the Committee that the Company had already paid nearly Rs. 12 million for this purpose to the Department of valuation.

04. **Institutional Enterprise Resources Planning System of  
Airport and Aviation Services Limited**

The contract had been awarded to a private company for Rs. 27,464,632/- (without VAT) on 29.06.2012 for the implementation of the relevant project within 08 months.

The Company had paid a sum of Rs. 248,600,000/- (without VAT) to the contractor and the period of contract had been extended on four occasions. Though over four years have lapsed as of today since the awarding of the contract, the relevant contractor had failed to carry out the contract properly.

The work of this institution has currently been suspended and it has submitted an appeal.

The Chairman said that a Cabinet Memorandum had been submitted seeking another extension of 03 months.

### **Recommendations**

- i. Table the Cabinet Memorandum
- ii. Inform the Cabinet Secretary not to grant an extension since a huge loss has been incurred through this.

### **Reporting the current situation and progress**

Copies of the cabinet memorandum submitted requesting the extension of the Enterprise Resource Planning System (Annex 15) for another 03 months and the decision dated 28.09.2016 thereto as per the above recommendation (i) were submitted to the Committee. (Annex 16)

As per the recommendation made by the Committee as per (ii) above, a new Cabinet Memorandum (Annex 17) had been submitted on 25.11.2016 cancelling the Cabinet decision taken to extend the period of the Enterprise Resources Planning System, and the Cabinet of Ministers having also considered the observations of the Minister of Finance thereto, had issued the Cabinet decision (Annex 18) on 09.12.2016 with two recommendations.

### **05. Kataragama Holiday Resort**

A sum of Rs 07 million had been paid to a private party in the year 2002 to purchase a land to construct this holiday resort. Thereafter, after being informed by the Kataragama divisional Secretariat that it was a land belonging to the government, it had been obtained for a period of 30 years with effect from 10.01.2008 for an annual lease of Rs 460,000/-.

However, the sum of Rs. 7 million paid to a private party had not been recovered.

### **Recommendation**

- i. Recommend that this was an erroneous transaction
- ii. Draw up a programme for the employees to use this holiday resort and other holiday resorts.

## **Reporting the current situation and progress**

As per the matters reported to the Committee through the letter No. MT/07/07/493/2016 dated 16.12.2016 by the Secretary to the Ministry of transport and Civil Aviation, case bearing No. 3474/M had been filed in the Gampaha district court to recover the sum of Rs. 7 million paid by the company for the land purchased from the Kataragama sacred area. Evidence has already been recorded from one witness of the complainant, the Airport and Aviation Services Limited and evidence from the second witness is currently being recorded. Since the defendant died while the case was pending on or near 02.02.2011, the case had been applied to his inheritors.

Further, the aforesaid letter had further informed that a programme was being drawn up for the employees to use to the holiday resort as per the recommendation (ii) above.

### **06. Bandaranaike International Airport Development Project – Phase 1 and Phase 2**

When questioned about the payment made to the construction company, it was revealed that the retention money had been paid to the company in 2006 even though the project report of the engineer had only been received in July 2007.

Five years after the completion of the aforesaid project, i.e. in the years 2010 and 2012, a total of Rs. 139,833,127/- in two installments of Rs. 98,000,000/- and Rs. 41,833,127/- respectively had been paid through Treasury funds without confirming the accuracy of custom fees or whether the relevant goods or equipment had been used for the said project or in particular, without confirming the sustainability of this company established for the purpose of this project itself.

## **Recommendations**

Submit a comprehensive report regarding the payments to the Committee.

**Reporting the current situation and progress**

A detailed report regarding the payments made to Taisei Mitsubishi Joint Venture for Bandaranaike International Airport development Project – Phase 1 has been submitted to the Committee. (Annex 19)

## Annexure 13



### MINISTRY OF TRANSPORT & CIVIL AVIATION

Invitation for Expressions of Interest for  
Investments & Commercial Operations of  
Mattala Rajapaksa International Airport, Hambantota, Sri Lanka.

The Chairman, Cabinet Appointed Negotiating Committee, Ministry of Transport and Civil Aviation, 7<sup>th</sup> Floor, Sethsiripaya Stage II, Battaramulla, Sri Lanka invites Expressions of Interest (EOI) from National and International Entrepreneurs to undertake Investments & Commercial Operations of Mattala Rajapaksa International Airport (MRIA).

Mattala Rajapaksa International Airport (MRIA) is the Second International Airport of Sri Lanka which is located in the Hambantota District. The Airport commenced commercial operations in March of 2013. This Aerodrome Facility consists of a 3,500 m x 60 m runway, apron, taxiways, passenger terminal and cargo terminal. MRJA is a 24 hour full service operational airport that can accommodate the world's biggest cargo and passenger aircraft.

#### Mattala Rajapaksa International Airport (MRIA) Key Features

##### ✈ Liberal Aviation Environment

- The open skies policy with all nine (9) Freedoms of the air being available

##### ✈ Supporting National, Regional and Local Frameworks

- The Airport is strategically located 30 km North of the Hambantota Deep Water Sea Port
- Key East West shipping lanes traverse just 10 km south of the Hambantota Port
- On average 239 ships pass this route on a daily basis
- Close proximity to the major Tourism Hot Spots of the Island
- Domestic Air Taxi connectivity between two International Airports and 14 Domestic Airports

##### ✈ Wider Economic Opportunities

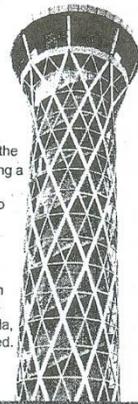
- MRJA declared as a Specified Bonded Area/Free Trade Zone
- Airport located in the Agro - Industrial, Marine Economic Zones of the country
- Growth Engine for Tourism, Trade & Other Development activities in the region

##### ✈ Bankable and Commercial Attractiveness

- Government Tax Holidays - Board of Investment ([www.investsilanka.com](http://www.investsilanka.com))
- Long Term Lease Options
- Exemptions from Exchange Control Regulations

EOI Document comprising details and application form can be purchased from the website of the Airport & Aviation Services (Sri Lanka) Limited (AASL) website [www.airport.lk/eoi](http://www.airport.lk/eoi) by making a non-refundable fee of US\$ 500 through online payment up to 11<sup>th</sup> August 2016. The EOI Document can also be purchased on working days from 0900 hrs to 1500 hrs (local time) up to 11<sup>th</sup> August 2016 from the office of Commercial and Properties Division of AASL by making a non-refundable fee of US\$ 500 or the equivalent in LKR.

A briefing followed by a visit to the locations will be conducted at 1400 hrs (local time) 18<sup>th</sup> July 2016 at the Mattala Rajapaksa International Airport. Expressions of Interest submission will be closed at 1400 hrs (local time) on 12<sup>th</sup> August 2016 and opened and read publicly at the office of the Ministry of Transport and Civil Aviation, 7<sup>th</sup> Floor, Sethsiripaya Stage II, Battaramulla, Sri Lanka. Any EOI Proposals received after stipulated time of closing will be rejected unopened.



The sealed EOI shall be submitted to:

The Chairman, Cabinet Appointed Negotiating Committee,  
C/o Secretary, Ministry of Transport and Civil Aviation,  
7<sup>th</sup> Floor Sethsiripaya, Stage II,  
Battaramulla,  
Sri Lanka.  
Office Telephone +94(0)112187233  
Office Mail - [mintransport@stnet.lk](mailto:mintransport@stnet.lk)

**Annexure 14****MRIA EOI - Proposals**

#	Company
1	M/s Omega Global with Claymore Hill Advisory & Aviation Resource Group International
2	M/s Sakurai Aviation Limited
3	M/s Care Aviation (Pvt) Ltd
4	M/s VINCI Airport
5	M/s Diesel & Motor Engineering PLC (DIMO)
6	M/s Sierra Networks (Pvt) Ltd for Sierra Construction (Pvt) Ltd
7	M/s Madelon

*S. S. S. S.*

**Annexure 15**

ATTENTION 113. 3411974 PAG



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**போக்குவரத்து மற்றும் சீவில் விமான சேவைகள் அமைச்சு**  
**MINISTRY OF TRANSPORT & CIVIL AVIATION**

07 වෙහි මහල, සෙත්තිරිපාය, අලියර II, බත්තරමුල්ල  
 07 ஆவது மாட, செத்சீரீபாய, II ஆம் கட்டிடம், பத்தரமுல்லை  
 7th Floor, Sethsiripaya, Stage II, Battaramulla

දුරකථන මධ්‍යස්ථානය Telephone  
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 செயலாளர் Secretary 2187233

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 அலுவலகம் Office 2187200  
 2187201  
 தொலைநகல்  
 தொலைநகல் Fax 2865093  
 2187226

වෙබ් අඩවිය  
 இணையத்தளம் Website } [www.transport.gov.lk](http://www.transport.gov.lk)  
 විද්‍යුත් තැපෑල  
 மின்னஞ்சல் E-Mail } [mintransport@sltnet.lk](mailto:mintransport@sltnet.lk)

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 எனது இல. }  
 My No.

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 Your No.

දිනය  
 திகதி Date }

MTCA/84/2016

**CABINET MEMORANDUM**

**MINISTRY OF TRANSPORT AND CIVIL AVIATION**

**IMPLEMENTATION OF ENTERPRISE RESOURCE PLANNING SYSTEM FOR  
 AIRPORT & AVIATION SERVICES (SRI LANKA) LIMITED**

**01. Background**

- 1.1 Implementation of the Enterprise Resource Planning System (ERP) for Airport & Aviation Services (Sri Lanka) Ltd (AASL) was awarded on a decision of the Cabinet of Ministers to E-W Information Systems Limited being the lead partner of a Joint venture, comprising of E-W Information Systems Ltd, Gentrack Limited and Inbox Business Technologies (Pvt) Ltd.
- 1.2 The Joint venture entered into an agreement with AASL for the implementation of the ERP System on 29<sup>th</sup> June 2012 agreeing to complete the project within a period of 8 months there from. The total contract price was agreed at Rs.248,600,000/- + VAT.
- 1.3 The contractor commenced the project and received a part payment of the contract sum being Rs.27,464,631.97. The Contractor has delivered equipment to the value of Rs.60 mn to AASL through the contract. Usable equipment totaling to Rs.27,649,415/- being 11% of the contract value is available with AASL which were received through the contract.
- 1.4 The Contractor has submitted a Performance Bond for Rs.24,860,000/- being 10% of the contract value for its due performance of the contract which is valid upto 31<sup>st</sup> December 2016.
- 1.5 Although the contractor claims to have completed 75% of the contract, AASL has indentified that the Contractor has completed only 60% of the contract by 31.03.2016.

- 1.6 The Contractor has not been successful in completing the project even though 4 extensions of time being granted upto 31<sup>st</sup> March 2016. The completion period has been delayed by more than 3 years.
- 1.7 Considering the time spent by both AASL and the Contractor on the implementation of the ERP project, the Contractor has requested a further extension of 3.5 months in order to complete the project as the same cost.

## 02. Rationale

- 2.1 The implementation of the ERP system at AASL is considered a vital requirement in the fast developing aviation industry as it provides a networking on all aspects with accurate information which could be disseminated with the least delay.
- 2.2 If due to the delay of the Contractor the contract is to be terminated and awarded to another party there shall be a long period of time and cost to be spent on the same process.
- 2.3 As the Current rates for the relevant goods and services are higher than the values submitted for the tender 3 years ago, it will increase the cost of the procurement, if recalled.
- 2.4 If the contract is terminated and the Contractor proceeds with legal action there shall be a further cost and a delay prior to the contract being awarded to a fresh party.
- 2.5 Up to now AASL has not suffered any financial loss due to the failure of the Contractor to duly fulfill the terms and conditions of the contract.

## 03. Approval

Considering the above approval of the Cabinet of Ministers is sought for the following :

- (a) To grant a final extension of 3.5 months to E-W information Systems Ltd for the completion of the implementation of the ERP System at AASL.
- (b) The total responsibility of the completion of the project to be with the Contractor to the satisfaction of AASL.

- (c) Not to release any payment to the contractor under the BRP project, until the successful completion of the project within the finally extended period.
- (d) To authorize AASL to terminate the contract and claim the performance Bond forthwith, if the contractor fails to successfully complete the project within the extended period.
- (e) Not to impose liquidated damages for the delayed period on the Contractor, if the contract is completed within the final extension period as aforesaid.

23 August 2016  
Ministry of Transport and Civil Aviation

  
Nimal Siripala de Silva (M.P)  
Minister of Transport and Civil Aviation

Annexure 16

රහස්‍යයි

23: 88

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MIN. OF AVIATION

FORM 04



අමාත්‍ය මණ්ඩල කාර්යාලය  
அமைச்சரவை அலுவலகம்  
OFFICE OF THE CABINET OF MINISTERS

CABINET DECISION අමාත්‍ය මණ්ඩල තීරණය அமைச்சரவைத் தீர்மானம்

පිටපත් : ජනාධිපති ලේකම්. මගේ අංකය: අමප/16/1769/709/077  
අග්‍රාමාත්‍ය ලේකම්. 2016 සැප්තැම්බර් මස 28 දින.  
ජාතික ප්‍රතිපත්ති හා  
ආර්.ක.ලේකම්.  
මුදල් ලේකම්.  
විදුලි සංදේශ හා ඩිජි.යටි.ප.ලේකම්.  
විගණකාධිපති.

ක්‍රියා කළ යුතු : ප්‍රවාහන හා සිවිල් ගුවන්සේවා අමාත්‍යාංශයේ ලේකම්.  
සි/ස ගුවන්කොටුපළ හා ගුවන් සේවා (ශ්‍රී ලංකා) සමාගම සඳහා  
ආයතනික මූල සැලසුම්කරණ පද්ධතියක් (ERP) ක්‍රියාත්මක කිරීම  
(ප්‍රවාහන හා සිවිල් ගුවන්සේවා ගරු ඇමතිතුමා ඉදිරිපත් කළ 2016-08-23  
දිනැති සංදේශය)

2016 සැප්තැම්බර් මස 18 දින පැවැත්වුණු අමාත්‍ය මණ්ඩල රැස්වීමේදී  
එළඹී තීරණයක් අවශ්‍ය කටයුතු සඳහා මේ සමඟ එවා ඇත.

ධබලිව.එම්.ඩී.ජේ.ප්‍රනාන්දු අතිරේක ලේකම්. අ.කළේ/එස්.අබේසිංහ අමාත්‍ය මණ්ඩලයේ ලේකම්.

(අ) න්‍යාය පත්‍රයේ විෂයයන්:  
(II) අමාත්‍ය මණ්ඩල පත්‍රිකා - ප්‍රසම්පාදනයට අදාළ කරුණු:  
39. අමාත්‍ය මණ්ඩල පත්‍රිකා අංක 16/1769/709/077 වූ, "සි/ස ගුවන්කොටුපළ  
හා ගුවන් සේවා (ශ්‍රී ලංකා) සමාගම සඳහා ආයතනික මූල සැලසුම්කරණ  
පද්ධතියක් (ERP) ක්‍රියාත්මක කිරීම" යන මැදගත් ප්‍රවාහන හා සිවිල්  
ගුවන්සේවා ඇමතිතුමා ඉදිරිපත් කළ 2016-08-23 දිනැති සංදේශය - ඉහත  
සඳහන් සංදේශය මුදල් ඇමතිතුමාගේ නිරීක්ෂණ සමඟ සලකා බලන ලදී.  
මේ පිළිබඳව සාකච්ඡා කිරීමෙන් අනතුරුව, ප්‍රවාහන හා සිවිල් ගුවන්සේවා  
අමාත්‍යාංශයේ ලේකම් විසින් මුදල් ඇමතිතුමාගේ නිරීක්ෂණවල දක්වා  
ඇති පරිදි ක්‍රියා කරනු ලැබීමට යටත්ව, සංදේශයේ 03 ඡේදයේ සඳහන්  
(අ) සිට (ඉ) දක්වා වූ යෝජනා සඳහා අනුමැතිය ලබා දීමට තීරණය  
කරන ලදී.  
ක්‍රියා කළ යුතු: ප්‍රවාහන හා සිවිල් ගුවන්සේවා අමාත්‍යාංශය - ඉහත  
නිරීක්ෂණ යා කොට ඇත.

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- 02 -

පිටපත්: ජනාධිපති ලේකම් - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
අග්‍රාමාත්‍ය ලේකම් - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
ජාතික ප්‍රතිපත්ති හා ආර්ථික කටයුතු අමාත්‍යාංශය - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
මුදල් අමාත්‍යාංශය  
විදුලි සංදේශ හා ඩිජිටල් යම්කල පහසුකම් අමාත්‍යාංශය - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.

Annexure 17

2011 06: 06 +94-11-2431857

SECRETARY; MCA

PAGE 06

5



විද්‍යුත් සංදේශ හා විදිවල යම්කල පහසුකම් අමාත්‍යාංශය  
 தொலைத்தொடர்புகள் மற்றும் அறிவுகல உட்கட்டமைப்பு வசதிகள் துறைம்க  
 MINISTRY OF TELECOMMUNICATION & DIGITAL INFRASTRUCTURE

නං. 79/1, 5 වන පවුලිය, කොළඹ 03 இல.79:1இ 5 வது குடியகைத் தெருவு 03 No. 79/1, 5' Lane, Colombo 03

මගේ අංකය }  
 எனது இல. }  
 My No }

ඔබේ අංකය }  
 உமது இல. }  
 Your No }

දිනය }  
 திகதி }  
 Date }

Observations of the Ministry of Telecommunication and Digital Infrastructure for the  
 Cabinet Memorandum

Ministry : Transport and Civil Aviation

Title : Implementation of Enterprise Resource Planning System for Airport & Aviation Services (Sri Lanka) Limited

Cabinet Paper No. : CP/16/2435/709/077-I

Date : 2016.11.16

Proposals :   
 1. Terminate the Contract entered into with E-W Information Systems Limited for the implementation of the ERP project at AASL with immediate effect.  
 2. Claim the Performance Bond submitted by E-W Information Systems Limited.  
 3. Take action to blacklist the Contractor.

Observations : I agree for above proposals.

Harin Fernando, M.P.  
 Ministry of Telecommunication and Digital Infrastructure  
 2016.11.25

දුරකථන }  
 இல. }  
 Telephone } 011-2577777

ෆැක්ස් }  
 இல. }  
 Fax } 011-2301710

ඊ-මේල් }  
 இல. }  
 E-mail } info@mca.gov.lk

වෙබ් }  
 இல. }  
 Web } www.mca.gov.lk

**Annexure 18**

01 06:05 +94-11-2431867 SECRETARY;MCA

රහස්‍යයි



**අමාත්‍ය මණ්ඩල කාර්යාලය**  
**அமைச்சரவை அலுவலகம்**  
**OFFICE OF THE CABINET OF MINISTERS**

**CABINET DECISION      අමාත්‍ය මණ්ඩල තීරණය      அமைச்சவைத் தீர்மானம்**

Secretary  
 Ministry of Transport and Civil Aviation

My No :  
 Date : 2016-12-14

**CABINET DECISIONS - 2016-12-06**

1 amended decisions in respect of under mentioned reference numbers made at the Cabinet Meeting held on 2016-12-06 are sent herewith.

S. Abeyasinghe  
 Secretary to the Cabinet of Ministers

අම/16/2435/709/077-1

Prepared by: *[Signature]*

Checked by: *[Signature]*



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Page No : 1

මෙම තීරණය සම්බන්ධයෙන් වැඩිදුර පැහැදිලි කර ගැනීමට අවශ්‍ය වේ නම් ආරංචකයන් 22329321 දුරකථන අංකය මගින් අතිරේක ලේකම් විමසීම වැනිදී.

රහසිගතයි



අමාත්‍ය මණ්ඩල කාර්යාලය  
அமைச்சரவை அலுவலகம்  
OFFICE OF THE CABINET OF MINISTERS

CABINET DECISION අමාත්‍ය මණ්ඩල තීරණය அமைச்சரவைத் தீர்மானம்

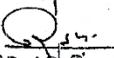
විවෘතිය : ජනාධිපති ලේකම්, මගේ අංකය: අමප/16/2435/709/077-I  
අග්‍රාමාත්‍ය ලේකම්, 2016 දෙසැම්බර් මස 09 දින,  
ජාතික ප්‍රතිපත්ති හා ආර්.ක.ලේකම්,  
මුදල් ලේකම්,  
විදුලි සං.හා ඩී.ජී.යටී.ප.ලේකම්,  
විගණකාධිපති.

ක්‍රියා කළ යුතු : ප්‍රවාහන හා සිවිල් ගුවන්සේවා අමාත්‍යාංශයේ ලේකම්.

ගුවන්කොටුපළ හා ගුවන් සේවා (ශ්‍රී ලංකා) සමාගම සඳහා  
ආයතනික මූල සැලසුම්කරණ පද්ධතියක් හකස් කිරීම

(ප්‍රවාහන හා සිවිල් ගුවන්සේවා ගරු ඇමතිතුමා ඉදිරිපත් කළ 2016-11-16 දිනැති සංදේශය)

2016 නොවැම්බර් මස 29 දින පැවැත්වුණු අමාත්‍ය මණ්ඩල රැස්වීමේදී එළඹී තීරණයක් 2016 දෙසැම්බර් මස 06 දින පැවැත්වුණු රැස්වීමේදී සංශෝධනය කරන ලදුව, එම සංශෝධිත තීරණය අවශ්‍ය කටයුතු සඳහා මේ සමඟ එවා ඇත.

  
ඩබ්ලිව්.එම්.ඩී.ජේ.ප්‍රනාන්දු  
අතිරේක ලේකම්.

අ.කළේ/එස්.අබේසිංහ  
අමාත්‍ය මණ්ඩලයේ ලේකම්.

(අ) මූලික විෂයයන්:

03. (අ) (i) විෂය අංක 11 - මෙම විෂය පිළිබඳ කෙටුම්පත් තීරණය, මුදල් ඇමතිතුමාගේ 2016-12-05 දිනැති පසුව ලැබුණු නිරීක්ෂණවලට අනුව අමාත්‍ය මණ්ඩලය විසින් නැවත සලකා බලන ලදුව, එකී කෙටුම්පත් තීරණය පහත දැක්වෙන ආකාරයට කියැවෙන පරිදි සංශෝධනය කිරීමට තීරණය කරන ලදී:

"11.අමාත්‍ය මණ්ඩල පත්‍රිකා අංක 16/2435/709/077-I වූ, "ගුවන්කොටුපළ හා ගුවන් සේවා (ශ්‍රී ලංකා) සමාගම සඳහා ආයතනික මූල සැලසුම්කරණ පද්ධතියක් හකස් කිරීම" යන ලේඛන ප්‍රවාහන හා සිවිල් ගුවන්සේවා ඇමතිතුමා ඉදිරිපත් කළ 2016-11-16 දිනැති සංදේශය - (අමප අංක 16/1769/709/077 පිළිබඳව වූ 2016-09-13 දිනැති අමාත්‍ය මණ්ඩල තීරණයට අදාළව) ඉහත සඳහන් සංදේශය, විදුලි සංදේශ හා ඩිජිටල් යටිතල පහසුකම් ඇමතිතුමාගේ නිරීක්ෂණ සහ ප්‍රවාහන හා සිවිල් ගුවන්සේවා ඇමතිතුමා විසින්

→ 2

මෙම තීරණය සම්බන්ධයෙන් වැඩිදුර පැහැදිලි කර ගැනීමට අවශ්‍ය වේ නම් කරුණාකර 232962 දුරකථන අංකය මගින් අතිරේක ලේකම් විමසීම වැනි.

- 2 -

2016-11-29 දින පැවති අමාත්‍ය මණ්ඩල රැස්වීමේදී සිදු කරන ලද වැඩිදුර කරුණු පැහැදිලි කිරීම් සහ මුදල් ඇමතිතුමාගේ 2016-12-05 දිනැති පසුව ලැබුණු නිරීක්ෂණ සමඟ සලකා බලන ලදී. මේ පිළිබඳව සාකච්ඡා කිරීමෙන් අනතුරුව, පහත සඳහන් පරිදි තීරණය කරන ලදී:

- (i) මුදල් ඇමතිතුමාගේ 2016-12-05 දිනැති පසුව ලැබුණු නිරීක්ෂණවල අවසන් ඡේදයේ සඳහන් පරිදි ක්‍රියා කරමින්, සංදේශයේ සඳහන් කොන්ත්‍රාත්කරු සමඟ එකඟතාවකට එළඹීමේ හැකියාව සොයා බලන ලෙස ප්‍රධානතා හා සිවිල් ඉවත්සේවා අමාත්‍යාංශයේ ලේකම්ට නියම කිරීම; සහ
- (ii) ඉහත (i) හි සඳහන් පරිදි කටයුතු කිරීම අසාර්ථක වුවහොත්, සංදේශයේ 03 ඡේදයේ සඳහන් (3.1), (3.2) සහ (3.3) යෝජනා ක්‍රියාත්මක කිරීම පිණිස අනුමැතිය ලබා දීම."

ක්‍රියා කළ යුතු: ප්‍රධානතා හා සිවිල් ඉවත්සේවා අමාත්‍යාංශය - ඉහත නිරීක්ෂණ යා කොට ඇත.

පිටපත්: ජනාධිපති ලේකම් - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
 අග්‍රාමාත්‍ය ලේකම් - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
 ජාතික ප්‍රතිපත්ති හා ආර්ථික කටයුතු අමාත්‍යාංශය - සංදේශයේ පිටපතක් හා ඉහත නිරීක්ෂණ යා කොට ඇත.  
 මුදල් අමාත්‍යාංශය - විදුලි සංදේශ හා ඩිජිටල් යටිතල පහසුකම් ඇමතිතුමාගේ නිරීක්ෂණ යා කොට ඇත.  
 විදුලි සංදේශ හා ඩිජිටල් යටිතල පහසුකම් අමාත්‍යාංශය - මුදල් ඇමතිතුමාගේ නිරීක්ෂණ යා කොට ඇත.

## Annexure 19

## PHASE 2 STAGE 01 - BIA DEVELOPMENT PROJECT

	Date of Payment	P/Voucher Number	IPC NO.	Payee	Details	Amount Rs.
1	31.05.2010	3452	Pkg A	Taisei Mitsubishi Joint Venture	Reimbursement of Taxes & Customs Duty	7,131,649.00
2	09.06.2010	3454	Pkg B1 - IPC37	Taisei Mitsubishi Joint Venture	Reimbursement of Taxes & Customs Duty	67,454,268.00
3	14.06.2010	3455	Pkg B1 - IPC38	Taisei Mitsubishi Joint Venture	Reimbursement of Taxes & Customs Duty	23,414,083.00
4	06.09.2012	4654	Pkg B1 - IPC40	Taisei Mitsubishi Joint Venture	Reimbursement of Taxes & Customs Duty	41,833,127.00
						<b>139,833,127.00</b>

Expiry date of the SLP 62 Loan  
Project completion report

29.12.2006  
Jul-07

## AASL Received funds from Treasury

Rupees

98,000,000.00	06.05.2010
94,000,000.00	13.12.2010
<b>192,000,000.00</b>	

**Additional Note on Custom Duties Reimbursement - BIADP Phase 2 Stage 01**

Area of Concerned	AASL Comments
<p>1) Project Completion Report was issued in July 2007 and Payments have been made in the Year 2010.</p>	<p>In carrying out the Project works, the contractor paid Custom Duties, which were bound to be reimbursed in accordance with Clause 73.3 of Conditions of Contract.</p> <p>This delay of payment to the contractor was mainly due to not receiving the Requested Funds from the Treasury.</p> <p>AASL received the funds to be reimbursed to the Contractor from the Treasury in 12<sup>th</sup> December 2010 Even though AASL has made written repetitive requests on the following dates.</p> <ul style="list-style-type: none"> <li>➤ 26<sup>th</sup> June 2007</li> <li>➤ 18<sup>th</sup> February 2008</li> <li>➤ 10<sup>th</sup> November 2009</li> <li>➤ 28<sup>th</sup> December 2009</li> <li>➤ 4<sup>th</sup> January 2010</li> <li>➤ 11<sup>th</sup> February 2010</li> </ul>
<p>2) Documents Scrutinized before making the payments</p>	<p>All the correspondence including the following which is related to the above payments is available for inspection. (Currently all Originals have been handed over to the Auditor General)</p> <ul style="list-style-type: none"> <li>a. Original / Certified CUSDEC Forms</li> <li>b. Original / Certified Commercial Invoices</li> <li>c. Original / Certified Custom Assessment Forms</li> <li>d. Project Director's / Engineer's Certification</li> <li>e. Bill of Landings / Airway Bills/Packing List/Delivery Note &amp; other related information (where necessary)</li> </ul>



## **Co-operative Wholesale Establishment and Lanka Sathosa**

(Ministry of Industry and Commerce)

Date of Examination: 20<sup>th</sup> September 2016

### **Key Issues Identified**

01. **Obtaining the Share Certificates agreed to be provided in lieu of assets provided to Lanka Sathosa.**

Even though letters had been sent from 19<sup>th</sup> February 2014 to 22<sup>nd</sup> August 2016 to obtain share certificates, they had not been received up to 05<sup>th</sup> September 2016.

### **Recommendations**

The Chairman of Lanka Sathosa stated that they would be provided within 3 months.

### **Current situation and Reporting the progress**

A letter dated 20.10.2016 has been sent to Lanka Sathosa by the Co-operative Wholesale Establishment with a copy to the Secretary to the Committee on Public Enterprises requesting the share certificates agreed to be provided in lieu of assets provided to Lanka Sathosa. (Annexure 20)

02. **Monies due from Lanka Sathosa Ltd. And monies payable in arrears.**

Out of the amount of Rs.870, 963,097/- receivable from debtors given in the financial statements of 2015, Rs.257, 667,217/- or 30%, was money due from Lanka Sathosa.

Details of monies due from Lanka Sathosa with relevance to last 03 years are as follows.

Details	2015 (Rs.)	2014 (Rs.)	2013 (Rs.)
Money due from trading activities	53,493,256	53,493,256	198,542,685
Rent due	66,378,543	39,438,582	21,887,950
Money due from related parties	24,202,985	24,202,985	24,202,985
Transport charges due	96,957,396	85,585,705	35,298,360
Dues-Paddy project	16,635,037	15,235,691	-
Total	<u>257,667,217</u>	<u>217,956,219</u>	<u>279,931,980</u>

Even though the loan in arrears due from Lanka Sathosa was Rs.279,931,980/-according to the financial statements of the Establishment for 2013, no value being indicated as money owed to the establishment in the financial statements of Lanka Sathosa for 2013.

### **Recommendations**

The Secretary to the Ministry said that steps would be taken to make the payments after reaching an agreement between the two institutions subsequent to conducting an audit as the documents exchanged in carrying out that transaction could not be traced.

### **Current situation and Reporting the progress**

The aforesaid detailed report had still not been provided to the Committee by 25.05.2017

03. **Importing 257,907 metric tons of rice by the Company on several occasions during the period from September 2014 to February 2015.**

### **Recommendations**

- i. Submission of all the following reports in this regard to the Committee by the Company.

- Report of the audit carried out by employing retired auditors
  - Report of the examination carried out by Public Health Inspectors to check the quality of rice.
  - Report of the investigation carried out by the five member committee.
  - A copy of the decision taken by the Board of Directors regarding the amount of rice to be imported.
- ii. Providing to the Committee within one month , a report prepared by the Auditor General based on all 3 reports mentioned above.

### **Current situation and Reporting the progress**

In this regard, Lanka Sathosa Limited has submitted the 3 reports requested above through the letter dated 25.10.2016 bearing No.LSL/CH/COPE/2016.

Action was taken by the Committee to submit to Parliament a special report dated 07.04.2017, on the importation of rice by the Company on several occasions during the period from September 2014 to February 2015 (Parliamentary Series No.179), based on the matters disclosed through those reports submitted, the report submitted by the Auditor General in this regard and the investigations carried out by the Committee in this regard.

### **03. Incurring a loss amounting to Rs.39 million in 2014 by purchasing 14,000 carrom boards and 11,000 draughts boards.**

### **Recommendations**

The Chairman stated that subsequent to an audit done in this regard to request the Secretary to the Ministry of Sports to pay this amount had been advised and that follow up on the matter was done.

### **Current situation and Reporting the progress**

The said detailed report had still not been provided to the Committee by 25.05.2017.

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04. **Outsourcing done by Lanka Sathosa.**

**Recommendations**

Providing to the Committee within one month, a report with all details of the external institutions from which services are obtained on payment (including the expenditure).

**Current situation and Reporting the progress**

The said report had still not been provided to the Committee by 25.05.2017.

05. **Staff of Lanka Sathosa Ltd.**

Details of the staff of the Company as at 31<sup>st</sup> May 2016

Description	Approved Cadre	Actual Cadre	Vacancies	Surplus
Upper Management Level	14	10	04	-
Middle Management Level	23	11	12	-
Junior Management Level	31	24	07	-
Management Assistant	578	438	140	-
Primary Level	2429	2842	-	413
	<u>3075</u>	<u>3325</u>	<u>163</u>	<u>413</u>

Recruiting another 220 for the staff while the actual cadre was 3325 against the approved cadre of 3075.

### **Recommendations**

- iii. Getting the new recruitment approved by the Department of Management Services
- iv. Providing to the Committee a list of names and addresses of the workers recruited in that manner.

### **Current situation and Reporting the progress**

The said report had still not been provided to the Committee by 25.05.2017.

**Annexure 20**



**සමුපකාර තොග වෙළඳ සංස්ථාව**

(1949 අංක 47, දරණ පාර්ලිමේන්තු පනතින් සංස්ථාපිතයි)  
සමාස මහලේකම් ගොඩනැගිල්ල, අංක 27, වොක්හෝල් පීඨය, කොළඹ 02.

සා.දුරුවා මොත්ත\* වීර්භනානත් තාපනම  
1949 ම් ජුනි 47 දිනෙහි පාර්ලිමේන්තු පනතින් ස්ථාපිත වූ  
සමාස සේවක සංස්ථාව, දි. 27, වොක්හෝල් වීඨි, කොළඹ 02.

**THE CO-OPERATIVE WHOLESALE ESTABLISHMENT**

(Established by act of parliament No. 47 of 1949)

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Our Ref. }

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Your Ref. }

දිනය }  
දිනය } 2016.10.20  
Date }

සභාපති,  
ලංකා සමාස ලිමිටඩ්,  
නිශ්චිත ගොඩනැගිල්ල,  
අංක: 108, යෝර්ක්විලිය,  
කොළඹ-01.

හිතවත් සභාපතිතුමණි,



**සමුපකාර තොග වෙළඳ සංස්ථාව වෙත ලංකා සමාස ආයතනයෙන්**

**ලැබිය යුතු කොටස් හිමිකම් සම්බන්ධයෙන්**

ඉහත කරුණ සම්බන්ධයෙන් අප විසින් මීට පෙර අවස්ථා කිහිපයකදී ම බව වෙත එවන ලද ලිපි හා කරන ලද සාකච්ඡාවන් හා සැබෑදේ.

02). 2016/09/20 දින සමුපකාර තොග වෙළඳ සංස්ථාව හා ලංකා සමාස ආයතනය සම්බන්ධයෙන් පැවති පොදු ව්‍යාපාර පිළිබඳ කාරක සභාවේදී ද විශේෂ අවධානයක් යොමු කරමින් සාකච්ඡා කල අතර කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශයේ ලේකම් විසින් 2016/10/18 දින අප වෙත යොමු කර ඇති පොදු ව්‍යාපාර පිළිබඳ කාරක සභාවේ නිර්දේශ සටහන් තුළද සඳහන් කර ඇත.

03). ඒ අනුව, සමාස විසින් ලංකා සමාස ආයතනය වෙත ලබාදී ඇති සම්පත් වෙනුවෙන් ලැබිය යුතු කොටස් හිමිකම් සියල්ලම ඉතා ඉක්මනින් ලබාදීමට කටයුතු කරන ලෙස මින් කාරුණිකව දන්වමි.

i. සමාස විසින් ලංකා සමාස වෙත බදු පදනම මත සපයා ඇති ගොඩනැගිලි සඳහා සමුච්චිත බදු කුලිය මිලියන 66.9 (2005 වසරේ සිට 2011 අප්‍රේල් මාසය දක්වා)

ii. ලංකා සමාස අලෙවිසැල් හා ගබඩාවන්හි පරිහරණය සඳහා සමාස විසින් සපයා ඇති ස්ථාවර භාණ්ඩ වල තක්සේරු වටිනාකම මිලියන 54.7 එකතුව මිලියන 121.6

04). ඉහත සඳහන් මෙම ප්‍රමාණයෙන් දැනට ලංකා සමාස විසින් සමාස වෙත වෙන්කර දී ඇති කොටස් හිමිකම් වල වටිනාකම වන්නේ මිලියන 22.7 ක් පමණි.

-02-

- 05). ඒ අනුව තවදුරටත් ලැබිය යුතු මිලියන 98.9 ක් වන වටිනාකම වෙනුවෙන් සහනය වෙත කොටස් හිමිකම් ලබාදිය යුතුව ඇති බව මින් වැඩිදුරටත් කාරුණිකව දන්වමි.

මෙයට, විශ්වාසී වූ,  
සමුපකාර නොගත වෙළඳ සංස්ථාවේ,

එම්. විජේවර්ධන හමිම,  
අභ්‍යන්තර

පිටපත්:

01. ලේකම් - කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය
02. ලේකම් - පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව - ඔබගේ 2016/10/06 දිනැති COPE/8/1/2016 දරණ ලිපිය හා සැබෑදේ.
03. අතිරේක ලේකම්(භාණිත) - කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය
04. අධ්‍යක්ෂකා ( සංස්ථා හා ව්‍යවස්ථාපිත මණ්ඩල ) - එම -
05. විගණන අධිකාරී - රජයේ විගණන ඒකකය - සහනය



## **Central Environmental Authority**

(Ministry of Mahaweli Development and Environment)

**Date of Examination: 21<sup>st</sup> September 2016**

### **Key Issues Identified**

#### **01. Staff Vacancies**

The Committee paid its attention to the existence of 313 vacancies in the staff by 22nd August 2016.

<b>Description</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>No. of Vacancies</b>
Upper Management Level	36	25	11
Middle Management Level	113	64	49
Operations Management Level	1,010	757	253
	<u>1,159</u>	<u>846</u>	<u>313</u>

The Chairman said that lack of approval for the recruitment procedure had been the reason for that situation, approval had been obtained for the 5 lower Grades and that comprehensive approval would be obtained for the procedure within the following 02 weeks.

### **Recommendations**

Bringing this to the notice of the Department of Management Services.

### **Current situation and Reporting the progress**

The Chairman of the Central Environmental Authority has informed through his letter dated 25.10.2016 that vacancies that existed at primary level had partly been filled, action was being taken to fill some more of the vacancies and that the recruitment procedure for six Senior Grades from the level of Environment Officer had been referred to the Ministry

of Mahaweli Development and Environment to be sent to the Department of Management Services.

02. **New Environment Act**

The Committee inquired about the current situation in relation to the drafting of the new Environment Act.

The Chairman stated that the Bill had been drafted and that it was expected to be finalized within 06 months.

**Recommendations**

Paying attention to the Sustainable Development Goals when this Bill is drafted.

**Current situation and Reporting the progress**

It has been reported to the Committee that a Cabinet Paper had been referred to the Ministry of Mahaweli Development and Environment on 07.09.2016 to obtain Cabinet approval for the Amendment Bill with new components for amending the National Environment Act.

03. **Solid Waste Management Project at Dompe**

➤ **04 trucks provided for the project**

The Committee paid its attention to the use of only 03 out of the 04 trucks for the project.

The Chairman said that 02 out of the 04 trucks had been provided to Kaduwela Pradeshiya Sabha and that they had been obtained back by the Authority and that he was accepting the responsibility for that.

➤ **Current situation of the project**

The Committee inquired whether the project was a success or a failure and observed that the views expressed in that regard were contradictory.

**Recommendations**

Submitting a report to the Committee and the Auditor General citing the reasons for diverting those trucks to various places in an arbitrary manner and the names of the officers responsible for that.

Submitting to the Committee the investigation report relevant to this project and a report containing all the details relevant to the project.

### **Current situation and Reporting the progress**

04 trucks provided for the - It has been reported that the 02 project truck that had been provided to Kaduwela Pradeshiya Sabha were obtained back to the Authority.

Status of the project - A detailed report has been submitted to the Committee in this regard.

### **04. Issuing environment protection licenses.**

The Committee inquired whether there was a regular programme with the Authority to identify the expiry dates of environment protection licenses. The Chairman stated that there had not been a proper procedure earlier but a proper arrangement had been introduced by that time as there were shortcomings in the process that was carried out by an officer of the Authority.

### **Recommendations**

Submitting to the Committee a comprehensive report on the current situation.

### **Current situation and Reporting the progress**

It has been informed that a procedure was in place to identify the expiry dates of environment protection licenses, inform the industrialists about the fact three months in advance and direct them to renew the licenses and to take legal action against the industrialists who fail to apply for renewal of licenses and that plans had been prepared to further regulate that procedure.

05. **Hazardous Chemicals**

The Committee inquired whether any methodology had been developed to identify all hazardous chemicals imported under CP/16/0013/704/001, impose restrictions on importation, ban the import and manage in an environment friendly manner.

The Chairman stated that a proper methodology was being developed in that regard.

**Recommendations**

Submitting to the Committee within one month a report on the methodology that was being developed in this regard.

Finalizing that arrangement within 03 months.

**Current situation and Reporting the progress**

The methodology for identifying hazardous chemicals imported under CP/16/0013/704/001, imposing restrictions on importation, banning and managing in an environment friendly manner, has been communicated. (Annexure 21)

**Annexure 21**

**අංක 07. උපද්‍රවකාරී රසායනික ද්‍රව්‍ය - ඇමුණුම 07**

අමප/16/0013/704/001 කැබිනට් අනුමැතිය අනුව උපද්‍රවකාරී රසායනික ද්‍රව්‍ය කළමනාකරණය සඳහා 1980 අංක 47 දරණ ජාතික පාරිසරික පනත යටතේ නීතිමය ප්‍රතිපාදන නොමැත. එබැවින් පුරවැසියන්ට එම පනත යටතේ රසායනික ද්‍රව්‍ය කළමනාකරණයට අදාළ කටයුතු සිදුකිරීමට හැකි වන පරිදි එම පනත සංශෝධනයට අවශ්‍ය කටයුතු මේවන විට සිදුවෙමින් පවතින අතර එකී සංශෝධන අවසන් වූ පසුව අදාළ රෙගුලාසි සකස්කළ යුතුය.

**i. උපද්‍රවකාරී රසායනික ද්‍රව්‍ය හඳුනාගැනීම**

රසායනික ද්‍රව්‍ය කළමනාකරණයට අදාළවූ ජාත්‍යන්තර සම්මුතීන් වන රොටර්ඩෑම් සම්මුතිය හා ස්ටොක්හෝම් සම්මුතිය ශ්‍රී ලංකාව තුළ ක්‍රියාත්මක කිරීමේ එහි නිල කේන්ද්‍රීය මධ්‍යස්ථානයන් වනුයේ කෘෂිකර්ම අමාත්‍යාංශය හා මහවැලි සංවර්ධන හා පරිසර අමාත්‍යාංශය වේ. එසේම එම සම්මුතීන් ක්‍රියාත්මක කිරීමේදී කාර්මික රසායනික ද්‍රව්‍ය වලට අදාළවන ජාතික ආයතනය වනුයේ මධ්‍යම පරිසර අධිකාරිය වේ.

ඒ අනුව එම සම්මුති මගින් හඳුනාගෙන ඇති උපද්‍රවකාරී රසායනික ද්‍රව්‍ය ලැයිස්තුව උපද්‍රවකාරී රසායනික ද්‍රව්‍ය ලෙසට සලකා මෙම අධිකාරිය විසින් රසායනික ද්‍රව්‍ය කළමනාකරණයට අදාළ කටයුතු සිදුකරනු ලබයි.

**ii. ආනයනයට සීමා පැනවීම**

(අ) මෙම සියළුම රසායනික ද්‍රව්‍ය ආනයනය කිරීමේදී ආනයන අපනයන පාලන දෙපාර්තමේන්තුවෙන් ආනයන බලපත්‍රයක් ලබාගතයුතු භාණ්ඩ වශයෙන් ආනයන අපනයන පාලන පනත යටතේ ප්‍රසිද්ධ කරන ලද 2013 ජූනි 05 අංක 1813/14 දරණ ගැසට් පත්‍රයෙහි රෙගුලාසිය මගින් ප්‍රකාශයට පත්කරන ලදී.

ඒ අනුව එකී රසායනික ද්‍රව්‍ය රට තුළට ආනයනයේදී ආනයන බලපත්‍රය ලබාගැනීම සඳහා මධ්‍යම පරිසර අධිකාරියේ අනුමැතිය ලබාගත යුතුය.

(ආ) මෙයට අමතරව රොටර්ඩෑම් සම්මුතිය ක්‍රියාත්මක කිරීමේදී යම් රසායනික ද්‍රව්‍යයක් ආනයනය සිදුකරන විටදී අපනයනය කරන රට විසින් ඒ පිළිබඳව මෙම අධිකාරියෙන් පූර්ව විමසීමක් සිදුකර එකඟතාවය ලබාගැනීමේ ක්‍රියාවලියට (PIC- Prior Informed Consent) අනුව කටයුතු සිදුකරයි. මෙමගින් එකී උපද්‍රවකාරී රසායනික ද්‍රව්‍ය ආනයනය සීමා කිරීම සිදුකරනු ඇත.

**iii. රසායනික ද්‍රව්‍ය සම්පූර්ණයෙන් තහනම්කිරීම**

ආනයන අපනයන පාලන පනත යටතේ ප්‍රසිද්ධ කරන ලද 2013 ජූනි 05 අංක 1813/14 දරණ ගැසට් පත්‍රයෙහි රෙගුලාසියට ආනයනය තහනම් කිරීමේ භාණ්ඩ ලැයිස්තුවට පොලික්ලෝරිනේට්ඩ බයිපිනයිල් (PCB) හා පොලිබ්‍රෝමිනේට්ඩ බයිපිනයිල් (PBB) රසායනිකයන් හා ඒවා අඩංගු භාණ්ඩ ඇතුළත් කරන ලද අතර ඒ අනුව ඒවා ආනයනය තහනම් කර ඇත.

මෙයට අමතරව සියළුම රසායනික අපද්‍රව්‍යයන් බාසල් සම්මුතියට අනුව මධ්‍යම පරිසර අධිකාරියේ ක්‍රියාත්මකවන තාක්ෂණික විශේෂඥ කමිටුව (TEC) කමිටුව හා මහවැලි සංවර්ධන හා පරිසර අමාත්‍යාංශයේ ක්‍රියාත්මක ජාතික සම්බන්ධීකරණ කමිටුව (National Coordination Committee) මගින් තහනම් කරනු ලබයි.

iv. පරිසර හිතකාමී ලෙස පාලනය කිරීම

- (අ) රසායනික ද්‍රව්‍ය කළමනාකරණයට අදාළව තාක්ෂණික උපදේශණ කමිටුවක් පිහිටුවා ඇති අතර යම් ගැටළුකාරී තත්වයන් ඇතිවූ විටදී ක්‍රියාත්මක වීමට අදාළ තීරණ ගැනීම මෙම කමිටුව හරහා සිදුකරයි. මෙම කමිටුව පහත සඳහන් ආයතන වල නියෝජිතයන්ගෙන් සමන්විතයි.
  - i. මධ්‍යම පරිසර අධිකාරිය
  - ii. පරිසර අමාත්‍යාංශය
  - iii. ආනයන අපනයන පාලන දෙපාර්තමේන්තුව
  - iv. සෞඛ්‍ය අමාත්‍යාංශය
  - v. ශ්‍රී ලංකා රේගුව
  - vi. ශ්‍රී ලංකා ආයෝජන මණ්ඩලය
  - vii. කම්කරු දෙපාර්තමේන්තුව (වෘත්තීය සුරක්ෂිතතා)
  - viii. පලිබෝධනාශක රෙජිස්ට්‍රාර් කාර්යාලය
  - ix. රජයේ රස පරීක්ෂක දෙපාර්තමේන්තුව
  - x. කාර්මික තාක්ෂණ ආයතනය
  - xi. මොරටුව විශ්ව විද්‍යාලය
  - xii. කොළඹ විශ්වවිද්‍යාලය
  - xiii. කර්මාන්ත අමාත්‍යාංශය
  - xiv. නීතිපති දෙපාර්තමේන්තුව
  - xv. අවශ්‍යතාවය පරිදි විෂයට අදාළ විශේෂඥ වරුන්

(ආ) තවද රසායනික ද්‍රව්‍ය ගබඩාකිරීමේදී සිදුවිය හැකි රසායනික අනතුරු වළක්වාගැනීම සඳහා රසායනික ද්‍රව්‍ය ගබඩා කරනු ලබන ස්ථාන සඳහා ස්ථානීය පරීක්ෂාවකින් පසුව කොන්දේසි අඩංගු පාරිසරික නිර්දේශයන් නිකුත් කරනු ලබයි.

(ඇ) ආනයන අපනයන පාලන දෙපාර්තමේන්තුව විසින් යොමුකරනු ලබන විෂබීජ නාශක ද්‍රව්‍ය වැනි රසායනික ද්‍රව්‍ය ආනයනයේදී පරිසර අධිකාරියේ මතය සඳහන් ලිපි නිකුත් කරනු ලබයි.

(ඈ) මෙයට අමතරව රසායනික ද්‍රව්‍ය කළමනාකරණයට අදාළ අනිකුත් රාජ්‍ය ආයතනවල ස්ථාපිත පහත සඳහන් රැස්වීම් වලට සහභාගී වන අතර එහිදී අවශ්‍ය සහාය ලබාදෙනු ඇත

- I. පුරෝගාමී පාලන අධිකාරිය - අධ්‍යක්ෂක මණ්ඩල රැස්වීම්
- II. පළිබෝධ නාශක පාලන උපදේශන කමිටුව - කමිටු රැස්වීම්

(ඉ) රසායනික අපද්‍රව්‍ය කළමනාකරණයමෙම අධිකාරිය මගින් සිදුකරනු ලබන බලපත්‍ර ක්‍රියාවලිය හරහා මෙය සිදුකරනු ලබයි.

- I. පරිසර ආරක්ෂණ බලපත්‍රය - මේ හරහා කර්මාන්තශාලා වල කාර්මික අපජලයේ අඩංගු රසායනික ද්‍රව්‍යයන් පරිසරයට බැහැර කිරීමට පෙර 2008.02.10 දිනැති අංක 1534/18 දරණ ගැසට් පත්‍රයේ ප්‍රකාශිත තත්ව රෙගුලාසියෙහි සඳහන් නියමිත උපමානයන් දක්වා පිරිපහදු කිරීම සිදු කරවනු ලබයි
- II. උපලේඛණගත අපද්‍රව්‍ය කළමනාකරණ බලපත්‍රය - රසායනික අපද්‍රව්‍යයන් උපද්‍රවකාරී අපද්‍රව්‍යයන් ලෙසට 2008.02.10 දිනැති අංක 1534/18 දරණ ගැසට් පත්‍රයෙහි ප්‍රකාශිත උපද්‍රවකාරී අපද්‍රව්‍ය කළමනාකරණ රෙගුලාසියෙහි උපලේඛණයෙහි අන්තර්ගතවන අතර ඒ අනුව මෙම අපද්‍රව්‍ය ජනනයේ සිට අවසාන බැහැරවීම දක්වා සිදුකරනු ලබන සෑම ක්‍රියාකාරකමකටම මෙම අධිකාරියෙන් උපලේඛණගත අපද්‍රව්‍ය කළමනාකරණ බලපත්‍රයක් ලබාගත යුතු අතර එහි සඳහන් කොන්දේසි වලට අනුව එම අපද්‍රව්‍ය හැසිරවීම සිදුකළ යුතුය.

## **People's Bank**

(Ministry of Public Enterprises Development)

**Date of Examination: 22<sup>nd</sup> September 2016**

### **Main Issues Identified**

#### **01. Absence of Officials**

The following four officials who had been convened to the meeting were absent.

- i. Mr. Jehan Amarathunga – Director
- ii. Mr. Filisian Perera – Director
- iii. Mr. Aminda M. Perera – Director
- iv. Mr. T.D. Anton Hemantha – Director

### **Recommendations**

The committee expressed its displeasure regarding the absence of the aforesaid officials and directed the officials concerned to be present before the Committee on 04.10.2016 to submit an oral statement regarding their absence.

### **Reporting the current status and progress**

Mr. Jehan Amarathunga (Director), Mr. Aminda M. Perera (Director) and Mr. T.D. Anton Hemantha (Director) were summoned before the Committee on 04.10.2013 and were asked to make an oral submission of the reasons for not appearing before the Committee on 22<sup>nd</sup> September 2016.

Mr. Filisian Perera (Director) had apologized to the Committee for not being able to be present before the Committee.

#### **02. Incurring losses during the period of 2013-2015**

The Investment made in the Associated Company of People's Merchant Bank had been increased exceeding 50% of the ownership of the shares in it in the form an investment made in a subsidiary company.

## Profits/ Losses of People's Merchant Bank

Year	2011	2012	2013	2014	2015
Profits/(Losses) Rs.(Millions)	(202.5)	92.7	(90.9)	(222.3)	(297.1)*

\*Unaudited

## Shares Held by People's Bank

Year	2011	2012	2013	2014	2015
Number of Ordinary Shares (Millions)	17.6	17.6	17.6	17.6	33.8
Percentage of share Ownership %	26.13	26.13	26.13	26.13	50.15
Cost Rs. (Millions)	263.1	263.1	263.1	263.1	619.8

The Chairman stated that the Board of Directors had taken a decision regarding this transaction.

### **Recommendations**

To send a detailed report in regard to these transactions along with the decisions of the Boards of Directors of both institutions within two weeks.

### **Reporting the current status and progress**

A report which includes the main reason for taking the aforesaid decision along with a report dated 25.10.2016, which indicates the progress of People's Merchant Bank subsequent to the implementation of the relevant decision, have been submitted.(Annexure 22)

03. **Non-performing loans – Kandy City Center**

An overdraft facility of 245 million rupees and a long term loan facility of 150 million rupees were granted to a customer for a construction named Kandy City Center on 30<sup>th</sup> January 2009 and 27<sup>th</sup> January 2009 respectively. However these loans were classified as non-performing loans after 3 months since in April 2009, they were granted.

Though the customer agreed the loan in installments of 1 million rupees per month, it was decided to offset the loan against the monthly rent to be paid on behalf the People's Bank branch housed in Kandy City Center. However even if the customer repaid the loan in monthly installments of 1 million rupees each the bank would have to wait for 62 years to recover the outstanding amount.

The Chairman stated that several such unsystematic transactions had been done.

**Recommendations**

The following directives were given by the Committee.

- i. Adopting a more systematic legal process to grant loans.
- ii. Taking disciplinary action against the officials who dealt with this loan facility.
- iii. Sending the details of the Board of Directors which gave approval to this loan facility.
- iv. Taking action to recover the loan and keeping Committee informed of such action taken in that regard.

**Reporting the current status and progress**

It has been reported through the letter dated 14.12.2016 that following action was taken in regard to the aforesaid recommendations.

**Regarding recommendation (I)**

- That action is being taken in that manner.

### **Regarding recommendation (II)**

- It has been informed that approval is given to loan facilities by the Board Executive Credit Committee, which is appointed from time to time, and there is no reason to take disciplinary action against them.

### **Regarding recommendation (III)**

- Details of the Board of Directors which gave approval to the loan facility have been sent to the Committee.

### **Regarding recommendation (IV)**

- Twenty million rupees out of the loan amount of 245 million rupees has been settled by now and it was agreed to repay 300,000 US dollars before 15.12.2013.
- The loan Mount and the interest have been collected out of the rent to be paid to Kandy City Center on a ratio of 50:50 and 3 million rupees had been collected out of the loan amount by 06.12.2016.
- It has been reported to the Committee that a case filed under the number HC/571/2015 and the said case is to be resolved on an expert decision as the defendants did not appear in courts when the case was called on 01.12.2016.

#### **04. The loan facility granted by the Ja-ela Bank branch.**

The Ja-ela Bank branch had granted three loan facilities and three overdraft facilities to a customer, his spouse and an enterprise and subsequently these loans were categorized as non-performing loans.

- At the date of 12.11.2013, the outstanding balance of 619,867,345/- rupees of the 03 overdraft facilities to and one loan facility could not be recovered.
- At the date of 12.11.2013, The outstanding balance of the three temporary overdraft facilities which had been granted without obtaining proper approval was 494,008,559/- rupees.

The Chairman stated that legal action has been taken to recover more than 60% of the aforesaid loans which had been granted in an unsystematic

manner and discussions are being held in regard to the remaining portion of the loans.

### **Recommendations**

Sending separate reports to the Committee in regard to the loans which had been granted in an unsystematic manner.

### **Reporting the current status and progress**

It has been reported that the aforesaid three loan facilities and three overdraft facilities had been granted to Ranasinghe Homes Private Company, Mr. K.R.R.P. Ranasinghe (Director) and Mrs. I.J.S. Fernando (Directress) and the unsettled balance of the aforesaid loans was 197.638 million rupees and the interest to be collected was 503.24 million rupees making the sum total due to the bank 700.878 million rupees at the date of 30.09.2016. (Annexure 23)

Furthermore a detailed report has been submitted to the Committee in regard to each loan facility as was stated in the aforesaid recommendations.

#### **05. Loans that have been written off**

An amount of 260 million obtained as loans (34 loan facilities of 213 million rupees and a temporary overdraft of 47 million rupees) by a customer has been written off in the year 2011 and the amount that was written off is 51% of the total amount of loans that was written off by the bank in that year.

The non-performing loans that have been written off during the period from the year 2011 up to 2015 are mentioned below.

<b>Details</b>	<b>2011 (Rs.)</b>	<b>2012 (Rs.)</b>	<b>2013 (Rs.)</b>	<b>2014 (Rs.)</b>	<b>2015 (Rs.)</b>
Non-performing loans that have been written off	508,749,433	230,327,732	67,739,825	24,831,327	42,349,646

## **Recommendations**

The secretary to the Ministry and the Chairman should pay their attention to this matter.

## **Reporting the current status and progress**

It has been reported to the Committee in detail that the loan facility mentioned above had been granted to the Onreel Private Company which belonged to Hayleys Group of Companies and the total irregular loan balance of it was 263.85 million rupees as at 27.06.2007.

Furthermore it has been reported that the company executed only the second and third mortgages of the property concerned with People's Bank and due to the fact that the DFCC Bank which owned the first mortgage auctioned the said property and recovered their loan People's Bank has not been able to recover this loan on that property. It has also been reported that other means of recovering the loan was sought and failing to recover the loan even through it the loan was written off on 04.10.2011 as there was no recourse available. (Annexure 24)

### **06. Construction works worth 1,964 million rupees**

The peoples leasing property Development Company, a sub – subsidiary company of People's bank that was established through Peoples leasing finance company has made 13 construction works worth 1,964 million rupees in which it has made an unusual payment of 11,000/- rupees per square foot, exceeding the ordinary payment of 6,000/- per square feet and it has not even followed the procumbent process and has not prepared Bills of Quantities

The chairman has stated that a decision has been taken not to aware construction contracts to this company at the moment and to carry out construction works by People's Bank itself.

## **Recommendations**

Sending a report in this regard within a month

## **Reporting the current status and progress**

The chairman of people's bank has submitted a report in this regard on 11.11.2016 and has reported the following matters to the Committee through it.

- i. Bank had to carry out the construction work of the branches of the bank through a sub-subsidiary of the bank named People's Leasing property Development Company Ltd due to several reasons which included the facts that the capital adequacy of the bank remained at a lower level than the required level, construction works were not commenced in the lands which had been purchased for business purposes a long time ago due to the unfavourable liquidity situation that the bank faced then, the engineering Services Department of the Bank did not have a duly qualified staff.
- ii. Given the higher quality and performance of the construction work undertaken by People's Leasing Property Development Company Ltd, the relevant prices are on par with market prices of the construction works of the same standard.

Furthermore it has been reported that due to the fact that the capital adequacy and the liquidity of the bank have increased by now the bank has taken decision to undertake the construction projects by the bank itself and a duly qualified staff has been recruited for it.

### **07. Digitalization of banking**

The committee inquired about the problems related to the digitalization of banking

The chairman stated that any decision has not been taken and any agreement has not been made in this regard and an independent report has been sought from the University of Moratuwa to get the problems that arose in the discussion held with the Board of Ministers resolved and once the aforesaid report is received this matter will be discussed with the Board of Directors again

## **Recommendations**

- i. Submitting a comprehensive report of any recommendation made in the corporate plan of 2012-2020 in regard to digitalization, to the committee within 3 weeks
- ii. Submitting the relevant documents of the decision of Silverlake company to the effect that digitalization should be done, to the committee within 3 weeks.
- iii. Obtaining a separate report from the Auditor General within a month.

## **Reporting the current status and progress**

Reports requested under the aforesaid recommendation no 1 and recommendation no 2 were submitted on 03.11.2016. The following documents were also submitted along with the aforesaid documents.

- i. Extract from the corporate plan of People's Bank for the period 2016-2020, which indicate the necessity of the digitalization of banking
- ii. The internal documents related to the digitalization of the existing systematically important banking system (SIBS) of the bank.

The Auditor General's report in this regard, is due to receive.

**Annexure 22**

සභාපති කායනීලය  
 தலைவர் அலுவலகம்  
 Chairman's Office



මහජන බැංකුව  
 மக்கள் வங்கி  
 PEOPLE'S BANK

2016.10..25

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පොදු ව්‍යාපාර පිළිබඳ කාරක සභාවේ නිර්දේශ - මහජන බැංකුව

ඉහත කරුණ සම්බන්ධයෙන් මම විසින් 2016.10.11 දිනැතිව රාජ්‍ය ව්‍යවසාය සංවර්ධන අමාත්‍යාංශයේ ලේකම්තුමා වෙත යවා ඇති අංක. cope/8/1/2016 දරණ ලිපිය හා සම්බන්ධවයි.

එම ලිපියෙහි අංක.03 යටතේ දක්වා ඇති කරුණට අදාළ සම්පූර්ණ වාර්තාව මේ සමඟ එවා ඇති බව කාරුණිකව දන්වමු.

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|---------------------------|---|--------------------------------------|
| 1. ලේකම්                  | - | රාජ්‍ය ව්‍යවසාය සංවර්ධන අමාත්‍යාංශය. |
| 2. අධිරේක අධ්‍යක්ෂ ජනරාල් | - | රාජ්‍ය ව්‍යාපාර දෙපාර්තමේන්තුව.      |
| 3. විගණකාධිපති            | - | විගණකාධිපති දෙපාර්තමේන්තුව           |

නො. 75, ශ්‍රීමත් චන්ද්‍රමූලති පී, හාචිකර මාවත, කොළඹ 02, ශ්‍රී ලංකාව.

இல. 75, சேர் சிற்றம்பலம் ஏ. காடிசாமி மரலதகை, செரமுப்பு 02, இலங்கை. / No. 75, SIR CHITTAMPALAM A GARDINER MW, COLOMBO 02. SRI LANKA

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03. 2013-2015 කාලය තුළ අලාභ ලැබීම

2013-2015 කාලය තුළ දිගින් දිගටම අලාභ ලබමින් සිටියදී පර්යාලිත සමාගමක ආයෝජනයක් දක්වා වැඩි කරමින්, කොටස් ගිමිකමේ ප්‍රතිශතය 50% ඉක්මවමින් පිපල්ස් මර්චන්ට් බැංකු සමාගම සමඟ ආයෝජනයක් කර තිබීම,

මේ ගනුදෙනුව සම්බන්ධයෙන් අධ්‍යක්ෂ මණ්ඩල තීරණයක් ගෙන ඇති බව ප්‍ර.ග.නී ප්‍රකාශ කිරීම.

පිළිතුර :-

පිපල්ස් මර්චන්ට් ෆිනෑන්ස් :-

පිපල්ස් මර්චන්ට් සමාගමේ කොටස් ගිමි කාර්තවයෙන් 50.16% ක් අත්පත් කර ගෙන ඇති මහජන බැංකුව එම සමාගමේ ප්‍රධාන කොටස් ගිමිකාර්තවය ලබා ගෙන ඇත. (කොටස් රු. 33,856,246 ක් )

එම කොටස් ගිමිකාර්තවයක් සමඟ පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගම මහජන බැංකුවේ පර්යාලිත සමාගමක් බවට පත්විය. පසුගිය වසර කිහිපය පුරාම පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගම අලාභදායක තත්ත්වයක් වාර්තා කර ඇති හෙයින්, එම තත්ත්වය දිගින් දිගටම පැවතුනහොත් එය එම සමාගමේ ඉදිරි ව්‍යාපාරික කටයුතු කෙරෙහි ඉතා අවදානම තත්ත්වයක් ඇතිවන බවට මහජන බැංකුව අවබෝධ කර ගන්නා ලදී. එසේම පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගමේ මූල්‍ය වාර්තා ( 2012/2013 සහ 2013/2014) පිළිබඳව සිදුකරන ලද විගණනයේදී තත්වාගණන මතයක් විගණක විසින් ඉදිරිපත් කොට ඇත. එම තත්ත්වයන් අනුව මහජන බැංකුවට පහත සඳහන් චිකල්පයන් දෙක කෙරෙහි අවධානය යොමු කිරීමට සිදුවිය.

- (අ) මහජන බැංකුව සතු අයිතිය සම්පූර්ණයෙන් විකිණීම.
- (ආ) පිපල්ස් මර්චන්ට් ෆිනෑන්ස් ආයතනයේ සම්පූර්ණ පාලනය මහජන බැංකුව සතු කර ගනිමින් ඇති වී ඇති මූල්‍ය අර්බුදයට විසඳුම් සෙවීම.

ඉහත සඳහන් චිකල්ප දෙක අතරින් මහජන බැංකුවට පළමු චිකල්පය (අ) තෝරාගත නොහැක. එයට හේතු වන්නේ,

- 1) මහජන බැංකුව සතු පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගමේ කොටස් විකුණා දැමීමට තීරණය කළහොත්, එම ආයතනය බුන්වත්වීම නොවැලැක්විය හැකි අතර, එය තැන්පත්කරුවන් හට සෘජුවම බලපාන අතර අවසානයේ එය ජාතික ප්‍රදේශයක් බවටද පත්විය හැකිවීම.
- 2) පිපල්ස් මර්චන්ට් ෆිනෑන්ස් ආයතනය බුන්වත් වුවහොත් එය මහජන බැංකුව හා සම්බන්ධ සමාගමක් හෙයින් එය මහජන බැංකුවේ කීර්තිනාමයට හා සන්නම් නාමයට සෘජුවම බලපෑ හැකිවීම.

ඉහත සඳහන් කරුණු සැලකිල්ලට ගනිමින් මහජන බැංකු අධ්‍යක්ෂක මණ්ඩලය විසින් පිපල්ස් මර්චන්ට් සිතුවක් ආයතනයේ ආයෝජනය ඉහළ දැමීමට තීරණය කරන ලද්දේ එම ආයතනයේ පාලන බලය ලබා ගැනීමට හැකිවන පරිද්දෙනි.

එසේම ශ්‍රී ලංකා මහ බැංකුව විසින් නිකුත් කරන ලද 2015 මැයි 26 වැනි දින ලිපියෙන් පිපල්ස් මර්චන්ට් සිතුවක් සමාගමේ කළමනාකරණ නියෝජිතත්වය පිපල්ස් ලිපි සිතුවක් සමාගම වෙත පවරා දෙන ලදී.

පිපල්ස් ලිපි සිතුවක් සමාගම මහජන බැංකුවේ පරිපාලිත සමාගමක් වන අතර එහි කොටස් ප්‍රාග්ධනයෙන් 75% ක අයිතියක් මහජන බැංකුව සතු වේ. වර්තමානයේ පිපල්ස් මර්චන්ට් සිතුවක් ආයතනය පිපල්ස් ලිපි සිතුවක් ආයතනය මගින් කළමනාකරණය වන අතර, එම කළමනාකරණ තීරණයන්ට අනුව පිපල්ස් මර්චන්ට් සිතුවක් සමාගමට අයවිය යුතුව තිබූ ණය නැවත අය කර ගැනීමට විධිමත් ක්‍රියා මාර්ග ගෙන ඇති අතර, මූල්‍ය වාර්තා පිළිබඳ සත්‍ය හා සාධාරණ මතයක් විගණකයින් වෙතින් ලබා ගැනීමටද සහ අනෙකුත් ව්‍යාපාරික ක්‍රියාකාරකම් වැඩිකර ගැනීමටද කටයුතු කර ඇත. එසේම පිපල්ස් මර්චන්ට් සිතුවක් ආයතනයේ කළමනාකාරිත්වය විසින් එම ආයතනය පිපල්ස් ලිපි සිතුවක් සමාගම සමග ඒකාබද්ධ කිරීමට 2016 ජූලි 08 වන දින අධ්‍යක්ෂක මණ්ඩල තීරණයක් ගෙන ඇති අතර ඒ සඳහා නියමිත අනුමැතිය ලබා ගැනීමටද ඔවුන් බලාපොරොත්තුවේ.

පිපල්ස් මර්චන්ට් සිතුවක් සමාගමේ මූල්‍ය වර්තාවල පසුගිය වසරවල සාරාංශයන් මේ සමග ඉදිරිපත් කරමු.

(රු. '000)

	2016/2015	2015/2014	2014/2013	2013/2012	2012/2011	2011/2010	2010/2009
මෙහෙයුම් ප්‍රථිඵල							
ආදායම්	381,358	664,827	757,861	661,236	505,096	586,830	543,749
පොලී ආදායම	377,193	659,707	750,661	640,259	492,823	550,215	501,796
පොලී වියදම්	281,622	475,897	591,995	425,598	301,641	383,609	387,053
බදු ලාභ/අලාභ	(129,895)	(308,354)	(184,419)	(89,740)	106,245	(215,320)	(14,286)
අද්වර්ගීකරණ සඳහා ලාභ/අලාභ	(86,874)	(337,486)	(222,355)	(90,894)	92,740	(202,500)	(20,409)
ප්‍රාග්ධනය	609,348	642,894	1,051,032	1,268,155	893,551	470,553	673,653
කොටස් වත්කර							
ශුද්ධ වත්කම් (එක කොටසක)	9.03	9.52	15.57	18.79	13.24	12.28	17.70
ආදායම් (එක කොටසක)	(1.29)	(5.00)	(3.29)	(1.35)	1.88	(5.42)	(0.66)
වෙළඳපොල අගය (එක කොටසක)	12.00	23.90	16.90	13.50	12.90	(23.50)	23.50

ඉහත සඳහන් වගුවට අනුව පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගමේ අලාභදායී තත්ත්වය 2015/2016 වසර තුළ අඩු කිරීමට පිපල්ස් ලීසිං සමාගමේ කළමනාකාරීත්වය සමත්වී ඇති බව පෙන්වුම් කෙරේ.

- \* මහජන බැංකුව විසින් පිපල්ස් මර්චන්ට් ෆිනෑන්ස් සමාගමේ පාලන බලය ලබා ගැනීම සඳහා කොටස් වල ආයෝජනය කිරීමේදී එම කොටසක අතිවාර්ය අර්පණ මිල රු.22/- ක් ලෙස තීරණය වී තිබුණි.
- \* කොටසක වර්තමාන වෙළඳපොල අගය රු.20.50 (2016.10.24 දිනට)

**Annexure 23**

- සාකච්ඡාවට භාජනය කරන ලද 12 වන කරුණට අදාළ මහජන බැංකුවේ ප්‍රතිවාරය මහජන බැංකුවේ ජා-ඇල ශාඛාවෙන් ලබාදී ඇති ණය මුදල් ප්‍රතිවාරය :-

මෙම කරුණට අදාළ ගනුදෙනුකරු වන රණසිංහ හෝමිස් (පුද්.) සමාගම ජා-ඇල තරය කේන්ද්‍ර කරගනිමින් දේපල වෙළඳාම් කටයුතු සිදු කරන අතර, ඉඩම් මිලදී ගැනීම, විකිණීම හා නිවාස යෝජනා ක්‍රම ක්‍රියාත්මක කිරීම ඔවුන් විසින් සිදු කරනු ලබන ව්‍යාපාරික කටයුතු වේ. එම කටයුතු සඳහා රණසිංහ හෝමිස් ආයතනයට හා එහි අධ්‍යක්ෂක වරුන් වන කේ.ආර්.ආර්.පී. රණසිංහ හා අයි.ජේ.එස්.ප්‍රනාන්දු යන අය හට ජා-ඇල ශාඛාව විසින් ව්‍යාපෘති ණය මුදලක්, ඇපකර පහසුකම් 2ක්, ස්ථිර අයිතවක් හා තාවකාලික අයිත 02ක් ද ඇතුළුව පහසුකම් 6ක් ප්‍රදානය කොට ඇත.

ඔවුන්ගේ ව්‍යාපාරික කටයුතු වල සිදු වූ පසුබෑම මත පිලිවෙලින් 2008 හා 2009 වර්ෂවල පහසුකම් සියල්ල අක්‍රමික තත්වයට පත්ව ඇත. මේ වනවිට එම පහසුකම් වෙනුවෙන් සුරැකුම් ලෙස ලබා ගෙන ඇති දේපල කිහිපයක් උපලබ්ධි කොට අක්‍රමික පහසුකම් 02ක් සම්පූර්ණ වශයෙන් ද තවත් පහසුකම් 02ක් අර්ධ වශයෙන් ද පියවා ගෙන ඇති අතර, තවදුරටත් සුරැකුම් දේපල උපලබ්ධි කිරීමට අදාළ කටයුතු සිදු වෙමින් පවතී. සුරැකුම් රහිත තාවකාලික අයිත 02 සඳහා නීතිමය කටයුතු 2012 වසරේ අරඹා මේ වනවිට කොළඹ වාණිජ මහාචාර්යවරුන්ගේ 02ක් ක්‍රියාත්මක වෙමින් පවතී.

ණයකාර පාර්ශවය වෙත ප්‍රදානිත ඉහත සඳහන් පහසුකම් හයට අදාළව 2016.09.30 දිනට තත්වය පිළිබඳ වාර්තාවක් පහත දැක්වේ.

පහසුකම් අංකය	පහසුකම් ස්වභාවය, ප්‍රදානිත දිනය හා පොලී අනුපාතිකය	ප්‍රදානිත මුදල	අක්‍රමික මාරු කල		2016.09.30 දිනට තත්වය		රු.මි.	
			දිනය	මුදල	තොර්ණවූම ශේෂය	අයවිය යුතු පොලිය	මූලික මුදලට	පොලියට
<b>රණසිංහ හෝමිස් (පුද්.) සමාගම</b>								
01.	ව්‍යාපෘති ණය 2008.07.28 21%	60.00	2009.08.28	60.00	00.118*	66.42	59.88*	12.70
02.	තාවකාලික අයිත පහසුකම 2008.09.05 24%	95.80	2008.12.07	96.29	93.71	200.87	2.58	2.94
<b>උප එකතුව</b>		<b>155.80</b>		<b>156.29</b>	<b>93.828</b>	<b>267.29</b>	<b>62.46</b>	<b>15.64</b>
<b>කේ.ආර්.ආර්.පී. රණසිංහ මහා(අධ්‍යක්ෂක)</b>								
03.	ස්ථිර අයිත පහසුකම 2007.08.14 20%	30.00	2009.07.27	30.97	21.49	60.08	9.48	10.57
04.	ඇපකර පහසුකම 2005.01.20 19%	5.00	2009.09.03	4.00	බැංකුව විසින් සුරැකුම් දේපල උපලබ්ධි කර 2014.03.31 දින ණය මුදල් පොලිය ද සමඟ පියවා ගෙන ඇත.		4.00	2.58
05.	ඇපකර පහසුකම 2005.08.15 19%	7.50	2009.05.04	1.30			1.30	00.55
<b>උප එකතුව</b>		<b>42.50</b>		<b>36.27</b>	<b>21.49</b>	<b>60.08</b>	<b>14.78</b>	<b>13.70</b>
<b>අයි.ජේ.එස්. ප්‍රනාන්දු මිය (අධ්‍යක්ෂක)</b>								
06.	සුරැකුම් රහිත තාවකාලික අයිතව 2008.09.30 24%	82.32	2008.12.29	82.32	82.32	175.87	--	2.87
<b>උප එකතුව</b>		<b>82.32</b>		<b>82.32</b>	<b>82.32</b>	<b>175.87</b>	<b>--</b>	<b>2.87</b>
<b>මුළු එකතුව</b>		<b>280.62</b>		<b>274.88</b>	<b>197.638</b>	<b>503.24</b>	<b>77.24</b>	<b>32.21</b>

- මෙම පහසුකම් වෙනුවෙන් ණය අලුත වෙන්කිරීම් ප්‍රතිසාධනය මගින් රු.මි.23.79ක් මූලික මුදල වෙනුවෙන් අයකර ගෙන ඇති අතර, සුරැකුම් දේපල උපලබ්ධි කිරීම මගින් රු.මි.36.09ක මුදලක් අයකර ගෙන ඇත. ඒ අනුව ණය මුදලේ තොර්ණවූම ශේෂය රු.මි.0.118 දක්වා අඩු වී ඇත. (BECC No. 255/2014)

**Annexure 24**

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- සාකච්චාවට භාජනය කරන ලද 13 වන කරුණට අදාළ මහජන බැංකුවේ ප්‍රතිචාරය

2011 වර්ෂයේදී එක් ගනුදෙනුකරුවෙකුගේ රු.මි.260.0ක ණය මුදලක් කපා හැරීම සහ එසේ කපා හැර ණය ප්‍රමාණය එම වර්ෂයේදී බැංකුව කපා හැර මුළු ණය ප්‍රමාණයෙන් 51%ක් විය.

2011 වර්ෂයේදී රු.මි.260.00ක ණය මුදලක් ආයතනික බැංකු අංශය විසින් කපාහැර ඇති අතර, එය එම වර්ෂයේදී බැංකුව කපාහැර මුළු ණය ප්‍රමාණයෙන් 51%ක් විය. මීට අදාළ ගනුදෙනුකරු වනුයේ, ඔන්රිල් (පුද්.) සමාගම වේ. (Onril Pvt Ltd)

ඔන්රිල් (පුද්.) සමාගම එවකට හේලිස් සමූහ ව්‍යාපාරයට අයත්ව තිබූ අතර, 2005.03.14 වන දින අංක.N(PVS) 40838 යටතේ සංස්ථාපනය කර ඇත. එය ආයෝජන මණ්ඩලයේ හවුල් ව්‍යාපෘතියක් (Joint Venture) වූ අතර, හේලිස් සමූහ ව්‍යාපාරයට අයත් සීමාසහිත රයිලිස් සමාගම හා O&N SPA ඉතාලි සමාගම එහි කොටස්කරුවන් වූ අතර, අනුපිළිවෙලින් 49%ට 51%ක් කොටස් හිමිකාරත්වය දරන ලදී. එමෙන්ම ඉතාලියේ පිහිටි BLUE SRL සමාගම O&N SPA ඉතාලි සමාගමේ මව් සමාගම විය.

ඔන්රිල් පුද්ගලික සමාගම කොහු හා රබර් ආශ්‍රිත පාපිසි බුමුතුරුණු ඇතුළු ගාණේ නිෂ්පාදනය කොට අපනයනය කරන ලද අතර, 2005 වර්ෂයේදී මහජන බැංකුව සමඟ ගනුදෙනු ආරම්භ කොට ඇත. මෙම සමාගම වෙත රු.මි.80.0ක තොග ණය මුදලක්ද රු.මි.60.0ක වෙළඳ ණය පහසුකම්ද, රු.මි.20.0ක අයිතා පහසුකමක්ද ආරම්භයේදී ප්‍රදානය කොට ඇත.

2005.11.12 දින අධ්‍යක්ෂ මණ්ඩල ණය කමිටු පත්‍රිකා අංක.641/2005 අනුව අනුමත කරන ලද ණය සීමාවන් පහත පරිදි වේ.

පහසුකම් අංක	පහසුකමේ ස්වභාවය	හිඟ ගෙණය 2005.09.30 දිනට	යෝජන සීමාව	වැරදික පොලී/කොමිස්	සුරැකුම්
01.	තොග ණය (වසර 5කට)	--	80.00	12% (වැරදික)	පොරොන්දු නොවුවුව, ණය අයදුම් පත, දේපල සඳහා ද්විතීක උක්‍ය (ප්‍රාථමික උක්‍ය DFCC බැංකුව)
02.	ණයවර ලිපි (සුදුවන)	--	60.00	0.125% (කාර්තුවකට)	අපනයන ගාණේ කට්ටලය සහ සමාගමේ ගාහි රක්ෂණ ලිපිය.
03.	පුර්ව අපනයන (උප ණය)	15.00	(60.00)	11.75% (වැරදික)	පොරොන්දු නොවුවුව, ණය අයදුම් පත, දේපල සඳහා ද්විතීක උක්‍ය (ප්‍රාථමික උක්‍ය DFCC බැංකුව)
04.	ගනුදෙනු කළ හැකි / මිලට ගත් විදේශීය බිල්පත් (උප ණය)	--	(60.00)	0.125% (බිලකට) අවමය රු.1500/-, උපරිමය රු.3500/-	පොරොන්දු නොවුවුව, දේපල සඳහා ද්විතීක උක්‍ය, අපනයන ලියවිලි සඳහා ලියාම.
05.	ස්ථිර අයිතා (උප ණය)	--	(20.00)	11.75%	පොරොන්දු නොවුවුව, දේපල සඳහා ද්විතීක උක්‍ය
සාස්‍ර පහසුකම් එකතුව :-		15.00	140.00		
වගු පහසුකම් එකතුව :-		--	60.00		
මුළු එකතුව :-		15.00	140.00		

ඉන් පසුව 2006.05.24 දින අධ්‍යක්ෂ මණ්ඩල ණය කමිටු පත්‍රිකා අංක.300/2006 අනුව පහත සඳහන් ලෙස පහසුකම් ප්‍රමාණය රු.මි.250.00 දක්වා වැඩිකර ඇත.

රු.මි.

පහසුකම් අංක	පහසුකමේ සටහනාවය	අනුමත සීමාව	හිඟ ශේෂය 2005.09.30 දිනට	යෝජිත සීමාව	කොමිස්	සූරැකුම්
01.	ණයවර ලිපි (දුටුටක)	60.00	4.30	140.00	0.125% (කාර්තුටකට)	අපනයන හාණ්ඩ ලේඛන කට්ටලය සහ සමාගම් හානි රක්ෂණ ලිපිය.
02.	ණයවර ලිපි (හානිතිස) උප ණය	--	42.10	(140.00)	0.125% (කාර්තුටකට)	අපනයන හාණ්ඩ ලේඛන කට්ටලය සහ සමාගම් හානි රක්ෂණ ලිපිය.
03.	ප්‍රතිග්‍රහණ	--	48.50	(140.00)	0.125% (කාර්තුටකට)	දේපල සඳහා ද්විතික උකස්(ප්‍රාථමික උකස් රු.මි.200.00 DFCC බැංකුව) පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
04.	පුර්ව අපනයන උපණය	(60.00) හෝ ඇ.ඩො.සමාන මුදලක්	20.00	(140.00)	12% (වාර්ෂික)	දේපල සඳහා ද්විතික උකස්, පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
05.	ගනුදෙනු කල හැකි / මිලට ගත් විදේශීය බිල්පත් (උප ණය)	ගනුදෙනු කල හැකි / මිලට ගත් විදේශීය බිල්පත් (උප ණය)	--	(140.00)	0.125% (බලකට අවමය රු.1500/-, උපරිමය රු.3500/-)	දේපල සඳහා ද්විතික උකස්, පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
06.	බැංකු ඇපකර	--	3.60	(10.00)	0.25% (කාර්තුටකට)	දේපල සඳහා ද්විතික උකස්, පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
07.	නොග ණය	80.00	70.00	70.00	12% (වාර්ෂික)	දේපල සඳහා ද්විතික උකස්, පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
08.	ස්ථිර අයිත	(20.00)	19.50	40.00	12% (වාර්ෂික)	දේපල සඳහා ද්විතික උකස්, පොරොන්දු නොවිටුව සහ අපනයන ලියවිලි සඳහා ලියම
සෘජු පහසුකම් එකතුව :-		140.00	158.00	250.00		
වක්‍ර පහසුකම් එකතුව :-		60.00	50.00	140.00		
මුළු එකතුව :-		140.00	208.00	250.00		

පසුව වරින් වර මෙම සමාගම වෙත ප්‍රදානිත පහසුකම් වැඩි කර ඇති අතර, 2006.09.06 දින අධ්‍යක්ෂ මණ්ඩල ණය කමිටු පත්‍රිකා අංක.527/2006 යටතේ තාවකාලිකව රු.මි.60.00ක වෙළඳ ණය මුදලක් ද අනුමත කර ඇත.

කෙසේ වුවද ගනුදෙනුකරු විසින් ගෙවීම් පැහැර හැරීම් නිසා 2007 මාර්තු මස සිට පහසුකම් අක්‍රමික ගණයට පත්ව ඇති අතර, 2007.06.27 දිනට මුළු අක්‍රමික ශේෂය රු.මි.263.85ක් විය.

තවද, 2006.12.08 දින සී/ස. රයිලිය සමාගම බැංකුව වෙත ලියාපදිංචි කිරීමේ කෙටුම්පත් ගිණුමේ සමුඛ ව්‍යාපාරය තවදුරටත් ඔන්රිල් පුද්ගලික සමාගමේ මූල්‍ය කලමනාකරණය සම්බන්ධ කටයුතු සිදු නොකරන බව දන්වා ඇත. කලමනාකාරීත්වයේ සිදු වූ අර්බුද හේතුවෙන් ව්‍යාපාරික කටයුතු ඇතහිටි අතර, බැංකු පහසුකම් සේවා කිරීම අවසන් විය. අනුමත පහසුකම් අයකර ගැනීමට බැංකුව නෛතික ක්‍රියාමාර්ගයන්ට එළඹෙන ලදී.

BLUE SRL ආයතනය ප්‍රමුඛ කොටස් හිමිකාරත්වය දැරූ බැවින් ද, මූල්‍ය නිෂ්පාදන හා ප්‍රවර්ධන කටයුතු ඔවුන් හාරයේ පැවති බැවින් ද, BLUE SRL ආයතනයේ පරිපාලන අනුමතය හේතුවෙන් මෙම තත්ත්වය උද්ගත වූ බව ප්‍රකාශ කරමින් රයිලිය සමාගම ණය ආපසු ගෙවීම ප්‍රතික්ෂේප කළ අතර, ඔන්රිල් සමාගමට විරුද්ධව සී/ස. රයිලිය සමාගම විසින් 2007.01.30 දින වාණිජ අධිකරණයේ අංක.HC(Civil) 02/2007/CO යටතේ නඩු පවරා ඇත. එසේම සී/ස. රයිලිය සමාගමේ අධ්‍යක්ෂ මණ්ඩලය 2007.03.30 දින ඉල්ලා අස්වී ඇත.

සුරැකුම් උපලබ්ධි කොට ණය අයකර ගැනීම සඳහා 2007.06.22 දින අධ්‍යක්ෂ මණ්ඩලය අනුමැතිය ලබා ගෙන ඇති අතර, වෙන්දේසි යෝජනාව 2007.08.08 දින ප්‍රවර්ධනවල ප්‍රසිද්ධ කරන ලදී. එහෙත් ප්‍රාථමික උකස් හිමි DFCC බැංකුව විසින් අදාළ දේපල 2009.03.03 වන දින වෙන්දේසි කර ඇති අතර, අවම ලත්සුව වූ රු.මි.563.0ක අගය සඳහා මහජන බැංකුවේ ණය ශේෂයද අපගේ ඉල්ලීම පරිදි ඔවුන් විසින් ඇතුළත් කෙරුණි. වෙන්දේසියේදී සාර්ථක ගැනුම්කරුවෙකු නොවීම නිසා දේපල එම බැංකුවට පවරා ගෙන ඇත. පසුව DFCC බැංකුව විසින් මෙම දේපල රු.මි.185.00කට Volanka Pvt Ltd (සී/ස. හේලිය පුද්ගලික සමාගමේ උප සමාගමකි.) වෙත විකුණා ඔවුන්ට අයවිය යුතු ණය මුදලින් කොටසක් පියවා ගෙන ඇත.

එබැවින් අප මහජන බැංකුවට දේපල උකසට එරෙහිව ප්‍රදාහිත ණය මුදල් පියවා ගැනීමට නොහැකි විය. දේපල උකස මත ප්‍රදාහිත ණය හැර අනෙකුත් ණය අයකිරීම සඳහා බැංකුව විසින් පහත සඳහන් නඩු ගොනු කර ඇත.

1. HC Civil 319/2008 MR
2. HC Civil 322/2008 MR
3. HC Civil 320/2008 MR
4. 5182/2008 DMR
5. HC Civil 476/2008 MR
6. HC Civil 731/2009

ඉහත ගොනු කරන ලද නඩු සඳහා ඔන්රිල් සමාගමේ අධ්‍යක්ෂකවරයෙකු හෝ වෙනත් කිසිවෙකු සහගති නොවූ අතර, ඒකාපාරිකව තීන්දුව බැංකුවේ වාසියට ලැබිණි. එහෙත් ඒ වනවිට එම සමාගම වසා දමා තිබූ අතර, ණය අයකර ගැනීම සඳහා අප හට කිසිදු දේපලයක් නොමැති බැවින් 2011.10.04 දින අධ්‍යක්ෂ මණ්ඩලය පත්‍රිකා අංක.421/2011 අනුව ඉහත ණය කපා හැරීම සඳහා අවසර ලබා දී ඇත.

වෙනත් කරුණු :-

මෙම සමාගම විසින් මහජන බැංකුව සඳහා උකසට ලබා ගෙන ඇත්තේ දේපලෙහි ද්විතීක හා තෘතීක උකස් වේ. ප්‍රාථමික උකස සතුව තිබූ DFCC බැංකුව එම දේපල වෙන්දේසි කොට ඔවුන්ගේ ණය මුදල පියවා ගෙන ඇති බැවින්, දේපල මත මෙම ණය මුදල අයකර ගැනීමට මහජන බැංකුව නොහැකි වී ඇත. තවද මෙහි සමාගමේ අධ්‍යක්ෂකවරු සිටි දෙනෙකුම ඉතාලි ජාතිකයන් වන බැවින් ඔවුන්ගේ ව්‍යාපාරය අලාභදායී වීමෙන් පසුව නැවත ඉතාලිය බලා ගොස් ඇත. මෙම ණය අයකර ගැනීමේ ක්‍රියාවලිය සඳහා ජනාධිපති නීතිඥ- එස්. පරිනලියංගම මහතාගේ උපදෙස් බැංකුව විසින් ලබා ගන්නා ලද අතර, 2007 අංක.7 දරණ සමාගම් පනත යටතේ හේලිය පුද්ගලික සමාගමේ අධ්‍යක්ෂකවරුන්ගෙන් මෙම ණය මුදල අයකර ගැනීමට ගැකියාවක් නොමැති බව දන්වා ඇත. එබැවින් සාකච්චා මාර්ගයෙන් හෝ ණය අයකර ගැනීමට අපහසුවී ඇත. මෙම ණය අයකර ගැනීමට වෙනත් කිසිදු මාර්ගයක් නොමැති වීම හේතුවෙන් 2011.10.04 දින අදාළ ණය මුදල් කපා හැරීමට සිදු වී ඇති අතර, එහි වටිනාකම රු.මි.260.00ක් විය.

මෙම ණය මුදල් 2011 වර්ෂයේදී කපාහල ද, බැංකුව විසින් අයකර ගැනීමට ඇති අවස්ථාවන් පිලිබදව සොයා බලමින් සිටී.

## **Sri Lanka Ayurvedic Drugs Corporation**

(Ministry of Health, Nutrition and Indigenous Medicine)

**Date of Examination: 04<sup>th</sup> October 2016**

**07<sup>th</sup> December 2016**

### **Major issues identified**

Sri Lanka Ayurvedic Drugs Corporation was summoned before the committee on two occasions during this period. Facts revealed at the investigation done by the committee on 04<sup>th</sup> October 2016 are as follows.

01. **The Treasury representative who participated at the Director board meeting has been harassed by certain employees of the Corporation**

The committee questioned about the implementation of the recommendations given by the committee in relation to the incident of the treasury representative who has been harassed by certain employees of the Corporation when he participated at the director board meeting on 09.03.2016.

The committee discussed about the report of the examination conducted by the Emergency Raid Unit of the Ministry in this regard and the report issued by the Police with pertinence to this complaint.

The secretary to the Ministry informed that the examination conducted with the support of the Investigation unit under the Ministry of Public Administration too has been initiated.

### **Recommendations**

- i. Sending the report of the examination conducted by the Emergency Raid Unit of the Ministry to the Committee enabling to be distributed among the Members of the Committee.
- ii. Conducting a disciplinary inquiry regarding Mr.kolitha Thushara who is one employee been alleged by the above investigation report since it has been revealed that he is also alleged to have been

threatening the officers including the chairperson of the Corporation

**Reporting the current situation and the progress**

The report dated 12.11.2016 regarding the investigation conducted by the Emergency Raid Unit has been submitted to the committee. It has been recommended to make the subject Minister aware of Mr.Sandaruwan Lankeshwara , Managing director who has been alleged by the above examination report and also to take disciplinary action against Mr.Kolitha Thushara. the officer in charge of the premises.

It has been informed that it was decided to implement the relevant recommendations after receiving the report of the investigation conducted by the investigation division of the Ministry of Public Administration since they are also conducting an investigation as per letter number 01/15/02 *මහලු ව්‍ය* and dated 2016.11.12 of the secretary to the Ministry of Health, Nutrition and Indigenous Medicine.

As per the report dated 22.12.2016 issued in this regard by the Department of Public Enterprises, it has been informed that the recommendations of the investigation conducted by the Emergency Raid Unit of the Ministry have not hitherto been implemented.

02. **The recruitments made outside the conditions mentioned in the approved recruitment procedure after 08.01.2015.**

Several such instances are given below.

- i. Contract basis appointments have been made for 57 various positions during the year 2015 and 41 positions out of that did not belong to the approved cadre. In addition to that officers had been recruited on permanent basis for 03 Assistant Manager positions (Sales Promotion) which was not in the approved cadre .
- ii. Arrangements have not been made to call applications by publishing newspaper advertisements or to conduct structured interviews with regard to making recruitments for most of the positions.

- iii. In the director board meeting held on 20<sup>th</sup> May 2015, it has been decided to recruit an officer for a period of one year from 01.05.2015 to 30.04.2016 without the approval of the Department of Management services for a post of Civil Engineer which did not belong to the approved cadre and to pay a monthly remuneration of Rs.80,000/- and an allowance of Rs.5,000/-. This officer has been selected without calling applications or conducting any written tests or interviews.
- iv. An interview has been conducted in November 2015 for the posts of Quality control manager. An officer without proper qualifications and experience as per the recruitment procedure has been awarded with the highest marks and lesser marks had been given to an officer with relevant qualifications and experience.
- v. There, it was admitted by the Chairperson and the managing director that the recruitments made based on the aforesaid decisions were improper.

### **Recommendations**

- i. To inform the committee on the remedies for the situation created by these improper recruitments and on the recommendations to be given not to repeat this type of recruitments in future.
- ii. To investigate the factors included in the observations made by Auditor General pertaining to the recruitments to all the positions of the institution and to report to the committee
- iii. The committee which recommended that the individuals who have been thus recruited should not be attached to other institutions and ministries, directed that arrangements be made to obtain the approval of the Department of management services for these recruitments.

### **Reporting the current situation and the progress**

It has been reported that the following measures have been taken with pertinence to the above situation.

- i. That measures have been taken to suspend the services of Coordinating Officers ( Project Officers) and to terminate the

appointments of coordinating officers and that no allowance has been paid in the month of June.

- ii. To extend the contract period for a period of 06 months subjected to the approval of vacancies from the Department of Management Services pertaining to the appointments of contract workers.

The report requested under number ii as per the recommendations of the committee has not been submitted to the committee until 25.05.2017.

03. **Conducting a ceremony by the name of Isiwara Osu launch in the year 2015 incurring an expenditure of Rs.7 million as the initial step to introduce 10 new products to the market**

Out of the expenditure borne on this event 71% had been spent on behalf of publicity .Out of the 10 products 01 was new and the other 09 products were old products. It was also revealed that no research had been conducted with regard to the introduction of these products.

The chairperson stated that the objective behind this was to enhance directing production to the private sector.

**Recommendations**

The committee instructed to make arrangements to inquire about the market share of the institution and to increase the sale of products.

To submit c report to the committee within a period of one month including information on the production of each product in the years 2014, 2015 and 2016, prices , amount of sales, ( separately as the amount sold to the public sector and the private sector ) and amount of sale prior and subsequent to introducing as a new production and the particular changes as a percentage.

**Reporting the current situation and the progress**

The information on each of the production, price and the amount of sale for the years 2014,2015 and 2016 have been presented to the committee.

The other information recommended to be submitted by the committee have not been presented even as at 25.05.2017 and it has been informed through letter number 01/15/02 *ප්‍ර.ව්‍ය* and dated 12.11.2016 of the secretary to the Ministry of Health, Nutrition and Indigenous Medicine that the required procurement arrangements are made to conduct a market analysis pertaining to sales activities.

04. **Female officers are addressed impolitely and scolded by the Chairperson.**

The committee paid its special attention towards the complaints made before the committee by the female officers to the effect that they are scolded with obscene words by the Chairperson of the Corporation when they are on duty.

The committee which quoted the cabinet decision dated 20.04.2016, paid attention to the criteria to be based on when appointing Chairperson and members of Director boards for public enterprises.

**Recommendations**

The committee decided to take firm measures in case of receiving similar complaints from female officers and informed the chairperson to see that such things are not repeated .

Similarly, the relevant officers were informed that the particular female officers should not be harassed for the complaints that they have lodged and that if so done, it should be reported to the committee and the Auditor general.

**Reporting the current situation and the progress**

The chairperson of the Sri Lanka Ayurvedic Drugs Corporation has been informed by the secretary to the Ministry of Health, Nutrition and Indigenous Medicine through his letter number 01/05/02-enq/vol.ii and dated 2016.11.07 that this kind of issues should not be repeated in future and also that the institution should be maintained with a proper management process.

This institution was re summoned before the committee on 07<sup>th</sup> December 2016 to inquire about the current progress regarding the implementation of the recommendations given by the committee at the investigation conducted having initially summoned this institution to the committee on 04<sup>th</sup> October 2016 and there, the following matters were revealed .

**Major issues identified**

05. **Releasing Mr.M.J.Marasinghe who served as the General manager of the corporation from his post and appointing a new General manager instead.**

The chairman stated that the director board expressed agreement regarding the release of the former general manager , that a new general manager has been appointed subjected to the approval of the cabinet and that the relevant cabinet memorandum has been drafted by now and also that cabinet approval has not yet been obtained for the aforesaid cabinet paper.

It was revealed that it has been pointed out by the officers of the Department of Public Enterprises that this appointment is illegal since a retired public servant above the age of 60 can not be recruited back to the public service subjected to the covering approval of the cabinet . Here the required cabinet approval has not been obtained for the appointments and appointments can not be given only on the basis of a director board approval.

The committee pointed out that the appointment of the new general manager is not lawful. Similarly, it was also revealed that it has been pointed out by the additional secretary who represented the Ministry in the Director Board meeting that this appointment can not be made.

06. **Calling explanations from the Human Resource Manager and the Internal Auditor**

It was the opinion of the committee that the manner in which the institution has responded in spite of the fact that it has been emphasized that action should not be taken against the officers who made submissions in front of the committee which was held on 04.10.2016 is not the way to abide by

the instructions given by the committee asking all the parties to work together avoiding weaknesses in order to make the institution a better one.

Similarly, the committee paid special attention towards the situation where disciplinary action has not been taken against the officers against whom such action should be taken.

However, the committee appreciated the provision of information for the investigations conducted against this institution by the secretary and the officers of the Ministry of Health, Nutrition and indigenous medicine and also the Endeavour made to put things back to normalcy.

The committee which regretted about the methodologies adopted by the institution, stated that it is also evident that no attempt is made to protect the future existence of the institution.

### **Recommendations**

The committee which stated that it is meaningless to question about this institution since it is evident that the heads of the institution act in a malicious manner regarding the officers who make submissions in front of the Committee, further stated that there is no other alternative than making submissions through a report on the Sri Lanka Ayurvedic Drugs Corporation to Parliament .

- i. The Department of Public Enterprises was directed to provide the committee with a report within a period of two weeks regarding all the activities of the institution during this investigation period.
- ii. Similarly, the Auditor general was also directed to submit the committee with a report of the above nature within two weeks.
- iii. And also, the secretary of COPE was instructed to submit a request to the chairman of The Committee on High Posts of Parliament asking to summon the chairperson of the Institution expeditiously to the committee..

### **Reporting the current situation and the progress**

The Department of Public Enterprises has presented the relevant report dated 22.12.2016 and after the receipt of the report which has been

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requested from the Auditor general in this regard , it has been decided by the committee to submit a report on this institution to Parliament.

Further, the committee has made arrangements to send a written request to the chairman of the Committee on High Posts of Parliament asking to summon the chairperson of the Sri Lanka Ayurvedic Drugs Corporation to the Committee on High Posts of Parliament expeditiously and the chairperson of the Sri Lanka Ayurvedic Drugs Corporation is to be summoned in front of the committee on High Posts of Parliament very soon in near future.

## **National Lotteries Board**

( Ministry of Finance)

**Date of Examination: 05<sup>th</sup> December 2016**

**07<sup>th</sup> February 2016**

### **Major issues identified**

National Lotteries Board was summoned before the committee on two occasions during this period. The following facts were revealed at the investigation conducted on 05<sup>th</sup> December 2016.

01. **At the start of the discussion., the attention of the members was drawn towards the following matters by the chairperson**
  - i. This institution has been summoned before the committee on 22.07.2016 and the major issue discussed on that day was the methodology of printing lotteries.
  - ii. Although the institution has been informed to prepare a proper methodology regarding printing lotteries and to make the committee aware of that, no measure has been taken by the institution in that regard yet.
  - iii. Although a newspaper advertisement calling tenders had been published on 23.07.2016, the committee which met on 22.07.2016 has not been enlightened on that matter.
  - iv. It was informed that the chairperson can not attend COPE due to medical reasons when the institution was informed regarding summoning before COPE, and on several times it has been requested from the Ministry of Finance to issue another date for the committee meeting.
  - v. It has been informed that only the Tender committee, Procurement committee and the General manager should participate since the matters to be discussed on this particular date were regarding the tender related to printing lotteries

The general manager stated that publishing a newspaper advertisement calling tenders on 23.07.2016 could have been an oversight, since it has not been informed in the committee which was held on 22.07.2016. He apologized regarding the matter.

02. **The committee inquired about the following matters.**

- i. Although it has been informed on the committee meeting held on 22.07.2016 to prepare a formal methodology regarding the requirement of a security printing system to print lotteries, the committee has not been enlightened regarding that. And the committee inquired as to why it was not done.

The chairman of the National Lotteries Board stated that a reply has been sent to the Secretary to the ministry in this regard.

The committee expressed its displeasure over not forwarding the said response to the committee.

- ii. The committee inquired as to why the committee was not enlightened on 22.07.2016 regarding the tender notice which was published on 23.07.2016.

The chairman stated that the committee was not enlightened on that since the particular matter was not taken up for discussion on the said day.

This response was not accepted by the committee.

03. **Lottery Printing Tender**

After an extensive discussion the committee made the following recommendations.

**Recommendations**

- i. To send a report to the committee within a period of 2 months after conducting an examination regarding the following matters having appointed a Ministry level independent investigation team.
  - Whether the institution to which the tender for printing lotteries has been given, has fulfilled the necessary requirements;

- Whether activities would be conducted as per the requirements of the board;
  - What would their conduct be during the probationary period?
- ii. To present a report within 02 months informing whether the technical evaluation committee works as per the requirement of the institution based on the technical factors at the institutional level.
  - iii. To present a report to the committee based on financial factors and to conduct a site inspection of machinery used by Tharanji Printers for printing lotteries and to present a report within 2 months regarding the site inspection .

### **Reporting the current situation and the progress**

The relevant report has not been submitted to the committee even as at 25.05.2017.

**This institution was re summoned before the committee on 07<sup>th</sup> February 2017 to inquire the current progress related to the implementations given at the investigation conducted having summoned them before the committee on 05<sup>th</sup> December 2016 and the following facts were revealed there.**

### **Major issues identified**

#### **04. Report of the three member committee**

At the start of the meeting the chairman expressed his displeasure for not providing the report including the observations made by the three member committee appointed by the secretary to the ministry of Finance to investigate about the procurement procedure related to the printing of lotteries by the National Lotteries board, to the members of the committee early on.

The secretary to the Ministry stated that many shortcoming have occurred in the procurement process as per this report. The chairperson of the Lottery board stated that they have not received the said report yet.

## **Recommendations**

- i. To direct the chairperson to get the report of the three member committee if the Lottery Board has not received it and to respond to it accordingly and to send a copy of the response report to the committee.
- ii. To submit the three member committee report to the Auditor general, chairperson of the Lottery Board and to COPE.
- iii. To present a report of the committee prepared based on the above two reports and the report currently prepared by the Auditor general in this regard , to Parliament

## **Reporting the current situation and the progress**

The above reports have not been submitted to the committee even as at 25.05.2017. A copy of the report prepared by the Auditor general has been presented to the chairman of the committee and a draft report is being prepared based on the said reports.

### **05. Lottery Printing Tender**

The following matters were emphasized regarding the lottery printing tender.

- i. The committee inquired whether the officers of the board visited the particular company and checked whether the In Line Machine is available prior to awarding this tender. Further it was requested to explain the exact definitions of In House and In Line as well.
- ii. Tharanji Printers did not possess such a machine and the committee inquired regarding awarding the tender to them in spite of the fact that Tharanji Printers has not been recommended by the Technical Evaluation committee.
- iii. The committee stated that is a grave mistake not to summon other tenderers and to discuss the minimum price with them putting aside the institutions which were not recommended by the Technical evaluation committee.
- iv. The explanation given to the committee in this regard was that the technical requirements too have been disregarded here in view of

breaking up the monopoly since the objectives of the government too were to break up monopoly, to achieve transparency and to follow tender procedures.

The chairperson of the Technical Evaluation Committee stated that the officers of the board have gone to inspect the company prior to providing the tender and as there wasn't a Fully in line machine but only a Semi Inline machine it was not recommended by the Technical Evaluation Committee.

### **Recommendations**

The committee stated that 08 acceptable factors and 05 shortcomings have been pointed out in the report of the Ministry.

To present within two weeks the recommendations of the National Lotteries Board regarding the five shortcomings and recommendations to further establish the acceptable factors indicated .

### **Reporting the current situation and the progress**

The relevant report has not been submitted to the committee even as at 25.05.2017.

#### **06. Increase of the prices of Lotteries**

- i. It was inquired whether a feasibility study was conducted prior to increasing the lottery prices and if not whether it was included in the action plan or if not as to what was the basis for that.
- ii. The committee asked to explain the procedure adopted when prices are increased through a budget proposal.

The chairman stated that a tax of 5/- rupees was imposed on all the lotteries through budget proposals and that a lottery can not be sold at Rs.20/- then and that the prices were increased with effect from 01<sup>st</sup> of January as per the notice given by the Ministry asking to increase the prices of lotteries up to Rs.30/-.

Further, the chairman stated that the subject minister can issue the Gazette notice regarding the increase of prices once the budget is passed and that the prices would be increased accordingly.

07. **Register of Sales Representatives.**

Factors regarding the register of sales representatives newly appointed after 2015, methodology to appoint them and the ability of a qualified person to submit an application etc. were inquired.

The chairman stated that a newspaper advertisement is published in this regard and that chances are available for direct requests as well.

**Recommendations**

It was recommended to submit the committee with a register of sales representatives newly appointed after 2015 and also that appointments should not be given based on political interference .

**Reporting the current situation and the progress**

The relevant report has not been submitted to the committee even as at 25.05.2017

## **Ceylon Petroleum Corporation**

(Ministry of Petroleum Resources Development)

**Dates of Examination: 25<sup>th</sup> January 2017**

### **Major Issues Identified**

01. **Submission of information required by the Department of the Auditor General**

Committee inquired about the order issued by the Chairperson to the effect that all information submitted to the Department of Auditor General should be subject to his approval and the non-provision of required information for audit.

### **Recommendations**

A circular instructing the Corporation to comply with information requests made by the Department of the Auditor General and explaining the responsibility of the Corporation to submit all such information without delay is to be issued to the Corporation at the Ministerial level within a month.

### **Reporting current status and progress**

In keeping with the above recommendation of the Committee, the Secretary to the Ministry of Petroleum Development has issued internal circular no. MRPD/ IA/01/2017 dated 13-02-2017 ordering that information required by the Auditor General should be furnished. (Annex 25)

02. **Lack of an approved recruitment procedure and availability of vacancies in higher level positions**

Attention of the Committee was drawn to the lack of an approved recruitment procedure that is suitable to all departments of the Corporation.

Secretary to the Ministry stated that action will be taken to formulate a recruitment procedure, obtain approval and fill the vacancies.

Since publishing vacancies in the website of the Corporation is the practice adopted at present to notify the public of any vacancies in the Corporation, Committee inquired whether such notifications are displayed on the website for a sufficient period of time.

### **Recommendations**

- i. A letter should be forwarded to the Salaries and Cadre Commission inquiring about the current status of granting approval to the recruitment procedure of the Corporation and checking whether there are any issues that hinder the approval of the same.
- ii. Since the Chairperson has stated that 98 recruitments were made in year 2016, a report comprising of information regarding the following should be submitted to the Committee within a month
  - Number of vacancies
  - the date on which vacancy notification was published on the website
  - the period of time during which vacancy notification was published on the website
  - the date and time of removing the vacancy notification from the website
  - number of applications received
  - method adopted to hold interviews
- iii. Committee instructed to get approval for the recruitment procedure of the Corporation without delay and instructed the Auditor General to report to the Committee after conducting an investigation into the recruitments made by the Corporation in year 2016.

### **Reporting current status and progress**

In keeping with the above recommendation of the Committee, a letter has been sent to the Salaries and Cadre Commission on 13-03-2017 inquiring

about the current status of approving the cadre of the Ceylon Petroleum Corporation.

Although information on the 98 recruitments made in year 2016 has been submitted in line with recommendation (ii) above, information requested regarding the publishing of vacancy notification on the website (date and time published, date and time removed, period of time the notice was on display etc.) has not been furnished.

Report requested from the Auditor General regarding recruitments made by the Corporation in year 2016 is pending.

### 03. **Hedging deal**

Current status of the investigations into this deal carried out by the Attorney General, Criminal Investigation Department and the Commission to Investigate Allegations of Bribery and Corruption and the current status of this deal were inquired.

Secretary to the Ministry stated that the Ministry has decided to not conduct its own investigation but to extend its fullest corporation to the investigations currently carried out by the above institution since it has been observed that the institutions mentioned above are carrying out an in-depth investigation into the matter.

It was revealed that the loss which was at Rs.10.2 billion as at January 2016 has now been increased to 14.062 billion by 31-12-2016.

### **Recommendations**

- i. A report comprising of all information available in this regard at the Ministry should be submitted to the Auditor General without delay.
- ii. After studying the aforementioned report along with the verbatim of what transpired in this regard during previous Committee meetings, the Auditor General should submit a report to the Committee within a month.

- iii. Committee decided to submit a report and inform Parliament regarding the hedging deal after the above report is received.

### **Reporting current status and progress**

Ceylon Petroleum Corporation has submitted the respective information to the Auditor General and Auditor General is currently in the process of preparing the aforesaid report.

#### **04. Accepting sub-standard aviation fuel**

Chairperson stated that the batch of aviation fuel was accepted because the said fuel had an acceptable standard and could be used after refining although it did not meet the expected standard of aviation fuel at its arrival.

Furthermore, the Chairperson stated that new fuel pumps for 2016 have not been purchased yet and that the opportunity to import fuel is given to institutions or persons only if they possess the required qualifications.

### **Recommendations**

It was informed that a report regarding the following be submitted to the Committee within three weeks:

- i. Register of institutions and persons that received approval to import aviation fuel during the past two months
- ii. A comparison should be made between the discount received and the cost of refining sub-standard fuel in the process of accepting sub-standard aviation fuel at a discounted price should be made and included in the report

### **Reporting current status and progress**

Register of institutions and persons that received approval to import aviation fuel during the past two years has been submitted to the Committee. It is evident that 05 suppliers were registered in 2015 and 14 suppliers were registered in 2016.

In keeping with the above recommendation no. (ii) of the Committee, a report prepared by a committee comprising of two Deputy General Managers of the Ceylon Petroleum Corporation regarding the acceptance

of sub-standard fuel from Vitol Asia Pte. Ltd. in December 2016 at a discounted of 0.95 US Dollars per barrel has been submitted to the Committee. According to the report, this transaction has not caused any loss and has resulted in a profit of Rs. 12 million.

05. **Both the posts of Chairperson and Managing Director being held by the same individual**

Committee drew its attention to the fact that recommendation made at the Committee meeting held on 08-04-2016 to the effect that two people should be appointed as the Chairperson and the Managing Director has not been adhered to.

It was revealed that the Department of Public Enterprises of the General Treasury has informed the Secretary to the Ministry of Petroleum Resources that it is better to appoint two individuals to occupy the posts of Chairperson and Managing Director although the Act enables the same person to occupy both these positions.

**Recommendations**

Secretary to the Ministry was notified to inform the Minister to appoint two different individuals to these positions of Chairperson and Managing Director after reconsidering the fact that concentration of power related to decision making and implementation could be detrimental to the country in view of the financial monopoly status enjoyed by the Ceylon Petroleum Corporation and its immense impact on the economy of the country, for instance the hedging deal which still continues to pose negative outcomes to the country.

Furthermore, Secretary to the Committee was instructed to send a letter comprising of matters discussed in this regard at the Committee to the Secretary to the Ministry and copy the same for the information of HE the President, Hon. Prime Minister and the subject Minister. The Secretary to the Committee was instructed to attach to the same, a copy of the letter sent by the General Treasury to the Secretary to the Minister

### **Reporting current status and progress**

Secretary to the Ministry of Petroleum Resource Development has informed on 04-04-2017 that two different persons were appointed to the posts of Chairperson and Managing Director of the Ceylon Petroleum Corporation as determined at the Committee.

As determined at the Committee, the recommendation of the Committee that two different persons should be appointed to the posts of Chairperson and Managing Director of the Ceylon Petroleum Corporation has been sent to the Secretary to the Cabinet with copies to the Secretary to the President and Secretary to the Prime Minister on 14-02-2017 under reference COPE/08/01/2017 by the Secretary to the Committee.

#### 06. **Oil tank farm in Trincomalee**

Committee was of the opinion that attention should be drawn to future action that can be taken according to the agreement made with India in this regard.

### **Recommendations**

- i. Documentation related to the tender should be submitted to the Committee within two weeks
- ii. A copy of the agreement made with India in this regard in 2003 should be submitted to the Committee within two weeks
- iii. Decisions on steps to be taken in future should be made after inquiring from the Attorney General the steps that would be favorable to Sri Lanka as per the agreement

### **Reporting current status and progress**

Comprehensive report submitted in relation to (i) above is annexed as Annex 26.

Furthermore, a copy of the agreement made with India in 2003 has been submitted as per recommendations (ii) and (iii). It has been reported that information has been requested from the Attorney General regarding future steps that can be taken regarding this agreement.

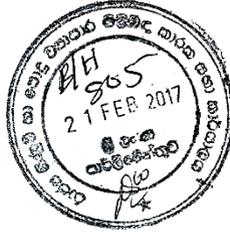
**Annexure 25**

www.petroleummin.gov.lk



බනිජ තෙල් සම්පත් සංවර්ධන අමාත්‍යාංශය  
 பெற்றோலிய வளங்கள் அபிவிருத்தி அமைச்சு  
**Ministry of Petroleum Resources Development**

මගේ අංකය: MPRD/IA/2/6  
 2017.02. 13



අභ්‍යන්තර විගණන චක්‍රලේඛ MPRD/IA/01/2017

සභාපති, ලංකා බනිජ තෙල් නීතිගත සංස්ථාව  
 සභාපති, ලංකා බනිජ තෙල් නොග ගබඩා පර්යන්ත සමාගම  
 අධ්‍යක්ෂ ජනරාල්, බනිජ තෙල් සම්පත් සංවර්ධන ලේකම් කාර්යාලය  
 සභාපති, පොලිප්ටො ලංකා පුද්ගලික සමාගම  
 අමාත්‍යාංශයේ සියළුම මාණ්ඩලික නිලධාරීන්

**විගණකාධිපති වෙත තොරතුරු ලබා දීම**

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154 වන ව්‍යවස්ථාවට අනුව ද ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ මුදල් රෙගුලාසි 154 ට අනුව ද විගණකාධිපති වෙත පැවරී ඇති රාජකාරී ඉටු කිරීම සඳහා විගණකාධිපතිවරයාට හෝ ඔහුගේ අධිකාරය ලත් කවර හෝ තැනැත්තෙකුට තම කාර්යය සහ කර්තව්‍ය ඉටු කිරීමේ දී

- (i) සියළු පොත්පත්, වාර්තා, වාර වාර්තා සහ වෙනත් ලියකියවිලි ලබාගැනීමේ ද,
- (ii) ගබඩාවලට සහ වෙනත් දේපලවලට පිවිසීමේ ද,
- (iii) එකී කාර්යය සහ කර්තව්‍ය ඉටු කිරීම සඳහා අවශ්‍ය විය හැකි තොරතුරු ලබා ගැනීමේ ද, කරුණු පැහැදිලි කරවා ගැනීමේ ද හිමිකම ඇත්තේය.

02. බනිජ තෙල් සම්පත් සංවර්ධන අමාත්‍යාංශයේ, ලංකා බනිජ තෙල් නීතිගත සංස්ථාවේ, ලංකා බනිජ තෙල් නොග ගබඩා පර්යන්ත සමාගමේ, බනිජ තෙල් සම්පත් සංවර්ධන ලේකම් කාර්යාලයේ සහ පොලිප්ටො ලංකා පුද්ගලික සමාගමේ ප්‍රධාන ගණන් දීමේ නිලධාරියා ලෙස අමාත්‍යාංශයේ ලේකම් විසින් විගණකාධිපතිවරයාට ද ඔහු විසින් ලිඛිතව බලය දී ඇති නිලධාරීන්ටද ස්වකීය කාර්ය හා කර්තව්‍යය ඉටු කිරීම සඳහා සෑම සහයෝගයක්ම දැක්විය යුතු වේ.

03. ඒ අනුව විගණකාධිපතිවරයාට හෝ ඔහුගේ අධිකාරය ලත් කවර හෝ තැනැත්තෙකු විසින් විගණනය සඳහා අවශ්‍ය බව දන්වන,

- (i) සියළු පොත්පත්, වාර්තා, වාර වාර්තා සහ වෙනත් ලියකියවිලි ලබාදීම ද,
- (ii) ගබඩාවලට සහ වෙනත් දේපලවලට පිවිසීමට අවස්ථාව සැපයීම ද,
- (iii) එකී කාර්යය සහ කර්තව්‍ය ඉටු කිරීම සඳහා අවශ්‍ය විය හැකි තොරතුරු ලබා දීම ද, කරුණු පැහැදිලි කිරීම ද ප්‍රමුඛ කර්තව්‍යයක් සේ සලකා කටයුතු කලයුතු වේ. ඒ සඳහා අවශ්‍ය ක්‍රියාමාර්ග ගන්නා ලෙසත්, ඒ අනුව ක්‍රියා කරන ලෙසට ඔබගේ නිලධාරීන්ට නොපමාව උපදෙස් දෙන ලෙසටත් කාරුණිකව දන්වමි.

7/16  
 සුධර්මා කරුණාරත්න  
 ලේකම්  
 බනිජතෙල් සම්පත් සංවර්ධන අමාත්‍යාංශය

පිටපත:- විගණකාධිපති - විගණකාධිපති දෙපාර්තමේන්තුව } දැ.ග.ස.  
 ලේකම් - පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව

*(Handwritten signature)*

80, ශ්‍රීමත් අර්නස්ට් ද සිල්වා මාවත, කොළඹ 7. | දු: தொ: v: (+ 94 11) 2564355/ 2564363/ 2370032  
 80, சேர் ஏர்னஸ்ட் டி சில்வா மாவாத்தைய, கொழும்பு 7. | தொ: ப: (+ 94 11) 2564362  
 80, Sir Ernest de Silva Mawatha, Colombo 7.

**Annexure 26**

2017 ජනවාරි මස 25 දින ප: ව: 2.30 ට පැවති පොදු ව්‍යාපාර පිළිබඳ කාරක සභාවේදී (ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව) සාකච්ඡාවට භාජනය කරන ලද කරුණු අංක :10 ට අදාළ පිළිතුර -

**ත්‍රිකුණාමලයේ තෙල් ගබඩා වැකි සංකීර්ණය:**

01. ත්‍රිකුණාමලයේ තෙල් වැකි සංකීර්ණය භාවිතය සම්බන්ධයෙන් ශ්‍රී ලංකා රජය හා ඉන්දියානු රජය විසින් 2003.02.07 දින ගිවිසුමකට එළඹ ඇත. එම ගිවිසුමේ පිටපතක් රාජ්‍ය ව්‍යාපාර කාරක සභාව වෙත දැනටමත් ලබා දී ඇත. උක්ත ගිවිසුමේ 1.2 වගන්තිය ප්‍රකාරව 2003.02.07 දින සිට මාස 06 ක් ඇතුළත බදු ගිවිසුමක් මගින් එහි භාවිතා කිරීමේ අයිතිය ලංකා ඉන්දියානු තෙල් සමාගමට පැවරිය යුතු වුවද ශ්‍රී ලංකා රජය මෙතෙක් එවැනි ගිවිසුමකට එළඹ නැත. එසේ වුවද 2003 සිට මේ දක්වා ලංකා ඉන්දියානු තෙල් සමාගම විසින් තෙල් වැකි සංකීර්ණයේ පහළ කොටසේ වැකි 14 ක් ඉන්ධන මෙහෙයුම් කටයුතු සඳහා භාවිතා කරමින් සිටී. මෙම ගිවිසුමේ වලංගුතාවය පිළිබඳව නීතිපතිතුමාට 2017.01.03 දින විමසුවද මෙතෙක් ඒ සඳහා ප්‍රතිචාරයක් ලැබී නොමැත. වැකි සංකීර්ණය පිහිටි ඉඩමේ අයිතිය ශ්‍රී ලංකා රජය සතු බව 2011.11.23 දිනැති ලිපිය මගින් නීතිපතිතුමා විසින් දන්වා ඇත.

02. ත්‍රිකුණාමලයේ තෙල් වැකි සංකීර්ණයේ ඉහළ කොටසේ පිහිටි වැකි 84 කිසිදු ආයතනයක් විසින් භාවිතයට නොගෙන අතහැර දමා ඇති හෙයින් ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව විසින් එහි ඉන්ධන මෙහෙයුම් පුළුල් කර ලාභ උපයන ආයතනයක් වශයෙන් දියුණු කිරීමට මෙම අතහැර දමා ඇති තෙල් වැකි සංකීර්ණය සංවර්ධනය කර ප්‍රයෝජනයට ගැනීමේ අරමුණින් 2011.04.01,2014.06.06 සහ 2016.04.28 කාලවකවානු වලදී අමාත්‍ය මණ්ඩල සංදේශ ඉදිරිපත් කර ඇත. එසේම වටිනා සම්පතක් වන මෙම තෙල් වැකි සංකීර්ණය කලාපීය වශයෙන් භාවිතයට ගැනීමට හැකියාව පවතින බැවින් අනාගත ප්‍රයෝජනය සඳහා 2013 වර්ෂයේ දී තෙල් වැකි සංකීර්ණය පවත්නා භූමිය හා එම සම්පත ආවරණය වන පරිදි විධියෙන් පටයක් ද එවකට පැවති ඛනිජතෙල් කර්මාන්ත අමාත්‍යාංශය විසින් සකස් කර ඇත.

03. ඉන් අනතුරුව 2015 දී නව රජය පත්වීමෙන් පසු මෙම අතහැර දමා ඇති තෙල් වැකි 84 ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව සහ ලංකා ඉන්දියානු තෙල් සමාගම විසින් ඒකාබද්ධව සංවර්ධනය කිරීම සුදුසු බවට යෝජනාවක් වූ හෙයින් සියළු පාර්ශ්වයන්ගෙන් සමත්වන වූ ඛනිජතෙල් සම්පත් සංවර්ධන අමාත්‍යාංශ ලේකම්ගේ සභාපතිත්වයෙන් ඒකාබද්ධ කාර්යසාධන බලකායක් ස්ථාපිත කර සාකච්ඡා වට කිහිපයක් පවත්වන ලදී.

04. අමාත්‍යාංශය විසින් 2016.04.28 දින අමාත්‍ය මණ්ඩල සංදේශයක් ඉදිරිපත් කරන ලදී. එහි පහත කරුණු අන්තර්ගත විය. එනම්,
- > ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව සහ ලංකා ඛනිජතෙල් තෙල ගබඩා පර්යන්ත සමාගම එක්ව නැවතෙල් වෙළඳාම සිදු කිරීම
  - > කාර හා ලිහිසිතෙල් ව්‍යාපාර වල නියැලීම
  - > ද්‍රවිකෘත පෙට්‍රෝලියම් වායු අලෙවිය සඳහා දේශීය වෙළඳපොළට අවකීර්ණ වීම
  - > දිවයින පුරා කෘෂිරසායන ද්‍රව්‍ය අලෙවි ජාලය ව්‍යාප්ත කිරීම.
  - > ලෝක වෙළඳපොළේ තෙල් මිල ගණන් පහළ මට්ටමක පසුගිය කාලය තුළ පැවති හෙයින් අතිරික්ත තෙල් ගබඩා පහසුකම් පවතින්නේනම් අමතර තෙල් භාවිතා කිරීම සහ වෙළඳපොළෙහි තෙල් මිල ගණන් ඉහළ යන විට එම අතිරික්ත තෙල් ගබඩා කිරීම තුළින් වාසි ලබා ගැනීමට හැකි බැවින් උතුරු නැගෙනහිර හා උතුරු මැද පළාත්වලට අවශ්‍යවන ඉන්ධන අවම පිරිවැයකින් හා රචවාහන කඳබදයකින් තොරව පහසුවෙන්

බෙදාහැරිය හැකි බැවින් සාපේක්ෂව අඩු ආයෝජනයකින් ඉන්ධන ගබඩා වැනි 16 ක් ඉහළ කොටසේ වැනි සංකීර්ණයෙන් ලංකා ඛනිජතෙල් නීතිගත සංස්ථාවට ලබා ගැනීම.  
 > ඉතිරි වැනි ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව සහ ලංකා ඉන්දියානු තෙල් සමාගම එක්ව සංවර්ධනය කිරීම.

මෙම අමාත්‍ය මණ්ඩල සංදේශයේ යෝජනා සඳහා ගරු මුදල් අමාත්‍යවරයා ,ගරු ඉඩම් අමාත්‍යවරයා සහ ගරු ප්‍රවාහන හා සිවිල් ගුවන්සේවා අමාත්‍යවරයා එකඟ වී ඇති බැවින් අමාත්‍ය මණ්ඩලයේ අනුමැතිය 2016.05.24 දින ලැබී ඇත.

05. ඉන් අතරතුර ව " ත්‍රිකුණාමලය තෙල් වැනි සංකීර්ණයේ ඉහළ කොටසේ මෙහෙයුම් ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව සහ ලංකා ඉන්දියානු තෙල් සමාගම විසින් එළඹෙන ලද ඒකාබද්ධ ව්‍යාපාරය වෙත භාරදීම " යන මාගෙන් ගරු අග්‍රාමාත්‍යතුමා විසින් 2016.06.06 දිනැතිව ඉදිරිපත් කරන ලද අමාත්‍ය මණ්ඩල සංදේශයට අනුව උක්ත 04 ඡේදයේ සඳහන් අමාත්‍ය මණ්ඩල තීරණය අවලංගු කර ඇත. ඒ සඳහා අමාත්‍ය මණ්ඩලය විසින් 2016.06.07 පහත තීරණය ලබා දී ඇත.

"තෙල් වැනි සංකීර්ණයේ ඉහළ කොටසේ මෙහෙයුම් කටයුතු ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව සහ ලංකා ඉන්දියානු තෙල් සමාගම විසින් පිහිටුවනු ලබන හවුල් ව්‍යාපාරය වෙත භාර දීමටත් කාල රාමුවක් මත පදනම් වූ ක්‍රියාකාරී සැලැස්මකට අනුව, එක් වරකට වැනි 30 බැගින් සංවර්ධනය කිරීමටත් ඛනිජතෙල් සම්පත් සංවර්ධන ඇමතිතුමා,සංවර්ධන උපායමාර්ග හා ජාත්‍යන්තර වෙළඳ ඇමතිතුමා සහ වෙනත් අදාළ බලධාරීන් එක්ව ඉහත යෝජනාව පරිදි කටයුතු කිරීම පිණිස සුදුසු ක්‍රමවේදයක් තීරණය කර ඒ පිළිබඳව අමාත්‍ය මණ්ඩලය වෙත දැනුම්දෙන ලෙස ගරු අග්‍රාමාත්‍යතුමා වෙත දැන්වීම."

06. ඉහත 05 ඡේදයේ සඳහන් අමාත්‍ය මණ්ඩල තීරණය සම්බන්ධයෙන් 2016.07.13 දින පැවති ආර්ථික කළමනාකරණය පිළිබඳ අමාත්‍ය මණ්ඩල අනුකාරක කමිටුවේදී සාකච්ඡා කළ අතර වැනි සංකීර්ණයේ ඉහළ කොටසේ සංවර්ධන කටයුතු ඒකාබද්ධව සිදු කිරීමට අවශ්‍ය යාන්ත්‍රණයක් සැකසීම සඳහා සුදුසු උපදේශකවරයෙකු පත් කරන ලෙස තීරණය කොට ඇත.

07. මේ අතරතුර පසුගිය කාලයේ පැවති නියං කාලගුණ තත්ත්වයක් සමඟ තාප විදුලිබල උත්පාදනය ඉහළ ගිය බැවින් අනාගත බලශක්ති උත්පාදනයට අවශ්‍ය අමතර ඉන්ධන ගබඩා කර ගැනීමට අවශ්‍ය බැවින් ජාතික බලශක්ති සුරක්ෂිතතාව තහවුරු කරනු වස් ගරු විදුලිබල හා පුනර්ජනනීය බලශක්ති අමාත්‍යතුමා සහ ගරු ඛනිජතෙල් සම්පත් සංවර්ධන අමාත්‍යතුමා විසින් ඒකාබද්ධ අමාත්‍ය මණ්ඩල යෝජනාවක් 2016.11.29 දිනැතිව ඉදිරිපත් කරන ලදුව ඉහළ කොටසේ වැනි සංකීර්ණයේ වැනි 03 ක් වහාම ලංකා ඛනිජතෙල් නීතිගත සංස්ථාව වෙත පවරා ගැනීමටත් ඉතිරි වැනි 13 ක ප්‍රමාණය මාස තුනක් ඇතුළත පවරා ගැනීමටත් 2016.12.06 දින අමාත්‍ය මණ්ඩල තීරණය ලබා දී ඇත.

08. ඉහත 07 ඡේදයේ සඳහන් අමාත්‍ය මණ්ඩල තීරණය සම්බන්ධයෙන් ක්‍රියාත්මක වීම සඳහා ලංකා ඛනිජතෙල් නීතිගත සංස්ථාවේ නිලධාරීන් ත්‍රිකුණාමලයේ තෙල් වැනි සංකීර්ණය වෙත ලංකා ඉන්දියානු තෙල් සමාගමට පූර්ව දුනුම් දීමකින් යුතුව ගියද එම කාර්යයන් සඳහා බාධා පමුණුවන ලදී. මෙම කාරණය 2017.01.11 දින ආර්ථික කටයුතු පිළිබඳ අමාත්‍ය මණ්ඩල අනුකාරක කමිටුවේදී සාකච්ඡා කළ අතර ඉහත කාරණය ඉතා සංවේදී බැවින් ඒ පිළිබඳව කිසිදු ප්‍රකාශයක් සිදු නොකරන ලෙස උපදේශ් දී ඇත.

09. කෙසේ වුවද ඉහත 05 සහ 06 ඡේදයන්හි සඳහන් කරන ලද ඒකාබද්ධ ව්‍යාපාරය සඳහා වන යාන්ත්‍රණය සැකසීමට අදාළව බන්ධනාගාර සම්පත් සංවර්ධන ගරු අමාත්‍යාංශයේ උපදෙස් පරිදි ඉහත කාර්ය සඳහා අධ්‍යයනය කර මූලික වාර්තාවක් එවන ලෙස අර්නස්ට් ඇන්ඩ් යන්ග් ආයතනය වෙත දන්වා ඇති අතර එම ආයතනය තම මූලික වාර්තාව මෙම අමාත්‍යාංශය වෙත ඉදිරිපත් කර ඇත. එම වාර්තාව ඇගයීම සඳහා අමාත්‍යාංශය විසින් දෙපාර්තමේන්තු උපදේශන ප්‍රසම්පාදන මණ්ඩලයක් පත් කරන ලදී (Department Consultancy Procurement Committee – CPCD). අමාත්‍යාංශය වෙත ඒවනවිට එවා තිබූ අර්නස්ට් ඇන්ඩ් යන්ග් වාර්තාව විස්තරාත්මකව අධ්‍යයනය කළ දෙපාර්තමේන්තු උපදේශක ප්‍රසම්පාදන මණ්ඩලය උපදේශක ප්‍රසම්පාදන මාර්ගෝපදේශයේ 4.5 b යටතේ අමාත්‍යාංශය වෙත එවා ඇති වාර්තාව පදනම්ව ඒකාබද්ධ ව්‍යාපාර සැලැස්මක් සඳහා වන ශක්‍යතා අධ්‍යයන වාර්තාවක් සැපයීමට අර්නස්ට් ඇන්ඩ් යන්ග් සමාගම වෙත රු: මිලියන 1.95 ක ඇස්තමේන්තුවක් යටතේ කොන්ත්‍රාත්තුව පිරිනැමීමට 2016.11.11 දින තීරණය කරන ලදී. එහි කොන්ත්‍රාත් කාලය මාස 4 කි. (පිටපතක් අමුණා ඇත.) මෙම කාර්යය එම ආයතනය වෙත මාගේ 2017.01.19 දිනැති අංක: MPI/DEV 4/3/2/4/2/19 (ii) දරණ ලිපියෙන් අදාළ සමාගමට දන්වා යවා ඇත. ඒ අනුව අදාළ ආයතනය විසින් ශක්‍යතා අධ්‍යයන වාර්තාව සකස් කරමින් පවතී.

## **Lanka Mineral Sands Ltd.**

(Ministry of Industry and Commerce)

**Dates of Examination: 26<sup>th</sup> January 2017**

**07<sup>th</sup> February 2017**

### **Major Issues Identified**

#### **01. Establishment of a new machinery plant in Kokilai**

Although 117 new employees (office labourers) were recruited to start a new machinery plant in Kokilai, they have been attached to the Pulmude office instead of deploying them for the above task.

Committee was informed that approval was obtained from the Management Service Department to recruit the aforementioned 117 employees.

### **Recommendations**

Documentation pertaining to obtaining the said approval which were sent to the Department of Management Services through the Ministry, were to be submitted to the Committee.

### **Reporting current status and progress**

Aforesaid documents had not been submitted to the Committee as at 25.05.2017.

#### **02. Spending money on tasks that are contrary to the objectives of the Company – Beach Park**

Welfare funds of the Company have been utilized for the construction of roads and buildings in various other areas in contravention to the objectives of the institution.

### **Recommendation**

Information pertaining to spending Rs. 40 million for the construction of the Hambantota Beach Park and the spending of money for making improvements to the Devinuwara Maha Devale have come to light. The two files pertaining to the above two expenses should be sent to the Committee.

### **Reporting current status and progress**

Aforesaid documents had not been submitted to the Committee as at 25-05-2017.

#### 03. **Vision of the organization**

Although the vision of the organization is ‘to become one of the major foreign exchange earners of the country’, it has been revealed that the sand discarded in our country contains minerals equal to 10% of the total mineral sands produced in Australia.

The competent authority informed that mining permit have not been issued by the Geological Survey and Mines Bureau for years 2014-2016.

### **Recommendation**

It was decided to call the officers of this institution, Geological Surveys and Mines Bureau and the following staff members on 07-02-2017 and inquire about the hindrances that prevent the issuance of permits to Mineral Sands Company.

- i. Engineers working at the Pulmude Plant
- ii. Mr. S.A. Nandadeva, Former General Manager

### **Reporting current status and progress**

As per the decision taken to call the Geological Surveys and Mines Bureau and ask them about the hindrances that prevent them from issuing permits to Lanka Mineral Sands Ltd., both the Geological Surveys and Mines Bureau and Lanka Mineral Sands Ltd. were called to the meeting of the Committee held on 07.07.2017.

04. **Selling the institution to the private sector**

It has been observed that a Cabinet Paper was formulated and submitted with the objective of selling this institution to the private sector.

**Recommendation**

Following orders were issued by the Committee:

- i. The Cabinet Paper and all related documents should be sent to the Committee within a week (in order to inform the Secretary to the Cabinet that the said process must be stopped)
- ii. A plan should be prepared to successfully restructure the institution
- iii. A plan should be formulated to bring mineral sands to the value added product category
- iv. Progress of the above should be reported to the Committee within a month

**Reporting current status and progress**

Cabinet Paper submitted for selling this institution to the private sector has been sent to the Committee by the Institution.

As per the decision of the Committee, the Secretary to the Committee on Public Enterprises has sent the letter dated 03-02-2017 in order to take steps necessary to stop selling Lanka Mineral Sands Company to the private sector as proposed in the aforesaid Cabinet Paper. (Annex 27)

Reports in accordance with recommendations (ii), (iii) and (iv) of the Committee have not been submitted to the Committee as at 25-05-2017.

05. **Work in progress in 22 projects**

Nature of the work in progress estimated to be Rs. 354 million as at 31-12-2016 related to 22 projects was inquired.

### **Recommendation**

The officers informed the Committee that the said projects have not been handed over to the Company by the contractors yet. Therefore the committee recommended that a report on these 22 projects be sent to the Committee.

### **Reporting current status and progress**

The said report has been forwarded to the Committee under letter of the Secretary to the Ministry of Industry and Commerce dated 01-02-2017 with reference MIC/116/LMS/Coma.

**Annexure 27**

F. 2323730



**පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව**  
**அரசாங்கப் பொறுப்பு முயற்சிகள் பற்றிய குழு**  
**COMMITTEE ON PUBLIC ENTERPRISES**

මහා පාර්ලිමේන්තුව, ශ්‍රී ජයවර්ධනපුර කෝට්ටේ  
 இலங்கை பாராளுமன்றம், ஸ்ரீ ஜயவர்தனபுர கோட்டை  
 Parliament of Sri Lanka, Sri Jayawardenepura Kotte

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2017.02.03

අමාත්‍ය මණ්ඩල ලේකම්,  
 අමාත්‍ය මණ්ඩල කාර්යාලය,  
 කොළඹ

සී/ස ලංකා ඛනිජ වැලි සමාගම පෞද්ගලික අංශයට විකිණීම

පුල්මුඩේ සී/ස ලංකා ඛනිජ වැලි සමාගම පෞද්ගලික අංශයට විකිණීම සඳහා කැබිනට් පත්‍රිකාවක් ඉදිරිපත් කර එය අනුමත වී ඇති බව 2017.01.26 වන දින සී/ස ලංකා ඛනිජ වැලි සමාගම පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව ඉදිරියට කැඳවා පරීක්ෂා කළ අවස්ථාවේදී අනාවරණය විය.

එදින පැවති කාරක සභාවේදී මෙම පෞද්ගලිකරණ ක්‍රියාවලිය නවතා දැමීම සඳහා අවශ්‍ය පියවර ගන්නා ලෙස ඔබ වෙත දැන්වීමට තීරණය විය. ඒ අනුව පුල්මුඩේ සී/ස ලංකා ඛනිජ වැලි සමාගම පෞද්ගලික අංශයට විකිණීමේ ක්‍රියාවලිය නවතා දැමීමේ කාරක සභාවේ තීරණය එම කාරක සභාවේ සභාපති ගරු සුනිල් හදුන්නෙන්නි මහතාගේ උපදෙස් පරිදි ඔබ වෙත දන්වා සිටිමි.

එම තීරණය අඩංගු කාරක සභා සටහනේ පිටපතක්ද ඔබගේ දැන ගැනීම සඳහා මේ සමඟ එවමි.

*N.S. Wijewardena*  
 විශාන්ති එස්.වික්‍රමරත්න  
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 පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව



## **Lanka Mineral Sands Limited**

(Ministry of industry and commerce)

## **Geological Survey and Mines Bureau**

(Ministry of mahaweli development and environment)

**Date of examination – 07<sup>th</sup> February 2017**

Geological Survey and Mines Bureau and Lanka Mineral Sands Ltd were called before the committee on 07.02.2017 as per the decision taken to call geographical survey and mines bureau together with Lanka mineral Sands Ltd on 27.02.2017 to examine as to why mining licences have not been issued to Lanka Mineral Sands Ltd and to enquire about the obstacles that are there to issue licences to Lanka Mineral Sands Ltd., based on the facts that were revealed at the occasion when Lanka Mineral Sands Ltd Was called before the Committee o 26 January 2017

### **Major Issues identified**

#### **01. Not issuing mining licences**

It was enquired as to why mining licences have not been issued to Lanka Mineral Sands Ltd by the Geological Survey and Mines Bureau. As per the Cabinet decision taken on 14.11.2012, permission should not be granted to export mineral sands without value addition.

The Chairman of the Geological Survey and Mines Bureau stated that mining licences had not been issued to Lanka Mineral Sands Ltd. Because Lanka Mineral Sands Ltd exported Mineral Sands without that, the application for the extension of the mining licence has been accepted by the Bureau.

#### **02. Extension of the mining license**

- i. The committee enquired whether licences have been issued after the aforesaid cabinet decision of 14.11.2012

- ii. Enquiring whether licences are issued to only those who are engaged in exploration activities.
- iii. Obtaining a clarification from the Cabinet as to what value addition means

Stating that a case had been filed regarding this by Alchemi Heavy Metals (pvt) Ltd and that the case was withdrawn later, and that steps were taken on 09.12.2014 to issue two licences to this company after a discussion that had been held with the minister

The chairman of Geological Survey and Mines Bureau stated that it is possible for such parties to apply for licences.

### **Recomandations**

Directing the secretary to the ministry of mahaweli development and environment to get such a clarification

### **Reporting the present situation and the progress**

The aforesaid detailed report had not been submitted to the committee even by 25.05.2017

### 03. **The process of value addition follow up**

To do the follow up in order to find out whether the private institutes that have obtained licences at present are engaged in a value addition process as such institutes purchase sands from Lanka Mineral Sands Limited and export them

### **Recommendations**

Directing the chairman of Geological Survey and Mines Bureau to do a follow-up to find out whether alchemy heavy metals (Pvt) Limited is engaged in a value addition process and report the findings to the committee.

### **Reporting the present situation and the progress**

The aforesaid detailed report had not been submitted to the committee even by 25.05.2017

04. **Alchemy company – mining**

Enquiring whether Alchemy Company engages in mining after obtaining licences in 2014

**Recommendations**

That Alchemy Company has made arrangements to engage in mining activities being noted by the committee and directing the chairman of Geological Survey and Mines Bureau to do a followup to findout whether this company is engaged in mining activities

**Reporting the present situation and the progress**

The aforesaid detailed report had not been submitted to the committee even by 25.05.2017

05. **Not issuing mining licences to Lanka Minarel Sands Ltd**

The effort of the committee on Public Enterprises is to prevent the occurrence situation in which Lanka Mineral Sands Ltd will have be closed down after the stocks of salt presently available with the company are finished because mining licences are not issued to this company and emphasizing the fact that Lanka Mineral Sands Ltd should be engaged in value addition process and start direct exports without selling sands through middlemen.

**Recommendations**

Directing the authorities of Lanka mineral Sands Ltd to find some value addition process and to submit proposals regarding the same to the committee.

**Reporting the present situation and the progress**

The aforesaid relent proposals had not been submitted to the Committee even by 25.05.2017

At the end of the examination that was carried out having called Lanka Mineral Sands Ltd and Geological Survey and Mines Bureau before the Committee the two institutes were commonly issued the following recommendations by the committee.

06. **Centralized Plan**

The committee emphasized the importance of submitting a centralized plan jointly by these two institutes for the development of this valuable resources. The chairman of Geological survey and Mines bureau stated that mining licences of Lanka Mineral Sands Ltd was not banned on any on any occasion and that it was only stopped temporarily. He also stated that following measures can be followed with regard to issuing of licences:

- i. Amending the cabinet decision
- ii. Entering in to a value addition process

**Recommendations**

Directing the two chairman of the institutes to prepare such a plan and to submit a copy of the plan to the committee.

**Present situation and reporting the progress**

The aforesaid detailed report had not been submitted to the Committee even by 25.05.2017

07. **Quartz deposit**

The Committee discussed that there is a quartz deposit in a land belonging to Forest Conservation Department in Kotigambokka area and that this deposit can be used to make solar panels. The Committee draw its attention towards the economic benefits that can be gained through a value addition process of this nature.

**Recommendations**

Directing the two secretaries to the Ministries to carry out a feasibility study of a value addition process of this nature and to prepare a set of

proposals jointly by the two secretaries and to submit a copy of the same to the Committee.

**Present situation and reporting the progress**

The aforesaid detailed report had not been submitted to the Committee even by 25.05.2017



## **Hingurana Sugar Industries Ltd.**

(Ministry of Industry and Commerce)

**Date of Examination : 08<sup>th</sup> February 2017**

### **Major Issues Identified**

#### **01. Liquidating the institute**

The Committee enquired about liquidating of Hingurana Sugar Industries Ltd. as per the Cabinet decision of 2013 and about the process of liquidating the institute.

### **Recommendations**

- i. Drawing the attention of the Department of Management Services towards this matter.
- ii. As the assets belonging to this institute have not been identified although it has been decided by the Cabinet to liquidate it, identifying the assets belonging to the institute before identifying a liquidator.
- iii. Carrying out the liquidating process after identifying the assets and liabilities.

### **Present situation and reporting the progress**

Property that has been transferred to Galoya Plantations (Pvt) Ltd. through the letter bearing reference 100/01/72 dated 03.03.2017 of the General Manager of Hingurana Sugar Industries Ltd. and the assets belonging to Hingurana Sugar Industries Ltd. have been identified separately and has been reported to the Committee.

Cabinet decision dated 01.02.2017 on liquidating Hingurana Sugar Industries Ltd., too, has been submitted to the Committee by Public Enterprises Department for the attention of the Committee.

## 02. Assets and Liabilities of the institute

The attention of the Committee was drawn to whether the assets belonging to Galoya Plantations Ltd. and those belonging to Hingurana Sugar Industries have been identified separately, clearly and correctly.

If Galoya Plantations Ltd. is utilizing other assets belonging to Hingurana Sugar Industries except for the government share that was awarded to Galoya Plantations Ltd. when it was established, a methodology for estimating the value of such assets and a way of recovering it from that company were discussed by the Committee.

### Recommendations

- i. Submitting to the Committee within one week a report containing the following information:
  - Details of persons who are utilizing the lands belonging to the institute.
  - Details of persons who are utilizing the buildings belonging to the institute and its premises.
  - Details of persons who are utilizing the machinery belonging to the institute.
- ii. Completing within one month the process of identifying the assets and liabilities belonging to the institute.
- iii. Submitting to the Committee the agreement that has been entered into with Galoya Plantations Ltd. and submitting within two weeks a report on the government share of the ownership of that institute.
- iv. Reporting to the Committee on how the government share of the ownership effects at present and what profit is gained by the government for its share of 51%.
- v. Submitting to the Committee the list of names of the directors of Galoya Plantations Ltd. who represent the government.
- vi. Submitting as early as possible a plan explaining how the process of identifying assets will be completed.

## **Present situation and reporting the progress**

### **Relating to recommendation (i)**

As informed through the letter bearing reference 100/01/72 dated 10.03.2017 of the General Manager of Hingurana Sugar Industries Ltd., the extend of lands that were centered round Hingurana Sugar Industries Ltd., which was established on 21.01.1991 as a state affiliated institute under Companies Act No.17 of 1982 under the name Hingurana Sugar Industries Ltd. as an independent institute was 7,465,990 hectares. Those lands have been utilized as follows;

- |  |                         |
|--|-------------------------|
| i. The extend of lands (hectares) that have been granted to Galoya Plantations Private Ltd., which undertook the administration of Hingurana Sugar Industries Ltd., on 16 June 2007                                | 277.753                 |
| ii. Extend of lands (Hectares) that have been granted to 4,500 sugar cane farmers on land permits  | 4,917.810               |
| iii. The extend of remaining lands   |                         |
| ➤ The extend of lands that Galoya Plantations Pvt. Ltd. is utilizing in addition to the extend stipulated in the agreement – 40,037 hectares   |                         |
| ➤ The extend of lands that have been acquired unauthorized by a non-governmental organization from Deeghavapi Zone without the knowledge of this institute for a housing project consisting of 500 houses – 24.282 |                         |
| ➤ Unauthorized private homes and other constructions that have been constructed in lands belonging to Hingurana Cultivation Zone   |                         |
| ➤ For factory premises within the cultivation zone, field roads and reserves, canals, canal reserves, other common amenities and for infrastructure facilities (hectares)  | <u>2,270.180</u>        |
| <b>Total area of lands (hectares)</b>  | <b><u>7,465.990</u></b> |

It has been reported that, except for the extend of lands of 277.753 hectares that have been granted to Galoya Plantations Ltd. the remaining lands belonging to the institute (7,465.990 hectares – 277.753 hectares) have been managed by Hingurana Sugar Industries Ltd. Until now.

Details of persons who are utilizing the buildings and the premises of the institute have been submitted to the Committee and it has been reported that, out of the machinery belonging to the institute, tractors and the trailers have been given to Galoya Plantations Pvt. Ltd. on lease basis and that they are owned by Hingurana Sugar Industries Ltd.

### **Relating to recommendations (ii)**

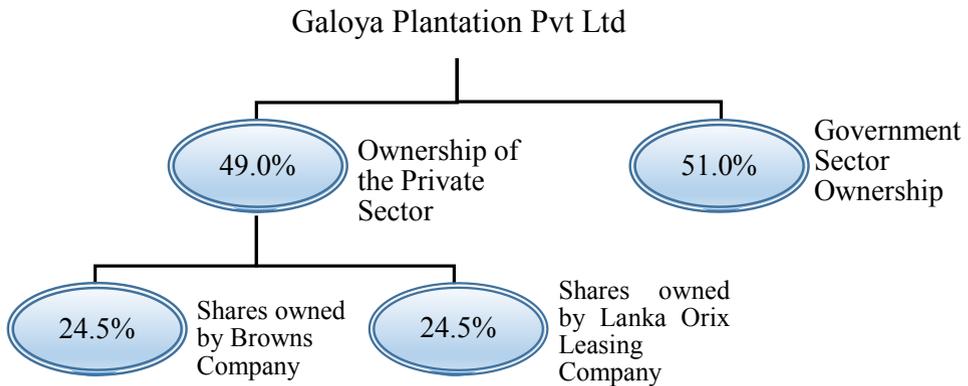
Through the letter bearing reference 100/01/72 dated 03.03.2017 of the General Manager of Hingurana Sugar Industries Ltd., the list of the properties that have been acquired by Galoaya Plantations Pvt. Ltd. and the list of assets available under Hingurana Sugar Industries Ltd. have been submitted to the Committee.

### **Relating to recommendations (iii)**

The relevant agreement has been submitted to the Committee through the report dated 14.03.2017 that has been submitted by Public Enterprise Department.

Out of the immovable property and moveable property belonging to Hingurana Sugar Industries Ltd., the sugar factory, the office, 94 quarters and other lands in extend of 277,753 hectares have been transferred on a 30 year lease basis and a company named Galoya Plantations Ltd. Has been formed.

The ownership of shares of the aforesaid company is as follows.



#### **Relating to recommendations (iv)**

As reported by Public Enterprises Department through the letter bearing reference PE/RES/HIS/Gen/2017 dated 14.03.2017, it has been reported that the government has so far received no direct benefit for the 51% of the shares it owns. Further, the aforesaid report also points out that;

- i. Sugar production of this company stands at 17% of the total local sugar production
- ii. The profit of this institute which stood at Rs. 219 Million in 2006/2007 has increased to Rs. 911 Million by 2016, and
- iii. This institute has obtained a loan of Rs. 50 Million in year 2009/2010 and a loan amounting to Rs.3,754 Million in year 2016, and the value of the interest alone in year 2015/2016 was Rs.537 Million. As such, this institute has continued to incur losses and shows a tendency of running into severe financial difficulties.

#### **Relating to recommendations (v)**

As stated in the letter bearing reference PE/RES/HIS/Gen/2017 dated 14.03.2017 sent by Public Enterprises Department, the list of names of the directors who represent the government is as follows;

- i. Dr. K.B. Kotagala
- ii. Mr. Dushmantha Basnayake

- iii. Miss C.S. Perera
- iv. Mr. Fowsie
- v. Mr. T.P. Wanigasinghe

03. **Salaries of the officers**

The total number of employees working at the institute at present is 09 and the Committee drew its attention to the fact that salaries had not been paid to them for 06 months.

**Recommendations**

Informing the Secretary to the Ministry of Finance through a letter to pay salaries to those officers until the liquidating process is over on condition that the amount these paid will be settled after liquidating.

**Present situation and reporting the progress**

Cabinet paper No. 2016/70 dated 03.01.2017 was submitted in this regard by the Ministry of Industry and Commerce requesting a sum of Rs. 5,034,223.53 for paying the salaries of the employees and for covering liquidating expenses. Consequently Cabinet approval was given on 01.02.2017 to grant the aforesaid amount for covering the relevant expenses until the liquidating process was over.

04. **Galoya Plantations Ltd.**

The Committee drew its attention towards the manner in which the Ministry of Finance handles the co-ordination regarding government share of 51% of the ownership of Galoya Plantations Ltd.

Director of the Public Enterprises Department stated that there is only one officer representing the government in the Board of Directors of Galoya Plantations Ltd.

**Recommendations**

- i. Examining the government share of the ownership in the agreement that has been entered into with Galoya Plantations Ltd.
- ii. Calling Galoya Plantations Ltd. Before the Committee.

## **Present situation and reporting the progress**

The Cabinet decision dated 01.02.2017 regarding liquidating of Hingurana Sugar Industries Ltd. has been submitted to the Committee by Public Enterprises Department through its letter bearing reference PE/RES/HIS/Gen/2017 dated 14.03.2017

As stated in the aforesaid letter, the Cabinet of Ministers has decided to invest the sum of Rs.516 Million (Rs. 222 Million, which is the government valuation of the moveable property, and Rs. 294 Million, which is the government valuation of the lease payment for 30 years for the lease of the immovable property), which is the total value of the property belonging to Hingurana Sugar Industries (the Sugar factory, office, 94 quarters and 277.753 hectares of other lands on a 30 year lease basis) that is transferred to Galoya Plantations Ltd. as the 51% of the ownership of the government in that Company.

Further, on a decision made by the Committee, it has been scheduled to call Galoya Plantations Ltd. before the Committee on 21.06.2017

### 05. **Assets transferred to Galoya Plantations Ltd. by the Ministry of Finance**

The Committee enquired about the list of assets that had been transferred to Galoya Plantations Ltd. by the Ministry of Finance.

The Committee discussed the issue of not including the old distillery in the list of assets of the institute.

## **Recommendations**

- i. Submitting the relevant list of names within two weeks
- ii. Giving the recommendation to the Secretary to the Ministry of Industry and Commerce and to the General Manager of Hingurana Sugar Industries Ltd. to discuss with Galoya Plantations Ltd. the issue of not including the old distillery in the register of assets of the institute.

**Present situation and reporting the progress**

As stated in the letter bearing reference PE/GOCO/GPL/11 dated 24.12.2009 of the Director General of Public Enterprises Department, movable property, of which the valuation was Rs. 222.0 Million, had been transferred to Galoya Plantations Ltd. and that list of assets did not contain the old distillery (Annexe 28)

**Annexure 28**

NOV-2011 08:30 Gal-Oya Plantations Ltd. 0633635691

Attention: Mr. Iffthikar - G.M.-

PE/GOCO/GPL/II

24.12.2009

Secretary  
Gal-Oya Plantations (Pvt) Ltd

**VALUATION OF ASSETS OF HINGURANA SUGAR INDUSTRIES LIMITED**

This has reference to letter undated written by the Executive Director of Gal-Oya Plantations (Pvt) Ltd on the above subject.

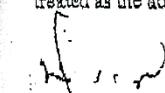
It is to be advised that the following are the assets and corresponding values transferred/leased to Gal-Oya Plantations (Pvt) Ltd (GOPL) from Hingurana Sugar Industries Limited. The total value of the assets is Rs. 516 Mn (Rupees Five Hundred and Sixteen Mn) that should be considered as the Government's interest as share capital of the Company and should be treated in the accounts accordingly.

	<u>Rs.Mn</u>	
✓ Water filtration Plant	3.0	
✓ Furniture & fittings	1.3	
✓ Stores & Workshop items	34.0	
✓ Wheel Tractors	93.0	
✓ Plant & Machinery	58.0	
✓ Trailers	8.8	
✓ Agriculture Implements	3.9	
✓ Scamps	<u>20.0</u>	222.0 Mn

NPV of 30years lease rentals of  
lands in total extent of 277.7539  
Hectares together with Factory,  
Office, Quarters & other buildings  
and Structures

294.0 Mn  
516.0 Mn

It should be noted that value of buildings of Rs.152 Mn situated outside the factory complex has not been included to the above schedule, since we have not yet finalized the deal regarding this land and buildings, and once we finalize it, the relevant value also be treated as part of the capital investment of the Government. Further if any asset other than the above is transferred to the GOPL in future, the value of such asset(s) should also be treated as the additional Share capital of the company made by Government.

  
R.M.S. Batagoda  
Director General



## **Lanka Fisheries Corporation**

(Ministry of Fisheries and Aquatic Resources)

**Date of Examination : 9<sup>th</sup> February 2017**

### **Major Issues, identified**

#### **01. Combined plan and the action plan**

inquiries were made as to whether the plans that have been drawn up for year 2017 and beyond, the current position and the action plan, have been incorporated in the combined plan.

Recommendations;

- i. Within a month's time, to submit the committee, a strategic combined plan which is designed towards varying the current unfavorable situation of institution in to a favorable situation.
- ii. Obtaining the director board approval in that regard
- iii. Having technical assistance, if necessary.

#### **Report on the current situation and the progress**

Aforesaid detailed report had not been submitted to the committee even by the date 25.05.2017.

#### **02. State and private ownership**

It was revealed before the committee that the central bank had informed, by a circular that this ownership should be at 40 to 60 ratio.

#### **Recommendations;**

To Submit aforesaid circulars to the committee.

#### **Report on current situation and the progress**

Aforesaid detailed report had not been submitted to the committee even by the date 25.05.2017.

03. The basic report compiled by Ernest & Young on Sri Lanka Fisheries Corporation .

**Recommendations**

- i. To submit the basic report compiled by Ernest & Young to Auditor General and the Committee.
- ii. To Submit recommendations on the manner as to how the Auditor General perceives the shortcomings , the financial performance and the maintenance of market profits , based on the report of the Ernest & Young and the proposals intended for the development of the institution.
- iii. To Submit a report by State Enterprises Department as well, based on the report of Ernest & young and the proposals for the development of the institution .
- iv. Preparing a report , having a shared discussion with Ministry , Ernest and Young and Fisheries Corporation on The current situation of the corporation and on all the future plans , based on the report of the Ernest & Young and the proposals for the development the institution

**Report on Current situation and the progress**

The compact disc containing the basic report which was compiled by the Ernest & Young has not been submitted to the committee by the date 02.03.2017 .

The secretary to the Ministry of Fisheries and Aquatic resources by the letter Number 1/6/7/2/2 , dated 20.03. 2017 had informed that a discussion had been scheduled to be held on 20. 03. 2017 with the participation of Ernest & Young , Ministry of Finance, Auditor General's Department and Lanka Fisheries Corporation regarding the preparation of business plans of Sri Lanka Fisheries Corporation, as recommended by the committee under aforesaid recommendation number ( iv)

04. **The franchise shops that handle the sale of fish, making losses**

28 franchise shops in 2014, 30 franchise shops in 2015 and 27 franchise shops in 2016 had made losses out of 32 franchise shops that handle sale of fish and the total loss that had been made in those years respectively amounts to, Rs. 180, 538,573/-, Rs. 138, 040, 828 /- and Rs. 68,184,221/-. The loss incurred by 8 ice factories in 2015 and 2016 respectively, was amounting to Rs. 33,364,965/- and Rs. 17,581,153/-.

**Recommendations**

- i. To submit plans to reduce the losses made by franchise shops.
- ii. To rectify the defects of the accounts that are being maintained for 32 franchise shops.
- iii. To Pay more attention on the administrative and accounting affairs of the franchise shops that have been closed down.

**Report on the current situation and the progress**

The report had not been submitted even until 25. 05.2017

05. **The lands, owned by the Corporation**

Actions have not being taken by the management for legal acquisition of 8 lands to the extent of 9 acre , 15.59 perch that owned by the Corporation for over 32 years from the holders . Inquiries have been made on the acquisition of the ownership of the land that had been given to a private party on a bond of sale, in terms of an agreement which was entered in year 2006 .

**Recommendations**

To Submit a detailed report to the committee and the Auditor General

- i. On the basis in entering in to aforesaid sale agreement
- ii. As to who decided on that.
- iii. As to what was the director board decision at that point of time.
- iv. Of the income accrued from the deed of sale.

- v. As for which purpose the income was utilized.

**Report on the current situation and the progress**

Respective report had not been submitted to the committee even by the date 25.05.2017 .

06. **Tuna Project**

A loss , to the tune of Rs. 47,359,695 /- had incurred , for two week' s time , by reason of sale and purchase of fish stocks with the approval of the then deputy Chairman , outside the fixed prices that had been stipulated by the Tuna project which had been started with treasury allocations with the view to purchase excess fish produce from the fishermen until the European fish ban is lifted . The Debtor balance which was due from the year 2014 was Rs. 9,682,768/-.

**Recommendations**

To submit a detailed report to the committee and the Auditor General on followings;

- i. Whether Board of Directors discussed on the recommendation of the Minister.
- ii. whether a feasibility study had been conducted on the Tuna project
- iii. As to who decided the prices.
- iv. whether there was a committee to decide on the prices

**Report on the current situation and the progress**

The report had not been submitted even until 25. 05.2017

## **Independent Television Network**

(Ministry of Parliamentary Reforms and Media)

**Date of Examination: 21<sup>st</sup> February 2017**

### **Major issues, identified**

01. **Holding Annual General Meeting of the Shareholders ,  
late**

### **Recommendations**

The committee expressed its dissatisfaction over holding aforesaid meeting very late and emphasized the fact that in future proper steps should be taken to hold aforesaid meeting without any delay .

### **Report on the current situation and the progress**

It has been reported that the Annual General Meeting of the shareholders had been held on 22.02. 2016.

02. **Decline of market share and decline of prime time belt  
income**

The committee observed the decline of market share to 6.3% which was previously , in 11.8 % in January 2016 and the decline of Prime time Belt income of the Independent Television Network by 27 % in comparison with 2015.

On the inquires made by the committee , the chairman stated that the dearth of creative and talented officers and the issues related to the methodology in securing the market share, have resulted this situation

The committee was in the opinion that the 9nstitution should look in to the possibility of devising a new methodology in determining the market share, in which all the institutions of the field get involved .

## **Recommendations**

To submit a report within two month's time , on the steps , proposals and the strategies that will be connected with enhancing the market share , the prime time belt revenue and in solving the other issues that exist .

### **Report on the current situation and the progress**

Respective report had not been submitted to the committee even by the date 25.05.2017 .

#### **03. Operational inefficiencies**

The committee inquired of following observations that had made on advertisements on presidential election campaigns in January 2015 .

- i. Broadcasting a presidential Election rally from 7.30 pm to 9.50 p.m live , free of charge , calling off other advertisements and programs that had been scheduled , to the value of Rs. 8,227,333/-,
- ii. Having to repay Rs. 11,026,498/- to a candidate due to the failure of broadcasting scheduled advertisements.
- iii. more advertisements than that of the scheduled election advertisements had been broadcasted on behalf of a particular presidential candidate and Rs. 19,091,862/- which should be recovered for that had not been recovered from the respective candidate even until the end of the reviewed year .
- iv. Charging double from one candidate than from the other out of the two main candidates who contested in the presidential election .
- v. Broadcasting advertisements of commercial nature to the value of Rs. 101, 773, 058 /- , free of charge to promote a particular presidential candidate , classifying them as trailers . In addition , broadcasting aforesaid advertisements of commercial nature of 55317 seconds which were not priced in accordance with rate cards , with the intention of promoting aforesaid candidate.

The chairman of Independent Television Network stated that formal disciplinary inquiries are being held against the responsible officers and such inquiries will be concluded by the end of the first half this year and disciplinary measures will be taken , accordingly .

### **Recommendations**

To submit a report to the committee within two week's time, on the loss incurred by the institution and on all the measures that had been taken by the institution along with the log records .

### **Current situation and the progress**

A detailed report on the loss incurred by the institution amounting to Rs. 142, 606, 117.00 /- (annexure 29) and log records that had been kept by the officers of the control room on the instructions that were given by the higher officials , have been submitted to the committee .

Further, an inquiry has been held on the financial frauds that had taken place in this institution by the Presidential Commission of Inquiry to Investigate Serious Acts of Fraud and Corruption and it has determined that Mr .Hewage Anura Siriwardana , former chairman , Mr . Upali ranjith , former Deputy General manager (Marketing ) and Mr . Dilip Wickramasinghe are responsible for these fraudulent acts.

#### **04. Client Debtor balance amounting to Rs. 718, 250, 680 /- by the date 31.12.2016 /-**

The chairman of Independent Television Network stated that though the private sector institutions issue loans to repay within 9 months , Independent Television Network issue loans to repay within a small period time like 3 months and the debt recovery rate of the institution by now is of a higher rate like 99.3% - 99.7 % .He stated that the measures will be taken to recover this debtor balance in terms of the agreements that have been entered with aforesaid each party .

#### **05. Recommendations**

To submit a report to the committee within a month, on the measures that will be taken to recover the debtor balance .

The committee emphasized that it is necessary to incorporate solutions in the action plan of the manner as to how the debtor balance is to be recovered .

### **Report of the Current situation and the progress**

The letter of the chairman of Independent Television Network dated 29.03.2017 reports that measures will be taken to recover due loans within the existing mechanism and already measures have being taken to formulate new agreements with clients , agents and agencies, having solved previous issues and such new agreements will solve the debt recovery issues in time to come .

#### **06. Non- completion of construction of office complex which was started in 2014 even by December 2016**

It was stated that the contracted institution is asking for more funds than that of the agreed amount and the Department of Architecture of University of Moratuwa has drawn up the plan and there had been a defect in mentioning the gauge of the iron rods in the approved items list .

### **Recommendations**

If the Department of Architecture of University of Moratuwa is responsible for this issue , to hold the payments that should be made and to hold all the payments immediately and to inform the relevant Department of the University of Moratuwa to submit written explanations and send a copy of the same to the committee. And to conduct an inquiry on all the matters starting from the grant of the contract up to current situation and report to the committee.

### **Reporting the current position and the progress**

The report had not been submitted even until 25. 05.2017

#### **07. Madolsima Broadcasting station**

Despite the fact that a UHF Antenna system had been purchased with the cost of Rs. 5,791,748 /- in year 2012 , renting out

transmission equipments from Dialogue Axiata and paying Rs. 5,875,737/- , Rs. 4, 648, 934/- and Rs. 2,432, 640/- respectively for electricity , Antenna rent and transmission rent , without initiating the project until towards the end of year 2016 ,

Chairman stated that it was done so as it was more beneficial to rent out transmission equipments of Dialogue Axiata than using UHF antenna system .

### **Recommendations**

To submit a report on the current situation within one month's time

### **Report on current position and the progress**

It has been reported that this Antenna system has been installed in the tower of Jaffna telecom centre in order to broadcast “wasantham TV “ programmes in Jaffna area properly and seeing that the antenna system which was purchased to install on Modolsima mountain top was not installed in said broadcasting station .

## Annexure 29

**Presidential Election – 2015**  
**Election Advertising Campaign on Independent Television Network**

Summarized report of the loss of income by misusing the TV and Radio channels for Presidential Election Campaign.

Description	ITN	VTV	Lakkhanda (ITN fm)	Total Loss of income
Loss of income by non telecasting / cancelling the scheduled commercials of NDP Candidate – Mr. Maithreepala Sirisena. (Received money on non telecast advertisements had to refund to the candidate.	8,663,768.00	1,618,888.00	743,843.00	11,026,499.00
Loss of income by misusing the daily airtime and telecasting excess commercials, snippets etc. in favouration of UPFA Candidate. (These excess commercials had been telecast without scheduled in scheduling dept.)	101,773,058.00	10,504,675.00	-	112,277,733.00
Loss of income by misusing the daily beam and aired the excess commercials, DJ Announcements etc. in favouration of UPFA Candidate Mr. Mahinda Rajapaksha.			8,606,740.00	8,606,740.00
Non settlement of outstanding balance due from the Adv. Agency of Spell Solution (Mr. Bashwara Gunarathna) regarding the scheduled and telecast commercials for UPFA Candidate Mr. Mahinda Rajapaksha.	2,467,812.00	-	-	2,467,812.00
Loss of income by cancellation the clients advertisements already scheduled from 07.30 pm to 09.50 pm as live telecasting of election propaganda meeting of UPFA Candidate at the date of 05.01.2015	8,227,333.00	-	-	8,227,333.00
<b>Total loss on misusing the daily beam of TV and Radio channels.</b>	<b>121,131,971.00</b>	<b>12,123,563.00</b>	<b>9,350,583.00</b>	<b>142,606,117.00</b>

Note :

- The above information quoted from Internal Audit Reports prepared for advertising campaign on Presidential Election - 2015
- Internal investigations , formal disciplinary inquiries are proceeding and an inquiry was held by Presidential Commission regarding the misusing of the airtime as above. Further investigation is conducted by the Bribery Commission.
- The value of excess commercials, snippets etc. calculated base on the advertising rate card.
- Complied with the observations in Management Report – 2015 issued by Government Auditors.

*N. M. S. S. S.*  
Chief Internal Auditor

## **The University Grants Commission**

(Ministry of Higher Education and Highways)

**Date of Examination : 22<sup>nd</sup> February 2017**

### **Main issues identified**

#### **01. Improper enrolment**

Inquiring whether an enrolment has taken place in year 2015 based on some selection method without advertising.

The Chairman stated that the University Grants Commission has issued a circular titled 697 on a decision reached by the Cabinet of Ministers in year 2006 to this effect and thus this has taken place.

### **Recommendations**

Ordering to send the decision of the Cabinet and the circular for an audit query.

#### **02. Purchasing a vehicle**

Inquiring whether a vehicle has been purchased spending Rs.25 million, without the approval of the treasury, from the revenue received by selling the handbook on university admissions.

On a letter issued by the treasury on 02.05.2014, if there are funds generated, a vehicle can be purchased on approval of the Secretary to the Ministry. Therefore, stating that a vehicle was purchased on Secretary's approval in 2015.

### **Recommendations**

The committee recommended that the required funds should have been obtained on cabinet approval by explaining the requirement of a vehicle and certain measures for the welfare of university students should have been taken from the funds generated.

03. **Vacancies remain unfilled when enrolling students to universities**

Focusing attention on the instances reported where students are unable to enter universities even having obtained 3A passes and vacancies remain unfilled due to not enrolling the required number of students.

The Chairman said although the total number of students have been enrolled based on the records there is a drop in students' attendance; they will be allowed to rectify any mistake committed when applying online; programmes were organized in Zonal Educational level to educate the children in this regard.

**Recommendations**

Ordering to send a brief report comprising the Chairman's explanation to the committee within a week.

**Present situation and reporting the progress**

The relevant report had not reached the committee even by 25.05.2017

04. **Establishing private universities and private degree awarding institutions**

Inquiring whether approval of the University Grants Commission should be obtained when establishing a private university and whether there is a monitoring process when a private university is established.

Stating that, before 22.02.2012, the authority of granting approval was vested within the University Grants Commission and subsequently it was entrusted with the Ministry and private degree awarding institutions are approved by a Specified Authority or an Institution appointed by the Minister under the clauses 25A and 70 of the University Act.

The Secretary to the Ministry said on an application submitted by SAIM in Malabe in year 2007, a preliminary investigation was carried out in year 2011. Conditional registration was granted due to certain shortcomings mentioned in the investigation report and the conditions that should be met were informed from a gazette notification on 30.08.2011. Then Chairperson of the UGC has sent a letter affirming that those conditions

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have been met and an investigative committee comprising the following members has been appointed. Following an institutional review the committee has reported that the institutional capacity is satisfactory.

- i. Prof. Ranjith Senarathne
- ii. Mr. G. Ranepura
- iii. Mr. Sujeewa Rajapakse

### **Recommendations**

Ordering to send a detailed report with a copy to the Auditor General including the facts mentioned below, to the committee before 08.03.2017.

- i. The preliminary investigative report on the process from 2007 to 2011,
- ii. The gazette notification with the conditions,
- iii. The manner in which how the authority was transferred from the gazette notification dated 22.02. 2012 when there was 07 days left for the completion of 6 months to meet the conditions.
- iv. The request made by Mr. Neville Fernando on 05.05.2014
- v. The manner in which how the Chairperson of the UGC has informed the Ministry that SAIM has fulfilled the conditions.
- vi. The detailed report that spells out the reasons for the rejection of OASIS.
- vii. Similarly, a detailed report on the committee appointed to examine the status of the institute.

### **Present situation and reporting the progress**

The above report requested by the committee has been presented to the committee.

#### **05. Summoning the University Grants Commission before the committee again**

Ordering to summon the University Grants Commission before the committee again on March 10, 2017, including the former Chairperson of the UGC, the former Secretary to the Ministry, the present Secretary to the

Ministry, the present Chairman of the UGC and the relevant officials with required documents.

### **Recommendations**

To summon the University Grants Commission before the committee again to investigate on granting approval to establish private degree awarding institutions and especially the SAIMT.

### **Present situation and reporting the progress**

As decided by the committee, the University Grants Commission was summoned before the committee on 09.03.2017 and 20.03.2017.

#### 06. **Academic Assistant**

Inquiring whether the employees called ‘Academic Assistants’ in Universities belong to the academic staff or the non-academic staff category and they have a promotion process.

It was stated that this is an intermediate group and does not belong to either the academic or the non-academic staff category and although the Management Services Department has agreed to prepare a promotion method for them it is yet to be finalized.

### **Recommendations**

Ordering the National Budget Department to submit a report to the committee within a week, outlining the reasons for not granting approval yet.

### **Present situation and reporting the progress**

The Director General of the National Budget Department in a letter numbered BD/UNI/UGC/COPE/2011-2014 and dated 10.03.2017 has informed that although the Management Services Department has held several discussions with the UGC regarding this matter, the UGC is yet to submit its recommendation report.

Furthermore, the Management Services Department has informed that attention can be drawn to this matter at the staff review scheduled in year 2017.



## Profit/ (Loss) or Net Surplus/ (Deficit) before Tax

### Profit/ (Loss) before Tax

No	Entity	Profit / (Loss) before Tax for the year ended 31 <sup>st</sup> December (Rs.)		
		2016	2015	2014
1	Airport & Aviation Services (Sri Lanka) Ltd.	6,908,594,354	2,378,125,373	5,496,029,765
2	Lanka Sathosa Ltd.	Financial statements Not Submitted yet	Financial statements Not Submitted yet	(1,722,947,369)
3	The Co-Operative WholeSale Establishment (CWE)	Financial statements Not Submitted yet	(539,887,014)	(313,971,655)
4	People's Bank	20,813,660,000	19,519,519,000	17,231,057,000
5	National Lotteries Board	896,889,668	910,801,268	109,189,912
6	Ceylon Petroleum Corporation	69,620,013,000	(19,885,780,000)	1,129,025,000
7	Lanka Mineral Sands Limited	Financial statements Not Submitted yet	502,754,508	327,609,174
8	Geological Survey and Mines Bureau	1,591,342,826	1,055,590,343	842,062,409
9	Hingurana Sugar Industries Ltd	Financial statements Not Submitted yet	1,508,406	(3,895,191)
10	Ceylon Fisheries Corporation	Financial statements Not Submitted yet	(259,917,474)	(119,187,790)
11	Independent Television Network Limited	(69,600,043)	587,158,584	638,257,397

**Net Surplus/ (Deficit) before Tax (COPE – 2017)**

No	Entity	Surplus / (Deficit) before Tax for the year ended 31 December (Rs.)		
		2016	2015	2014
1	National Transport Commission	224,637,178	158,735,053	162,252,416
2	Sri Lanka Tourism Development Authority	383,499,550	308,312,524	325,029,262
3	Central Environmental Authority	45,142,000	(72,318,000)	(61,310,000)
4	Sri Lanka Ayurvedic Drugs Corporation	Financial statements Not Submitted yet	62,153,332	14,474,024
5	University Grants Commission	16,958,489	43,081,432	43,733,945

