ANNUAL REPORT 2023

Marine Environment Protection Authority

Ministry of Urban Development and Housing

Annual Report 2023

Marine Environment Protection Authority
Ministry of Urban Development and Housing

The Marine Environment Protection Authority was established under the former Marine Pollution Prevention Act No. 59 of 1981. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international conventions on marine pollution applicable to Sri Lanka and it was brought into effect on 01 January 2009.

Corporate Information
Name of the Authority
Marine Environment Protection Authority

Legal Statues
A regulatory authority established under the Marine Pollution Prevention Act No. 35 of 2008

Registered Address and Head Office
Marine Environment Protection Authority
No. 177, Nawala Road,
Narahenpita, Colombo 05.

TP	:	011 2554006 /011 2554373
Fax	:	011 2554173 /011 2556505
E-mail	:	info@mepa.gov.lk
Web	:	www.mepa.gov.lk

Board of Directors

- **Mr. Asela B. Rekawa**
  Chairman
  (From 09.02.2023)

- **Mrs. Darshani Lahandapura**
  Former Chairman
  (From 05.02.2020 to 05.02.2023)

Directors

- **Mr. A. J. M. Gunasekara**
  General Manager/Chief Executive Officer

- **Mr. S.K.B.N.Sunil Senaratne**
  Additional Secretary
  (Administration and Human Resources Division)
  Ministry of Fisheries
  (From 03.02.2023 to 21.06.2023)

- **Mr. R. A. D. S. Ranatunga**
  Additional Secretary (Fishery Resources Management)
  Ministry of Fisheries (From 22.06.2023)

- **Rear Admiral R. A. P. P. Ratnayake,**
  Director General (Operations)
  Sri Lanka Navy

- **Mr. R. A. R. R. Rupasinghe**
  Additional Secretary (Administration)
  Ministry of Environment and Wildlife Resources
  (From 03.02.2020 to 09.03.2023)

- **Mr. A. W. Seneviratne**
  Director General of Merchant Shipping
  Ministry of Ports and Shipping
  Merchant Shipping Secretariat
  (From 03.02.2020 to 09.03.2023)

- **Mr. R.D.S. Jayathunga**
  Additional Secretary (Environmental Development)
  Ministry of Environment
  (From 10.03.2023)

- **Mr. Ajith Wijesinghe**
  Director General
  Department of Merchant Shipping
  (From 10.03.2023)

- **Mrs. P.Y. Sumanawathi**
  Additional Director General (Acting)
  Department of National Planning
  Ministry of Finance

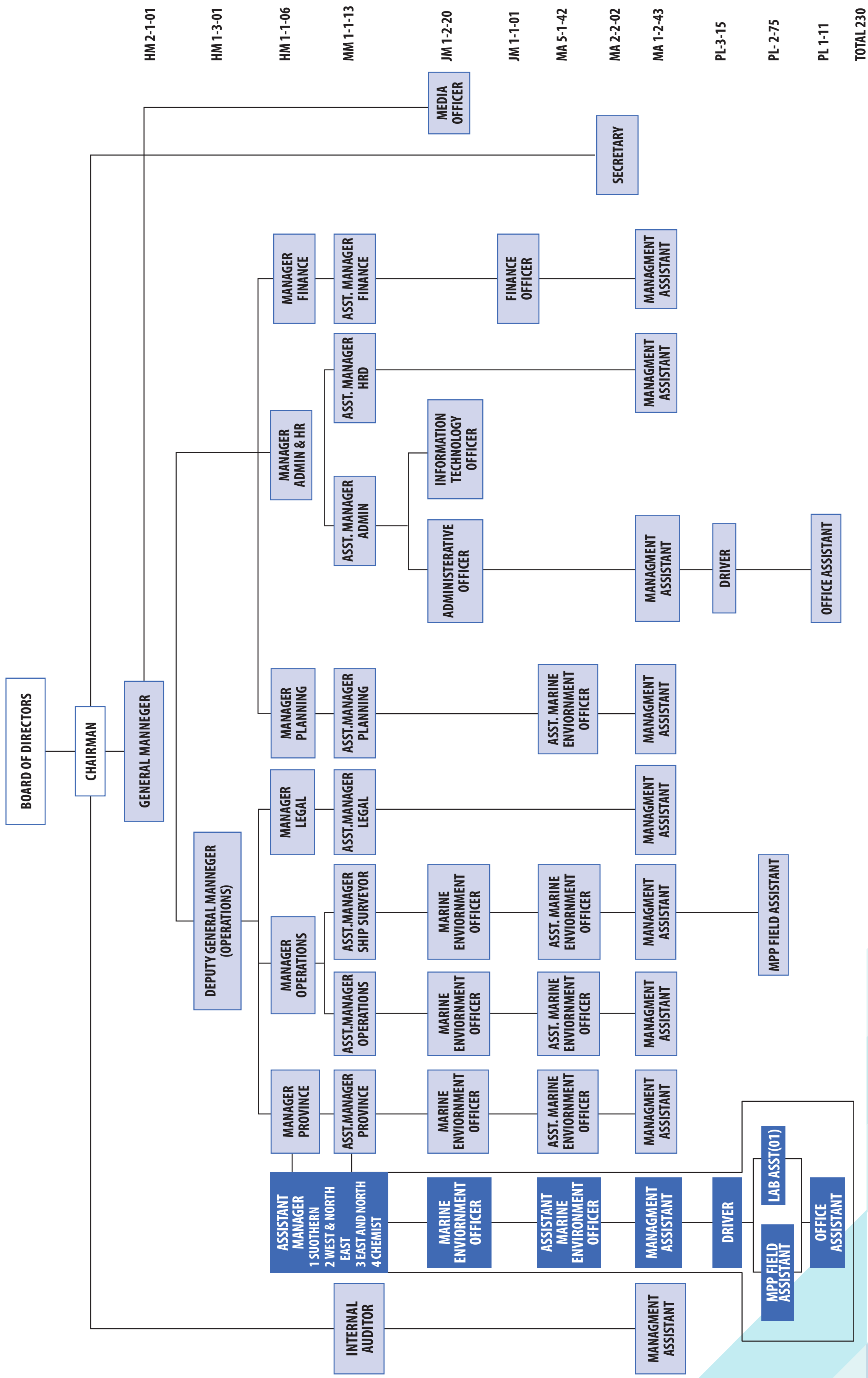
- **Mr. M. R. Hussan**
  Director General
  Marine Affairs, Environment and Climate Change Division
  Ministry of Foreign Affairs

- **Mr. Samantha Gunasekara**
  (Member appointed by the Minister)

- **Mr. Ivan de Almeida**
  (Member appointed by the Minister)

Organizational Structure of the Authority

Approved Organization Stucture - MEPA



The Management Board of the Authority

SENIOR MANAGEMENT

- **Chairman**
  Asela B. Rekawa
  [Attorney at Law]

- **General Manager/Chief Executive Officer**
  A. J. M. Gunasekara
  (From 10.09.2021 to date)
  [B.Sc, M.Sc (NRM), M.Sc (Maritime Affairs)]

- **Deputy General Manager (Operations)**
  A. J. M. Gunasekara
  [B.Sc, M.Sc (NRM), M.Sc (Maritime Affairs)]

- **Manager (Legal)**
  Miss A. Kariyawasam
  [LLB, M.Sc (Maritime Affairs)]
  (Up to 30.06.2023)

- **Acting Manager (Administration and Finance)**
  Mr. D.R.C. Jayawardena
  [B.Com.sp, M.Bus (Accounting)/ LICA]
  (Up to 09.05.2023)

- **Acting Manager (Provincial)**
  Mrs. R. P. Ranaweera
  [B.Sc (Hons), M.Sc (NRM)]
  (From 01.02.2021)

- **Acting Manager (Operations)**
  H. T. N. I. Piyadasa
  [B.Sc, M.Sc (NRM), M.Sc (Maritime Affairs)]
  (From 01.06.2023)

- **Deputy Manager (Southern Province)**
  Mrs. R. P. Ranaweera
  [B.Sc (Hons), M.Sc (NRM)]

- **Deputy Manager (Provincial)**
  H. T. N. I. Piyadasa
  [B.Sc, M.Sc (NRM), M.Sc (Maritime Affairs)]

- **Deputy Manager (Ship Surveyor)**
  R. N. Priyadarshana
  [B.Sc, NDES]

- **Deputy Manager (Human Resource Development)**
  Mrs. W.H.A.S.K. Hitibandara
  [B.Sc (Business Administration)]

- **Assistant Manager (Operations)**
  T. G. I. P. Amaranayake
  [B.Sc (Hons), M.Sc (DAMm)]

- **Assistant Manager (Administration)**
  Mr. S. M. C. Kumarage
  [B.B.M.G.T. Sp.)]

- **Internal Auditor**
  W.A.P. Udana.
  [EDBA(Col), Intermediate (CASL), AMA(CMASL)]

- **Acting Assistant Manager (Northern / Eastern Province)**
  Mr. T. Sripathy
  [B.Sc, M.Sc (Environmental Science)]
  (Up to 06.08.2023)

- **Assistant Manager (Northern / Eastern Province)**
  Mr. T. Sripathy
  [B.Sc, M.Sc (Environmental Science)]
  (From 07.08.2023)

- **Assistant Manager (Western and North Western Province)**
  W. I. H. K. Wijeratne
  [B.Sc in Laboratory Science, B.Sc (Hons) in Agriculture, M.Sc (Microbiology)]

- **Accountant**
  Mr. D.R.C. Jayawardena
  [B.Com. sp, MBus (Accounting)/ LICA]
  (Up to 15.09.2023)

- **Assistant Manager (Planning)**
  K.P.K.I.U. Fernando
  [B.Sc (Hons), M.Sc (Economics), PGD (Applied Statistics)]
  (Up to 06.10.2023)

Provincial and District Offices of the Marine Environmental Protection Authority

01. Western and North Western Provincial Office and Colombo Office
Marine Environment Protection Authority,
No. 177, Nawala Road, Narahenpita, Colombo 05.
Tel: 011 2554078/ 071 3462298
Fax: 011 2556505/011 2554173

02. District Office - Kalutara
Marine Environment Protection Authority,
No: 28, Gangabada Road, Kalutara.
Tel: 034 2221790/ 071 2666456
Fax: 034 2221790

03. Southern Provincial Office and Galle District Office, Galle Laboratory
Marine Environment Protection Authority,
No: 426/B, Colombo Road, Dadalla, Galle.
Tel: 091 2233549/ 091 2233547/091 3130888
071 8214184 / 070 5109151
Fax: 091 2233549/ 091 2233547

04. District Office - Matara
Marine Environment Protection Authority,
18, Wilmot Balasuriya Mawatha, Nupe, Matara.
Tel: 041-2234250/ 071 4926849
Fax: 041 2234250

05. District Office - Hambantota
Marine Environment Protection Authority,
No. 46, Second Floor,
Ruhunu Magampura Administrative Complex,
Siribopura, Hambantota.
Tel: 047 2256372/ 071 5293716
Fax: 047 2256372

06. District Office - Ampara
Marine Environment Protection Authority,
Pradeshiya Sabha Building, Gamsabha Mawatha,
Thambiluvil.
Tel: 067 2265416 / 077 2282052
Fax: 067 2265416

07. North and East Provincial Office and District Office - Trincomalee
Marine Environment Protection Authority,
District Secretariat
4th Floor, Trincomalee.
Tel: 026 2050805/ 077 4138505
Fax: 026 2050805

08. District Office - Jaffna
Marine Environment Protection Authority,
District Secretariat, Jaffna.
Tel: 021 2212663 / 077 9919496
Fax: 021 2212663

09. District Office - Puttalam
Marine Environment Protection Authority,
Nuga Sevana B Block,
North Western Provincial Development Authority Building,
Pambala, Kakapalliaya.
Tel: 032 2222865/ 071 1406600
Fax: 2222865 03

10. District Office - Gampaha
Marine Environment Protection Authority,
72/3A, Colombo Road, Kurana, Katunayake.
Tel: 031 2228606/ 071 8325678
Fax: 031 2228606

11. District Office - Mannar
Marine Environment Protection Authority
District Secretariat, Mannar.
Tel: 023 2251758/ 077 6110128
Fax: 023 2251758

12. District Office - Batticaloa
Marine Environment Protection Authority
No: 03, Pillair Kovil Road,
First Cross Street, Kalladi, Batticaloa.
Tel: 065 2224979 / 071 9979422
Fax: 065 2224979

13. District Office - Kilinochchi
Marine Environment Protection Authority
No: 05, Railway Station Road, Kilinochchi.
Tel: 021 2282101 / 070 6768694
Fax: 021 2282101

Message from the Chairman

I am truly honored to have the privilege of presenting this statement for the year 2023 in the Annual Report of the Marine Environmental Protection Authority. The Marine Environmental Protection Authority, established to enforce the Marine Pollution Prevention Act No. 35 of 2008, is committed to preventing, controlling, and minimizing marine pollution, while diligently carrying out numerous tasks aimed at creating a clean, healthy shoreline and a sustainable marine ecosystem.

At present, the Marine Environmental Protection Authority, operating under the regulations of the Marine Pollution Prevention Act No. 35 of 2008, is actively engaged in urgently amending existing regulations to ensure they are in line with both current legal frameworks and future needs, recognizing the critical importance of these amendments in effectively preventing marine pollution.

In 2023, the Marine Environmental Protection Authority successfully generated an income of Rs. 26.242 million through waste acceptance services. Additionally, the issuance of ship bunker licenses generated Rs. 2.2 million, while institutional bunker license issuance brought in Rs. 2.34 million in revenue. As the Marine Environmental Protection Authority, we have implemented various programs aimed at protecting the marine and coastal environments and minimizing pollution, and I would like to highlight that these initiatives were carried out under donor contributions, without any financial burden to the Authority. Among these, a key initiative is the program to update the National Oil Spill Contingency Plan (NOSCOP), which can be highlighted as a significant step. In the event of a marine disaster, the plan aims to ensure swift coordination and action between both governmental and non-governmental organizations, with the goal of minimizing, controlling, and preventing the impact of such incidents.

Recognizing the critical need for swift action during maritime disasters, the Marine Environment Protection Authority (MEPA) has taken significant steps this year to establish an Operations Center to enhance rapid information acquisition and coordination with relevant institutions. This initiative addresses a longstanding operational gap and is expected to be inaugurated by mid-next year. Notably, this project is being implemented with the generous support of sponsors.

Furthermore, leveraging advanced technology, a mobile application is being developed to streamline coastal waste management through a structured and efficient approach. This initiative will be implemented with the collaboration of both governmental and non-governmental organizations. Through these efforts, we will be able to bequeath a pristine ocean and unpolluted coastlines to future generations of Sri Lanka.

In parallel, efforts to continue the cleanup of coastal areas affected by the MV X-Press Pearl maritime disaster remain ongoing. The Marine Environment Protection Authority is also providing its fullest cooperation to the Attorney General's Department in pursuing legal proceedings related to the incident.

The successful execution of these initiatives has been made possible through the invaluable support of His Excellency President Ranil Wickremesinghe, the Honorable Prime Minister, the Minister and State Minister in charge of the subject, the Secretary to the Ministry, the Board of Directors of the Marine Environment Protection Authority, the Director General, and all its members and their contributions are deeply appreciated.

Asela B. Rakawa
Chairman
Marine Environment Protection Authority

Message from the Director General

At a time when financial allocations for state institutions were at a minimal level, we successfully carried out numerous significant responsibilities of the Authority. It is a great satisfaction that we were able to accomplish these tasks through effective financial management, sponsorship, and with a limited human resource base. In line with our vision of a healthy ocean and a pristine coastline, the Authority identified coastal areas representing all 14 coastal districts of the country and with the active participation of the private sector and non-governmental organizations, coastal custodians were appointed, ensuring continuous beach-cleaning initiatives. Additionally, throughout the year, we implemented special coastal conservation programs at identified locations. The continued support and contributions of various organizations towards the Marine Environment Protection Authority have been invaluable in these efforts.

Furthermore, the establishment of internationally standardized coastal zones commenced in 2022. Accordingly, four Blue Flag beaches are planned to be established by mid-next year. For this purpose, the beaches of Arugam Bay, Pasikuda, Bentota, and Unawatuna have been identified, and the necessary groundwork for their establishment is currently progressing at an accelerated pace.

At present, the operations of the Port Office of the Marine Environmental Protection Authority are conducted with minimum facilities, and activities to construct a new office premises, aimed at improving the facilities, commenced this year. Accordingly, by mid-2024, it is planned to complete the activities and carry out operations at the Port Office of the Marine Environmental Protection Authority in a modern office equipped with enhanced facilities.

In addition, several projects related to mangrove plantation and coral planting programs, identified under donor contributions, were successfully implemented within the marine environmental systems in 2023. Thus, in addition to the daily tasks performed for the protection of the marine environment in 2023, the Marine Environment Protection Authority carried out numerous activities aimed at safeguarding the marine and coastal environments. These efforts will significantly contribute to transforming Sri Lanka into a blue economy and provide valuable opportunities for its growth. Moreover, these activities will make a direct contribution to the development of the tourism industry.

I would like to express my sincere gratitude for the support received from the Secretary of the Ministry, the Chairman of the Authority, the Board of Directors, and my staff in ensuring the success of these efforts.

A.J.M. Gunasekara
General Manager / Chief Executive Officer
Marine Environment Protection Authority

VISION

"A healthy coastal and ocean environment for future generations."

MISION

" Be the guardian of the coastal and ocean environment through awareness, research, public participation, national, regional & international coordination, prompt actions enforcement."

Content

1. Background

1.1 Introduction

It is accurate to define the ocean as the largest and most unique environmental system in the world. The ocean, being one of nature's most extraordinary creations, has become the "largest food factory in the world" as it provides food for the largest number of living beings on Earth.

Sri Lanka, being an Island nation, can be described as a country surrounded by an abundant ocean of resources. Furthermore, by claiming ownership of an oceanic zone that is eight times larger than the land area of our country, it has not only gained a diverse and vibrant coastal environment but also developed into a significant tourist attraction.

We hold full rights to the extraction of resources from this oceanic zone. Additionally, its strategic location along international maritime routes add a unique economic value, further enhancing its significance.

The marine and coastal environment, rich in such valuable resources, is increasingly subjected to pollution every day due to various human activities. This situation has been triggered by actions occurring during both maritime operations and on land.

Against this backdrop, the Marine Pollution Prevention Authority was established under the Marine Pollution Prevention Act No. 59 of 1981 with the aim of maintaining the marine and coastal environment free from pollution.

The Authority, focused on minimizing, controlling, and preventing marine pollution, strengthened its operations and enhanced its authority by repealing the existing legislation and introducing the new Marine Pollution Prevention Act No. 35 of 2008. This timely action came into effect on 01 January 2009, with the establishment of the Marine Environment Protection Authority, empowered by the new legal framework.

In the face of the complex human needs of the future, with the growing maritime activities both within the country and along the coast, including the establishment of factories and an increase in human activities, and the rising extraction of ocean resources, the time is right for the Authority to fully contribute towards minimizing, controlling, and preventing the resulting pollution in the marine and coastal environments, enabling the country to transition towards a blue economy.

Accordingly, despite the complex situation the country is currently facing, the Marine Environment Protection Authority, as the sole state institution established to protect the marine environment from pollution, has implemented a range of marine-friendly programs in collaboration with other relevant state and non-governmental organizations.

1.2 Responsibilities and Functions of the Authority

1.2.1 Functions of the Authority.

(a) to effectively and efficiently administer and implement the provisions of this Act and the regulations made thereunder.

(b) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship based activity and shore based maritime related activety, in the territorial waters of Sri Lanka or any other maritime zone, its foreshore and the coastal zone of Sri Lanka.

(c) To conduct research in collaboration with other departments, agencies and institutions for both the government and the private sector, for the purpose of prevention, reduction, control and management of pollution arising out of any ship based activity or shore based maritime related activity, in the territorial waters of Sri Lanka or any other maritime zone or its foreshore and the coastal zone of Sri Lanka.

(d) To take measures to manage, safeguard and preserve the territorial waters of Sri Lanka or any other maritime zone, it's fore-shore and the coastal zone of Sri Lanka from any pollution caused by any oil, harmful substance or any other pollutant

(e) To provide adequate and effective reception facilities for any oil, harmful substance or any other pollutant

(f) To recommend adherence to all international Conventions and relevant Protocols dealing with marine pollution which the Government of Sri Lanka has or may ratify, accept, accede to or approve

(g) To formulate and implement the National Oil Pollution Contingency Plan.

(h) To oversee, regulate and supervise the conduct of the contractors, service sub-contractors and person conducting or engaged in exploration of natural resources, including petroleum or related activities

(i) To create awareness amongst different groups of the community, of the need to preserve the marine environment.

(j) To do all such other acts or things as may be necessary for the discharge of all or any of the above functions.

1.2.2 Powers of the Authority

(a) To effectively safeguard and preserve the territorial waters of Sri Lanka or any other maritime zone, it's fore-shore and the coastal zone of Sri Lanka from pollution arising out of any ship based activity or shore based maritime related activity.

(b) To conduct investigations and inquiries, and to institute legal action in relation to any pollution, arising out of any ship based activity or shore based maritime related activity.

(c) To oversee all sea transport of oil and bunkering operations that are carried out in the territorial waters of Sri Lanka or any other maritime zone, it's fore shore and the coastal zone of Sri Lanka for the purpose of preventing of pollution.

(d) To acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any movable or immovable property.

(e) To employ such officers and servants as may be necessary for the purpose of discharging the functions of the Authority.

(f) To enter into and perform directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of the functions of the Authority

(g) To appoint any person by name or office to whom purpose of exercising all or any of the powers conferred on the Authority under this Act may be delegated.

(h) To open, operate and maintain accounts in any bank or financial institution, approved, by the Board.

(i) To borrow such sums of money as may be necessary for the purpose of discharging the functions of the Authority.

(j) To accept and receive grants, donations and bequests, of property both movable and immovable, from sources in Sri Lanka and abroad and utilize them for the purpose of discharging the functions of the Authority.

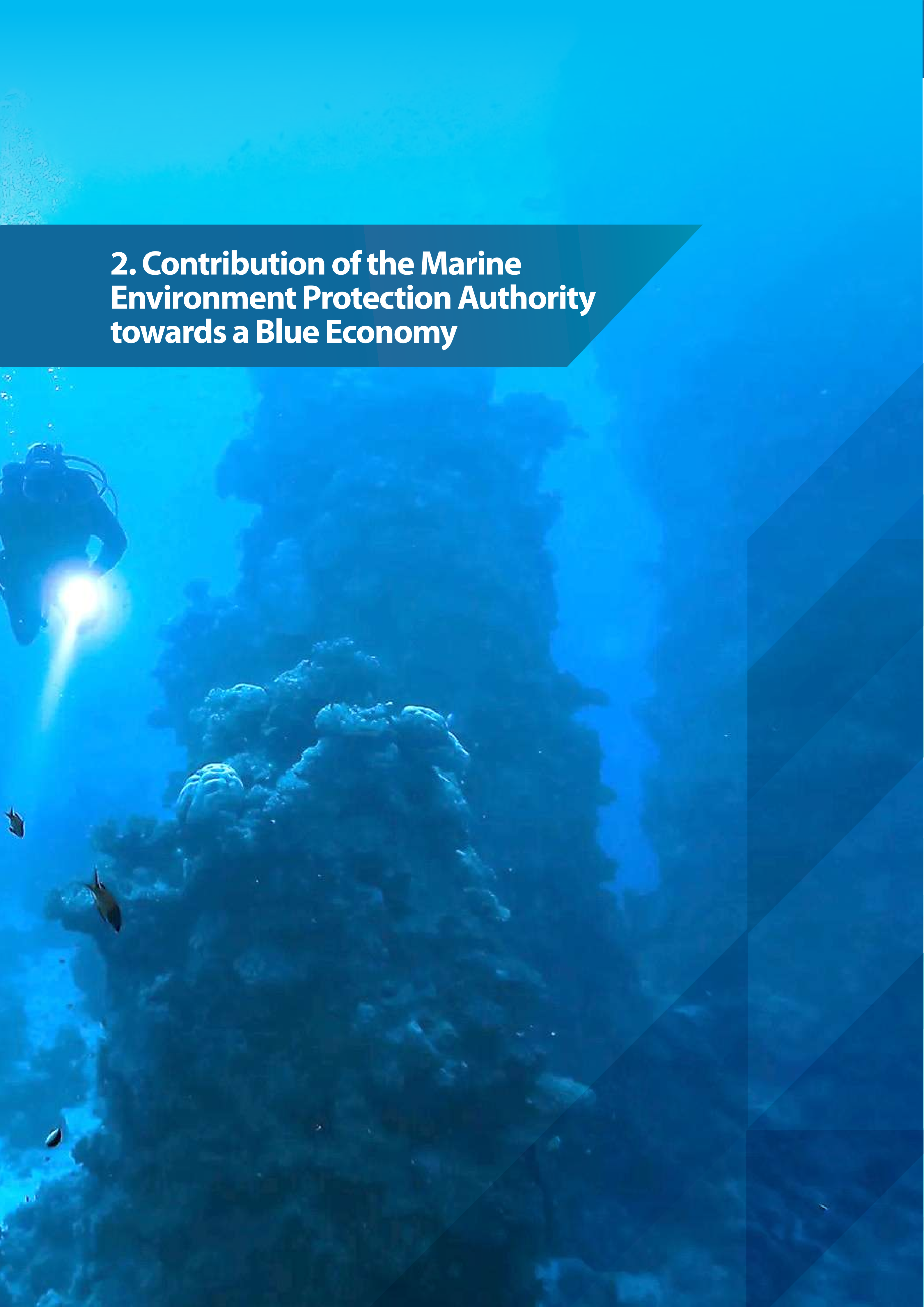
(k) To make rules in respect of the management of the affairs of the Authority.

(l) To charge fees for any services provided by the Authority from any person or body of persons.

(m) To levy fees or charges in respect of the services provided by the Authority from all ships calling at Sri Lankan ports.

(n) To do all such other acts or things as are necessary for the proper discharge of the functions of the Authority or are incidental to any of the powers specified in this Act or conferred on or assigned to the Authority.

2. Contribution of the Marine Environment Protection Authority towards a Blue Economy



Over the past few decades, it has been evident that Sri Lanka has primarily relied on land-based resources for its economic development. However, it is now clear that sustainable economic growth cannot be achieved solely by depending on terrestrial resources. Accordingly, the concept of the blue economy, which focuses on utilizing marine resources for economic development, has emerged as a vital approach in modern global economic strategies.

Economic development is driven by the sustainable utilization of ocean-related resources, with the expectation of expanding employment opportunities and improving living standards. At the same time, the protection of the ocean and its associated ecosystems is considered an essential component of this approach.

Although Sri Lanka, as an island nation, possesses the right to extract resources from a maritime zone nearly eight times the size of its land area, the utilization of its ocean resources remains at a minimal level. While the fisheries and tourism industries have long been associated with the ocean, they have yet to achieve significant growth. However, Sri Lanka's maritime zone presents numerous opportunities for industrial expansion. In addition to the fisheries and tourism sectors, key areas within the blue economy include marine biotechnology, offshore mineral extraction, renewable energy generation from ocean resources, the naval and maritime industries, information and communication technologies linked to the ocean, and marine infrastructure development.

As the development of the aforementioned sectors progresses and the utilization of marine resources increases, the potential impacts on ocean ecosystems and the risk of marine pollution cannot be overlooked. The concept of the blue economy inherently includes the protection of the marine environment. Therefore, the degradation of ecosystems due to marine pollution and other factors leads to the collapse of the sustainability of the blue economy.

The Marine Environment Protection Authority, established to implement the Marine Pollution Prevention Act No. 35 of 2008 for the prevention, control, and management of marine pollution within Sri Lanka's territorial waters, plays a crucial role in ensuring the sustainability of blue economy development. Notably, the Marine Pollution Prevention Act No. 35 of 2008 and its associated regulations provide the legal framework for combating marine pollution. As the necessity arises to amend and update this Act and its regulations to align with future development activities, necessary measures are currently being undertaken in this regard. In addition to legal measures for controlling marine pollution, the Authority also implements various projects to mitigate pollution. Over the past few years, several initiatives have been carried out in collaboration with the private sector to minimize the amount of pollutants entering the ocean and coastal areas from land-based sources, as well as to remove existing pollutants from these environments. These initiatives include appointing coastal guards, organizing and coordinating beach clean-up programs, and installing waste strainers to collect debris from waterways. In cases of marine pollution caused by activities such as ship accidents and resource exploration, the Marine Environment Protection Authority collaborates with other relevant institutions to control pollution and restore damaged ecosystems.

According to the experience get from naval accidents occurred recently, necessary amendments are being made as enabling to update the national plan implemented at emergency oil dissemination and react for chemical material dissemination in additions to the oil.

By maintaining mangrove seedbeds in relations to control the marine pollution as well as to reserve the current ecosystems, the Marine Environment Protection Authority fulfill an importan role in the mangrove replanting programmes and coral reef s replacement programmes. For this, it has been obtained the contribution of private sector and none-government organizations.

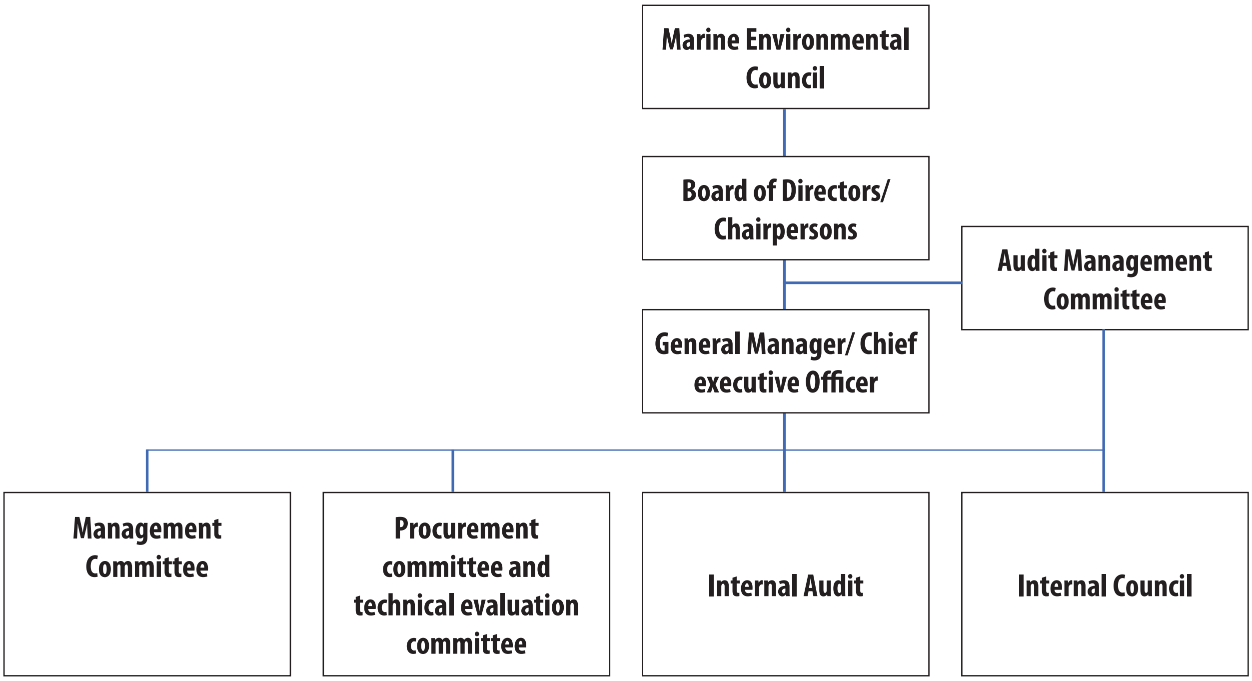
Marine Environment Protection Authority implements the various awareness programmes to create the attitude change for minimize the marine environment pollution and protect the marine environment. In additions to the awareness programmes made through the electronic and printing media and social media, awareness programmes targeting schools' students, university students, public officers and fishermen are conducted by the head office of the Marine Environment Protection Authority as well as district offices situated as Sri Lankan coastal districts over the year.

In additions to the port city, port expansion and development that was initiated by now, another number of blue economic development projects will be made in Sri Lankan water belt in the future. For the guidance and intervention required for it, it is necessary to strength the Marine Environment Protection Authority further by technological power with human and physical resources.

3. Corporate Governance Report

A well-structured institutional governance framework provides a strong foundation for safeguarding stakeholders' value and the authority's resources while achieving strategic growth objectives. The review conducted by the Committee on Public Enterprises (COPE), along with public confidence in the authority's operations and activities, serves as a key factor influencing the maintenance of effective institutional governance. Furthermore, maintaining a high level of compliance ultimately ensures institutional integrity and governance stability. The administrative framework of the authority has been established in accordance with the Marine Pollution Prevention Act No. 35 of 2008, and the Board of Directors provides necessary policy support whenever required.

3.1 Administrative Framework



3.2 Board of Directors of the Authority

The Board of Directors serves as the driving force behind the success of the Authority. Comprising ten highly qualified and experienced members, the Board is committed to making well-informed decisions to ensure the efficiency of the Authority's overall operations, including its strategic direction, financial management, and reputation. By leveraging the collective expertise of its members, the Board functions in alignment with the powers and responsibilities outlined in the Marine Pollution Prevention Act No. 35 of 2008, ensuring the highest standards of institutional governance.

Determining the roles and responsibilities of the directors, their specific composition, and the duration of their tenure is also a crucial aspect in this regard. The Minister of Urban Development and Housing appoints three members, including the Chairman, to the Board of Directors. Additionally, the persons for the time being holding office as the Secretaries to the Ministries of the Ministers in charge of the subjects of Environment, Foreign Affairs, Finance, and Fisheries or their representatives along with the person for the time being holding office as the Director of Merchant Shipping, the person for the time being holding office as the Commander of the Sri Lanka Navy or his representative; the person holding office for the time being as the General Manager of the Authority are also appointed as Board of Directors

3.3 Participation of Members in the Board of Directors Meetings During the Year, 2023

The Board of Directors' meetings are held on a monthly basis, while special Board meetings are convened as necessary. Staff officers participate in the Board meetings to provide any additional information required for clarifying matters as per the recommendations of the Directors. The Board meetings are conducted in accordance with a formal agenda, and prior to each meeting, the management provides the Directors with relevant detailed background information and Board papers. A total of 12 Board meetings were held during the year, and the participation of the Directors is presented in the table below.

	Name	Position Held in the Board of Directors	Number of Board Meetings Attended
01	Mrs. Darshani Lahandapura	Former Chairman (Appointed by the Minister)	01/12
02	Mr. Asela B. Rekawa	Chairman –Executive Director (Appointed by the Minister)	11/12
03	Mr. A. J. M. Gunasekara	General Manager (Acting)	12/12
04.	Mr. S.N.B.K. Sunil Senaratne	Non-Executive Director	03/12
05.	Mr. R. A. D. S. Ranatunga	Non-Executive Director	06/12
06.	Mr. Rear Admiral R. A. P. P. Ratnayake	Non-Executive Director	11/12
07.	Mr. R. A. R. R. Rupasinghe	Non-Executive Director	00/12
08.	Mr. R. D. S. Jayatunga	Non-Executive Director	06/12
09.	Mr. A. W. Seneviratne	Non-Executive Director	00/12
10.	Mr. Ajith Wijesinghe	Non-Executive Director	06/12
11.	Mr. Y. P. Sumanawathi	Non-Executive Director	12/12
12.	Mr. M. R. Hussan	Non-Executive Director	07/12
13.	Mr. Samantha Gunasekara	Non-Executive Director	12/12
14.	Mr. Ivon de Almeida	Non-Executive Director	11/12

Table 1: Information on Board of Directors' Meetings

3.4 Independence of the Board Members

The overall responsibility and accountability for the success and sustainability of the Authority primarily rest with its Board of Directors. The Board's fundamental duty is to provide strategic guidance, demonstrate strong leadership in overall performance, and act in the best interests of stakeholders.

According to the Marine Pollution Prevention Act No. 35 of 2008, the tenure of Board Members is limited to three years. Before making decisions, the Board may seek relevant guidance and information from institutional management and, if necessary, external professionals. Institutional management is responsible for providing the required information. It is the responsibility of the Authority's management to provide the Board with the necessary information in a timely manner to ensure the efficient fulfillment of its duties. The Board is accountable for achieving the Authority's objectives. By formulating and implementing policies and ensuring their effective execution, the Board facilitates the establishment of an efficient internal control system within the Authority. Audit issues and internal control weaknesses identified through internal and external audits are reviewed by the Audit and Management Committee in relation to the Authority's governance and operational activities. The recommendations of the Audit and Management Committee are submitted to the Board of Directors for decision-making.

The Board of Directors is responsible for realizing the vision of the Authority. In fulfilling this responsibility, the Board holds ultimate accountability for the implementation of the Authority’s strategies, oversees its operational performance and financial outcomes, and ensures compliance with statutory requirements and ethical standards.

In addition to the aforementioned responsibilities, the Board of Directors is also accountable for reviewing and approving the annual financial statements, annual budget report, corporate governance reports, activity plans, and financial performance evaluations.

Accordingly, the granting of approvals related to staff promotions, capital expenditures, and investments by the head of appointments as the appointing authority, is carried out under the supervision of the Board of Directors.

3.5 Other Committees

The Audit and Management Committee serves as a key subcommittee in carrying out the main functions of the Board of Directors.

3.6 Audit and Management Committee

The Audit and Management Committee, comprising three members of the Board of Directors, functions as an independent subcommittee accountable to the Board. It oversees all aspects of governance, including financial, operational, and compliance controls, along with internal control systems and risk management. The Marine Environment Protection Authority's internal control system and risk management are managed within a tolerable risk framework. Accordingly, the Audit Committee reviews audit queries from the National Audit Office, internal audit reports, and investigative reports, providing guidance to the management.

The Audit Committee of the Authority has the primary responsibility to review all internal control procedures and their adequacy and effectiveness, and to make recommendations for improving internal controls.

3.7 Procurement Committees and Technical Evaluation Committees

The National Procurement Agency has issued a set of guidelines for the procurement of goods, services, and works. To ensure the acquisition of the most financially advantageous and high-quality services and supplies for the Marine Environment Protection Authority, while maintaining transparency and minimizing delays, the Procurement and Technical Evaluation Committees implement these guidelines issued by the National Procurement Agency. The Technical Evaluation Committee focuses on the technical specifications of the procurements, while the Procurement Committee takes into account other aspects of the procurement process. The procurement committees of the Marine Environment Protection Authority are categorized as follows, based on their value:

1. Departmental Procurement Committee (for procurements with a value exceeding Rs. 500,000)
2. Minor Procurement Committee (for procurements with a value less than Rs. 500,000)

3.8 Audit and Management Committee

The Management Committee of the Authority is composed of the Chairman, Chief Executive Officer, Deputy General Manager or Department Heads, with one of them (as applicable) acting as the Chairperson of the committee. The Head of the Committee also participates in the meetings. Furthermore, the number of meetings held by the committee throughout the year may vary depending on the circumstances.

Coordination with Stakeholder Institutions

The continuity of the Authority's operations depends on its ability to engage with all its stakeholders in a cordial and meaningful manner. The importance of fostering mutual understanding between the Authority and its stakeholders has been recognized. The Authority collaborates closely with the Ministry of Urban Development and Housing and the Treasury to ensure effective management of its operations.

The Treasury provides funding for the Authority's key projects and programs, along with necessary guidance and directions. Communication is conducted both verbally and in writing, with the Chairman/General Manager acting as the principal liaison officer for coordination with institutions. The Authority ensures the lawful provision of required and relevant information in the most comprehensive manner possible.

3.9 Internal Controls

An effective internal control system is essential for the efficient functioning of the Authority. The primary objective of implementing such a system is to safeguard the Authority's assets, maintain proper records, and ensure the provision of reliable information. Therefore, the efficient and effective utilization of the Authority's limited resources to achieve institutional goals is a key component of internal control.

3.10 Internal Audit

The Internal Audit Division is managed by a professionally qualified accountant. Audit plans approved by the Audit Committee are in place to evaluate internal controls, identify risk areas, and ensure the completeness of transactions. In addition, the division is entrusted with conducting special investigations aimed at providing observations and recommendations to the management.

Identifying risk areas related to the Authority's expenses and revenue, reviewing audit queries before sending answers, discussing the Auditor General's report, and periodically reviewing completed tasks and annual plans are among the other functions carried out by the Internal Audit Division.

3.11 Corporate Management

The day to day operations of the Authority are directed by the Chairman or the General Manager, based on the strategic direction, established policies, and procedures approved by the Board of Directors as appropriate.

The operational activities of the Authority are divided into two sections as headquarters operations and regional operations. Regional operations are carried out by District Marine Environment Officers under the supervision of Assistant Managers, who work under the overall supervision of the Manager Operations. Additionally, Deputy Managers or Assistant Managers from relevant province provide necessary support.

For more effective management, the headquarters has been divided into several departments, each led by a Deputy General Manager or a Manager. These units support the Chairman and the General Manager in the Authority's day-to-day operations. Institutional managers are professionals with the necessary skills, experience, and academic or professional qualifications relevant to their respective fields.

3.12 Compliance and Transparency

Compliance with all applicable laws, regulations, standards, and best practices is essential for the Authority's success and sustainability. The institutional governance framework of the Authority is structured in accordance with the guidelines outlined in the Code of Best Practices on Corporate Governance, published in 2003 by the Institute of Chartered Accountants of Sri Lanka and the Department of Public Enterprises. The Board of Directors is committed to ensuring adherence to these requirements to uphold strong institutional governance practices.

The Authority is committed to maintaining transparency in all its activities. It operates in compliance with Sri Lanka Accounting Standards (SLPASS / SLFRS / LKAS) and relevant regulations to ensure accountability. The Financial Act No. 38 of 1971, Government Financial Regulations, and provisions of the Establishments Code are applied in the Authority's daily operations. Annual financial statements are published and presented to Parliament, while external audits are conducted by the Auditor General.

4. Directors' Report

The Marine Environment Protection Authority is a state regulatory authority established under the Marine Pollution Prevention Act No. 35 of 2008. The Authority is managed by a Board of Directors.

The registered office of the Authority is located at No. 177, Nawala Road, Narahenpita, Colombo 05. The audited financial statements included in this annual report have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSASs) issued by the Institute of Chartered Accountants of Sri Lanka and the provisions of Treasury Circulars.

4.1 Key Functions

The Marine Environment Protection Authority operates to prevent, control, and manage marine pollution in Sri Lanka, ensuring that the ocean environment remains sustainable for both present and future generations. Its primary functions include enforcing the Marine Pollution Prevention Act No. 35 of 2008 and its associated regulations, implementing relevant international conventions, and engaging and coordinating with stakeholders to ensure compliance and effective enforcement.

4.2 Audited Financial Statements

The financial statements of the Marine Environment Protection Authority for the year ending December 31, 2023, have been duly signed by the Authority's Accountant and approved by the Board of Directors. These statements have been audited by the Auditor General, whose report is presented in Chapter 10.

4.3 Responsibility of the Board of Directors for Financial Reporting

The Board of Directors of the Marine Environment Protection Authority is responsible for the preparation of financial statements that provide a true and fair representation of the Authority's current financial position. The Board of Directors is of the opinion that the financial statements comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, and Cash Flow Statement, along with the accounting policies, have been prepared as detailed on pages 77 to 102 In accordance with Sri Lanka Public Sector Accounting Standards.

4.4 Significant Accounting Policies and Changes During the Year

During the year under review, no changes were made in the accounting policies followed in the previous financial year, in accordance with Sri Lanka Public Sector Accounting Standard No. 01 on 'Presentation of Financial Statements.'

4.5 Revenue and Surplus/Deficit

The summary of the financial results of the Authority for the financial year ended 31 December 2023, along with comparative figures, is presented below.

Item	2023	2022
Total Revenue (Rs.)	545,041,426.00	761,854,231.00
Total Expenditure (Rs.)	457,539,955.00	552,603,480.00
Surplus/ Deficit (Rs.)	87,501,471.00	209,250,751.00

4.6 Property, Plant, and Equipment

The details regarding the property, plant, and equipment of the Marine Environment Protection Authority are provided in Note 08 of the financial statements on page 100.

4.7 The allowances of the Authority's Directors

The allowances paid to the Directors in the years 2022 and 2023 are as follows:

2023 (Rs.)	2022 (Rs.)
466,550.00	228,000.00

This salary and wage payment has been made in accordance with the provisions of Public Enterprises Circular No. 01 of 2015.

4.8 Contracts of Directors with the Authority

There are no direct or indirect actions by the Directors to enter into an agreement with the Authority.

4.9 Risk Management and Internal Control System

The overall responsibility for risk management lies with the Board of Directors. Accordingly, the Board has established a comprehensive and detailed internal control system within the Authority.

4.10 Human Resources

The Authority recognizes the significant role of human resources in realizing its operations, mission, and vision. Accordingly, several measures have been taken to enhance the Authority's human capital and to ensure their optimal contribution toward achieving institutional goals and objectives. The Authority's Human Resources Policy aims to provide sufficient opportunities for officers at all levels to continuously enhance their knowledge and skills through both local and foreign training programs. Developing human capital to ensure the presence of high-level technical and managerial capabilities has become a primary objective of the Authority. The human capital development report is provided on pages 19 to 21 of this document.

4.11 Liabilities to be Settled

As of the financial statement date, no lawsuits have been filed against the Authority. Therefore, the financial statements will not have any material impact on the Authority's financial stability or its future operations.

4.12 Compliance with Laws, Rules, and Regulations

The Authority has not engaged in any activities that violate the relevant laws, rules, or regulations.

4.13 Statutory Payments

The Directors, to the best of their knowledge and belief, confirm that all statutory payments, as prescribed by the relevant regulatory and statutory authorities, have been made on time using the designated financial resources.

4.14 Events After the Financial Statement Date

No events of material significance have occurred after the date of the financial statements that would require amendments to the financial statements.

4.15 Going Concern

To ensure the achievement of the Authority's vision, objectives, operational improvements, and the protection of the marine environment for the future, the Board of Directors has developed an institutional plan/operational strategy. Accordingly, the financial statements have been prepared based on the concept of going concern.

4.16 Auditors' Fees

The Authority has paid an audit fee of Rs. 1,679,376.00 to the Auditor General for the year ending 31 December 2023. As observed by the Directors, the Chief General has no other relationship or obligation with the Authority concerning any other matters.

4.17 Statements of the Directors on Corporate Governance

The Board of Directors certifies the following:

1. The Authority operates in full compliance with all applicable laws and regulations and has not engaged in any activities contrary to these laws and regulations.

2. The Authority has disclosed all material relationships of the Directors in connection with contractual agreements.

3. The Board of Directors, based on the assumption to support the continuous operation of the Authority's activities, has reviewed the Authority's institutional/operational plans and is convinced that the Authority has sufficient resources to continue its operations in the future. Accordingly, the Authority's financial statements are prepared based on the concept of going concern.

4. The Directors have conducted a review of internal controls, covering financial, operational, compliance controls, and risk management, and have obtained reasonable assurance regarding their effectiveness and successful implementation.

5. The procedures and practices in compliance with corporate governance regulations are detailed in the corporate governance report on pages 70 to 102 of this document.

4.18 Acknowledgment of the Content of the Report

The Board of Directors hereby acknowledges the content of this annual report. This annual report is signed on behalf of the Board of Directors by:

Asela B. Rakawa
Chairman

5. Conducting Audit and Management Committee Meetings

The Audit and Management Committee of the Authority consists of three non-executive directors. The committee is chaired by Ms. Sumana Yapa, who represents the Treasury. The other committee members are Mr. Sunil Senarathna, Additional Secretary of the Ministry of Fisheries and Aquatic Resources (as of 31.03.2023), and Mr. Samantha Gunasekara, Director of the Marine Environment Protection Authority. Furthermore, the Superintendent of Audit assigned to the Marine Environment Protection Authority from the National Audit Office and the Chief Internal Auditor of the Line Ministry participated in the committee meetings as observers. Mr. W.A.P. Udana served as the Internal Auditor of the Authority until 26.10.2023. The Deputy Auditor General of the National Audit Office participated in the Management Committee meetings, while Ms. R.M.M.S. Perera, Senior Assistant Auditor General of the National Audit Office, attended the Audit and Management Committee meetings as a special observer. Following the resignation of Mr. Sunil Senarathna from the committee on 21.06.2023, Mr. R.A.D.S. Ranatunga was appointed as a committee member effective from 22.06.2023.

Mr. W.A.P. Udana, who served as the convener of the Audit and Management Committee in his capacity as the Internal Auditor, was temporarily relieved of this position effective from 26.10.2023 and was appointed as the Assistant Manager (Finance) based on exigencies service.

Upon the committee's request, the Chairman, the Director General, the Accountant, and other officers in charge of relevant divisions appeared before the committee as necessary to provide clarifications on relevant matters.

The weaknesses identified in audit queries submitted by the National Audit Office, as well as deficiencies in internal control systems, were assessed.

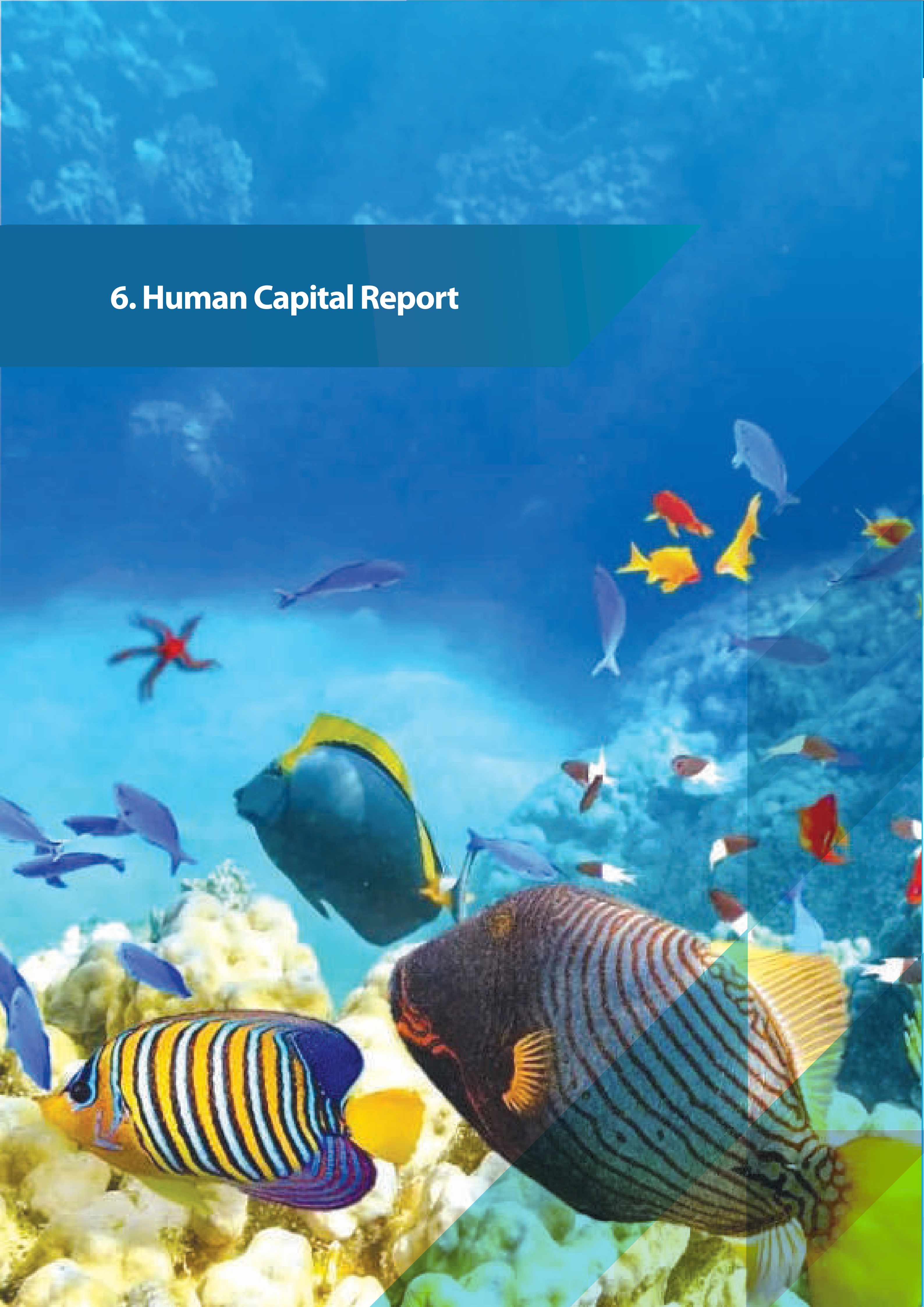
Discussions were held with the management regarding internal audit reports, and necessary corrective actions were implemented accordingly. The audit was planned and conducted to ensure that the Authority's operations were carried out in compliance with internal circulars, Financial Regulations, the Establishments Code, and other applicable regulations. The audit covered all financial, administrative, and operational activities, including the preparation of the Authority's financial statements, the safeguarding and maintenance of assets, and the maintenance of adequate liquidity. The Audit and Management Committee reviewed the financial progress reports prepared and submitted by the Accountant and provided necessary recommendations to the Chairperson and the

General Mnager regarding the required actions.The Audit and Management Committee worked in collaboration with the National Audit Office and discussed their observations, findings, and recommendations during committee meetings. In addition, the Audit and Management Committee assessed the findings revealed in internal audit reports and evaluated the effectiveness of audit procedures. Necessary guidance and recommendations were provided to the Internal Audit Division to minimize identified deficiencies. A total of 04 Audit and Management Committee meetings were held in 2023.

	Name	Composition of the Audit and Managemenmt Committee	Number of Audit Committee Meetings / Attendance
01	Mrs. Sumana Yapa	Chairman (Additional Director General, National Planning Department, Ministry of Finance)	04/04
02	Mr.Samantha Gunasekara	Director (Marine Environment Protection Authority)	03/04
03	Mr. Sunil Senaratne	Member (Additional Secretary - Administration, H.R.D., Finance) - Ministry of Fisheries and Aquatic Resources) (2020.02.06 – 2023.06.21)	01/04
04	Mr. R.A.D.S. Ranatunga	Additional Secretary (Fishery Resources Management) Ministry of Fisheries (from 2023.06.22)	03/04
05	Mrs. R.M.M.S. Perera	Observer (Senior Assistant Auditor General - National Audit Office) on 2023.10.20	01/04
06	Mrs. Vijitha Thayalan	Observer (Superintendent of Audit - National Audit Office)	03/04
07	Mr. N. Jeyaganesh	Observer (Chief Internal Auditor - State Ministry of Coastal Conservation and Lowland Development)	04/04
08	Mr. W.A.P. Udana	Convener (Internal Auditor - Marine Environment Protection Authority) (Until 2023.10.26)	03/04

Table 2: Records on the Audit and Management Meetings of the Marine Environment Protection Authority in the Year 2023

6. Human Capital Report



"Building Employee Relations and Enhancing Employee Participation"

Building employee relations and enhancing employee participation can be considered a crucial aspect of creating a positive and productive work environment. This concept facilitates the development of strong employee relations by improving the way employers and employees interact and communicate within an organization. It also fosters a positive and mutually beneficial relationship between management and staff. Furthermore, encouraging open and transparent communication between senior management and employees, as well as establishing mechanisms for resolving conflicts and disputes in a fair and impartial manner, along with having a clear grievance procedure, greatly helps to maintain trust and fairness.

Similarly, recognizing and appreciating employees' contributions and achievements, as well as acknowledging their efforts, can boost morale and strengthen workplace relationships. Ensuring that all employees are treated fairly and equally is crucial, as favoritism and bias can negatively impact employee relations and overall organizational harmony.

Furthermore, increasing employee engagement directly influences their commitment and overall organizational performance. Employees should have clear understanding of the organization's mission and vision, and regular feedback on performance should be provided. In addition, employee training needs should be identified and training provided accordingly. Employee motivation strategies and employee well-being should also be enhanced.

In summary, building strong employee relationships and increasing employee engagement create a workplace where employees feel valued, motivated, and satisfied. This requires continuous effort in fostering effective communication, recognition, opportunities, and a positive work culture. When implemented successfully, it leads to higher job satisfaction, improved productivity, and lower turnover rates, ultimately benefiting both employees and the organization.

Breakdown of Employees 2023 (GRI 405-1)

Range	Senior Management		Middle Management		Junior Management		Assistant Marine Environment Officer		Management Assistant		Other	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-20	-	-	-	-	-	-	-	-	-	-	-	-
21-30	-	-	-	-	-	-	01	03	02	04	12	-
31-40	-	-	01	-	02	-	08	11	03	17	24	-
41-50	01	-	04	01	03	04	01	01	03	01	41	-
Above 50	01	-	02	01	-	02	-	-	01	-	16	-
Grand Total	**02**	**-**	**07**	**02**	**05**	**06**	**10**	**15**	**09**	**22**	**93**	**-**
	100%	**00 %**	**77.78%**	**22.22%**	**45.45%**	**54.55%**	**40 %**	**60 %**	**29.03%**	**70.97%**	**100%**	**00 %**

Type of Employment (GRI 102-8)

Type of Employment	2023			2022		
	Male	Female	Grand Total	Male	Female	Grand Total
Fixed Term Contract	01	-	01	-	01	01
Permanent	115	28	143	126	32	158
Probation	10	17	27	08	20	28
Trainees	06	13	19	00	10	10
Grand Total	**132**	**58**	**190**	**134**	**63**	**197**

Province-wice Employees (GRI 102-8)

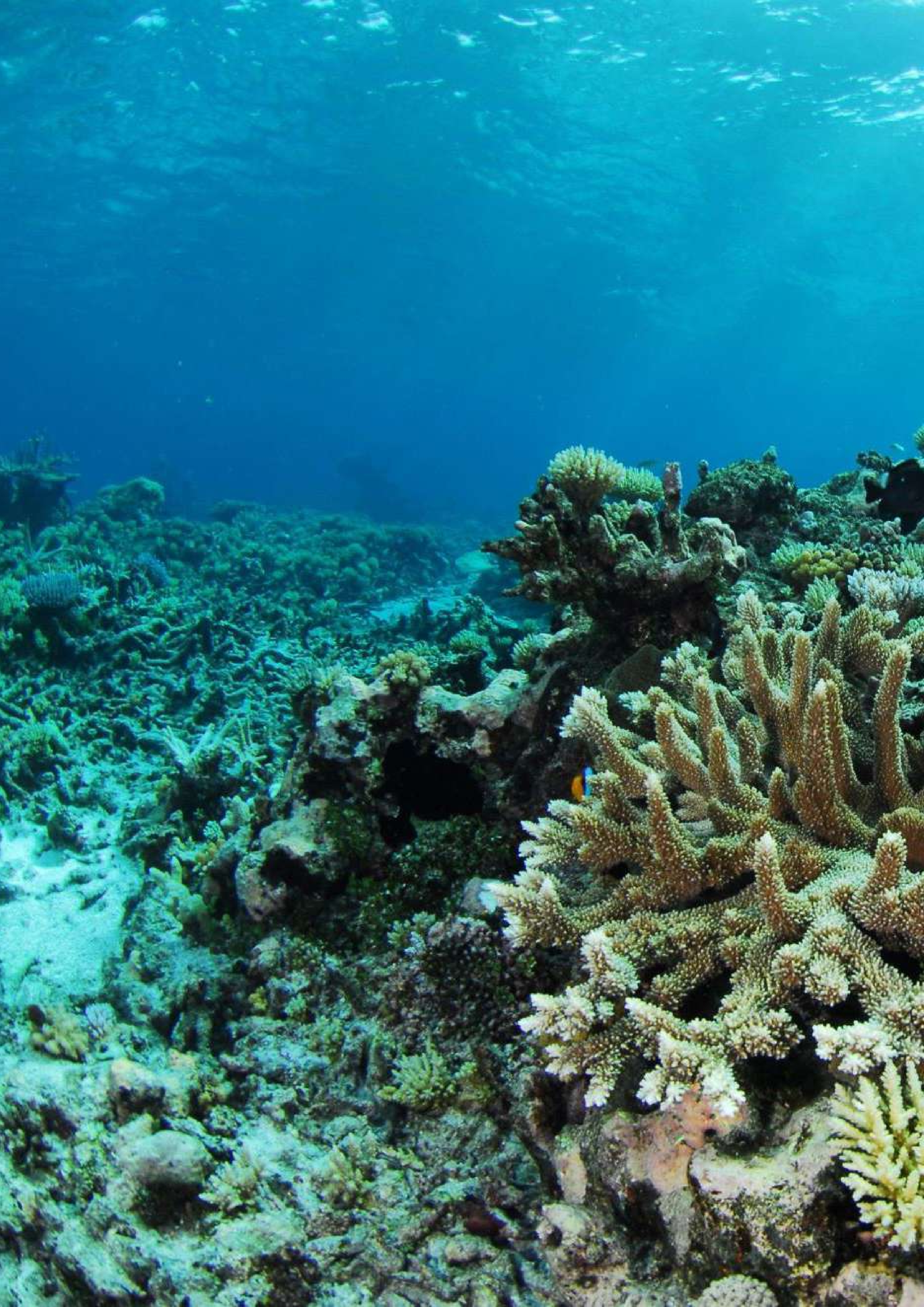
Province	No. of Branches	2023			2022		
		Male	Female	Grand Total	Male	Female	Grand Total
Southern	03	33	07	40	34	08	42
Western	03	53	32	85	57	39	96
North Western	01	04	03	-	04	03	07
Northern	03	14	-	14	15	-	15
Eastern	03	22	03	25	24	03	27
Grand Total	13	126	45	164	134	53	187

Employees' possibilities

We continuously invest for our people to increase the possibilities of them and build an earnest labour force to bring the Authority to the future. Accordingly, during the financial year, following trainings have been given.

Foreign trainings 2023

Sn No	Name	Designation	Duration	Programme/ Training	Country
01	Mr. A J M Gunasekara	General Manager (Acting)	04th and 05th July 2023	The Benchmarking Site Visit in line with Transfer of Environmentally Sound Technologies (Test Biofouling) for Lead Partnering Countries	Mauritius
02	Mr. Asela B Rekawa, LLB	Chairman	18th and 20th July 2023	The Negotiations/Discussions on the X-Press Pearl Incident	Malaysia
03	Mr. Asela B Rekawa, LLB	Chairman	18th to 22nd September 2023	Spill Response Workshop	America
	Mr. T G I P Amaranayaka	Assistant Manager (Operations)			
04	Mr. M T K Delpachithra	Marine Environment Officer	16th to 20th October 2023	Workshop on Enhancing Maritime Emergency Response Capabilities in the Indo-Pacific	New Caledonia
05	Mr. Asela B Rekawa, LLB	Chairman	06th to 10th November 2023	First Progress Meeting and training programme on"Satellite based oil spill monitoring service for Sri Lanka"	France
	Mr. A J M Gunasekara	General Manager (Acting)			
	Mr. R N Priyadharshana	Assistant Manager (Ship Survey)			
	Mr. W I H K Wijerathna	Marine Environment Officer			
	Mr. W T D K M A Gunathilaka	Assistant Marine Environment Officer			
06	Mr. A J M Gunasekara	General Manager (Acting)	13th to 19th November 2023	Third session of the Intergovernmental Negotiating Committee to Develop an International legally binding instrument on plastic	Kenya



7. Review of Operational Activities

7.1 Development Methods for Preventing Marine Pollution Caused by ships

7.1.1 Waste reception services – 2023

Sri Lanka has become a party to the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78). Accordingly, waste reception facilities must be provided for vessels arriving at Sri Lanka's commercial ports. Under the Marine Pollution Prevention Act No. 35 of 2008 and the Marine Environmental Protection (Ship Waste Reception) Regulations of 2016, the Marine Environment Protection Authority (MEPA) facilitates waste reception services for ships entering Sri Lankan ports. Providing of waste reception facilities for the ships are done by service providers registered with the Authority. In accordance with regulations, after verifying compliance with the required standards, the Marine Environment Protection Authority registered 31 service providers in 2023 to offer ship waste reception services.

Information on Registered Service Providers for the Year 2023

Service providers registered under the categories of waste oil, solid waste, and sewage waste for all ports.

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Galaxy Marine Services (Pvt) Ltd	✓	✓	✓	✓
2	Marino Lanka Holdings (Pvt) Ltd	✓	✓	✓	✓
3	New Colombo Harbour Suppliers (Pvt) Ltd	✓	✓	✓	✓
4	Ceylon Logistics & Supply Services (Pvt) Ltd	✓	✓	✓	✓
5	N. G. N. Ranjith Marine (Pvt) Ltd	✓	✓	✓	✓
6	N & Y Marine Services (Pvt) Ltd	✓	✓	✓	✓
7	Sudesh Enterprises & Exports (Pvt) Ltd	✓	✓	✓	✓
8	Vismitha Marine Enterprises (Pvt) Ltd	✓	✓	✓	✓
9	Prabala Traders Marine Services (Pvt) Ltd	✓	✓	✓	✓

Service Providers Registered Under the Categories of waste Oil and Solid Waste

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Shanika Marine Company (Pvt) Ltd	✓	✓	✓	✓
2	White Crystal (Pvt) Ltd	✓	X	X	✓
3	H. T. Senu Cargo & Shipping Service (Pvt) Ltd	✓	✓	✓	✓
4	S. H. Wilson (Pvt) Ltd	✓	X	X	X
5	G. M. Line (Pvt) Ltd	✓	✓	X	✓
6	D. S. Marine (Pvt) Ltd	✓	X	X	X
7	K. L. S. Marine Service (Pvt) Ltd	✓	X	X	X
8	Sunmark Lanka Solutions (Pvt) Ltd	✓	X	X	✓
9	Jaya Marine Services (Pvt) Ltd	✓	X	X	✓
10	Insee Ecocircle Lanka (Pvt) Ltd	✓	X	X	X
11	Ranara (Pvt) Ltd	✓	X	X	X

Service Providers Registered Under the waste Oil Category

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Supreme Petro Lanka (Pvt) Ltd	✓	✓	✓	✓

Service Providers Registered Under the waste Oil, Solid Waste, and Sewage Waste Categories for the Ports of Colombo, Galle, and Trincomalee

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Malsha Globe Shipping Services (Pvt) Ltd	✓	✓	✓	X

Service Providers Registered Under the Solid Waste and Sewage Waste Categories

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	CleanTech (Pvt) Ltd	✓	X	X	X

Service Providers Registered Under the Solid Waste and Sewage Waste Categories

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Sisili Hanaro Encare (Pvt) Ltd	✓	X	X	X
2	Sudha Shipping Services (Pvt) Ltd	✓	X	X	X
3	Nirosh Marine Services (Pvt) Ltd	✓	X	X	X
4	Shah R R Marine Services (Pvt) Ltd	✓	X	X	X

Service Providers Registered Under the Solid Waste and Sewage Waste Categories

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	K. L. Gunasiri & Sons (Pvt) Ltd.	X	✓	X	X
2	Lahiru Traders Marine Services (Pvt) Ltd.	X	✓	X	X

Service Providers Registered Under the Solid Waste Category for Trincomalee Port

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Asha Marine Trinco (Pvt) Ltd.	X	X	✓	X

Service Providers Registered Under the Solid Waste Category for Hambantota Port

	Name of the Company	Colombo	Galle	Trincomalee	Hambantota
1	Nirman Lanka (Pvt) Ltd.	X	X	X	✓

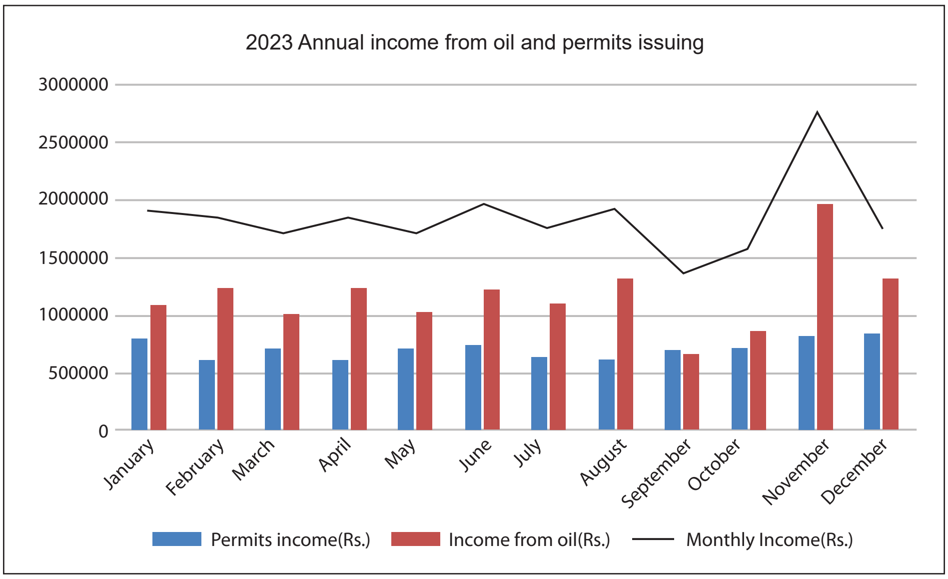
Issuance of Ship Waste Reception Service permits

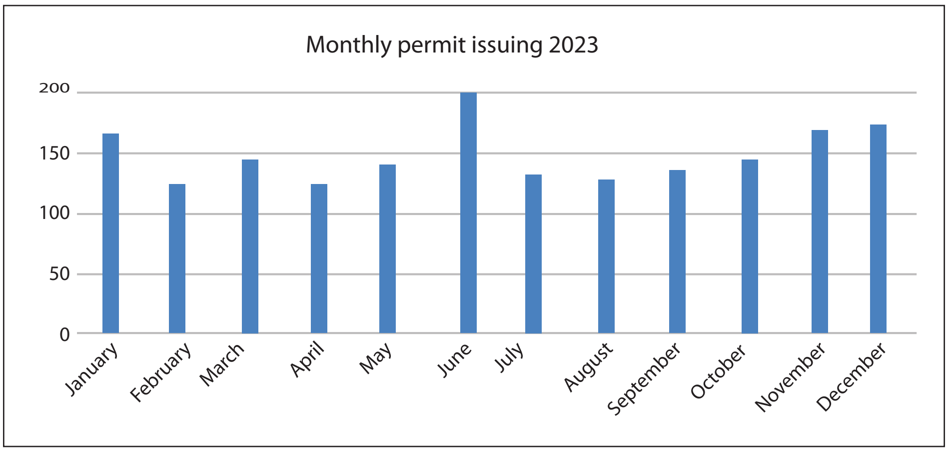
In 2023, a total of 1705 licenses were issued for vessels that applied for waste reception services. The highest number of licenses, 1,234, also 105 permits had been discarded was issued for ships arriving at the Colombo Port. Additionally, 138,126 and 102 licenses were issued for ships arriving at the Galle, Hambantota, and Trincomalee ports, respectively.

Details of Ship Licenses Issued in the Year 2023

Port	No. of Ship Licenses
Colombo	1234
Galle	138
Hambantota	126
Trincomalee	102
Discard	105
Total No. of Lisenses	**1705**

Number of waste reception service permits issued each month in 2023



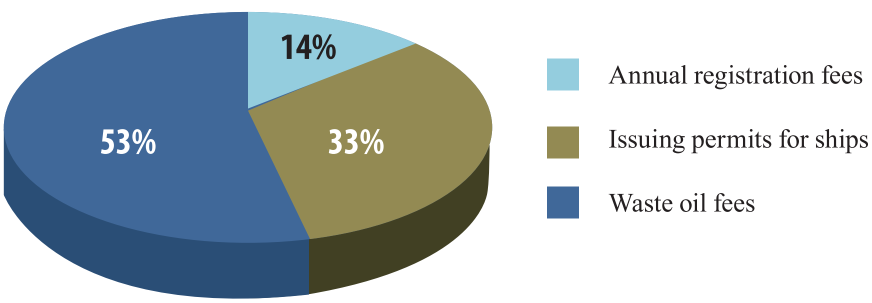


Annual Revenue

The waste collection service generated an income of Rs. 26.242 million in the year 2023. The details are provided below.

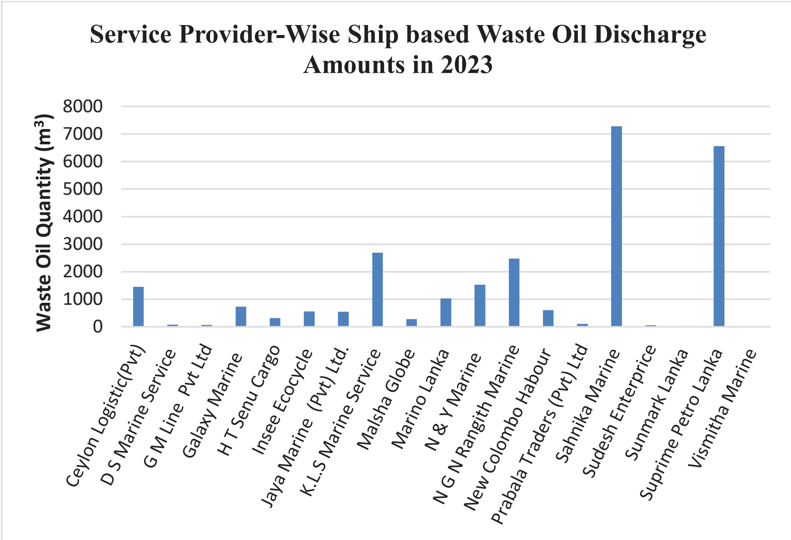
- Annual registration fees - Rs. 3,682,500.00
- Issuance permits for ships - Rs. 8,525,000.00
- Charging fees for oil waste - Rs. 14,034,699.50
- **Total income for the year 2023 - Rs. 26,242,199.50**

Annual revenue of waste reception service - 2023



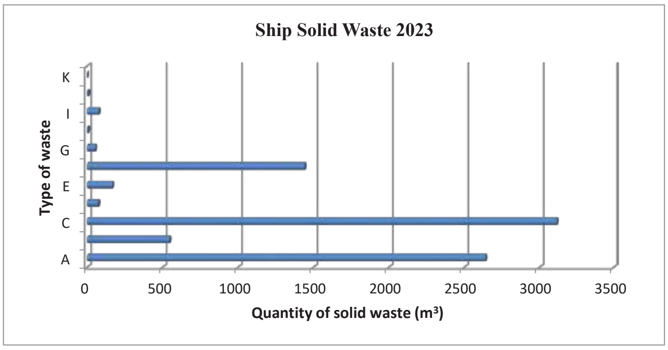
Information on waste removed from ships

Oil waste -
The total amount of oil waste removed from ships in 2023 was 26,401.8 m3.



Details of solid waste removed from ship in the year 2023

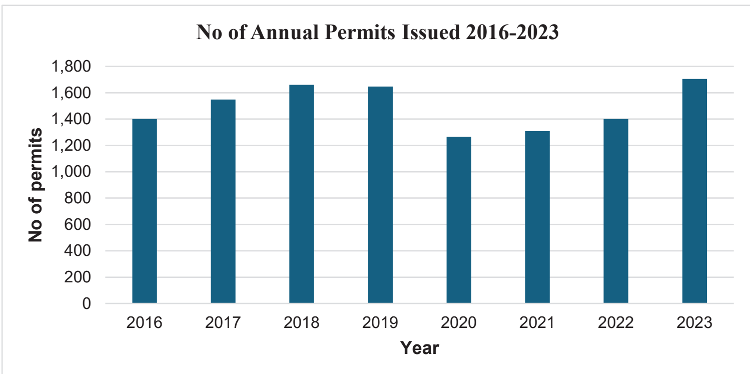
Type of waste	Quality (m^3)
A. Plastic	2640.75
B. Food Waste	545.5
C. Domestic Waste	3113.5
D. Cooking Oil	74.54
E. Burner Ash	167.1
F. Operational Waste	1441.7
G. Animal Carcasses	53.6
H. Fishing Gear	7.1
I. Electronic Waste	77.26
J. Shipping goods debris (non-dangerous waste)	7.93
K. Shipping goods debris (dangerous waste)	0



Solid waste -

The total amount of solid waste removed from ships in 2023 was 8,129.17 m3. In addition, 381.0 m3 of sewage waste was also removed. The details are provided below.

Issuing annual license from the 2016-2023



7.1.2 Bunker Licensing – 2023

The supply of fuel required for the operation of engines and other machinery during daily operations of a vessel is referred to as "bunker." Since there is a risk of occurring accidents such as oil spillage and fires during these operations, the process of bunker supply must be carried out with great care and safety. In accordance with the provisions of the Prevention of Marine Pollution Act No. 35 of 2008 and the Bunkering (Marine Environmental Protection) Regulations No. 02 of 2011, the annual bunker certificate is issued for bunkering crafts after confirming the prescribed standards.

In the year 2023, 15 bunker licenses were issued for ships generating a total income of Rs. 2.2 million. In addition, annual licenses have been granted to the Trincomalee Oil Storage Complex and two road tanker clearance license have been issued. As a result, an income of Rs. 2.34 million was earned from issuing bunker licenses in 2023. The details of the bunker licenses for the year 2023 are provided below.

Serial No.	Registration number	Name of the Company	Ship name
A	Issuing bunker licenses for ships		
1	2023/BUN/01	Lanka Marine Services (Pvt) Ltd	Lanka Marine Mahawali
2	2023/BUN/02	Lanka Maritime Services (Pvt) Ltd	MT Laxapana
3	2023/BUN/03	Lanka Maritime Services (Pvt) Ltd	MT Kumana
4	2023/BUN/04	Lanka Marine Services (Pvt) Ltd	Lanka Marine Nilwala
5	2023/BUN/05	Sinopec Fuel Oil (Pvt) Ltd	He Ping Zhe Lu
6	2023/BUN/06	Spence Sea Horse Marine (Pvt) Ltd	He Ping Zhe Lu
7	2023/BUN/09	Lanka IOC Pvt Ltd	MT Kandy
8	2023/BUN/10	Shanika Marine Services (Pvt) Ltd	MT Lanka Freedom
9	2023/BUN/11	Interocean Energy (Pvt) Ltd	MT Ocean Lanka
10	2023/BUN/12	Interocean Energy (Pvt) Ltd	MT Ocean Lanka
11	2023/BUN/13	Lanka IOC Pvt Ltd	MT Yala
12	2023/BUN/15	Lanka IOC Pvt Ltd	Ceylon Star
13	2023/BUN/17	Spence Sea Horse Marine (Pvt) Ltd	MT Yala
14	2023/BUN/18	Mocity International (Pvt) Ltd	MT Global Dominance
15	2023/BUN/19	Serdaka Global (Pvt) Ltd	MT Kumana
B.	Licenses for oil storage complexes		
1	2023/BUN/TF-01	Lanka IOC Pvt Ltd	Trincomalee
C.	Issuance of licenses for bowsers		
1	2023/RT/01	Jayasundara Motors	
2	2023/RT/04	Ace District Park (Pvt) Ltd	
3	2023/RT/05	Ace District Park (Pvt) Ltd	

7.2 Management of marine biofouling

Sri Lanka is a lead partner country representing the South Asian region in the GloFouling Partnership project of the International Maritime Organization (IMO). Accordingly, several steps for managing marine biofouling were highlighted in the year 2023.

Workshop on Marine Biofouling Management, 2023.02.22 and 2023.02.23

A two-day training workshop on marine biofouling (Biofouling), its impact, and risk management was organized by the Marine Environmental Protection Authority for the relevant stakeholders' representative institutions. The GEF-UNDP-IMO GloFouling Partnership Program provided support for this initiative.

The awareness program aimed at addressing burning environmental issues covered critical topics. Initially, global challenges related to marine biofouling and invasive species, an introduction to marine biofouling, various factors influencing its occurrence, and its reduction along with associated environmental co-benefits were discussed. Additionally, practical insights were provided regarding the severity of the issue in the case of an assessed lawsuit in the Garden Islands.

Secondly, strategies for combating marine biofouling were explored in-depth, and discussed matters including reactive measures such as hull coating, regular maintenance, cleaning, and fouling treatment, as well as remedies like the use of davig. The importance of adhering to the guidelines of the International Maritime Organization (IMO) and the significance of aligning with national laws and requirements when addressing the challenges posed by biofouling were also covered in the program.

There was significant participation from CINEC Campus (Pvt) Ltd., Juliston Lanka International (Pvt) Ltd, UNK Global Maritime Institute, and other relevant institutions. Through their involvement, efforts were made to minimize the adverse impacts of biofouling and invasive species, while also fostering collaborative contributions among research institutions, maritime service providers, and government agencies.

Formulation of the National Policy, Strategy, and Action Plan on Marine Biofouling Management.

Sri Lanka, as a key stakeholder country in the GEF-UNDP-IMO GloFouling Partnership Programme, has established a National Steering Committee to implement the necessary activities in this regard. This National Steering Committee comprises representatives from institutions related to the maritime sector, fisheries sector, coastal aquaculture sector, and the tourism sector, including tourist boat operators. Additionally, the National Status Report on marine biofouling has been prepared, and efforts have commenced to formulate the National Policy, Strategy, and Action Plan on Biofouling Management.

7.3 Implementation of a more efficient and effective National Oil and Chemical Spill Response Plan.

7.3.1. Workshops and expert discussions on updating the National Plan implemented during emergency oil spills.

1. Workshop on Raising Awareness of the Need to Update the National Oil Spill Contingency Plan.

Among the activities implemented under the Marine Pollution Prevention Act No. 35 of 2008, the National Plan activated during an emergency oil spill can be introduced as a measure established for the protection of the marine environment.

This plan is implemented within a pre-organized framework to prevent and minimize potential emergency oil spills or related risk situations in Sri Lanka's territorial waters. In this regard, a total of 17 stakeholder institutions, including government and non-governmental organizations, collaborate in executing the National Oil Spill Contingency Plan.

Accordingly, since the identified shortcomings of the National Oil Spill Contingency Plan and the lessons learned from past maritime accidents necessitate its revision to align with emerging conditions, a workshop and expert discussion on updating the plan was conducted on August 22 and 23, 2023, at the Kingsbury Hotel with the support of the World Food and Agriculture Organization.

The primary objective of this initiative was to enhance the capability to effectively respond to oil or chemical spills by developing a strategic action plan that ensures swift implementation in alignment with both current and potential future emergencies. This process involved the Marine Environment Protection Authority (MEPA) and 17 stakeholder institutions, along with those expected to join the plan in the future, by identifying past experiences and shortcomings to refine the response framework accordingly.

2. Advisory Mission to Strengthen the Emergency Maritime Disaster Response Mechanism in Sri Lankathrough the European Union Civil Protection Mechanism

With the aim of strengthening the response mechanism for maritime disasters, a team of nine experts from the European Union, invited by the Marine Environment Protection Authority, conducted a study on the current response mechanisms in place for maritime disasters in the country, while staying 11 days in Sri Lanka from 4 to 15 September 2023.

Accordingly, as the first step, expert recommendations were provided on how to strengthen Sri Lanka's response mechanism during a maritime disaster.

In this regard, discussions were held on informing the heads of relevant stakeholder institutions of the Incident Management Team (IMT) and conducting the related studies.

Accordingly, discussions were held with the relevant state institutions involved in this process, and inspection field visits were conducted to locations such as the Sri Lanka Ports Authority, the Disaster Management Center, the Galle Port premises, and the Hambantota Port. During these visits, discussions were held with the respective management teams.

Additionally, several special discussions were held with the relevant stakeholder institutions of the state sector involved in this matter at the headquarters of the Marine Environment Protection Authority. These discussions were conducted under three key areas: operational procedures, environmental damage assessment, and legal aspects.






3. The Ocean Country Partnership Program (OCPP) of the United Kingdom for trengthening the response mechanism during maritime disasters.

The Marine Environment Protection Authority (MEPA), in collaboration with the UK's Ocean Country Partnership Program (OCPP), held a workshop on 27, 28, 29 and 30 November 2023, at the Cinnamon Grand Hotel. The workshop aimed to further strengthen the response mechanism for marine disasters. The event was held at the invitation of MEPA and included the participation of ocean experts, heads of government and non-governmental organizations, and relevant officials.




4. Workshop on Capacity Building for Officials of the Marine Environment Protection Authority to Strengthen the Response Mechanism for Emergency Maritime Disasters

As part of the initiative to update the response mechanism for emergency maritime disasters, a special three-day workshop was conducted for the officials of the Marine Environment Protection Authority. The workshop was held on December 7, 8, and 9, 2023, at the Mirage Hotel in Wellewatta. The Risk Management Division of the World Food Programme organized this event, with officials from the headquarters of the Marine Environment Protection Authority, regional office officials, and representatives from all sectors involved in the response to emergency maritime disasters (technical, administrative, financial) participating in the workshop. During the session, discussions were held on the existing mechanisms, plans, and facilities for responding to emergency maritime disasters at the district and national levels.






7.3.2. MT New Diamond ship accident

On 03rd September 2020, at approximately 9.30 a.m., a fire broke out in the engine room of the MT New Diamond while it was located about 38 nautical miles east of Sangaman Kanda point, Sri Lanka. At that time, the vessel was transporting 270,000 metric tons of crude oil from Kuwait to the Paradip refinery in India. The ship also had 1,700 metric tons of bunker oil on board and was manned by a crew of 24 members.

The oil spill from the vessel and the subsequent fire occurred in a biologically sensitive marine area. The three-day-long oil spill and the intensified fire caused by the ship's ignition resulted in significant short- term, medium- term, and long-term environmental and socio-economic impacts.

The updated environmental damage assessment report related to this maritime accident was prepared by the expert committee and submitted to the Attorney General's Department on 23rd July 2023. Legal discussions concerning the matter are currently ongoing.

7.3.3 MV X-Press Pearl Maritime Disaster

The MV X-Press Pearl sank after a series of fires and explosions caused by a nitric acid leak while anchored approximately 9 nautical miles off the Colombo Lighthouse. As a result, the vessel's chemical cargo, fuel, plastic pellets, and other waste were released into the ocean, subsequently polluting the coastal areas of Sri Lanka from Mannar to Hambantota.

Coastal Cleanup Operations

Coastal cleanup activities in the environmentally affected areas continued in 2023 due to the maritime disaster. A summary report on the coastal cleanup operations carried out during 2023 is as follows.

Summary of Coastal Cleanup Operations (From 02 January 2023, to 30 December 2023)

Total number of coastal areas cleaned	- 2,256
Manpower deployed.	- 44,343
Total amount of waste sacks collected	- 5,488
Total amount of waste collected (Nearly)	- 137Mt
Total length of the cleaned coastal areas	- 89 Km

Waste Management

The waste accumulated due to the shipwreck has been stored at the waste storage facility located in the Pamunugama area. This waste storage complex has obtained the Environmental Protection License and the documented Waste Management License for the year 2023 in accordance with environmental regulations. The facility is operated in compliance with the relevant standard procedures.

Inspection of the MV X-PRESS PEARL Wreck Removal

The removal of the MV X-PRESS PEARL wreck was carried out by China's Shanghai Salvage Company, and by the end of January 2023, all sections had been completely dismantled. The operation was conducted with minimal impact on the marine environment, while the Marine Environment Protection Authority continuously monitored the wreck removal process. The inspection was attended by the Chairperson of the Authority, Mrs. Darshani Lahandapura, officials of the Authority, operational officers from China's Shanghai Salvage Company responsible for the wreck removal, Minister of Urban Development and Housing, Mr. Arundika Fernando, General Manager of the Marine Environment Protection Authority, Mr. Jagath Gunasekara, along with other officials of the Authority.

- As of January 30, 2023, the dismantling of the MV X-PRESS PEARL had been completed, and the respective companies were preparing to transport the removed sections. All activities were carried out under the guidance and regulation of the Marine Environment Protection Authority.
- The inspection was attended by the Chairperson of the Authority, Mrs. Darshani Lahandapura, along with the members of the Board of Directors of the Authority. Additionally, Harbor Master Mr. Nirmal de Silva and General Manager of the Marine Environment Protection Authority, Mr. Jagath Gunasekara, were also present at the occasion.
- By the end of 2023, two rear sections of the ship had been dismantled and removed.

Special Activities Carried Out in 2023 Related to the MV X-PRESS PEARL Incident

1. Inspection of Beach Cleanup Operations in the Negombo Coastal Area Severely Affected by the MV X-PRESS PEARL Incident

- On January 31, the Chairperson of the Marine Environment Protection Authority, members of the Board of Directors, the General Manager, and other officials participated in the inspection of the ongoing beach cleanup operations in the Negombo coastal area, which was severely affected by the MV X-PRESS PEARL ship accident.

2. Filing a Complaint with the Criminal Investigation Department Regarding an Alleged Financial Fraud in the Compensation Process for Environmental Damage Caused by the MV X-PRESS PEARL Incident

- The Marine Environment Protection Authority submitted a complaint to the Criminal Investigation Department requesting an investigation into an alleged financial fraud related to the compensation process for the environmental damage caused by the MV X-PRESS PEARL, which sank in Sri Lankan waters in 2021. This complaint was filed in response to information published in the media by various parties regarding the alleged fraud. (2023.04.18)
- On behalf of the Marine Environment Protection Authority, the Chairman, Attorney-at-Law Asela B. Rekawa, and the General Maneger, Mr. Jagath Gunasekara, submitted the relevant complaint.

3. Diplomatically informing about the environmental damage caused by the MV X-Press Pearl shipwreck and the current status of coastal cleanup activities

A special program was held at the Marine Environment Protection Authority on 25.04.2023, to diplomatically inform the relevant foreign representatives and institutions about the environmental damage caused by the shipwreck and the current status of ongoing beach cleanup activities. This program was jointly organized by the Ministry of Foreign Affairs and the Marine Environment Protection Authority. The event was attended by relevant foreign representatives, including the Chairman of the Authority, Attorney-at-Law Asela B. Rekawa, Director General of the Ministry of Foreign Affairs, Mr. R. Hasan, General Manager of the Marine Environment Protection Authority, Mr. Jagath Gunasekara, and former General Manager of the Authority, Professor Terni Pradeep Kumara.




4. Public Awareness Regarding the MV X-Press Pearl incident

- A newspaper advertisement was published in the City News newspaper on 1st of February, under the title 'X-PRESS PEARL, which made the entire ocean weep.
- On 27.04.2023, the Chairman of the Marine Environment Protection Authority, Attorney-at-Law Asela B. Rekawa, held a discussion with the "1 O 1 Katha" YouTube channel regarding the legal proceedings related to the MV X-Press Pearl incident.
- On 22.05.2023, the Chairman of the Marine Environment Protection Authority, Attorney-at-Law Asela B. Rekawa, participated in a discussion on the live program "Subharathi," titled "The Untold Story of the X-Press Pearl Shipwreck." During the discussion, he elaborated on the actions taken by the Marine Environment Protection Authority during the MV X-Press Pearl incident, the reasons why it was impossible to minimize the magnitude of the disaster, and the current measures being taken to strengthen the Authority's response during the event of a similar incidentin the future.

5. Media releases state that no spillage of fresh oil or chemical substances has been reported from the MV X-PRESS PEARL ship as of 29.05.2023

- Following a notification from fishermen to our Authority about a possible new oil leak from the ship, the site where the MV X-PRESS PEARL sank and the surrounding area were inspected and samples were taken for testing on 2023.05.28 and 2023.05.29. Based on therequestment, special observations were carried out at the site where the ship sank and the surrounding area, with the deployment of diving teams from the Marine Environment Protection Authority and special diving teams from the Sri Lanka Navy. The relevant observations have confirmed that no such oil leak has occurred from the MV X-PRESS PEARL ship. Accordingly, the Marine Environment Protection Authority issued a media release on 29.05.2023, stating that no new oil spill or chemical leak has been reported from the MV X-PRESS PEARL ship at this time.

6. Removal of solid substances, such as tar, oil, washed ashore on the Negombo coastal area on 28.06.2023, and carrying out further actions

- During daily observations conducted by the Marine Environment Protection Authority, around the Negombo coastal region, on the morning of 28.06.2023, it was observed that some black, tar-like solid material, likely debris from the MV X-PRESS PEARL ship, was washing ashore on the Sarakkuwa beach. During further observation, it was noted that the tar-like solid material extended from Sarakkuwa beach to the Negombo beach, and these materials were observed to be more concentrated in the area between Sarakkuwa and Dungalpitiya beaches.
- In response, the Marine Environment Protection Authority took action to remove the material from the beach and send samples to laboratories to identify the oil-like, tar-like solid substance. Upon the advice of the Marine Environment Protection Authority, steps were also taken, with the assistance of the Sri Lanka Navy, to monitor the relevant sea area.
- Accordingly, with the assistance of the fishing community (approximately 170 people) who are involved in beach cleanup efforts due to the MV X-PRESS PEARL ship accident, and under the supervision of the Marine Environment Protection Authority officials, these beach cleanup activities were continuously carried out while utilizing all health safety measures
- Furthermore, the Incident Management Team, comprised of the Marine Environment Protection Authority and 16 other institutions, including the tri-forces, exchanged information regarding this incident and provided necessary support for observation activities in the relevant areas.
- On 2023.06.30, special samples requried by the expert committee appointed by the Marine Environment Protection Authority regarding the MV X-PRESS PEARL incident were collected in the area around Sarakkuwa beach, which was the most heavily affected by debris washed ashore from the MV X-PRESS PEARL ship.
- During this process, special attention was paid to the plastic pellets washed ashore from the MV X-PRESS PEARL ship, and to the tar-like solid material that washed ashore on the Negombo coastal area on 2023.06.28. The Marine Environment Protection Authority has also arranged to send samples of this material to a laboratory in France to obtain further laboratory reports regarding these substances.

- Inspection of the sea water condition near the sunken X-Press Pearl ship by the Marine Environment Protection Authority with the assistance of the NARA Institute, and the Sri Lanka Navy- 15.07.2023.

- Marine Environment Protection Authority officials inspecting the beaches in the Negombo coastal area. - 2023.07.20

- The Marine Environment Protection Authority conducted inspections of the beaches in the Negombo coastal area on 22.07.2023

7. Discussion between the Sri Lankan delegation and the insurers of the X-Press Pearl ship

- A successful discussions was held in Singapore on the 18th and 19th of July between a nine-member Sri Lankan delegation led by the Attorney General and the lawyers representing the insurers of the X-Press Pearl ship.
- This discussion was called in response to a request by the lawyers, on behalf of their client, following a lawsuit filed by the Sri Lankan government in Singapore in April to obtain compensation for the damage caused by the X-Press Pearl ship, which caught fire and sank near the Colombo port. Here, both parties focused their attention on the crucial aspects of the incident and its consequences.
- Special attention was also paid to the interim claims assessment submitted by the Marine Environment Protection Authority and the Ministry of Fisheries on behalf of the Sri Lankan government. The ship's insurers assured the Sri Lankan government that this claims assessment would be expedited.
- Attorney General Sanjay Rajaratnam also emphasized the urgent need to complete the removal of debris and wreckage recovery operations within the Sri Lankan maritime zone, to which the other party responded positively
- It is particularly noteworthy that the parties representing the ship's owner responded positively to the Sri Lankan government's request for compensation for the damage caused to the Sri Lankan marine environment by the X-Press Pearl ship accident. They also agreed to further discussions with the Sri Lankan government on this matter.
- They also assured that these discussions would not affect the legal proceedings initiated by the Sri Lankan government in Singapore on 20.07.2023 to obtain compensation for the damage caused by the X-Press Pearl ship fire.

8. The program planned to be implemented by the Marine Environment Protection Authority, with the support of the Sri Lanka Navy, to clean up sensitive beaches that are constantly subjected to pollution

- A trial run of this program, which is expected to utilize modern beach cleaning equipment (Beach sweepy tech hydro machines) received through foreign aid to clean beaches polluted by the MV X-PRESS PEARL ship accident, was conducted on 12.03.2023 at the Mattakkuliya Crow Island beach. Presidential Chief of Staff Sagala Ratnayake, Navy Commander Vice Admiral Priyantha Perera, Marine Environment Protection Authority Chairman Attorney-at-Law Asela B. Rekawa, its General Manager Jagath Gunasekera, and other relevant state and non-governmental organization leaders participated in the event.
- As one step in this process, discussions were held with representatives from the Alliance of End Plastic Waste and with Ananta Sustainables, led by the Chairman of the Marine Environment Protection Authority, Attorney-at-Law Asela B. Rekawa, at the Singapore High Commission on 20.07.2023 and 25.07.2023.
- Both of these first-round discussions with the two organizations were successfully concluded and will be a great support in minimizing the plastic pollution impacting Sri Lanka's coastal and marine environment
- The following individuals participated in this event: From the ALLIANCE to End Plastic Waste in Singapore, Nicholas Kolesch (Vice President, Projects), Kim Stengert (Outreach and Education), and Eileen Eal (Regional Project Director); and from Ananta Sustainables, Ms. Savera Weerasinghe, along with the Chairman of the Authority.
- As a result of the discussions held on 25th September, The Alliance of End Plastic Waste has agreed to provide funding for a period of 5 years, at a cost of Rs. 5.7 million per year, to cover the significant expense of operating 8 Beach Tech Sweepy Hydro machines.

Submitting interim claim reports:

- In 2023, 6 interim claim reports (From 12 to17) related to the MV X-PRESS PEARL ship accident were submitted to the Attorney General's Department.

Serial Number	Interim Claim Report Number	Date of Submition of the Interim Claim Report	Value (USD)
1	12	27.01.2023	260,063.40
2	13	27.03.2023	491,784.93
3	14	03.08.2023	676,239.85
4	15	31.08.2023	394,944.59
5	16	13.12.2023	488,195.12
6	17	04.03.2024	429,929.59

Receipt of funds related to interim claim reports

- The 5th, 6th, 7th, and 8th interim claim reports, for the period from March to August 2022, had been submitted, and the insurance company had agreed to pay a sum of US$878,650.53 and Sri Lankan Rupees 22,468,113.48 for all those interim claim reports. However, as per the Cabinet decision paper dated 2023.01.17 with reference number CP/22/2167/618/056, since it is required to receive all compensation funds in US dollars only, and as further discussions are ongoing with the insurance company regarding this matter, the insurance company has paid only the US dollar amount they agreed upon (US$878,650.53) to the Sri Lanka Treasury Operations Department as of 15.09.2023

Submitting the report on environmental damage.

- The first report of the assessment reports on the environmental damage caused by the ship accident, prepared by the expert committee appointed to assess the environmental damage, was handed over to the Attorney General on 05.09.2021 for further legal action.

The second report of the assessment reports on the environmental damage caused by the ship accident, which included ongoing research and other damage assessments, was submitted to the Attorney General's Department on 11.01.2023.

Legal actions taken

A lawsuit has been filed against the shipping company under Section 26 of the Criminal Liability section of the Marine Pollution Prevention Act No. 35 of 2008, and further legal proceedings are currently underway.

- Furthermore, on 25 April 2023, the Sri Lankan government filed a lawsuit in a Singapore court against the shipping company to claim compensation for the damage caused to Sri Lanka's marine ecosystem by the X-Press Pearl ship accident and its sinking. Related activities are continuously ongoing.

Date (a i)	Name of the ship accident. (a ii)	Ship type: Oil/Cargo/ Chemical (a iii)	Location of the accident. (a iv)	Cause of the accident. (a v)	Amount of oil or chemical spill (a vi)	Legal actions taken. (a vii)	Relevant section of the Act. (a viii)	Amount received and date. (x)
3/16/2023	MT YU VI	Oil	Hambantota Port	Bunker oil spill.	Minor oil spill.	It has been charged under Section 11 of the Act.	Section 26 (Under criminal liability).	Rs.15,000,000.00
7/7/2023	Maduruoya	Oil	Colombo Port	Bunker oil spill.	An oil spill of less than 1 MT occurred.	A case under criminal liability was heard in the High Court. As a result, the ship owners agreed to enter into a bond agreement of Rs. 15,000,000.00, which allows for the resumption of operations until the final court ruling.	Legal actions are ongoing under Section 26 (Under criminal liability).	......
7/8/2023	Thug Avadh Barge Athulya	Barge vessel.	Kankaddu, Mannar.	Due to the prevailing adverse weather conditions, the ship became stuck on the shallow coastline.	There was no marine pollution	......	Section 34 (Under civil liability).	Rs. 588,049.00 (The amount spent by the shipping company for other incurred expenses)
9/2/2023	Olimpic Sembakung Barge	Sand	Hambantota Port	Due to the prevailing adverse weather conditions, the ship became stuck on the shallow coastline.	There was no marine pollution	A letter has been issued to the ship owner, urging the immediate removal of the ship to prevent potential harm to the shoreline and marine environment.	Nil	Nil
9/21/2023	MT Feather	Oil	Colombo Port	An oil spill that occurred during the oil transfer operation.	An oil spill of 2 MT occurred.	It has been charged under Section 26 of the Act.	Section 26 (Under criminal liability).	Rs.15,197,916.71 (2022.07.12)
16/12/2023	MV Herman Schepers	Oil	Colombo Port	An oil spill that occurred during the oil transfer operation.	A minor oil spill.	It has been charged under Section 26 of the Act.	Section 26 (Under criminal liability).	Rs.15,000,000.00

Approval for the Oil Spill Contingency for Oil Handling Agencies

Approval for the oil spill Contingency plan under the Oil Spill Regulation for Oil handling companies, approved 07 plans for the year of 2023

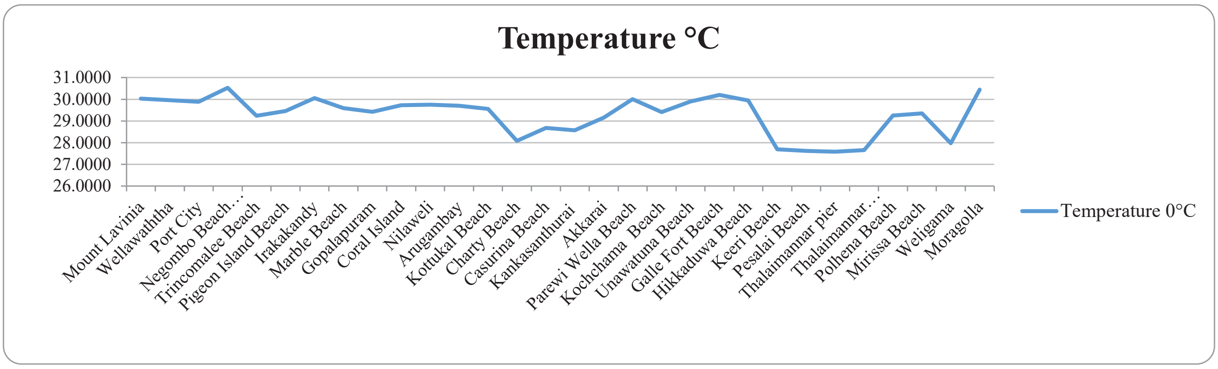
7.4 Improving mechanisms for controlling marine pollution caused by activities in the coastal environment.

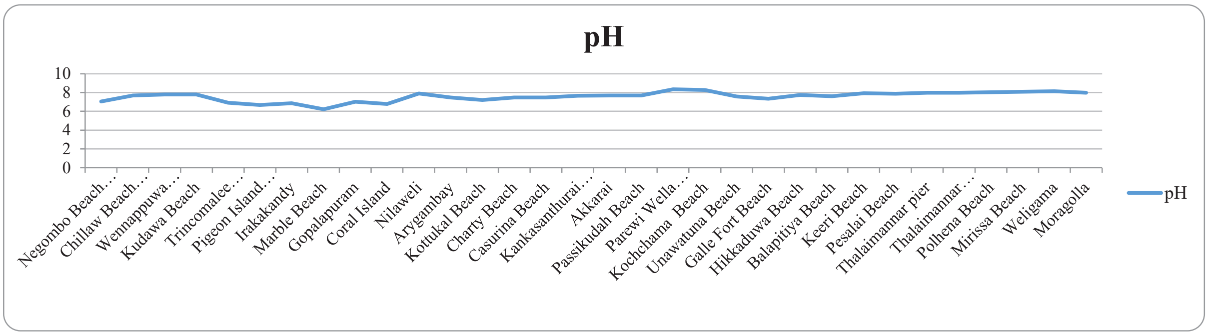
7.4.1 The program for testing the quality of seawater.

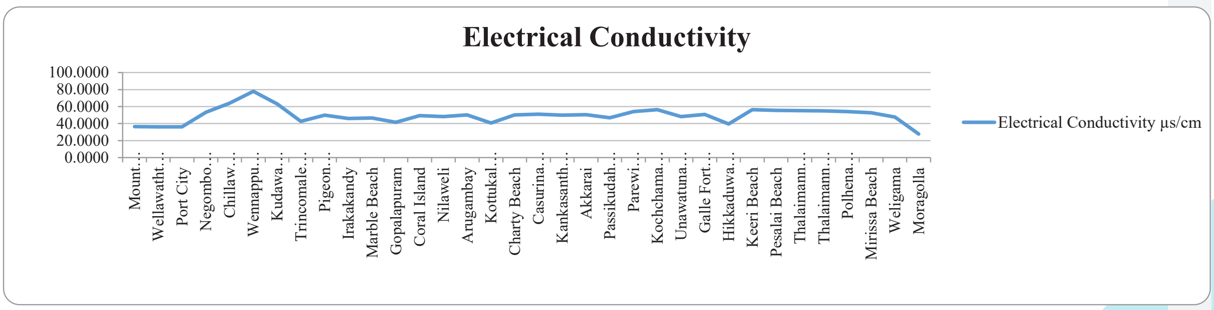
Among the world's top tourist destinations, Sri Lanka's coastal areas are highly popular among both domestic and international tourists. These coastal regions play a significant role in contributing to Sri Lanka's economy. Tourists are drawn to the country's beaches for various activities, including swimming and other recreational pursuits. However, the seawater used for these activities is severely polluted due to current marine waste and microplastics. Additionally, pollution caused by maritime activities has contributed to the degradation of water quality.

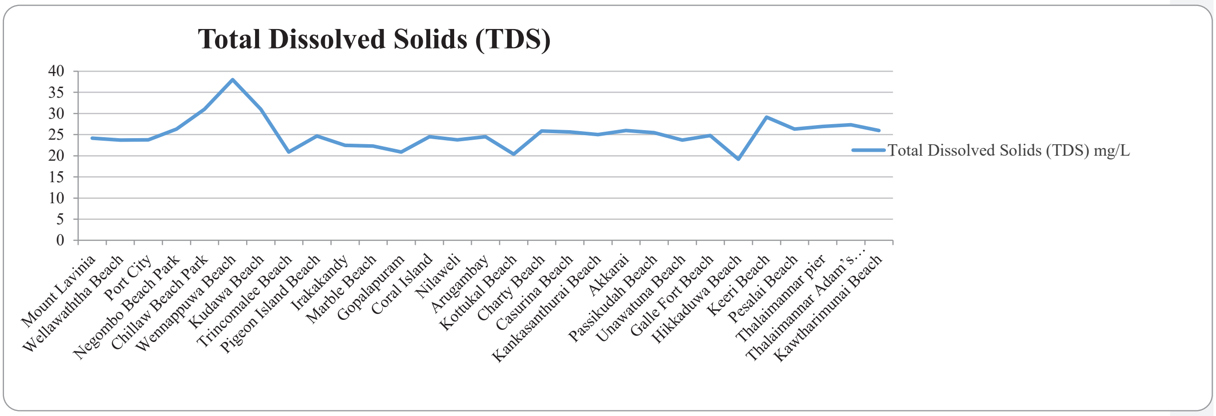
Providing excellent service to both domestic and international tourists make the quality of coastal water highly significant. Recognizing its importance, the Marine Environmental Protection Authority continuously monitors water quality through regular testing, particularly in areas where recreational activities such as swimming take place. This is part of an ongoing program aimed at preserving the water quality in these regions. This report presents a summary of the water quality at beaches and recreational locations in Sri Lanka for the year 2023.

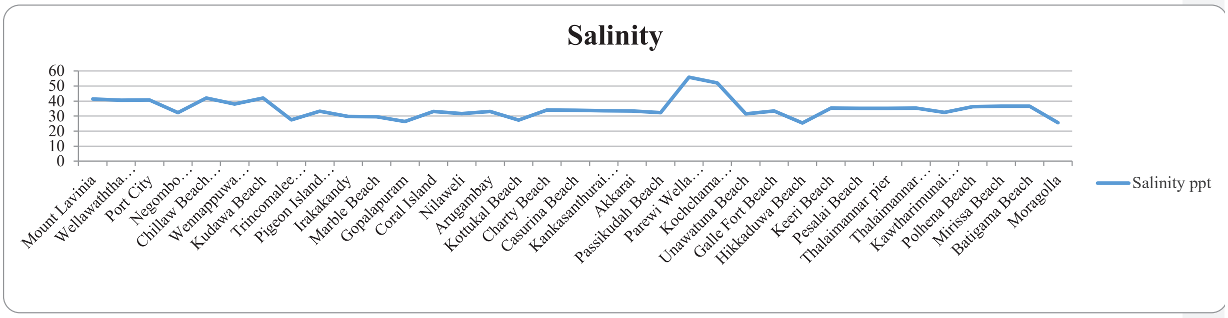
Water quality is assessed through monthly testing of water samples. These tests include physical measurements such as water temperature, turbidity, and conductivity; chemical measurements like acidity, alkalinity, and nitrate and phosphate composition; physicochemical measurements including dissolved oxygen levels, biochemical oxygen demand, and chemical oxygen demand; and microbiological measurements such as total and fecal coliform bacteria count. In 2023, the 12 regional offices of the Marine Environmental Protection Authority (MEPA) conducted water quality testing at 35 major coastal bathing sites around Sri Lanka's coastline. Nine water quality parameters were examined, and the analytical summary of the data is as follows.








Total Dissolved Solids (TDS)
40
35
30
25
20
15
10
5
0
Total Dissolved Solids (TDS) mg/L
Mount Lavinia
Wellawaththa Beach
Port City
Negombo Beach Park
Chillaw Beach Park
Wennappuwa Beach
Kudawa Beach
Trincomalee Beach
Pigeon Island Beach
Irakakandy
Marble Beach
Gopalapuram
Coral Island
Nilaweli
Arugambay
Kottukal Beach
Charty Beach
Casurina Beach
Kankasanthurai Beach
Akkarai
Passikudah Beach
Unawatuna Beach
Galle Fort Beach
Hikkaduwa Beach
Keeri Beach
Pesalai Beach
Thalaimannar pier
Thalaimannar Adam's…
Kawtharimunai Beach


Salinity
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50
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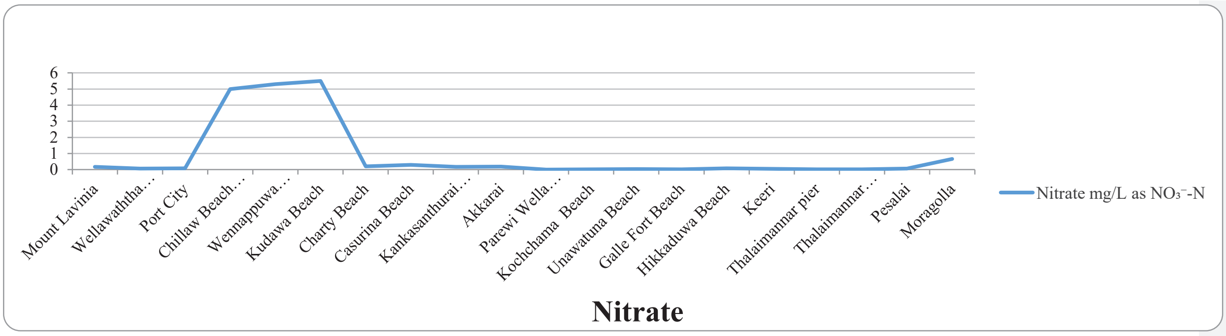
Salinity ppt
Mount Lavinia
Wellawaththa…
Port City
Negombo…
Chillaw Beach…
Wennappuwa…
Kudawa Beach
Trincomalee…
Pigeon Island…
Irakakandy
Marble Beach
Gopalapuram
Coral Island
Nilaweli
Arugambay
Kottukal Beach
Charty Beach
Casurina Beach
Kankasanthurai…
Akkarai
Passikudah Beach
Parewi Wella…
Kochchama…
Unawatuna Beach
Galle Fort Beach
Hikkaduwa Beach
Keeri Beach
Pesalai Beach
Thalaimannar pier
Thalaimannar…
Kawtharimunai…
Polhena Beach
Mirissa Beach
Batigama Beach
Moragolla


6
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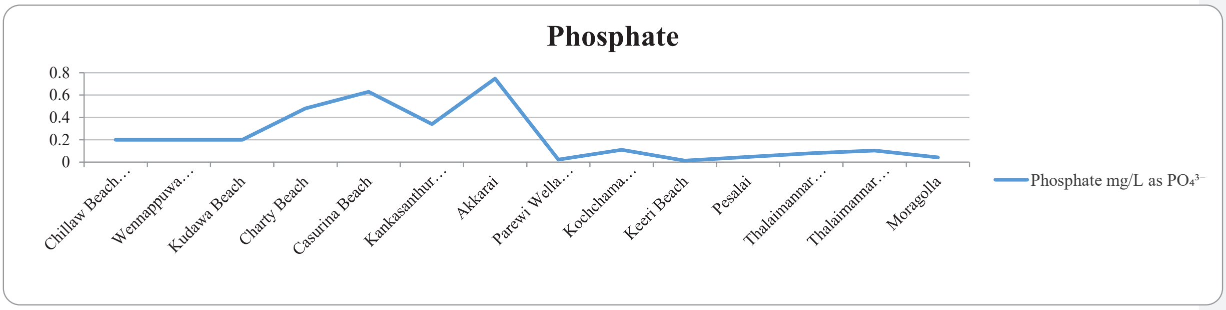
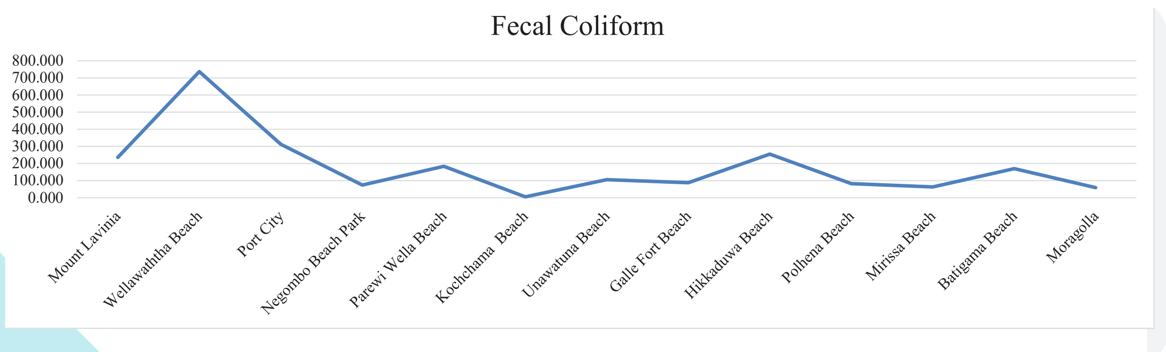
Nitrate mg/L as NO₃⁻-N
Mount Lavinia
Wellawaththa…
Port City
Chillaw Beach…
Wennappuwa…
Kudawa Beach
Charty Beach
Casurina Beach
Kankasanthurai…
Akkarai
Parewi Wella…
Kochchama Beach
Unawatuna Beach
Galle Fort Beach
Hikkaduwa Beach
Keeri
Thalaimannar pier
Thalaimannar…
Pesalai
Moragolla
Nitrate


Phosphate
0.8
0.6
0.4
0.2
0
Phosphate mg/L as PO₄³⁻
Chillaw Beach…
Wennappuwa…
Kudawa Beach
Charty Beach
Casurina Beach
Kankasanthur…
Akkarai
Parewi Wella…
Kochchama…
Keeri Beach
Pesalai
Thalaimannar…
Thalaimannar…
Moragolla


Fecal Coliform
800.000
700.000
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500.000
400.000
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Mount Lavinia
Wellawaththa Beach
Port City
Negombo Beach Park
Parewi Wella Beach
Kochchama Beach
Unawatuna Beach
Galle Fort Beach
Hikkaduwa Beach
Polhena Beach
Mirissa Beach
Batigama Beach
Moragolla

In addition, the measurement of the Fecal Coliform levels in water, which is a key parameter indicating water contamination by sewage, is conducted. This measurement serves as a clear indicator of the potential presence of pathogenic bacteria in seawater. This data is crucial not only for improving and maintaining the quality of water in bathing areas but also for taking necessary steps to safeguard the health of the public engaged in various recreational activities. The average Fecal Coliform levels for the year 2023 are as follows.

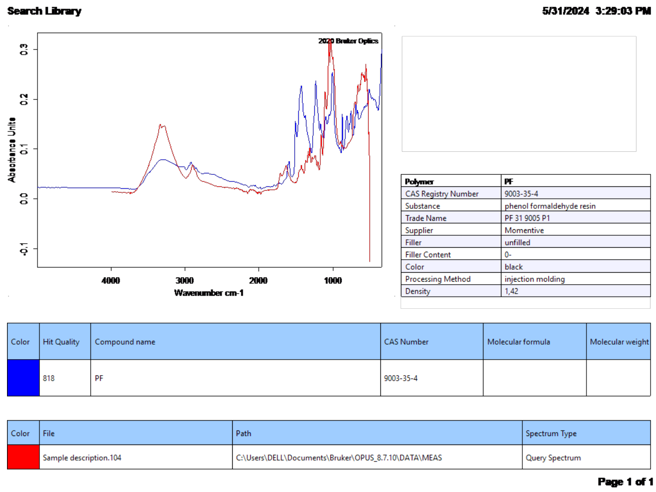
7.4.2 Microplastic Laboratory

Following the establishment of the state-of-the-art Microplastic Laboratory equipped with advanced technology on 07.03.2022, students from the Ocean University, the Faculty of Agriculture of the University of Ruhuna, and the University of Colombo utilized our Microplastics Laboratory for their final-year research projects in 2023, as summarized below.

Title of the Publication	Author	University
"Occurrence of Microplastics in the Pareiwella Beach, Sri Lanka" ISBN: 978-624-5553-37-2	N.M.W.S. Nawaratne	Department of Fisheries and Oceanography, Faculty of Fisheries and Oceanography, Maritime University of Sri Lanka
"Microplastic contamination in Brown mussels (Perna perna) along the Southern coastal waters of Sri Lanka"	D.M.T.N. Dissanayake	Department of Fisheries and Oceanography, Faculty of Fisheries and Oceanography, Maritime University of Sri Lanka
"Microplastics accumulated in the sediments of Rekawa lagoon, Sri Lanka" Paper ID: IRCUWU2023-173	A.M.S. Dilshani	Department of Fisheries and Oceanography, Faculty of Fisheries and Oceanography, Maritime University of Sri Lanka
"Microplastics abundance in coral reef based sediments at Pareiwella and Polhena, Southern Sri Lanka"	R.I.B.K.D.Ratnamalala S.R.K. Karunaratne	Department of Fisheries and Oceanography, Faculty of Fisheries and Oceanography, Maritime University of Sri Lanka
"A Comparative study of Microplastic Abundance and Characteristics in Bivalves in Negombo Lagoon area in Sri Lanka"	A.P.A.N. Erandathi	Department of Zoology, Faculty of Agriculture University of Ruhuna
"Assessment of Microplastic Distribution in Coastal Areas of North-Western and Western Provinces, Galle and Matara Districts in Sri Lanka Highly Affected by MV X-Press Pearl Ship Wreck"	L.D. Kavindya	University of Colombo

The highest demand from the aforementioned students was for final identification, which was conducted using our laboratory's Stereo Microscope and FTIR, advanced and rare technological equipment specifically designed for this purpose..

The instances of equipment usage are as follows



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Polymer	PF
CAS Registry Number	9003-35-4
Substance	phenol formaldehyde resin
Trade Name	PF 31 9005 P1
Supplier	Momentive
Filler	unfilled
Filler Content	0-
Color	black
Processing Method	injection molding
Density	1,42

Color	Hit Quality	Compound name	CAS Number	Molecular formula	Molecular weight
	818	PF	9003-35-4		

Color	File	Path	Spectrum Type
	Sample description.104	C:\Users\DELL\Documents\Bruker\OPUS_8.7.10\DATA\MEAS	Query Spectrum

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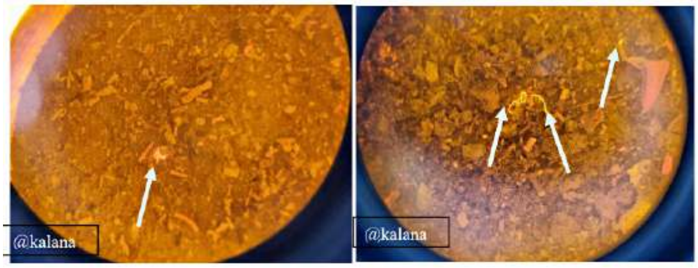
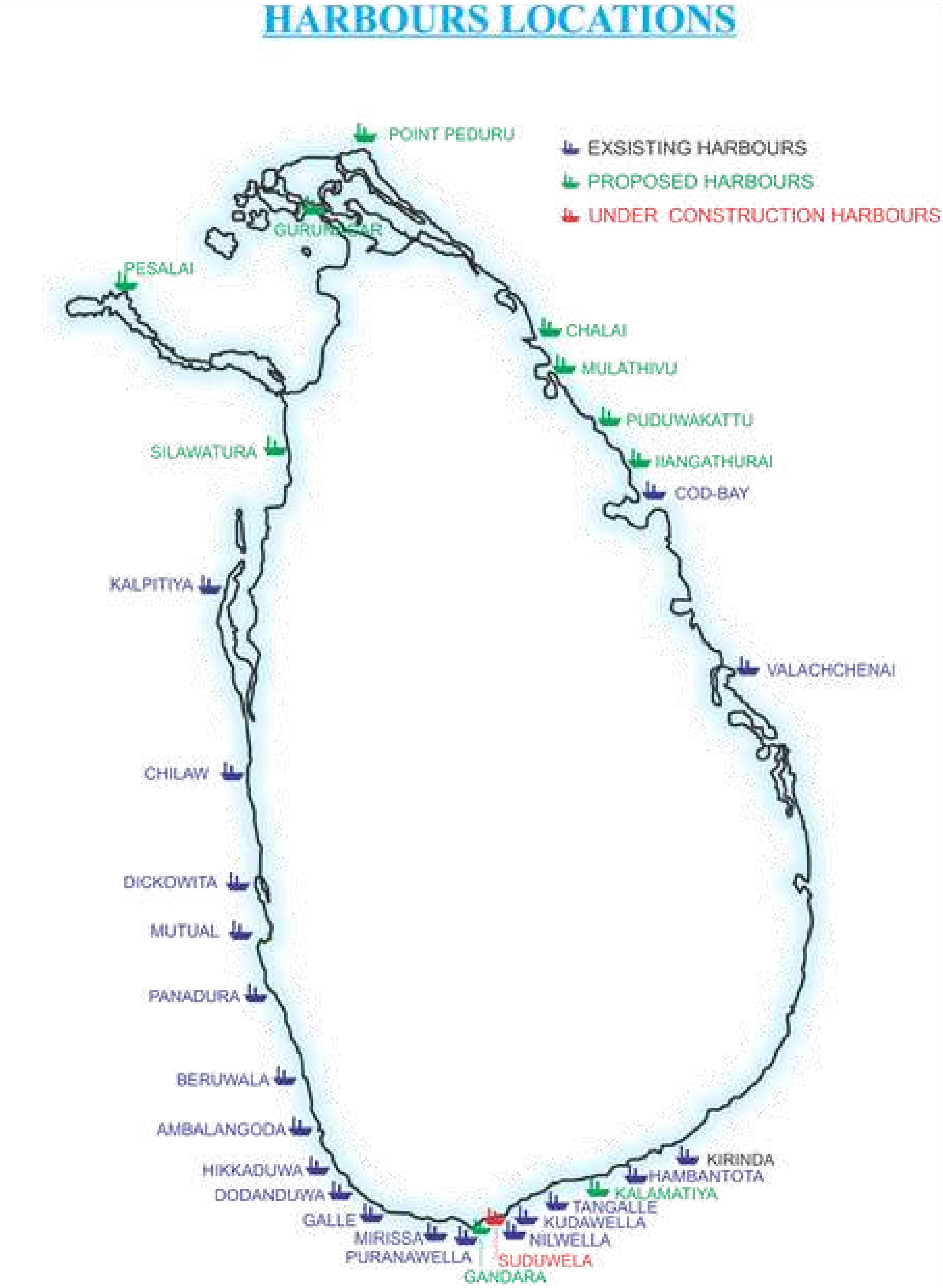


7.4.3 Progress of Programs for Preventing and Cleaning Pollution in Fisheries Harbors.



Expansion of fisheries habors in Sri Lanka

Pollution of coastal and marine environments occurs directly or indirectly due to various human activities. The accumulation of harmful waste materials in these environments adversely affects both living and non-living ecosystems. One of the major human activities associated with the coastal and oceanic environment is the fishing industry, which contributes to marine pollution through the disposal of net fragments, rigid foam pieces, plastic bottles, and other pollutants into the sea and coastal areas. Therefore, fisheries harbors are both a direct source of marine pollution and highly vulnerable to its impacts. To mitigate the effects of marine pollution caused by the fishing industry, the Marine Environment Protection Authority (MEPA) implements various programs. The progress of the programs conducted through regional offices in 2023 to prevent pollution in fisheries harbors caused by waste materials is as follows:

District	Meetings and Field Inspections
Jaffna	A monitoring and awareness program was conducted in relation to the implementation of the **Mild Fisheries Harbor Waste Management Plan.**
Hambantota	Monitoring the progress of the establishment of Waste Management Committees and the implementation of Waste Management Plans at Hambantota, Kudawella, Kirinda, Tangalle, and Kalametiya Fisheries Harbors.
Kalutara	Monitoring the progress of the implementation of waste management plans at Beruwala Fisheries Harbor.
Matara	Monitoring the progress of the establishment of harbor waste management committees and the implementation of waste management plans at Nilwella, Suduwella, Purawana Wella, and Mirissa Fisheries Harbors.
Puttalam	Establishment of harbor waste management committees and the monitoring the implementation of waste management procedures at Chilaw, Nainamadama, and Kalpitiya Fisheries Harbors, as well as conducting cleaning programs at Chilaw and Nainamadama harbors.
Trincomalee	Monitoring the waste management activities at Yodhbe Fisheries Harbor.
Batticaloa	Monitoring the waste management activities at Valachchenai Fisheries Harbor.
Galle	Holding a committee meeting at Galle Fisheries Harbor and monitoring the progress of the implementation of waste management plans at Galle, Dodanduwa, Hikkaduwa, and Ambalangoda harbors.
Colombo	Monitoring the implementation of the waste management plan at Panadura Fisheries Harbor, along with conducting a cleaning program and an awareness campaign.
Gampaha	Monitoring the progress of the implementation of the waste management plan at Negambo Harbor.

7.4.4 Issuance of permits for the discharge of treated wastewater into the sea

Permits are issued for hotels and industries in the coastal zone to discharge treated wastewater into the sea or coastal areas in order to control the release of untreated wastewater into the sea or coastal zones. Accordingly, hotel and industry owners in coastal areas are encouraged to discharge only treated wastewater into the sea, thus controlling the pollution of the coast and the ocean.

The issuance of permits for the discharge of treated wastewater into the sea is carried out under the provisions of the Marine Environmental Protection (Issuance of Permits for Sea Disposal) Regulations No. 01 of 2013. These annual permits are issued based on the volume of treated wastewater released annually into the sea or coastal areas, and the fee is determined accordingly. Discharge of wastewater is mandatory up to the limits specified in the regulations.

Key parameters to be considered

No.	Criteria	Units and Limits	Convergence Limit Values
01	Total suspended solids	Milligrams/liter Maximum	150
02	The pH value at environmental temperature	-	5.5-9.0
03	Biochemical Oxygen Demand (BOD) (5-day BOD at 20℃ or 3-day BOD at 27℃)	Milligrams/liter Maximum	100
04	Temperature at the time of discharge	C. Degrees. Maximum	At the point of release 45C
05	Types of oils and types of greases.	Milligrams/liter Maximum	20
06	Chemical Oxygen Demand (COD)	Milligrams/liter Maximum	250
07	Total residual chlorine.	Milligrams/liter Maximum	1.0
08	Fecal coliform bacteria.	Very close number milliliter/ maximum	60

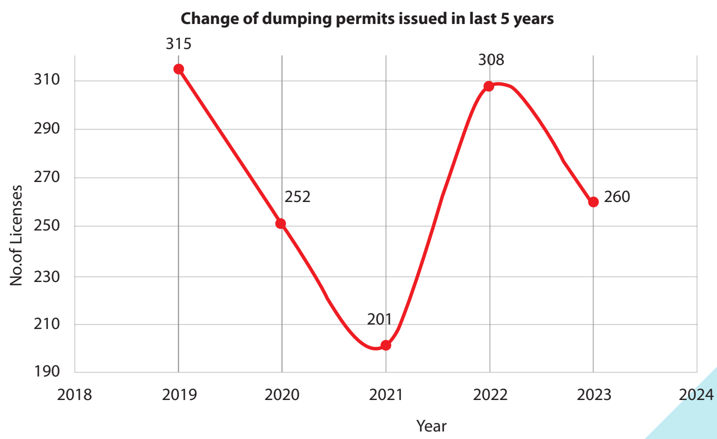
In addition to the above parameters, other parameters mentioned in the regulations are considered based on the source of wastewater generation (industry).

To control the discharge of untreated wastewater into the sea or coastal areas, wastewater discharge permits are issued to coastal hotels and industries. This helps to minimize pollution in the coastal region and encourages hotel owners to be more responsible when disposing of waste into the sea.

In 2023, a total of 260 dumping permits were issued, reflecting an 18.46% decrease compared to 2022. The reduction in the number of permits issued was due to the non-issuance of conditional permits in 2023. Additionally, as a result of the prevailing economic crisis in the country, 74 hotels were temporarily closed by the end of the year. The Marine Environment Protection Authority issued 28 one-time dumping permits for the disposal of unauthorized weapons, dredged materials, vessels, and man-made concrete structures, among other items.

Number of licenses issued in the last five years

Year	No.of Licenses
2019	315
2020	252
2021	201
2022	308
2023	260

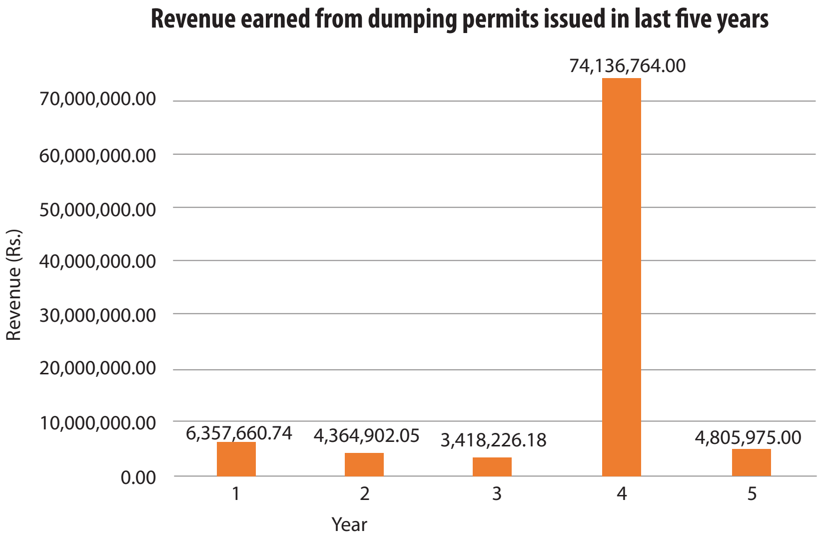


Issuing permits in last 5 years

In 2023, the revenue generated from the issuance of dumping permits amounted to rs. 4,805,975.00, Marking a decrease compared to the previous year. This decline was primarily due to the issuance of a one-time permit for the west international terminal project in 2022, which resulted in a revenue of rs. 67,830,902.00, As well as a slight reduction in the number of permits issued.

Revenue generated from the issuance of treated wastewater discharge permits over the past five years.

Year	Revenue (Rs.)
2019	6,357,660.74
2020	4,364,902.05
2021	3,418,226.18
2022	74,136,764.00
2023	4,805,975.00



7.4.5 Program for Establishing Beach Caretakers to Maintain a Clean Ocean

To prevent marine pollution and ensure a clean coastline around Sri Lanka with community participation, the Marine Environment Protection Authority has launched the Clean Beach City Program under a public-private partnership initiative.

The deployment of Beach care takers for the sustainable management of coastal areas is implemented as an cooperate social responsibility initiative of the Marine Environment Protection Authority. Furthermore, this program is continuously carried out in collaboration with the Department of Samurdhi Development, covering all coastal districts across the country.

Companies supporting the Beach Program in 2023.

1. Indian Oil Company sponsored 17 Coastal Guardians.
2. Hemas Holdings sponsored 4 Coastal Guardians.
3. The Secretariat for Biodiversity sponsored 3 Coastal Guardians.
4. Clean Ocean Force sponsored 20 Coastal Guardians.

Program Progress

A total of 44 Beach have been deployed along the coastline of Sri Lanka, and they clean a stretch of 23 kilometers of coastal shoreline daily.

No.	District	No. of Beach	The length of the coastline cleaned. (K.m.)
1	Colombo	14	6
2	Gampaha	5	5
3	Kalutara	7	6
4	Galle	4	3
5	Jaffna	14	3
	Total	44	23

Table 1: Progress of the programme by 31 December 2023.

Under this program, non-degradable waste is collected. Recyclable waste such as PET bottles, other plastics, glass, and metal is handed over to recyclers. The remaining waste is entrusted to local government institutions for disposal.

Each coastal guardian maintains a data record regarding the amount of waste collected every month. In 2023, the total amount of waste collected was 107,528 kilograms. The majority of this waste consisted of plastic and glass.

7.4.6 Enforcement Units Program

A significant portion of Sri Lanka's key economic activities is conducted within the jurisdiction of the Marine Environment Protection Authority. This area extends 300 meters inland from the baseline where the coast meets the sea and stretches 360 kilometers (200 nautical miles) into the ocean. Approximately 30% of the country's population resides within this zone. The main economic activities in this area include the fishing industry, tourism, shipbuilding and repair, and commercial maritime operations. These industries, along with other coastal-related activities, contribute significantly to the accumulation of pollutants in the marine environment. However, by establishing enforcement units and ensuring proper waste management within this zone, it has become possible to reduce the potential for marine pollution.

Improper waste management in this zone has become a national disaster, contributing to the spread of dengue fever diseases. Areas along the coastline, where water can accumulate, such as fishing harbors, fishing markets, docks, and shipbuilding facilities, have been identified as key locations that need to be addressed in order to mitigate the risks associated with pollution and disease.

Overall, waste management in Sri Lanka's coastal zone remains at a weak level, with the lack of effective coordination between relevant parties being the main reason for this situation. As a solution, the Marine Environmental Protection Authority, under its leadership, has worked to establish enforcement units, bringing together coastal provincial authorities in 14 coastal districts and other related agencies. To date, 84 such enforcement units have been set up around Sri Lanka, and these units are actively working to prevent marine pollution.

The 84 established enforcement units are as follows.

District	Enforcement Unit
Hambantota	i. Tangalle Municipal Council Enforcement Unit.
	ii. Tangalle Pradeshiya Sabha Enforcement Unit.
	iii. Ambalantota Pradeshiya Sabha Enforcement Unit.
	iv. Hambantota Municipal Council Enforcement Unit.
	v. Hambantota Pradeshiya Sabha Enforcement Unit.
	vi. Tissamaharama Pradeshiya Sabha Enforcement Unit.
Matara	i. Dickwella Pradeshiya Sabha Enforcement Unit.
	ii. Devundara Pradeshiya Sabha Enforcement Unit.
	iii. Matara Municipal Council Enforcement Unit.
	iv. Weligama Pradeshiya Sabha Enforcement Unit.
	v. Weligama Urban Council Enforcement Unit.

District	Enforcement Unit
Galle	i. Benthara Pradeshiya Sabha Enforcement Unit.
	ii. Balapitiya Pradeshiya Sabha Enforcement Unit.
	iii. Ambalangoda Urban Council Enforcement Unit.
	iv. Hikkaduwa Urban Council Enforcement Unit.
	v. Rathgama Pradeshiya Sabha Enforcement Unit.
	vi. Galle Municipal Council Enforcement Unit.
	vii. Habaraduwa Pradeshiya Sabha Enforcement Unit.
Kalutara	i. Panadura Pradeshiya Sabha Enforcement Unit.
	ii. Kalutara Pradeshiya Sabha Enforcement Unit.
	iii. Kalutara Urban Council Enforcement Unit.
	iv. Beruwala Pradeshiya Sabha Enforcement Unit.
	v. Beruwala Urban Council Enforcement Unit.
	vi. Panadura Urban Council Enforcement Unit.
Colombo	i. Dehiwala Mount Lavinia Municipal Council Enforcement Unit.
	ii. Moratuwa Municipal Council Enforcement Unit.
	iii. Colombo Municipal Council Enforcement Unit
Gampaha	i. Negombo Municipal Council Enforcement Unit.
	ii. Wattala Pradeshiya Sabha Enforcement Unit.
Puttalam	i. Wenappuwa Pradeshiya Sabha Enforcement Unit.
	ii. Nattandiya Pradeshiya Sabha Enforcement Unit.
	iii. Chilaw Pradeshiya Sabha Enforcement Unit.
	iv. Chilaw Urban Council Enforcement Unit.
	v. Arachchikattuwa Pradeshiya Sabha Enforcement Unit.
	vi. Puttalam Pradeshiya Sabha Enforcement Unit.
	vii. Puttalam Urban Council Enforcement Unit.
	viii. Kalpitiya Pradeshiya Sabha Enforcement Unit.
	ix. Wanathavilluwa Pradeshiya Sabha Enforcement Unit.
Mannar	i. Mannar Urban Council Enforcement Unit.
	ii. Nanaththan Pradeshiya Sabha Enforcement Unit.
	iii. Musali Pradeshiya Sabha Enforcement Unit.
	iv. Manthai Pradeshiya Sabha Enforcement Unit.
	v. Mannar Pradeshiya Sabha Enforcement Unit.
Kilinochchi	i. Poonakari Pradeshiya Sabha Enforcement Unit.

District	Enforcement Unit
Jaffna	i. Delf Pradeshiya Sabha Enforcement Unit.
	ii. Velanai (Island South) Pradeshiya Sabha Enforcement Unit.
	iii. Kyats (Island North) Pradeshiya Sabha Enforcement Unit.
	iv. Karainagar Pradeshiya Sabha Enforcement Unit.
	v. Jaffna Municipal Council Enforcement Unit.
	vi. Nallur Pradeshiya Sabha Enforcement Unit.
	vii. Valikamam South West Pradeshiya Sabha Enforcement Unit.
	viii. Valikamam West Pradeshiya Sabha Enforcement Unit.
	ix. Valikamam North Pradeshiya Sabha Enforcement Unit.
	x. Valikamam East Pradeshiya Sabha Enforcement Unit.
	xi. Thenmarachchi Pradeshiya Sabha Enforcement Unit.
	xii. Thenmarachchi Urban Council Enforcement Unit.
	xiii. Vadamarachchi South West Pradeshiya Sabha Enforcement Unit.
	xiv. Point Pedro Urban Council Enforcement Unit.
	xv. Valvettithurai Urban Council Enforcement Unit.
	xvi. Vadamarachchi East Pradeshiya Sabha Enforcement Unit.
Mulathive	i. Muudhababadapattuwa Pradeshiya Sabha Enforcement Unit.
Trincomalee	i. Trincomalee Urban Council Enforcement Unit.
	ii. Uppuveli Pradeshiya Sabha Enforcement Unit.
	iii. Kinniya Urban Council Enforcement Unit.
	iv. Kinniya Pradeshiya Sabha Enforcement Unit.
	v. Muthur Pradeshiya Sabha Enforcement Unit.
	vi. Kuchaveli Pradeshiya Sabha Enforcement Unit.
	vii. Verugal Pradeshiya Sabha Enforcement Unit.
Batticaloa	i. Kaluwanchikudi Pradeshiya Sabha Enforcement Unit.
	ii. Arayampathi Pradeshiya Sabha Enforcement Unit.
	iii. Kattankudy Urban Council Enforcement Unit.
	iv. Batticaloa Municipal Council Enforcement Unit.
	v. Chenkaladi Pradeshiya Sabha Enforcement Unit.
	vi. Valachchena Pradeshiya Sabha Enforcement Unit.
	vii. Vakare Pradeshiya Sabha Enforcement Unit.
Ampara	i. Thirukkovil Pradeshiya Sabha Enforcement Unit.
	ii. Pottuvil Pradeshiya Sabha Enforcement Unit.
	iii. Alayadevembu Pradeshiya Sabha Enforcement Unit.
	iv. Addalichena Pradeshiya Sabha Enforcement Unit.
	v. Ninthavur Pradeshiya Sabha Enforcement Unit.
	vi. Karaithiv Pradeshiya Sabha Enforcement Unit.
	vii. Akkarapattu Municipal Council Enforcement Unit.
	viii. Kalmunai Municipal Council Enforcement Unit.
	ix. Lahugala Pradeshiya Sabha Enforcement Unit.

The above unit has been actively engaged in conducting discussions with relevant institutions and overseeing activities to address the waste management issues that have existed in coastal areas. Since all relevant institutions are involved in this enforcement unit and it is strengthened by legal provisions, it has been possible to provide prompt solutions to the issues.

The activities carried out in the respective districts through the enforcement unit in the year 2023 are as follows.

- Total number of committee meetings held: 67
- Total number of field inspections conducted: 64
- Number of coastal cleanup programs carried out: 24
- Number of dengue prevention programs conducted: 07
- Number of mangrove planting programs implemented: 03
- Deployment of 04 coastal guardians for coastal protection.

Many district offices, in collaboration with the enforcement unit and with the sponsorship of the private sector, carried out numerous programs in 2023, including coastal cleanup programs and tree planting initiatives.

The joint field inspection conducted in the Matara District from Madiha to Polhena.

The joint field inspection carried out in the Polhena Grama Niladhari Division of the Matara District.

The Bentara Pradeshiya Sabha committee meeting in the Galle District.

The Valikamam Eastern Pradeshiya Sabha Committee meeting in the Jaffna District.

The tree planting program conducted at the Kalido shoreline in the Kalutara District.

The coastal cleanup program conducted at the Ambalangoda shoreline in the Galle District.

The Kayts Pradeshiya Sabha committee meeting in the Jaffna District.

7.4.7 Establishment of the Blue Flag Beach

A Blue Flag beach is a beach that has been awarded the Blue Flag, an award presented by the Foundation for Environmental Education (FEE) for its environmental education efforts, under the Blue Flag program run by the FEE's international arm, the Foundation for Environmental Education (FEO)

To obtain this certification, the quality of beaches must be improved according to 33 main criteria, and this concept will be especially important for evaluating marine bathing areas

The Unawatuna Beach, a popular tourist attraction in the Southern Province, has been designated as the site for Sri Lanka's first Blue Flag Beach establishment. In 2022, the Marine Environment Protection Authority initiated the establishment process, with active participation from both governmental and non-governmental organizations, as well as the local community in Unawatuna. During the year 2022, various related activities were carried out, including the establishment of coastal zone management committees, conducting committee meetings, and implementing measures for beach and underwater area management.

In this process, the quality of the beach is enhanced by adhering to 33 criteria related to four key aspects: water quality, information and environmental education, environmental management, and safety and services.

In 2023, the Blue Flag Beach Program expanded further, with Bentota, Pasikuda, and Arugam Bay being newly proposed for the program in addition to Unawatuna Beach. Moreover, the Sri Lanka Ministry of Tourism provided financial sponsorship for the implementation of the Blue Flag Beach Program at the Pasikuda and Arugam Bay bathing areas.

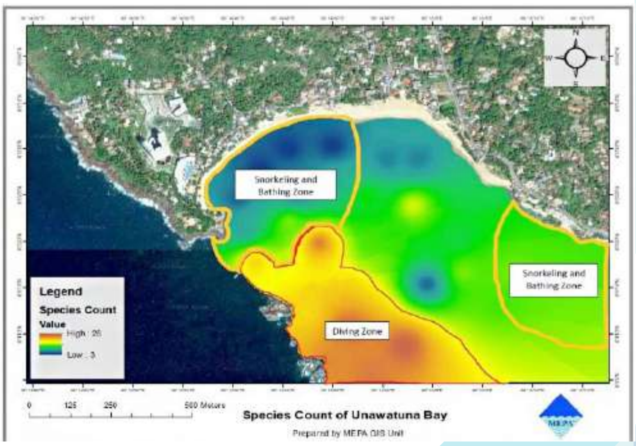
Unawatuna Blue Flag Program

In 2023, plans were formulated to develop Unawatuna Beach into a Blue Flag Beach, with the active participation of all relevant public and private institutions. The initiative was successfully implemented under the leadership of the Marine Environment Protection Authority, with guidance from the Honorable Manusha Nanayakkara, Minister of Labour and Employment, and the Galle District Secretary.

The Urban Development Authority prepared all relevant plans and estimates for setting up an information center, constructing sanitary facilities, building parking areas, establishing security posts, and installing other necessary amenities, being the primary requirements for establishing a Blue Flag Beach. Meanwhile, the identification of suitable public land for these facilities was carried out by the Habaraduwa Divisional Secretariat and the Habaraduwa Pradeshiya Sabha.

Furthermore, in 2023, representatives from the Foundation for Environmental Education conducted an inspection of Unawatuna Beach and provided the necessary guidance. Additionally, the Honorable Chairman and Director General of the Marine Environment Protection Authority held discussions with the Honorable Presidential Advisor on Climate Change, Ruwan Wijewardene, along with these representatives, securing further support for the initiative.


Discussions and field observations held in conjunction with the Blue Flag Beach Program

Unawatuna beach bathing area zoning in water

Bentara Blue Flag Program

In 2023, the Bentara Blue Flag Program established a Beach Management Committee. This project was implemented in November, and currently, zoning of the beach and the Beach Management Committee have been established.

Bentara Coastal Management Committee Meeting and Field Inspection

Pasikudah and Arugambay Blue Flag Beach Program

In 2023, under the initiative of the Marine Environment Protection Authority and with the financial support of the Ministry of Tourism and Lands, a project was launched to turn the beaches of Pasikudah and Arugambay into Blue Flag beaches. Accordingly, activities such as establishment of Beach Management Committees, conducting committee meetings, and beach and ocean zoning were carried out.

Arugam Bay Coastal Management Committee Meeting and Field Inspection

Arugam Bay and beach and ocean zoning

Pasikuda beach and ocean zoning

7.4.8 Sayura Rakina Ralla Program

"Sayura Rakina Ralla" is a program implemented by the Marine Environment Protection Authority with the participation of voluntary organizations. It aims to raise awareness and improve the attitudes of young people towards the marine and coastal environment, as well as to create a creative generation of young people to protect the marine environment.

In this event, the Authority's regional offices identify youth organizations in the area, launch awareness programs for them, and continuously involve these organizations in marine environment and coastal protection programs.

01. Hambantota District

Cleaning of Midiattawella Beach with the participation of the Leo Club of the Colombo University

02.Matara District

12 cleaning programs were conducted in the Matara district with the participation of various NGOs and community involvement.

03. Gampaha District

The Gampaha District Office conducted 05 beach cleaning programs with the participation of various NGOs and community involvement.

04. Trincomalee District

Beach cleaning programs were conducted with the participation of government officials, the military, and the community.

05. Jaffna District

The Jaffna District conducted 03 beach cleaning programs with the cooperation of the private sector and NGOs.

7.5. Restoration and Conservation of Coastal and Marine Ecosystems.

7.5.1 Restoration of mangroves in the coastal districts of Sri Lanka.

Mangroves are highly productive ecosystems. They consist of shrubs or small trees and are primarily found in the intertidal zones of tropical and subtropical coastal areas, estuaries, and riverbanks. Additionally, mangroves can be found in coastal lagoons and the high littoral zone. These plants thrive in the transitional area between land and sea, having adapted remarkably well to harsh conditions such as strong tides, high salinity, intense winds, muddy environments, extreme temperatures, and nutrient-poor soils.

Mangrove forests provide shelter, breeding grounds, nourishment, and habitats for numerous fish species, birds, mammals, reptiles, amphibians, and crustaceans. They also support local and commercial fisheries as well as the ecotourism sector. Furthermore, mangrove ecosystems play a crucial role in coastal and coral reef protection, nutrient cycling, carbon sequestration, and land stabilization. Mangrove vegetation acts as a natural barrier against extreme weather conditions, effectively mitigating the impact of strong waves and storms, thereby protecting coastal shorelines and human settlements. Additionally, mangroves have traditionally been used by local communities for food, timber, fuel, and medicinal purposes.

In Sri Lanka, coastal mangroves cover approximately 12,000 hectares, primarily lining the edges of estuaries and lagoons. Additionally, they exist in smaller patches, ranging from less than a hectare to several hectares in extent.

In Sri Lanka, mangroves are extensively found around brackish water bodies in the districts of Puttalam, Jaffna, Trincomalee, and Batticaloa. However, they are absent along the open coastline. This is because, unlike in other countries, Sri Lanka lacks large rivers with heavy sediment loads capable of forming deltas along river estuaries. Despite their relatively small extent, mangroves are considered highly valuable plant communities. Their ecological importance is highlighted by their role as crucial breeding and nursery habitats for fish and shrimp. The decline of mangroves has led to reduced fishery productivity in these areas. Furthermore, the life cycle of marine shrimp is also dependent on mangrove estuarine habitats. Beyond their ecological functions, mangroves also support various human activities, including house construction, fish aggregation devices, fishing poles, and food and beverages. The total number of true mangrove species ranges between 20 and 25, with a similar number of mangrove-associated species.

Recognizing the importance of the mangrove ecosystem, the Marine Environment Protection Authority has implemented mangrove restoration programs in the coastal districts of Kalutara, Chilaw, Mannar, Kilinochchi, and Jaffna to stabilize the coastal ecosystem.

District	Location	No. of Plants	Land Extent (Acres)
Kalutara	The land area between New Kalido Beach, near the Kalutara South Railway Station, and the Kalutara Bridge.	525	2
Chilaw	Chilaw (Ambakandawila/Merawala)	500	1
Mannar	Parapankandal R.C.T.M.S	520	0.4
Kilinochchi	Mandaikallaru Estuary	650	1
Jaffna	Allaipiddi, Mandaithivu	1200	1.75



Mangrove plantation near Kalutara Bridge, sponsored by Kalu Ganthota, Clean Ocean Force, Navy, pre-school children, Police Environment Unit and Prima


Plant nurseries supervised by the Marine Environmental Protection Authority and maintained by Clean Ocean Force

Chilaw Mangrove Restoration Program

Mannar Mangrove Restoration Program

7.6 Raising Awareness about Marine Environmental Pollution and Its Impacts

7.6.1 World Ocean Day 2023

The oceanic zone, which covers 71% of the Earth's surface, provides invaluable services for all living beings on Earth. It is aptly named the "lungs of the Earth," reflecting its true value. This is why World Oceans Day is celebrated every year on 8th June. In 2023, in conjunction with this day, public awareness and beach cleaning programs were carried out focusing on the theme "Planet Ocean: Tides are Changing".

Accordingly, a beach cleaning program was conducted at Kalutara Calido beach. Also, a mangrove restoration program was carried out in the Vairankattuwa area of Arachchikattuwa, Chilaw, in collaboration with the Hydramani Institute.

Private institutions provided sponsorship for this, and our authority acted as the main coordinating and implementing agency. In addition, beach cleaning and other programs were conducted through coordination with district offices.

7.6.2 International Coastal Cleanup Day and National Marine Resources Conservation Week 2023

International Coastal Cleanup Day and National Marine Resources Conservation Week 2023 were held from 17th to 24th September and it was organized by the Marine Environment Protection Authority (MEPA). To celebrate International Coastal Cleanup Day nationally, MEPA conducted beach cleanup programs covering 14 coastal districts. Approximately 6725 participants took part in the beach cleanup programs, covering a distance of about 63 kilometers of coastline.

The main event was held at the Colombo Port City beach in the Colombo district. The opening ceremony was held under the patronage of the Chief of Staff to the President and Chairman of National Security, Mr. Sagala Ratnayaka, and the Commander of the Navy, Vice Admiral Priyantha Perera. This group then participated in beach cleaning operations and underwater cleanups, with the support of approximately 350 people, including the Sri Lanka Navy, Sri Lanka Police, NGOs, and Ocean University students. During this program, approximately 437.5 kg of waste was collected.

The program aimed to quantify marine debris composition around Sri Lanka's coast, raise public awareness about the importance of a clean ocean, shift public attitudes towards marine conservation, and increase public participation in the crucial effort of conserving ocean environment.

This year, all the programs related to International Coastal Cleanup Day and National Marine Resources Conservation Week were organized using funds from private sources.

According to the 2023 International Coastal Cleanup Day program, the average weight of plastic in Sri Lanka is 82.89 kilograms per kilometer. According to the 2022 International Coastal Cleanup Day program, the total amount of waste collected was 109,257.

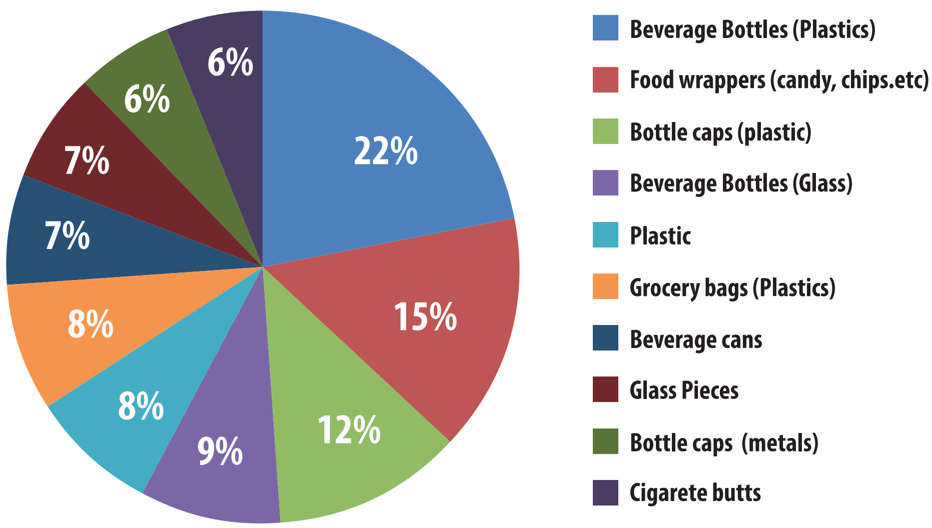
A total of 69 programs were conducted across the country, and 63 kilometers of coastline were cleaned, collecting 46,376 types of waste. The total weight of the waste collected was 6,725 kilograms. The main 10 items of waste collected in Sri Lanka are listed in the table.

The 10 Most Prevalent Types of Waste in Sri Lanka

Type of Waste	Total
Beverage Bottles (Plastic)	6059
Food Wrapping	4087
Bottle caps (Plastic)	3141
Beverage Bottles (Glass)	2314
Plastic	2225
Grocery bags (Plastic)	2207
Beverage Cans	2009
Glass Pieces	1924
Bottle Caps (Metal)	1630
Cigarette Butts	1552

Percentage of the 10 Most Prevalent Types of Waste in Sri Lanka

Percentage of the 10 Most Prevalent Types of Waste in Sri Lanka



8. Services and Responsibilities in the Administrative, Legal, Human Resources Development, Internal Auditing, and Financial Divisions

8.1 Administrative Division

The administrative division of the Marine Environment Protection Authority (MEPA) handles the procurement of goods and services necessary for the organization's operations, including transportation, warehousing, asset and service maintenance, and other general administrative tasks. This division operates under the guidance provided by the Manager of Administration and Finance.

In 2021, a key task was providing the necessary infrastructure to officials and operations of the Marine Environment Protection Authority and other organizations involved in controlling and preventing the environmental disaster resulting from the MV X-Press Pearl shipwreck in 2021, as well as the potential environmental damage.

Accordingly, the following procurement activities for this purpose were carried out by the administrative division.

Procurement of personal protective equipment, cleaning equipment, and related item.

1. Transportation services (provided by the Marine Environment Protection Authority's fleet vehicles and vehicles obtained on a rental basis).
2. Provision of accommodation and related services.
3. Procurement related to warehousing.

8.2 Legal Division

A concept paper containing proposed amendments to the Marine Pollution Prevention Act No. 35 of 2008 was submitted to the State Ministry, and as per the instructions of the Additional Secretary of the State Ministry, it was submitted to a three-member expert committee on maritime law for review and advice. The committee held several discussions and prepared the concept paper. The concept paper, which now includes 65 proposed amendments, has been submitted to the State Ministry for submission to the Cabinet of Ministers for approval.

The proposed amendments to revise the 2016 (Waste Reception Facilities) Regulations, which were published in 2016 under the Marine Pollution Prevention Act No. 35 of 2008, have been submitted to the Legal Draftsman. Additionally, the amendments to increase the charges for all four remaining regulations published under the said Act have also been handed over to the Legal Draftsman, and discussions are currently ongoing regarding further revisions.

The newly formulated regulations, which specify the procedure to be followed when conducting an investigation into any accident caused by a pollutant discharge from a ship, under Section 51(2) of the Marine Pollution Prevention Act No. 35 of 2008, have been finalized in all three languages by the Legal Draftsman. These regulations have been submitted for approval to the Minister in charge of the subject through the relevant State Ministry.

Since the fine of Rs. 12 million imposed by the High Court on the captain of the “New Diamond” oil tanker under Sections 26 and 38 of the Marine Pollution Prevention Act No. 35 of 2008, in relation to the marine environmental pollution caused by the vessel on September 3, 2020, has been credited to the Consolidated Fund of the Government, action has been taken to obtain the amount for this Authority in accordance with the provisions of Section 18 of the said Act.

Based on the damage assessment estimates prepared by the expert committee appointed by this Authority to evaluate the environmental damage caused to the country’s marine environment by the MT New Diamond vessel, a complaint was filed by this Authority, along with the necessary documentation, seeking compensation. Accordingly, in September of this year, the Honorable Attorney General filed a case against the said shipping company and five other respondents before the Colombo Commercial High Court.

In November 2021, the Honorable Attorney General filed an indictment before the Colombo High Court under Section 26 of the Marine Pollution Prevention Act (criminal liability) in connection with the environmental damage caused to the country’s marine zone by the MV X-Press Pearl vessel in May 2021. The indictment named the ship's captain, the local agent Sea Consortium Pvt. Limited, and its board of directors as the accused.

Regarding the fundamental rights violation and injunction petitions filed before the Supreme Court by various parties against this Authority in relation to the marine environmental damage caused by the MV X-Press Pearl vessel in May 2022, the Authority's observations were submitted to the Attorney General. At each court hearing, the Legal Division of this Authority appears before the court and takes action in accordance with the orders issued.

The Attorney General was informed that it was necessary for the Authority to file and proceed with the case regarding marine pollution caused by the Tangalle Kahadamodara Hotel Ratna 2012 Hotel in an appropriate High Court. Accordingly, the relevant case was filed in the Tangalle High Court. However, since the respondents of the said case filed a petition in the Colombo Court of Appeal seeking an injunction, the case filed in the Tangalle High Court has been laid by until the appeal case is examined and concluded.

The case filed against Sea Consortium Pvt. Ltd. due to the violation of Waste Recovery Facilities Regulations issued by this Authority in 2016 is being heard in the Colombo High Court.

In accordance with the Attorney General's directives, investigations were conducted by the Government Analyst regarding marine environmental pollution caused by the Weligama "Marriott Resort" in relation to the Marine Environmental Protection (Issuance of Permits for Discharge into the Sea) Regulations issued by this Authority in 2013. The reports obtained from these investigations have been forwarded to the Attorney General’s Department for further action. Additionally, discussions were held with the Attorney General regarding legal action to ensure the proper discharge of wastewater from the fish canning factory named Happy Cook Pvt. Ltd. and the Sri Lanka Export Development Board (BOI) facility in Koggala. Necessary information and documents required for this process have been provided.

Under Section 11 of the Marine Pollution Prevention Act No. 35 of 2008, which grants authority for the ‘detention of a vessel,' this power was exercised for the first time in 2021 in connection with marine environmental pollution caused by the vessel Vishva Ekta near the Hambantota Port. As a result, a fine of Rs.15 million was obtained from the relevant shipping company. Similarly, under the same section, a fine of Rs. 15 million was imposed in 2021 for marine environmental pollution caused by the vessel Vinalynnes Brave within the Colombo Port. Furthermore, this provision was enforced once again in relation to the fuel oil spill caused by the vessel MV X-PRESS HOOGLY in July 2022, and the Authority took measures to recover a fine of Rs.15 million.

The case filed in the Trincomalee High Court under Section 26 of the Marine Pollution Prevention Act No. 35 of 2008 concerning the discharge of a harmful substance, specifically used engine oil, into Sri Lankan territorial waters at the Trincomalee Mud Cove Jetty involving two entities, ELS Construction Pvt. Ltd. and GAC Shipping Ltd, as owner and agent of the vessel MARPOL DL 01 at the time of the incident is currently ongoing.

A case was filed in the Colombo Labour Tribunal in 2019 by L.P. Titus, a former employee of the Authority, claiming that his termination was unfair and requesting reinstatement along with compensation. However, following the trial, the Labour Tribunal ruled against his claim and dismissed the case. This decision, which was in favor of the Authority, was delivered on 01 July 2021.Nevertheless, as the officer has yet to settle the outstanding amount payable to the Authority, the necessary documents are currently being prepared by the Authority's Legal Division in coordination with the Attorney General's Department to initiate legal action regarding the matter.

8.3 Internal Audit Division

The primary responsibility of the Internal Audit Division is to strengthen the internal control system by conducting investigations, observations, and inquiries to assess whether the financial and physical operations of the Marine Environment Protection Authority, including its headquarters and sub-offices, are being managed efficiently, transparently, and in accordance with good governance principles. Based on the conclusions drawn from these assessments, the division reports its findings to senior management for necessary action.

As the responsibilities of the Authority's key divisions—Technical, Administrative, Human Resource Development, Planning, Legal, and Accounts—continue to expand, the scope of the Internal Audit Division has also progressively broadened. The Authority implements various strategic projects under the powers vested in it by its governing Act to prevent and control marine pollution, while also taking measures to enhance its revenue. With the increasing scale of the Authority's financial and physical operations, a very special role is assigned to the Internal Audit Division.

The Internal Audit Division operates under the direct supervision and guidance of the Chairman of the Authority. Audit functions are carried out in accordance with the annually prepared internal audit plan and program. Audits are conducted to assess the efficiency of operations carried out under the annual action plan by all key divisions—Technical, Administrative, Human Resource Development, Planning, Legal, and Accounts—as well as regional offices. Based on these audits, internal audit reports incorporating observations and recommendations are submitted to the Chairman for review and necessary action.

The following aspects are given special attention during the internal audit process:

1. Examining whether the internal control system established to prevent errors and fraud is robust.
2. Identifying risk management areas and reporting them to top management.
3. Assessing whether the financial operations of the Authority are conducted truthfully and fairly in accordance with state financial regulations and reviewing the internal financial control mechanisms established for this purpose.
4. Evaluating whether the duties and responsibilities assigned to the Authority's staff are carried out efficiently and effectively.
5. Examining whether the fixed assets required for operations and office activities, as planned by the Authority, are acquired and utilized effectively.
6. Verifying compliance with state policies, laws, financial regulations, and internal circulars and directives periodically issued by the Authority.
7. Conducting emergency on-site investigations when necessary.
8. Providing recommendations to address identified weaknesses in the Authority's internal control system.
9. Conducting financial audits in addition to management audits through the Authority's Internal Audit Division.
10. Carrying out on-site inspections of marine pollution incidents occurring within the coastal areas under the Authority's jurisdiction, in accordance with the Marine Pollution Prevention Act No. 35 of 2008, and reporting findings to top management.
11. The Internal Auditor serves as the convener of the Audit and Management Committee, which functions as an advisory committee to the Board of Directors. The Internal Audit Division performs the tasks of submitting all audit queries, audit reports, investigative reports, and other relevant documents to this committee.

The Internal Audit Division consistently provides information reporting to senior management to facilitate decision-making for the development of the Authority.

8.4 Human Resource Development Division

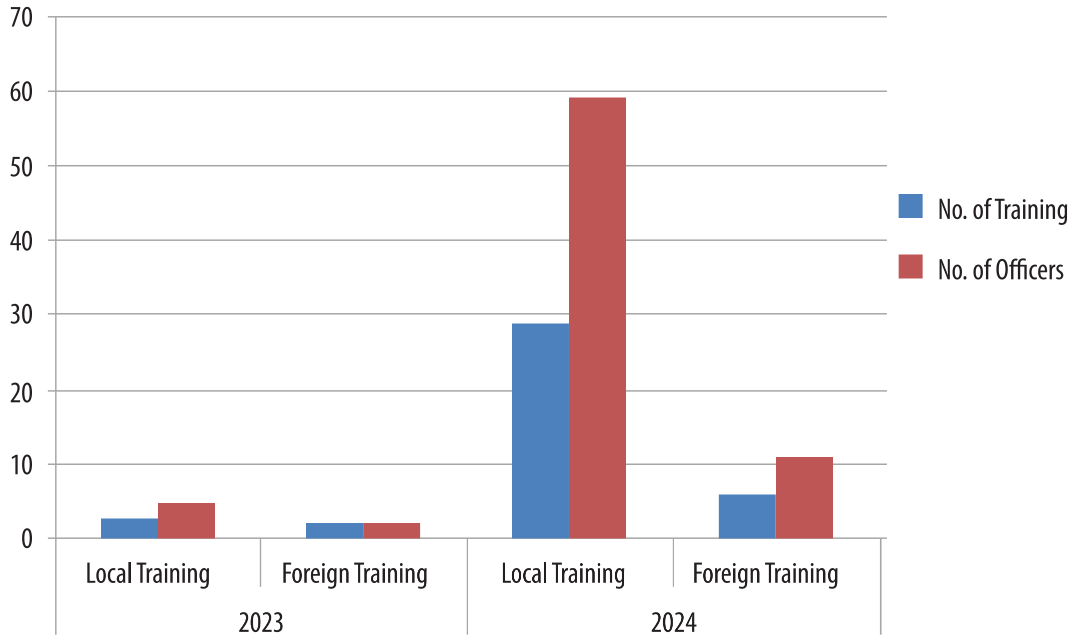
The Human Resource Development Division is responsible for enhancing the capacity and skills of all members of the staff of the Marine Environment Protection Authority through training. This division operates under the guidance and supervision of the Director General, who serves as the Chief Executive Officer of the Authority.

Responsibilities of the division

1. Identifying the training needs required to enhance the capacity and skills of the Authority's staff, identifying resource contributors for such training, formulating local and foreign training plans, and facilitating staff members' participation in such training programs.
2. Evaluating whether the trained staff members have received proper training, identifying any shortcomings if present, and proposing and implementing appropriate measures to address such deficiencies.
3. Evaluating the annual progress reports of the staff.
4. Maintaining personal files of the Authority's staff, conducting staff classification and promotions, and taking necessary actions for staff transfers.
5. Submitting the requested information related to staff and institutional activities to the line Ministry and other external parties, under the approval of the Director General.
6. Maintaining the leave files of the Authority's staff.
7. Staff welfare activities.

Staff capabilities

in order to achieve the objectives of the Authority more efficiently and effectively, the capacity and skills of the Authority's staff were developed by providing the following training programs in 2023.



8.5 Planning Division

The Planning Division of the Marine Environment Protection Authority (MEPA) was established in 2016. Its primary role is to develop the 2022-2025 Strategic Plan and the corresponding annual action plan, monitor progress, and submit progress reports to relevant institutions. This is done in line with the "Vision of Prosperity" national policy, with the aim of fulfilling the responsibilities assigned in Gazette No. 2235/45 regarding institutional functions and tasks, and achieving Sustainable Development Goal 14. The division operates under the powers granted by the Marine Pollution Prevention Act No. 35 of 2008, focusing on the following nine objectives:

1. Improving mechanisms to minimize marine pollution caused by ships.
2. Implementing an efficient and effective national emergency response plan for oil and chemical spills.
3. Enhancing mechanisms to reduce marine pollution caused by land-based activities.
4. Restoring and conserving coastal and marine ecosystems.
5. Establishing and strengthening a legal framework to adhere to international legal instruments in addressing new challenges.
6. Creating an environmentally conscious community through public awareness campaigns.
7. Enhancing the Authority's capacity to provide a citizen-centered digital government service.
8. Becoming the center for blue economy and marine resource management.

9. Increasing the capacity of the Marine Environment Protection Authority.

The Authority is expected to undertake the necessary measures to achieve the following future objectives:

- Amending the Marine Pollution Prevention Act to incorporate provisions essential for marine resource management and the blue economy.
- Adoption and incorporation into the domestic legal system of 9 identified international conventions and charters.
- Establishing a fund through a levy imposed on vessels to operationalize the National Oil Spill Contingency Plan in response to oil pollution incidents caused by ships.
- Implementing programs and establishing funding under the 'Sayura Rakina Ralla' voluntary project.
- Developing an Environmental Sensitivity Index (ESI) map covering the entire coastal region.
- Restoring coral reefs and mangrove ecosystems.
- Implementing the Glo-Litter, Green Voyage, and Glo-Fouling projects.
- Establishing an operations center for real-time marine pollution incident monitoring and collaborating with CLS (France) for satellite imagery analysis.

8.6 Financial Progress Report for the Year 2023 – Recurrent Expenditure

Object Code	Object Description	Estimate for 2023(Rs)	Actual Expenditure as at 31.12.2023 (Rs.)	Balance (Rs)
	Rehabilitation and Improvement of Capital Assets			
2001	Buildings and construction	500,000	-	500,000
2002	plant, machinery and equipment	1,000,000	67,092	932,908
2003	vehicles	3,000,000	3,540,085	(540,085)
	Acquisition of Capital Assets			
2102	Furniture and office equipment	-	-	-
2103	machinery and equipment	2,500,000	267,900	2,232,100
				-
2401	Training and Capacity Building (HRD)	1,000,000	202,297	797,703
				-
2502	**Other Capital Expenditure**			-
	1. Improved control mechanism to abate ship based marine pollution	6,843,000	784,569	6,058,431
	2. Implemented efficient and effective national oil and chemical spill contingency plan	1,819,389	379,050	1,440,339
	3. Improved control mechanism to abate land based marine pollution	3,705,601	6,699,717	(2,994,116)
	4. Restored and conserved coastal & marine ecosystems	518,770	602,064	(83,294)
	5. Established and strengthen legal framework to address new challenges and also to adhere International legal instruments	-		-
	6. Established environment sensitized community through public awareness	953,701	1,509,434	(555,733)
	7. Enhance capacity of MEPA to provide citizen-centric digital public service	100,000		100,000
	8. Be the focal point for Blue economy and marine resource management	2,906,731		2,906,731
	9. Developed capacity of Marine Environment Protection Authority	6,608,246		6,608,246
	10. Upgrading of Laboratory facilities and Commecial service		873,228	(873,228)
	11. WIP		1,762,799	(1,762,799)
	Total capital Expenditure	**31,455,438**	**16,688,235**	**14,767,203**

9. Financial statements of the authority

9.1 Accounting Policies

9.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 177, Nawala Road, Narahenpita, Colombo 05.

9.1.2 Principal Activities and Nature of Operations

The principal activities of the Marine Environment Protection Authority are, prevent, control and manage marine pollution in Sri Lanka waters through effective enforcement of regulations, implementation of concerned International Conventions, co-ordination and mobilization of stakeholder and other resources, for sustainable management of marine environment for present and future.

9.1.3. Basis of Preparation

9.1.3.1 Statement of compliance

The Financial Statements of Marine Environment Protection Authority comprise Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in Equity, Cash Flow Statement, Significant Accounting Policies and Notes to the Financial Statement. These statements are prepared in accordance with Sri Lanka Public Sector Accounting Standards laid down by Institute of Chartered Accountants of Sri Lanka.

The Financial Statements are presented in accordance with SLPSAS 01 and where the SLPSAS not available in such a case generally accepted accounting principles are applied for preparation of financial statements.

9.1.3.2. Financial Statements

The Financial Statements of Marine Environment Protection Authority have been prepared on a historical cost basis with generally accepted accounting principles.

9.1.3.3. Inflationary factors

No adjustments have been made for inflationary factors affecting the accounts.

9.1.3.4. Income

Income have been accounted on accrual basis

9.1.3.5. Expenses

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the operations has been charged to income in arriving at the profit for the year.

9.1.3.6 Trade and Other Receivables

Most services are provide on the cash basis of, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment Loss is recognized immediately in profit or loss.

9.1.3.7. Liabilities

Liabilities are recognized in the Statement of Financial Positions when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

9.1.3.8. Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Obligations payable at the demand of the creditors or within one year of the Statement of Financial Positions date are treated as current liabilities in the Statement of Financial Positions.

9.1.3.9. Non-current liabilities

Obligations payable at the demand of the creditors or more than one year of the balance sheet date are treated as Non-current liabilities in the Statement of Financial Positions.

9.1.3.10. Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the MEPA ultimately expects it will have to return to the customer. The MEPA updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

9.1.4. Property, Plant and Machinery

9.1.4.1. Property, Plant and Machinery

The Authority applies the requirements of SLPSAS 07 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

9.1.4.2 Basis of recognition

Property, plant and equipment is recognized if it is probable that future economic benefit Associated with the assets will flow to the Authority and cost of the asset can be reliably measured.

9.1.4.3 Basis of measurement

Items of property, plant & equipment including Construction in progress is measured at Cost net of accumulated depreciation and Accumulated impairment losses, if any, for land which is measured at cost

9.1.4.4 Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized in accordance with the derecognition policy given below.

The costs of the repair and maintenance of Property, plant & equipment are recognized in the Statement of Profit or Loss as incurred.

9.1.4.5 Derecognition

The carrying amount of an item of property,
Plant & equipment is derecognized on disposal; Or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognized (calculated as the difference between the net disposal Proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

9.1.4.6 Depreciation and amortization

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Assets	Depreciation Rate
Motor Vehicles	20%
Computers and related Equipment's	15%
Office Equipment's	15%
Furniture and Office Equipment's	10%
Lab Equipment's and Other Technical Equipment's	10%
Intangible Assets	10%
Exhibition Items	20%
Books	10%
Building	5%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and

Adjusted prospectively, if appropriate.

9.1.5. Intangible asset

9.1.5.1 Basis of recognition

An identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events and from which future economic benefits are expected.

An Intangible asset is recognized if it is probable that future economic benefits Associated with the assets will flow to the Group and cost of the asset can be reliably measured.

9.1.5.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial Recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Intangible carried at cost less accumulated amortization and impairment losses.

9.1.5.3 Useful economic lives and amortization

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

9.1.5.4 Derecognition of intangible assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit or Loss when the asset is derecognised.

9.1.5.5 Research and development

Development expenditures on an individual project are recognised as an intangible asset when the Authority can demonstrate:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
2. Its intention to complete and its ability and intention to use or sell the asset
3. How the asset will generate future economic benefits
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually if there are indicators of impairment.

9.1.5.6 Research cost

All research cost charged to expense.

9.1.5.7 Amortization

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated Useful lives are as follows:

Description	Period
Computer software	10 years

9.1.6. Valuation of Inventories

The MEPA has applied judgment in the determination of impairment in relation to inventories that are obsolete. The MEPA's impairment assessment in relation to such inventories take into account factors such as the ageing of items of inventories, dates for possible expiry and expectations in relation to how the inventories will be utilized. Judgment has also been applied by management in determining net realizable value of inventories (NRV). The estimates and judgments applied in the determination of NRV

The inventories used during the year of transfer to the Statement of Financial Performance are based on their cost. The balance stocks at the end of the year are valued at cost or NRV whichever is lower.

9.1.7 Library Books

Library books have been recorded at their cost. They have been depreciated on straight line basis in order to write off their cost over their useful life.

9.1.8 Chemicals and Glassware Stocks

In the case of chemicals and glassware, the policy adopted by the Authority is to charge total purchase cost of chemicals and glassware to the profit and loss during the year the transaction took place.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glass ware needed to be replaced during the short a period of time. However, the laboratory maintains the stocks ledgers for both chemicals and glassware for recording purpose.

9.2 Income

The main income of the Authority is grants received from Government of Sri Lanka. In addition, there is a small operational income generated by the Authority by issuing licenses.

1. Issuing license for natural resource exploration activity.
2. Issuing license for bunkering operations
3. Approving oil spill contingency plan.
4. Issuing license for activities connected with waste reception service

9.2.2.1 Capital Grants

Government grants received for acquisition or construction of property, plant and equipment are recognized as income over the period of useful life of such property, plant and equipment.

Grants received for activities connected with prevention of Sri Lankan marine pollution naturally generate intangible assets. But, it does not meet the recognition criteria laid down in Intangible Assets, therefore the expenditure in relation to the marine pollution prevention activities are recognized as income in the year in which such activities are performed.

9.2.2.2 Recurrent Grants

Recurrent grants are recognized as income in the year in which they are received.

9.3 Employee Benefits

9.3.1 Define Contribution Plan.

Obligation to define contribution plan are recognized as an expenses in the income statement as incurred. The MEPA contributes 15% and 3% of gross emoluments of employees to Employees Provident Fund and Employees Trust Fund respectively.

9.3.2 Define Benefit Plan

Gratuity is a define benefit plan. The MEPA is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the Statement of Financial Positions, equivalent to an amount calculated based on a half month's salary plus cost of living allowance multiplied by each completed year of service, commencing from the completed first year of service.

Provision is made for retirement gratuity for all employees in respect of gratuity payable under the payment of gratuity Act No. 12 of 1983. This item is grouped under non-current liabilities in the Statement of Financial Positions.

9.4 Comparative information

Where necessary, comparative figures have been re-arranged to conform to the current year's presentation.

9.5 Events occurring after balance sheet date

All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in respective of notes to the Financial Statement.

9.6 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method"

9.7 Functional and presentation Currency

These financial statements are presented in Sri Lankan rupees, which is the MEPA's functional currency.

9.8 Going Concern

The Management of MEPA has made an assessment of the Authority ability to continue as a going concern and is satisfied that the MEPA has resources to continue in operation for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Authority ability to continue as a going concern. Therefore, the financial statements are continued to be prepared on the going concern basis.

9.9 Critical Accounting Estimates and Judgments

The preparation of Financial Statements in conformity with SLPSAS /SLFRS/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgments and estimates are based on historical experience and other factors,

Including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimate

Marine Environment Protection Authority Statement of Financial Position As at 31st December 2023

Assets	Note	2023 Rs.	2022 Rs.
Current Assets			
Cash and Cash equivalents	9	364,075,823	290,239,351
Receivables	10	2,686,932	6,804,663.00
Deposits	11	9,351,521	8,784,361
Pre Payments	12	2,512,493	1,481,134
Short Term Investment	28	21,303,667	17,433,853
Staff loan recoverable	13	14,855,206	14,279,582
Inventories	27	19,730,508	18,477,019
Non-Current Assets			
Property, Plant & Equipments	8	165,495,208	191,679,206
Intangibale Assets	8	2,862,776	1,859,318
Total Assets		602,874,134	551,038,482

Assets	Note	2023 Rs.	2022 Rs.
Liabilities			
Current Liabilities			
Payables	14	104,809,962	119,593,057.00
Income Perceived A/C	23	2,622,167	2,354,364
Non-Current Liabilities			
Gratuity Provision	16	37,115,913	37,624,361
Total Liabilities		144,548,041	159,571,782
Net Assets		458,326,092	391,466,700
Equity			
Government Grants and Capital	17 &18	168,880,896	192,574,586
Capital WIP	19	13,834,234	8,259,144
Staff Loan Fund	15	15,999,140	15,999,140
Capital Grant to be utilized	25	-	2,440,518
Grant related to the Inventories	24	14,182,487	14,182,487
Marine Environment Protection Fund	21	119,486,831	19,486,831
Accumulated Surplus/(Deficit)	20	125,942,505	138,523,992
Total Equity		**458,326,092**	**391,466,700**

9.10 Statement of Financial Performance

Marine Environment Protection Authority Statement of Financial Performance for the Year Ended 31 December 2023

Revenue	Note	2023Rs.	2022Rs.
Transfer from other gov entities	1	184,843,485	172,766,216
Fees, fines, penalties and licenses	2	81,144,751	572,741,516
Mv.X-Press Pearl - Expenses Rembesment	3	242,000,000	
Other revenue		37,053,190	16,346,499
Total revenue		**545,041,426**	**761,854,231**
Expenses			
Wages, salaries and employee benefits	4	129,157,185	138,641,268.00
Supplies and consumables used	5	23,991,251	15,531,915.00
Other recurrent expenditure	6	263,697,069	357,492,381.00
Grant and Other Transfer Payments	29	14,990,084	16,133,452.00
Finance Cost	7	229,875	173,785.00
Depreciation and amortization expense	8	25,474,490	24,630,679.00
Total Expenses		**457,539,955**	**552,603,480.00**
Surplus/ (Deficit) for the period		**87,501,471**	**209,250,751.00**

9.11 Statement of Changes in Equity

Marine Environment Protection Authority Statement of Changes in Equity for the Year Ended 31 December 2023

Equity	Differed Grants Rs. Cts.	Grant Related to Inventories Rs. Cts.	Capital Grant to be utilized Rs. Cts.	Capital Grant Related to WIP Rs. Cts.	Marine Environment Protection Fund Rs. Cts.	Accumulated Surpluses/ (Deficits) Rs. Cts.	Total Rs. Cts.
Balance as at 01/01/2023	192,574,585.59	14,182,486.83	2,440,517.81	8,259,143.72	19,486,831.20	138,523,992.72	375,467,557.87
Prior Year Adjustments							
Reversal of Expense chg to P&L				75,168.00		(82,958.82)	(7,790.82)
Correction				(225,000.00)			(225,000.00)
Cash Transfer to Treasury			(2,440,517.81)	(1,996,512.72)			(4,437,030.53)
Restated Balance as at 01/01/2023	**192,574,585.59**	**14,182,486.83**	**-**	**6,112,799.00**	**19,486,831.20**	**138,441,033.90**	**370,797,736.52**
Capital Grants Received	30,200,000.00						30,200,000.00
Transfer to Capital related to assets	2,362,799.00			(2,362,799.00)			-
Fund Transfer from Retained Earnings					100,000,000.00		100,000,000.00
Transfer to Capital related to Inventories							-
Transfer from Capital Grant Related to Building/ capital WIP	(10,084,233.64)			10,084,233.64			-
Furniture Receved From Ministry	82,650.00						82,650.00
Transfer to MEP Fund						(100,000,000.00)	(100,000,000.00)
Blue Flag Beach Development	588,580.00						588,580.00
Capital Grants Transferred to Income	(46,843,485.19)						(46,843,485.19)
Surplus/ (Deficit) for the year						87,501,471.44	87,501,471.44
Balance as at 31/12/2023	**168,880,898.34**	**14,182,486.83**	**-**	**13,834,233.64**	**119,486,831.20**	**125,942,505.34**	**442,326,955**

9.12 Cash Flow Statement

Marine Environment Protection Authority Cash Flow Statement for the year 2023

	2023 Rs.	2022 Rs.
Cash Flow from Operating Activities		
Excess of Income Over Expenditure	87,501,471.44	209,250,750
Adjustments for		
Depreciation	25,474,489.83	24,630,679
Provision for Gratuity	4,096,917	4,056,094
Donation inventories	82,650	14,536,851
Reversal of Expence chg to P&L	(7,791)	1,867,516
Gratuity payment	(4,605,365)	(1,015,445)
Income Recognized from grants received previous years	(46,843,485.19)	(38,366,216)
Operating Surplus/Deficit Before working Capital changes	**65,698,887**	**214,960,228**
Operating activities		
Increase/decrease in Deposit	567,159.94	1,189
Increase/decrease in Prepayments	(1,031,358.92)	1,053,283
Increase/decrease in Receivables	4,076,379.03	(3,056,173)
Increase/decrease in Inventories	(1,253,489.14)	(13,638,245)
Increase/decrease in Payables	(14,783,094.78)	(30,220,965)
Increase/decrease in Income Prereceived	267,802.51	87,051
Net Cash flow from operating Activities	53,542,286	169,186,368
Investing Activities		
Invesment In Treasuary Bills	(21,303,666.61)	(17,433,853)
Treasuary Bills Maturity	17,433,853.00	15,407,297
Acquisition of property plant & Equipment	(1,698,150.00)	(6,585,393)
UNDP grant	-	3,364,900
Interest form Treasuary Bills		2,008,647
Interst form staff loan	-	818,472
Increase/decrease in staff loan recoverabale	(575,624.00)	(6,104,297)
Amount transfer to Unutilized grant	(3,762,225.88)	(968,945)
Net Cash flow from Investing Activities	(9,905,813)	(9,493,172)
Financing Activities		
Government grant for Capital expenditure	30,200,000.00	15,000,000
Net cash from Financing Activities	**30,200,000**	**15,000,000**
Net increase/decrease in cash and cash equivalents	**73,836,472**	**174,693,196**
Cash and cash equivalents at the beginning of the year	290,239,351	115,546,153
Cash & cash equivalents at the end of the year	364,075,823	290,239,349

9.13 Notes to Financial Statement

Marine Environment Protection Authority
Notes to Financial Statement

Note 01	**Treasury Grants (Rs.)**	
Transfer other Government Entities	**2023**	**2022**
Treasury Recurrent Grant	138,000,000	134,400,000
Capital Grant transfer to income-Current year	21,368,995	13,735,537
Capital Grant transfer to income-From differed Grant	25,474,490	24,630,679
	184,843,485	**172,766,216**

Note 02	**Fees, Penalties and Permit Fees (Rs.)**	
Fees, Fines, Penalties and Licenses	**2023**	**2022**
Waste Reception Service -Registration Fees	4,079,200	4,102,200
Waste Reception Service -Permit Fees	23,487,942	22,620,847
Waste Reception Service - Application Fees	60,000	58,500
Bunkering Application Fee	24,000	15,000
Bunkering Registration	2,460,000	1,680,000
Road Tankers Registration - Bunkering	63,000	99,000
Inspection Fees	924,429	-
Noscop Application fee & Approval fees	282,781	331,288
Dumping Regulation Income	4,276,475	74,136,764
Oil Spill Incident	45,486,925	469,697,917
	81,144,751	572,741,516
Mv.X-Press Pearl - Expenses Rembesment	242,000,000	
Total	**323,144,751**	**572,741,516**

Note 03	**Other Income (Rs.)**	
	2023	**2022**
Supplies Registration Fees	-	269,000
Sundry Income	871,354	1,539,269
Insurance Claims	110,065	43,100
Interest Account (Short Terms Investment on Treasury Bills)	29,193,534	7,201,487
Sponsorships	5,979,907	6,656,017
Disposal Income		60,941
Circuit bungalow income	88,950	39,200
Lab income	809,380	537,485
	37,053,190	**16,346,499**

Note 04	Wages, salaries and employee benefits (Rs.)	
	2023	**2022**
Salaries & Wages	117,159,963	128,718,594
Overtime/Holiday /WRS Payment	5,801,156	4,522,591
Other Allowances	2,099,150	1,343,990
Gratuity Payment	4,096,917	4,056,094
	129,157,185	**138,641,268**

Note 05	Supplies and consumables used (Rs.)	
5.1 Supplies	**2023**	**2022**
Stationary & Office Requisites	2,507,787	2,116,563
Fuel & Lubricants	9,214,954	5,697,074
Uniform	**76,000**	**80,000**
	11,798,741	**7,893,637**
5.2 Maintenance Expenditure	**2023**	**2022**
Vehicles	7,205,732	3,974,534
Plant Machinery & Equipment's	4,334,673	3,066,448
Building and Structures	652,105	597,296
	12,192,510	**7,638,278**

Note 06	Other Recurrent Expenditure (Rs.)	
6.1 Traveling	**2023**	**2022**
Domestic	3,312,657	2,723,299
Foreign	774,595	
	4,087,251	**2,723,299**
6.2 Contractual Services	**2023**	**2022**
Transport Expenses	2,342,790	4,010,400
Telecommunication/Postal Charges	2,647,969	2,593,410
Electricity & Water	10,070,791	5,361,862
Office Rent	32,342,143	30,036,469
Others Contractual Services	12,194,612	8,120,870
EU Programme	1,577,627	-
MV Xpress Peral ship Accident	197,852,771	304,246,033
MT New diamand incident	581,114	400,037
	259,609,817	**354,769,082**

Note 07	Finance Cost (Rs.)	
Bank Charges	**2023**	**2022**
Foreign	229,875	173,785
	229,875	**173,785**

Note 8 Depreciation of Property, Plant and Machinery

Type of Assets	COST-2023			DEPRECIATION-2023			Net Value
	01.01.2023	Additions	31.12.2023	01.01.2023	Additions	31.12.2023	31.12.2023
Motor Vechiles	84,211,433	-	84,211,433	77,865,610	1,559,600	79,425,210	4,786,223
Furnitures & Equipments	68,236,633	162,450	68,399,083	45,042,252	4,943,092	49,985,344	18,413,739
Technical & Lab Equipments	170,384,127	267,900	170,652,027	66,671,836	15,108,205	81,780,041	88,871,986
Books	1,619,366	-	1,619,366	1,070,896	133,976	1,204,872	414,494
Buiilding	66,661,502	-	66,661,502	14,300,262	3,333,075	19,169,736	47,491,766
Land	5,517,000	-	5,517,000	-	-		5,517,000
Total	**396,630,061**	**430,350**	**397,060,411**	**204,950,856**	**25,077,948**	**231,565,203**	**165,495,208**
Intangibale Assets	4,637,666	1,400,000	6,037,666	2,778,348	396,542	3,174,890	2,862,776
Total	**4,637,666**	**1,400,000**	**6,037,666**	**2,778,348**	**396,542**	**3,174,890**	**2,862,776**
Grand Total	**401,267,727**	**1,830,350**	**403,098,077**	**207,729,204**	**25,474,490**	**234,740,093**	**168,357,984**

Note 9	**Cash and Cash Equivalents (Rs.)**	
Cash and Cash equivalents	**2023**	**2022**
Bank of Ceylon -Boralla-194109	2,255,906	277,646,779
Peoples Bank -Dematagoda-071100180004783	1,616,804	1,719,558
REPO Investment	341,900,000	-
Bank of Ceylon -Boralla-90812625	18,181,818	-
Bank of Ceylon -Boralla- 75553755	121,294	10,873,013
	364,075,823	**290,239,351**

Note 10	Receivables (Rs.)	
	2023	**2022**
Festival advance due as per list	7,500	17,500
K P S S Kumara	7,598	37,986
R Srikrishnan	38,068	38,068
No pay Deduction as per list	33,422	36,940
The chief Dealer-Tresury bills	220,058	452,970
L H A H S Hettiarachchi	34,630	34,630
R N Priyadarshana-Payee Tax	(1,427)	117,000
T Thayaruban	61,180	(145)
S M C Kumarage	107,494	57,380
Dilmah Ceylon Tea PLC	1,120,200	1,176,700
M M Arshath	340,320	340,320
PS Kumar	2,998	940
AGMK Jayawardana	32,822	
AJM Gunasekara-Payee Tax	74,096	
RP Ranaweera-Payee-Tax	76,457	
ARH Mohideen	45,000	
K Sutharsan	1,700	
Asela B Rekawa-Payee Tax	21,321	
Collettes Lanka Holding (Pvt) Ltd	198,445	
Darshani Lahandapura-Payee-Tax	4,063	
HAI Suranga	3,853	
HTNI Piyadasa-Payee Tax	16,432	
Inoku Packging	74,548	
KHK Prabasra	24,870	
SDGP Samarajeewa	1,090	
EI Fernando	19,798	
K Sivakumar	20,550	
N Muzathik	29,148	
RG Rajapura	114	
JM Amali Shanika	(212)	
A Kariyawasam-EPF/ETF	26,573	
RL Kaluarachchi	44,225	
L.P.Titus	-	178,901
T S Ranasinghe	-	-
Foreign Ministry-R M M P Rathnayake	-	-
P.G.G.Wimalasena	-	8,804
K G D P Dhanapala	-	0
SR Wijerathne	-	25,000
S A Priyanka Udayangani	-	65,975
Colombo West International	-	4,127,902
ULJA Priyanwada	-	37,210
T Shripathy		9,230
	2,686,932	**6,763,311**

Note 11	Refundable Deposits (Rs.)	
	2023	2022
Food Commissioner - Trico	11,250	11,250
Internet Mobile Phone -2015	11,000	11,000
Express Water System - Water Dispenser	41,000	41,000
Regional Resource Development Authirity - Rent Puttalum R/O		50,000
Varun Beverage Lanka - Water	141,750	3,750
Ranjith Terrazzo - Head Office Bulding Rent	5,100,000	5,100,000
Wharehouse Pamunugama	3,463,550	3,413,550
Auto Super Service Center - Nawala - Fuel	375,000	
OOCL Lanka Pvt		5,000
Srilanaka Poart Authority	207,971	148,811
	9,351,521	**8,784,361**

Note 12	Pre payments (Rs.)	
	2023	2022
Rent Expenditure	1,449,422	992,319
Vehicles Maintenance Expenditure	269,586	284,791
PPE Maintenance Expenditure	755,052	181,721
Other Expenditure	38,433	22,303
	2,512,493	**1,481,134**

Note 13	Staff loan Recoverable (Rs.)	
	2023	2022
Opening Loan Balance	14,279,582	8,175,285
Add:		
Adjustment for opening Balance?(writ off)		
Loan given during the year	9,250,000	10,750,000
Total recoverable amount	23,529,582	18,925,285
Less:		
Amount recovered during the year	8,674,376	4,645,703
Balance as at 31.12.2023	14,855,206	14,279,582

Note 14	Current liabilities (Rs.)	
	2023	2022
A M D T C Gunasekara - Transport	312,000	143,600
Alka Drinking Water pvt Ltd	8,880	26,880
American Premium Water System Pvt Ltd	381	4,188
Ashan Furniture	40,300	40,300
Auto Air Con Systems	22,000	22,000
Bhoomi-Tech (Pvt) Ltd	121,830	121,830
C J Holdings	5,580	7,580
Central Engineering Consultancy Bureau	12,636,098	12,636,098
Community Payment 2022.12.31	3,074,500	1,637,000
EPF & ETF Payables	2,029,402	2,207,516
Government Printer	1,288,575	1,288,575
Industrial Technology Institute	462,510	462,510
K A Subasinghe - Transport	409,770	588,000
Millenium Auto Exprez pvt Ltd	22,890	22,890
Ministry of Mahaweli Development	205,355	205,355
MV Xpress Pearl MEPA Staff payment-As per list	44,205,553	62,196,986
N & Y Marine Services Pvt Limited	6,551,600	6,551,600
National Audit Office	1,679,376	1,239,600
Overtime/Holiday Pay as per List/WRS	838,480	716,678
P. B. T. P. Kumara	54,103	54,103
Puttalam Urban Council	26,360	26,360
R P Enterprices - Transport	278,250	828,000
R Shrikrishnan	17,968	17,968
Regional Resources Development Authoruty	3,370	4,926
Right Technology	100,000	319,400
Salary & Other Allowances as per List	247,750	155,790
Sri Lanka Port Authority (Rent,Electricity & Water)	172,485	595,467
Sri Lanka Telecom	102,689	77,102
Staff payabale as per list	165,792	54,018
Stamp Duty payable	35,725	41,692
Subsistence and Traveling as per List	650,776	534,383
The Associated Newspapers of Ceylon Limited(Lake House)	161,727	132,250
Unidentified Bank Deposit	-	29,100
University of Ruhuna - P.B.T.P.Kumara	1,202,030	1,552,080
W A Nilantha Athukorala ISO	68,250	68,250
Wijerama Service Station	340,775	325,713
WRS Dipost - as per List	6,946,266	7,159,548
X-press pearl Transport Charges	69,190	69,190
A.D.P.S.Kumari - Transport	415,350	903,600

Note 14	Current liabilities (Rs.)	
	2023	2022
Auto Super Center	274,163	(0)
Samurdhi Bank-Beach care Takers	520,000	905,266
Ceylon Electricity Board	631,892	368,049
Isaac J Logistics (pvt) Ltd - Rent	1,316,129	1,316,129
K P S S Kumara	8,421	8,421
Lakvijaya Power Plant	238,475	238,475
Lanka Electricity Co.(pvt) Ltd	41,452	29,418
LOLC General Insurance Plc	9,009	7,591
National water supply & Drainage Board	8,742	12,295
Pearl Marketing	1,320	2,970
Salaries payble	281,913	76,685
Scientific Instrument (pvt) Ltd	64,000	64,000
Siyorak Private Ltd	69,228	128,194
Wino Trading (Pvt) Ltd	311,660	96,250
Analytical Instruments (Pvt) Ltd	288,729	-
Central Environment Authority	12,794	-
Ceylon Business Appliance (Pvt) Ltd	2,121	-
Collettes Lanka Holdings (Pvt) Ltd	123,500	-
D.M.C.K.Dissanayaka - Sithijaya Café	3,500	-
D.M.U.N.B.Dissanayaka -Sithijaya Café	201,500	-
D.M.Wanigasekara & sons	99,250	-
Delve Guard Security Services (pvt) Ltd	268,307	-
Department of Government Factory	66,820	-
DG Treasury Operation	4,662,031	-
Dumping Paybles	514,167	-
Express water systems (Pvt) Ltd	19,320	-
Gamage Motor works	473,900	-
Ganga Wakistaarachchi	100,000	-
Hon. Attoney General	47,500	-
Jayantha Traders	547,400	-
LP Titus	65,889	-
MK Suppliers (Pvt) Ltd	271,400	-
Mobitel (Pvt) Ltd	8,030	-
National Building Reserch Organization	759,000	-
Onera Entertainments	237,500	-
Payee Payble	356,179	-
RDS Motor Engineers	825,000	-
Senanayaka Auto Serivice	34,560	-
Sign tech Advertising (Pvt)Ltd	726,800	-
Super Line Enterprices	160,250	-

Note 14	Current liabilities (Rs.)	
	2023	2022
Toyota Lanka (Pvt) Ltd	111,351	-
WHT Payble	450,000	-
Gov.Agent Kilinochchi	20,000	-
Varun Beverages Lanka (Pvt) Ltd	97,405	-
WP Gunapala	14,000	-
Ministry of Torisim	4,491,420	
S M C Kumarage	-	6,534
P.T.Waruna Viraj	-	325,000
S.Tec Enterprises	-	150,850
Sanikto Computer (Pvt) Ltd	-	15,000
Smart Print (pvt) Ltd	-	480
Southern Marketing	-	35,000
Stamp Duty paybles	-	42,150
T.R.V.Palliyaguru	-	75,806
U.K.D.Janaka Pushpakumara	-	304,400
Unilanka Security Service	-	102,672
Upali Newspapers (Pvt) Ltd	-	54,020
V.N.Vidanagamage	-	50,000
VYS International	-	33,000
Wijeya Newspapers Ltd	-	44,410
Marine Overseas Agency (Pvt) Ltd	-	208,000
Duminda Motors	-	83,058
Liberty Publishers (Pvt) Ltd	-	5,930
K.B.V.Indrasiri	-	2,750
L.C.A.Arachchi	-	297,000
Qualitron Pvt Ltd	-	174,000
UNDP	-	3,014,900
W A D M Print Rose	-	1,818,700
Accell Technologies Holdings (pvt) Ltd	-	62,750
Allianz Insurance Lanka Ltd	-	2,527
Binato Engineering	-	320,250
C.J.Sapumohotti	-	121,332
Camera.lk (pvt) Ltd	-	360,600
F.N Hussain	-	58,000
Gunawardena Cushion House (Pvt) Ltd	-	190,500
H.G.Sanjeewa	-	507,500
H.M.E.M.D.Herath	-	50,000
Hemachandra G. Gamage	-	160,000
Hemsons International (Pvt) Ltd	-	137,885
Matara Motor Service Centre	-	49,580
N.S.Wickramasinghe	-	47,020

Note 14	Current liabilities (Rs.)	
	2023	2022
ALS Testing Services India Pvt Ltd	-	3,332,910
Chandrasiri Motor Works	-	22,250
Narahenpita Cab Service	-	211,830
M M A R P Gunawardana	-	307,920
Deepthi Cleaning Service	-	130,621
P A D P R Kumara	-	195,000
District Secretary - Mannar	-	3,682
Galle Municipal Council	-	-
	104,809,962	**119,321,868**

Note 15	Staff Loan Fund (Rs.)	
	2023	2022
Opening Loan Balance 01.01.2023	15,999,140	15,180,667
ADD:		
Additional Fund		
Interest for the Year		818,472
Less:		
Bank Charges for the year/Write Off		
Closing Loan Balance 31.12. 2023	**15,999,140**	**15,999,140**

Note 16	Provision for Gratuity (Rs.)	
	2023	2022
Opening Balance	37,624,361	34,583,712
Provision for the Year	4,096,917	4,056,094
	41,721,278	38,639,806
Less:		
Gratuity payment during the year	4,605,365	1,015,445
Closing Balance	37,115,913	37,624,361

Note 17	Government Grants & Capital (Rs.)	
	2023	**2022**
Opening Balance	192,574,586	185,070,463
WIP transfer	1,762,799	5,285,843
Furniture Receved from Ministry	82,650	
WFO	-	3,854,487
Donation Assets received during the year		25,549,409
Blue Flag Beach Development	588,580	
From WIP	600,000	
Amount trasfer from grant relted to inventories		-
Capital Grants Received During the year	30,200,000	
CEB Project		
	225,808,615	234,760,202
Less		
Grant Recognized as income	46,843,485	38,366,216
Capital Grant to be utilized		-
Capital assets WIP	10,084,234	3,819,400
Intangibales WIP		-
Closing Balance as at 31.12.2023	**168,880,896**	**192,574,586**

Note 18	Differed Government Grants Recognized as Income (Rs.)	
	2023	**2022**
Opening Balance	192,574,587	185,070,464
Adjustment for OP Balanace		
Assets purchase during the Year	1,698,150	6,585,393
Furniture receved from Ministry	82,650	
Donation Assets received during the year	-	25,549,409
Grant Related to capital assets	-	
	194,355,387	217,205,266
Less		
Differed grant recognized as income	**25,474,490**	**24,630,679**
Closing Balance as at 31.12.2022	168,880,897	192,574,587

Note 19	Government Grants for Capital WIP (Rs.)	
	2023	2022
Opening Balance	8,259,144	10,469,532
Capital Grants Received During the year	10,159,402	4,044,400
	18,418,545	14,513,932
Less		
Recognized Assets	2,362,799	5,285,843
Grant to be utilized	2,221,513	968,945
Closing Balance	13,834,234	8,259,144

Note 20	Accumulated Deficit (Rs.)	
	2023	2022
Opening Balance	138,523,992	(72,594,274)
Reversal of expenses charge	(82,959)	1,867,516
Reversal of over charge depreciation		-
Transfer to MEP Fund	(100,000,000)	-
Deficit/ surplus for the year	87,501,471	209,250,750
Closing Balance	**125,942,505**	**138,523,992**

Note 21	Marine Environment Protection Fund (Rs.)	
	2023	2022
Opening Balance	19,486,831	17,136,064
Add		
Interest Income-TB		2,350,767
Funds Received	100,000,000	
Less		
Funds transfers		-
Closing Balance	**119,486,831**	**19,486,831**

Note 22	Intangible Assets (Rs.)	
	2023	2022
Opening Balance	1,859,318	2,082,227
Assets acquired During the year	1,400,000	-
	3,259,318	2,082,227
Less		
Amortization	396,542	222,910
Closing Balance	**2,862,776**	**1,859,318**

Note 23	Income Perceived (Rs.)	
Income received in advance	**2023**	**2022**
WRS Application & Permit Fees	165,500	267,000
Bunkering Application & Registration	1,245,000	1,551,000
Dumping regulation Application & Permit Fees	70,000	80,000
OECP Regulation	195,000	171,781
other Prerecived	946,667	284,583
Supplier Registration		-
	2,622,167	**2,354,364**

Note 24	Grant Related to the inventories (Rs.)	
Grants receiving	**2023**	**2022**
Grant received	14,182,487	2,469,124
Donation		11,713,362
	14,182,487	14,182,487
Less		
Amount transfer to the P&L		-
Closing Balance	14,182,487	14,182,48

Note 25	Capital Grant to be Utilized (Rs.)	
Capital work in progress account	**2023**	**2022**
Opening Balance	2,440,518	676,057
Reversal of charge Expenses		1,764,461
Amount transfer during the year		
	2,440,518	2,440,518
Less		
Expenditure incurred during the year		-
Return to the treasury	2,440,518	
Closing Balance	**-**	**2,440,518**

Note 26	Capital Fund Reconciliation (Rs.)	
Capital Fund Reconciliation	**2023**	**2022**
Capital Grant for the year	30,200,000	15,000,000
Amount transfer from Inventories	-	-
Transfer from WIP	2,362,799	5,285,843
Transfer from WFO	-	3,854,487
Blue Flag Beach Development	588,580	-
Total Capital Grant	33,151,379	24,140,331
Less:		
Amount transfer to treasury		**-**
Development of intangibales		
Purchase Fixed Assets	(1,698,150)	(6,585,393)
WIP	(10,084,234)	-
Amount Transfer to P&L	**21,368,995**	**17,554,937**

Note 27	Inventories (Rs.)	
	2023	**2022**
Opening Balance	18,477,019	4,838,774
Donation/other Stocks transfer		14,536,851
Stationary Stocks transfer	2,786,356	361,704
	21,263,375	19,737,329
Less		
Amount transfer to the P&L	1,532,867	1,260,310
Closing Balance	**19,730,508**	**18,477,019**

Note 28	Short term Investments (Rs.)	
	2023	**2022**
Opening Loan Balance	17,433,853	15,407,296
ADD:		
Additional Fund		-
Interest for the Year	3,869,814	2,026,557
Less:		
Fund transfer		-
Closing Loan Balance	**21,303,667**	**17,433,853**

Note 29 **Grant and Other Payments**		**2023**	
Expense	**Actual Expenditure**		**Transfer to Assets**
Rehabilitation and Improvement Capital Assets			
2001 · Building and Structures			
2002 · Plant Machinery & Equipment	67,092		
2003 · Vehicles	3,540,085		
2102 · Furniture and equipment			
2103 · Plant Machinery and equipment's	267,900		267,900
2401 · Human Resources Development	202,297		

2502 · Other Capital Expenditure

Grant and Other Payments		**2023**	
Expense	**Actual Expenditure**		**Transfer to Assets**
Minimizing the pollution caused by ships	784,569		
Controlling of impacts of accidental oil and chemical spilling	379,050		
Improvement of sea bathing sites and beaches	6,699,717		
Pollution prevention from fishries sector	602,064		
Marine Debris Management			
Coastal and Marine pollution control	1,509,434		
Studies on marine ecosystems and conservation			
Implementation of regulation, international conservation and amendment of the act			
Awareness building on marine environment			
Organizing & conducting National events			
Enhance technical capabilities to issuing online licenses			
Upgrading of laboratory facilities and commercial service	873,228		
WIP	1,762,799		1,430,250
	16,688,234		**1,698,150**

30. Investment in Treasury Bills

The Authority invested Rs17,433,852.39 in 6 Month Treasury Bills in November 2022 and it was matured in the year 2023 and the total amount (interest and the investment amount) reinvested during the year 2023. The amount of Rs. 3,636,903.12 have been earned as interest income during the period. The amount of Rs. 21,303,666.61 (interest and the investment Value) reinvested in November 2023 and this amount shown under the current assets in the Statement of Financial Position. This interest income was included in the total income for the year.

31. The authority started to invest surplus cash balances at the end of each Day in the current account of MEPA to repurchase Treasury Bills on a daily basis. This process continued until the end of the year and earned Rs. 25,083,760.13 As interest income. This interest income was included in the total income for the year.

32. 01 The Authority acquired by its own funding Rs. 1,698,150.00 value of fixed assets during the year. These assets included, office equipment.

02 During the year Authority received Rs. 82,650.00 worth of office Furniture as donation from ministry of Urban Development and Housing.

33. Gratuity Provision

1. The Basic salary and cost of living allowance used as base for calculation of gratuity.
2. As per the Public Enterprise Circular the retirement age of public sector employees is extended up to 60 years. Accordingly, the authority considers the employee will be retired at the age 60 years.

34. Inventories.

01 Oil dispersant

Inventories valued at net realizable value or cost whichever is lower.

There was no indication that nets have a realizable value of stocks less than the cost of inventories in relation to the oil dispersant. The technical department on the view that these stocks can be used another two to three years after reaching the expiry date. The expiry date will be reached in the year 2023 in relation to the current stocks. Therefore, no adjustment was made for the impairment during the year to the oil dispersant stocks.

The balance stocks of OSD are included in inventory as Stocks as at 31.12.2023.

02 Stationary items

Physical verification of stores indicated that, considerable amount of Stationery items were available in store. Therefore, it is decided to take material items of stationary as an inventory item (Annexure 02). The Stationary stocks balance carry forward from last year was partially used during the year. Accordingly, the value of used inventory is charged to the Statement of Financial performance. The closing stocks of stationery is included in inventory as Stocks as at 31.12.2023.

03 Library Books.

The value of Library books shown under the PPE in Statement of Financial Positions as Library Books and the cost of the books which purchased during the year was transferred to the deferred grant account and amortized over the useful life of books.

The useful life of books considers as 10 years.

35. Chemicals and Glassware Stocks

The policy adopted by the authority in relation to the chemicals and glassware is to charge the total purchase cost of Chemicals and Glassware to the Statement of Financial performance during the year in which the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glassware need to be replaced during a short period of time. However, the Laboratory maintains Stocks ledgers for both Chemicals and the Glassware for recording purposes.

36. Intangible Assets

The software purchased by the Authority is considered as intangible Assets and the cost of intangible assets will be amortized over the 10-year period on the straight-line basis. It is assumed that during the 10-year period the new versions of software available within the market and that software may have more advanced features than existing software's. And further assume that the requirement of the authority will change within the next 10 year to match with its future expansion.

As per the relevant accounting standard it is required to test the intangible assets for the impairment if there is any indication of impairment related to the assets. However, it was found that there is no indication about the impairment of intangible assets. As such, the assets were carried at the cost of acquired and amortized relevant amounts to the Statement of Financial Performance during the year.

37. EPF &ETF payment

The Authority paid contribution for EPF (15%) and ETF (3%) for the contribution as required by the respective laws. And deducting 10% from the employees as their contributions. During the year authority paid the relevant payments on due dates and comply the regulatory requirements.

38. Land

The construction of southern office building was made in land given to this Authority by the Divisional secretary of "Kadawath sathera –Galle" .The land was originally transferred to the Ministry of Mahaweli Development and Environment thereafter ministry transferred to the land to this Authority. However, sole ownership will remain with the Divisional secretary of "Kadawath sathera –Galle". The area of Land is 55.17 purchases and Plan number is DS/GAFG/L&L/02/4 Lot number A & B. The rate number of –this land is 426B and address is 426B, Colombo Road, Dadella, Galle.

39. Corporate Sector partnership with MEPA in 2023

Ministry of Tourism and Lands promoted and supported sustainable environmental development program of Blue Flag Establishment in Arugambey and Pasikudha. Ministry of Tourism and Lands has given Rs.5.08 million for the above joint program.

40. Revenue Generate by the Authority

In the year 2022 total revenue generated by the Authority was Rs. 589,088,015. However, when compared to the previous financial year, decreased by Rs 228,890,074 and during the year income recorded as Rs 360,197,941.

This is mainly due to income received related to MV X-press Pearl ship accident. During the year Rs 242,000,000 received from this incident.

In addition to that, another Rs. 45,000,000/= was earned from the Mv YUYI , Mv. Feather and Mv.Hermann ships oil spil insidant at the Port by incitation of provision of MEPA act.

In accordance with the Marine Pollution Prevention Act, No. 35 of 2008, Section 26, concerning the discharge of oil from vessels, the authority detained the vessel "Maduruoya." Subsequently, SEN Shipping Lanka (Pvt) Ltd, the owner of the vessel, submitted a bank guarantee valued at Rs. 15 million from People's Bank, Kotahena Branch, to secure the release of the vessel. This bank guarantee expayred on 9th of February 2025.

Following the submission of the bank guarantee, the authority duly released the vessel, thereby allowing for its continued operations. However, it is essential to note that the Marine Environment Protection Authority has initiated legal proceedings against the SEN Shipping Lanka (Pvt) Ltd.

Revenue summary of the authority from 2019 to 2023 is indicated in below table.

Category	**2019**	**2020**	**2021**	**2022**	**2023**
Fees, Fines, Penalties and Licenses	34,633,317.63	79,422,740.41	214,938,143.6	572,741,516	323,144,751
Other Revenue	12,449,777.08	8,643,448.33	15,371,808.27	16,346,499	37,053,190
Total	**47,083,094.71**	**88,066,188.74**	**230,309,951.9**	**589,088,015**	**360,197,941**

41 Accounting for MV X-press Pearl related insurance claims and expenses

1. The Marine Environment Protection Authority carried out beach cleanup operations and damage assessment report preparation related to the MV X-press Pearl ship accident.
2. The Marine Environment Protection Authority incurred expenditure and prepare claims based on the agreed tariff sheet which was approved by the ship insurance company The claims were submitted through the Attorney General's Dept. to the ship owner's lawyer and once the claim was accepted by the Ship insurance company, the insurance company transferred the amount of claim directly to the Treasury.
3. The treasury records the claim received as income in the Books of treasury. Accordingly, to avoid duplication of revenue recognition MEPA does not record insurance claim receivables in the Books of MEPA.
4. Treasury released funds to the MEPA for carrying out beach cleanup operations and damage assessment report preparations through the normal cash releasing process. MEPA request funds from treasury and treasury issue funds to MEPA as additional allocations.
5. Accordingly, details of submitted claims up to the closing date of the account are as follows.

Claim No	Period	Type of Cost	Claim Value (USD)	Remarks
13	01.12.2022 31.01.2023	Cleaning, Expenses, Transport, Waste Storage Cost	491,784.93	No response received until the closing date of accounts.
14	01.02.2022 30.04.2023		676,239.85	
15	01.05.2023 31.06.2023		394,944.59	
16	01.07.2023 30.09.2023		488,195.12	
Total			2,051,164.49	

<u>Mv. X-Press Pearl Ship Incident – Claim Summery (20.05.2021 to 31.12.2023)</u>

Monitoring Claim Value	USD	43,767.74
Cleaning, Expenses Claim Value	USD	46,784,902.28
Total Claim Value	**USD**	**46,828,670.02**
Fund Received to Treasury	USD	14,633,882.65
Fund Received to Treasury	Rs.	931,844,147.13
Fund Received to MEPA from Treasury	Rs.	834,500,000.00

42 Expenses incurred by MEPA for MV. X-Press Pearl ship accident

The Marine Environment Protection Authority is the mandated agency for prevention of marine pollution which has occurred due to this ship accident. Accordingly, MEPA has initiated various measures to prevent, mitigate and control marine pollution that occurred due to this ship accident. The summary of expenses incurred as at closing dates of accounts as below,

S/N	Description	Amount (Rs.)
1	Community Payment	110,884,750
2	Cleaning Consumables	2,372,727
3	Medical expenses	12,908
4	Stationary Expenses	1,393,227
5	other expenses	177,168
6	Beach sweepy operation	3,000
7	Trammels operation	2,700
8	Equipment repair and Maintenance	52,800
9	Assignment Based Employees	1,659,193
10	MEPA Staff Payment	468,723
11	Storage and Disposal	30,448,120
12	Cleaning equipment's	25,980
13	Transport	25,353,047
14	Food and refreshment	3,685,003
15	Accommodation	8,702,000
16	Research Expenses & Sampling	3,112,372
17	Foreign Travel Expenses for Legal Action	9,573,757
18	MEPA staff transport	5,090
	Total Expenses	**197,932,570**

43. The MT New Diamond, a 330-metre-long oil transport ship built in japan in the year 2000 with a cargo-carrying capacity of nearly 300,000 metric tons, had loaded crude oil and was sailing from Kuwait on September 23, 2020 to the Indian port of Paradeep.It was carrying 277,144.92 tons of crude oil from Kuwait. On September 3, 2020, the ship was wrecked by an explosion in a fuel boiler room off the east coast of Sri Lanka.On September 6, 2020, the Marine Environment Protection Authority received information that oil was leaking into the sea from the tank of the wrecked ship. Accordingly, a team of scientists visited the area of the ship on September 8, 2020 and the fuel layer was observed there.

When the accident occurred, the Marine Environment Protection Authority activated the National Oil Spill Contingency Plan and operated it with the assistance of all relevant stakeholder agencies, and the Authority was able to mitigate pollution and other adverse environmental impacts and successfully manage and control the oil spill.

Dispersal and diversion of oil, preventing oil from reaching ports or landing places, removal of floating oil and debris, and manual cleaning were performed as pollution prevention and management measures.

Criminal prosecution was commenced against the Captain of the vessel at the Colombo High Court and the Marine Environment Protection Authority was able to get a fine of 12 million rupees imposed on the vessel under the criminal liability stated in the Marine Pollution Prevention Act. The amount is received to authority during the year .

A panel of academics comprising 15 experts representing a number of relevant institutions and universities has been appointed to prepare a detailed report on the impact of the environmental pollution caused by the oil spill from the ship named MT New Diamond and assigned the task of restoring the damage caused to our marine environment by the ship concerned they have prepared report and submitted to the Attorney General based on civil case file in the court and the case number is CHC13/2022REM.

During the year the authority spent Rs 581,113.87. for the litigation and report preparation activities with related to MT New Diamond incident.

Details of inter-claims

1. First Inter Claim

1.1 The details of the first inter-claim for the period from 20.05.2021 to 02.06.2021 submitted by the Marine Environment Protection Authority are as follows.

Institute	Money demanded	Accepted money	Accepted money after explanation
* Marine Environment Protection Authority	26,496,830.57	1,923,187.73	104,904.00
Other Institutes			
01. Expenditure incurred by the Navy for beach cleaning and operations	227,081.41	Insurance company has rejected due to forwarding same claim twice. The Navy has sent this claim to the insurance company separately	
02. Expenditure incurred by the Coast Guard Department for beach cleaning and operations	32,972.91		
03. Expenses for CBRN UNIT	20,107.54	17,699.40	
04. Transportation, storage and disposal costs	949,858.91	Insurance company has rejected due to estimated costs.	
05. The Expenditure incurred by the Department of Coastal Conservation for beach cleaning and operations	25,890.00	-	14,569.23
06. MBRO laboratory and sample collection expenses up to 01.06.2021	9,014.47	-	9,014.47
07. NARA laboratory and sample collection expenses up to 31.05.2021	554,045.81	Insurance company has rejected due to estimated costs.	
08. Expenditure of Fisheries Department up to 31.05.2021	9,690,651.98	1,000,000.00	
09 Ceylon Petroleum Corporation	438,749.22	Insurance company has rejected due to arrears of payment of Ceylon Petroleum	
Total	**37,495,343.91**	**2,940,887.13**	**128,487.70**

Claims of the Marine Environment Protection Authority regarding first claims

Cost	Value requested	Estimated expenses	Explanation
Expenses for arrangement	359,518.75	359,518.75	Accepted about 250,000$.
Costs of beach cleaning, transport, storage and disposal	14,005,368.81	12,620,999.59	A part of this request was accepted, and a part was rejected, and additional details has been requested to pay for another part.
Costs for equipment deployment and rental	2,540,016.00	2,540,016.00	
Administrative cost	1,917,748.16	1,917,748.16	
Costs of testing and collection of samples	175,110.06	25,698.00	
Total	**18,997,761.79**	**17,463,980.50**	
Administrative cost 25%	7,499,068.78	4,365,995.13	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
MEPA Total	26,496,830.57	21,829,975.63	

1.1 Accordingly, USD 2,940,887.13 has been received directly from the insurance company to the treasury. The claim amount is approximately Rs 587,883,337.29 (2,940,887.13x 199.9).

1.2 The Marine Environmental Protection Authority provided the additional information requested by the insurance company regarding the period from 20.05.2021 to 03.06.2021and after accepting it, the ship's insurance company approved another amount of US$ 119,473.23 and it has been paid to the treasury on 30.11.2021.

2. Second Inter Claim

The Marine Environment Protection Authority has submitted a second inter claim for the period from 02.06.2021 to 31.08.2021. The insurance company has agreed to pay the amount of US$ 2,173,182.55 for this claim and the amount was received directly from the insurance company to the treasury on 04.03.2022. The claim amount is approximately Rs 438,179,884.1 (2,173,182.55 x 201.6305)

Cost	Value demanded	Accepted value	Accepted money after explanation	Explanation
Costs of beach cleaning, transport, storage and disposal	2,433,314.75	2,018,131.56	56,028.25	Additional information and clarifications have been provided for further payments.
Costs for equipment deployment and rental	788,673.00	155,051.00		
Costs of testing and collection of samples	470,614.17			
Total	**3,692,601.92**	**2,173,182.56**	**56,028.25**	
Administrative cost 25%	923,150.48			Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
MEPA Total	4,615,752.40	2,173,182.56	56,028.25	

3. Third Inter Claim

The Marine Environment Protection Authority has submitted a third inter claim for the period from 01.09.2021 to 30.11.2021. The value of this claim is US$1,851,515.49. The insurance company has agreed to pay the amount of US$ 794,082.16 and Rs. 13,825,603.90 for this claim and the amount was received directly from the insurance company to the treasury on 07.09.2022.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	1,437,359.04	794,082.16$ And Rs. 13,825,603.90	Additional information and clarifications have been provided for further payments.
Costs of testing and collection of samples	43,853.35	Rejected	Insurance company has rejected and instructions have been given to insert damage estimate report.
Total	1,481,212.39		
Administrative cost 25%	370,303.10	Rejected	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
MEPA Total	1,851,515.49	794,082.16$ And Rs. 13,825,603.90	

4. Fourth Inter Claim

The Marine Environment Protection Authority has submitted fourth inter claim for the period from 01.12.2021 to 28.02.2022. The value of this claim is US$ 1,226,333.63. The insurance company has agreed to pay the amount of US$ 633,456.71 and Rs. 6,492,065.62 for this claim and the amount was received directly from the insurance company to the treasury on 07.09.2022.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	981,066.90	633,465.71 $ and Rs. 6,492,065.62	Additional information and clarifications have been provided for further payments.
Total	**981,066.90**		
Administrative cost 25%	245,266.73	Rejected	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
MEPA Total	**1,226,333.63**		

5. Fifth Inter Claim

The Marine Environment Protection Authority has submitted fifth inter claim for the period from 01.03.2022 to 31.03.2022. The value of this claim is US$ 243,698.66. The insurance company has agreed to pay the amount of US$ 243,698.66and Rs. 2,464,407.02 for this claim and the amount was paid directly from the insurance company to the treasury on 28.02.2023.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	335,003.51		Additional information and clarifications have been provided for further payments.
Total	335,003.51		
Administrative cost 25%	83,750.88	Rejected	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
MEPA Total	**418,754.38.**	**243,698.66 $ and Rs. 2,464,407.02**	

6. Sixth Inter Claim

The Marine Environment Protection Authority has submitted sixth inter claim for the period from 01.04.2022 to 31.05.2022. The value of this claim is US$ 486,043.80. The insurance company has agreed to pay the amount of US$ 238,892.45 and Rs. 5,214,462.74 for this claim and the amount has not been paid by the insurance company to the treasury by 28.02.2023.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	388,835.04	238,892.45 $ and Rs.5,214,462.74	Additional information and clarifications have been provided for further payments.
Total	388,835.04		
Administrative cost -25%	97,208.76	Rejected.	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
Grand Total	486,043.80.		

7.Seventh Inter Claim

The Marine Environment Protection Authority has submitted seventh inter claim for the period from 01.06.2022 to 31.07.2022. The value of this claim is US$ 482,743.27. The insurance company has agreed to pay the amount of US$ 255,129.80 and Rs. 5,789,470.52 for this claim and the amount has not been paid by the insurance company to the treasury by 28.02.2023.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	386,194.61	255,129.80 $ and Rs. 5,789,470.52	Additional information and clarifications have been provided for further payments However additional information and explanation must be provided for further payment.
Total	386,194.61		
Administrative cost 25%	96,548.65	Rejected	Insurance company has rejected due to estimated costs. However additional information has been provided for payment.
Grand Total	482,743.27.		

8. Eighth Inter Claim

The Marine Environment Protection Authority has submitted seventh inter claim for the period from 01.08.2022 to 31.08.2022. The value of this claim is US$ 257,672.67. The insurance company has agreed to pay the amount of US$ 140,929.62 and Rs. 2,847,110.77 for this claim and the amount has not been paid by the insurance company to the treasury by 28.02.2023.

Cost	Value demanded	Accepted value	Explanation
Costs of beach cleaning, transport, storage and disposal	206,138.13	140,929.62 $ and Rs. 2,847,110.77	Additional information and clarifications have been provided for further payments. additional information and explanations must be provided for further payment. Additional information and clarifications are provided for long distance payments. Additional information and clarifications should be sent for further payment.
Total	**206,138.13**		
Administrative cost 25%	51,534.53	Rejected	Insurance company has rejected due to estimated costs. However, additional information must be provided for payment. It has been provided for payment.
Grand Total	257,672.67		

9. Ninth Inter Claim

The ninth inter-claim submitted by the Marine Environment Protection Authority is the reimbursement of bills submitted by the Central Environmental Protection Authority and the Department of Wildlife Resources for the period from 20.05.2021 to 31.12.2022. The value of the nineth inter-claim is US$ 305,825.40. However, even on 28.02.2023, the insurance company has not given their comments in this regard.

Cost	Value requested	Explanation
Central Environment Authority	44,232.25	Even on 28.02.2023, the insurance company has not responded to this.
Department of Wild file Resources	261,593.15	
Total	305,825.40	
Administrative cost 25%	0	
Grand Total	305,825.40	

10. Tenth Inter Claim

The Marine Environment Protection Authority has submitted tenth inter claim for the period from 01.09.2022 to 30.09.2022. The value of this claim is US$ 257,548.67. However, even on 28.02.2023, the insurance company has not given their comments in this regard.

Cost	Value requested	Explanation
Costs of beach cleaning, transport, storage and disposal	206,038.94	Even on 28.02.2023, the insurance company has not responded to this.
Total	**206,038.94**	
Administrative cost 25%	51,509.73	
Grand Total	257,548.67	

11. Eleventh Inter Claim

The Marine Environment Protection Authority has submitted eleventh inter claim for the period from 01.10.2022 to 31.10.2022. The value of this claim is US$ 258,825.68. However, even on 28.02.2023, the insurance company has not given their comments in this regard.

Cost	Value requested	Explanation	
Costs of beach cleaning, transport, storage and disposal	207,060.54	Even on 28.02.2023, the insurance company has not responded to this.	
Total	207,060.54		
Administrative cost 25%	51,765.14		
Grand Total	258,825.68		

12. Twelfth Inter Claim

The Marine Environment Protection Authority has submitted twelfth inter claim for the period from 01.11.2022 to 30.11.2022. The value of this claim is US$ 260,063.40. However, even on 28.02.2023, the insurance company has not given their comments in this regard.

Cost	Value requested	Explanation
Costs of beach cleaning, transport, storage and disposal	208,050.72	Even on 28.02.2023 the insurance company has not responded to this.
Total	**208,050.72**	
Administrative cost 25%	52,012.68	
Grand Total	260,063.40	

Expenses incurred by the Marine Environment Protection Authority for MV X-Press Peral ship accident.

The Maritime Environmental Protection Authority is the competent agency to prevent the environmental damage caused by the ship accident. Accordingly, the Maritime Environmental Protection Authority implemented various measures to prevent and control and reduce marine pollution. The expenses incurred in the year 2022 are as follows.

Details on expenses incurred in the year 2022 for MV X-Press Pearl accident

Serial No	Cost	Vale
1	Community payments	124,006,500.00
2	Commodities cleanings	4,016,407.75
3	Medicine expenses	1,950,642.92
4	Stationary expenses	685,983.00
5	Other expenses	949,854.00
6	Operating Beach sweepy machines	2,750.00
7	Trammels operation works	23,629.73
8	Repairs and maintenance of instruments	70,717.00
9	Officers recruited based on the task	1,198,306.45
10	Beaches surveys	2,126,380.00
11	Store and disposal	30,492,312.17
12	Cleaning equipment	3,713,646.50
13	Transport	39,158,811.68
14	Food and beverages	14,261,077.34
15	Lodgings	17,581,300.00
16	Research expenses	977,224.76
17	Specialist committee	23,100.00
18	Transport for MEPA Officers	372,868.60
19	Expenses incurred to the forces who participated for cleanings	26,444,250.00
20	Other expenses for MEPA staff	36,183,891.13
21	MV Express Pearl – Other expenses	6,380.00
	Total	**304,246,033.03**

43. When the 300m long ship, MT NEW DIAMOND, manufactured in Japan in the year 2020, was carrying 300,000 metric tons of crude oil from Kuwait to Pradeep Port, India., it met with an accident on September 23, 2020.

The ship was transporting 277,144.92 metric tons of crude oil from Kuwait. On 06th day of September 2020, the ship met with an accident due to an explosion in the boiler of the ship on the eastern coast of Sri Lanka.

On September 06, 2020, the Marine Environmental Protection Authority received information that the stricken ship was leaking oil into the marine environment. Accordingly, a team of scientists inspected the area around the ship on 08th day of September 2020, and they observed an oil layer in that area.

At the time of the accident, the National Plan on Oil Spill was implemented by the Marine Environmental Protection Authority with the support of related parties. It was able to control the pollution caused by the oil spill and successfully manage the adverse environmental effects.

For the prevention and management of pollution, it was implemented the use of oil dispersants to prevent oil from reaching the port and land, the removal of floating oil and waste, and cleanings.

A criminal trial was held in the Colombo High Court in this regard and there, a case was filed against the captain of the ship. Accordingly, a fine of Rs. 12 million was imposed on them under the criminal responsibility of the Marine Pollution Prevention Act. That amount was received during the year.

A team of fifteen scientists representing various institutes and universities was appointed to evaluate the environmental damage caused by the oil spill from MT NEW DIAMOND ship.

This committee was assigned the task of preparing a report related to the damage caused by the ship to the environment and the restoration of damage, and they have prepared the relevant report and given it to the Attorney General. Based on that reporrt, a lawsuit has been filed to recover Rs. 3,986,944,720.14 alias $22,149,692.89 undercase No: CHC13/2022REM. This case is pending before the court.

In the year 2022, the Authority has incurred Rs. 400,037.00 as expenses for the preparation of laws and reports related to the MT NEW DIAMOND ship accedent.

10. REPORT OF THE AUDITOR GENERAL

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. } [illegible]/02/2023/57 ඔබේ අංකය / உமது இல. / Your No. } දිනය / திகதி / Date } 2024 ජූලි 30 දින

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

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Marine Environment Protection Authority for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

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

1.2 Basis for Qualified Opinion

(a) An amount of Rs. 62,196,986 had been allocated as of 31 December 2022 for the payment of additional allowances to the officers who performed duties related to the MV X-Press Pearl ship incident. During 2023, a sum of Rs. 17,991,433 had been paid, and a sum of Rs. 7,292,931 remained to be paid. However, an amount of Rs. 44,205,553 had been accounted as payable expenses at the end of the year, indicating an over-allocation of Rs. 36,912,622.

(b) A stock of 7,500 liters of oil spill dispersant valued at Rs.5,469,574 which had been included in the stock at the end of the year under review, had become obsolete by 23 March 2023. However, instead of writing off this value in accordance with Paragraph 38 of Sri Lanka Public Sector Accounting Standard 09, it was included in the stock, which resulted in the overstatement of both inventory and profit in the financial statements for the year under review.

(c) Out of the amount received for capital projects and capacity development, the balance of Rs. 13,834,233 payable at the end of the year under review had been shown as work in progress under accumulated fund without being recognized as a liability in accordance with Section 50 of Sri Lanka Public Sector Accounting Standard No. 11.

(d) According to paragraphs 44 to 49 of Sri Lanka Public Sector Accounting Standards 11, non-exchange transactions should be recognized and measured. However, the capital grants received in the year under review amounting to Rs. 10,158,619 out of Rs. 30,871,230 and Rs. 14,182,487 received as a foreign donation for a laboratory project in 2021 and 2022 had not been dealt accordingly.

(e) In relation to the capital grants received in previous years, which should have been recognized as revenue, an amount of Rs. 158,722,279 was shown in the accumulated fund as deferred capital grants due to non-compliance with the transitional provisions of paragraphs 116 to 123 of the said standard.

(f) In accordance with paragraph 61 of Sri Lanka Public Sector Accounting Standard 19, as a post-employment benefit plan, the allocation for employee gratuities should be determined using actuarial techniques. However, without such determination, a sum of Rs. 37,115,913 as gratuity for 170 employees of the Authority was stated in the financial statements as at 31 December 2023.

(g) Due to the classification of the Authority's fixed assets under categories rather than as individual items in the soft copy records, making them unidentifiable separately, and the inability to determine the acquisition dates of the assets, the accuracy of the annual depreciation value of Rs. 25,474,490 could not be verified. Furthermore, as the final survey reports of the previous year had not been summarized and presented in accordance with the correct classification in the fixed asset register, and as the asset verification relevant to the reviewed year had not been conducted, the accuracy of the valuation of property, plant, and equipment amounting to Rs. 168,357,986 at the end of the year could not be assured.

(h) Since it is the accounting policy of the Authority to transfer the funds paid for the purchase of property, plant, and equipment from the Government Capital Grants Account to the Deferred Income Account and subsequently transfer the annual depreciation expenses through the Deferred Income Account to the financial performance statement, the net value of property, plant, and equipment at the end of the year under review should have been equal to the balance of the Deferred Capital Grants Account. However, a discrepancy of Rs. 522,912 was observed between the two accounts.

(i) An advance payment of Rs. 1,005,250 made for two software projects and the repair of the CCTV system at the Southern Provincial Office had been incorrectly recorded in the fixed asset register and capitalized, instead of being accounted for as an advance payment.

(j) A total of Rs. 2,408,838, which includes Rs. 1,799,923 relating to the gratuity of three employees scheduled to retire in 2024 and Rs. 608,915 for the gratuity of three employees who resigned but had not been paid by 31 December 2023, had not been reclassified as a current liability, removing from long-term liabilities.

(k) Although the amount included in the financial statements as the revenue from laboratory revenue, Issuing licenses, renewals, application fees, fines was Rs. 26,891,126, the revenue as per the information obtained from the revenue collection units and sub-offices of the Authority amounted to Rs.28,376,522. Accordingly, a difference of Rs.1,485,396 was observed.

(l) The retention amount of Rs.5,660,215 that was due to the Central Engineering Consultancy Bureau for engineering work related to the "Design & Build" project of the Galle office complex which had been transferred to the Authority on 30 March 2018, had been incorrectly recorded as Rs.12,636,098 in the financial statements, resulting an overstatement of Rs.6,975,883.

(m) Due to non-accounting of the amount of Rs. 1,945,847, recoverable from the Central Engineering Consultancy Bureau related to consult for the Mirissa Fisheries Project by the Authority, both the revenue and receivables in the financial statements had been understated.

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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

1.3 Other Information Included in the Annual Report, 2023 of the Authority

The other information means the information included in the 2023 Annual Report of the Marine Environment Protection Authority, which is expected be submitted to me after the date of this report, but not contained in the Financial Statements and my audit report thereon. Management is responsible for this other information.

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

My responsibility in connection with my audit of financial statements is to study the above identified other information and evaluate whether the other information is substantially mismatched with the financial statements or my knowledge gained in auditing or another manner.

In the study of Annual Report, if I conclude that there are substantial misstatements, I should communicate that matters to the governing body for correction. I have nothing to report in this connection.

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

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

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

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

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

1.5 Auditor's Responsibility for the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 Subject to the observations described in the Basis for Qualified Opinion paragraph in my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Authority as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented by the Authority are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for observations appeared in 1.2 (c) of the basis for Qualified Opinion section in my report.

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

2.2.1 to state that any member of the governing body has any direct or indirect interest in any contract entered into by the Authority which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Authority has not complied with any applicable written law, general and special directions issued by the governing body of the Authority as per the requirement of section 12 (f) of the National Audit Act, No. 19, except for the following observations.

Reference to Laws, Rules/Directives	Observations
(a) Cabinet Decision No. CM/23/0386/605/012-1 dated 27 February 2023	It had been informed by the Director General of the Department of Management Services that the position of General Manager was supposed to be filled externally, while five other management positions were to be filled internally, and if this was not possible, necessary adjustments could be done through a Cabinet decision. However, instead of following this process, four management positions, including the Legal Manager, had been filled externally. Additionally, the General Manager position had been permanently assigned internally to an officer who had been serving in an acting capacity for 2½ years, effective from 03 April 2024.
(b) Operational Manual for Public Enterprises No. PED/01/2021 dated 16 November 2021	
(i) Paragraph 3.6	The board of directors had not introduced an effective performance appraisal system to the Authority based on the strategic plan and action plan.
(ii) Paragraph 6.7	Verification of fixed assets and inventory items had not been conducted at the end of the year under review.

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

Powers, Functions and Duties	Observations
(a) Sub-sections 10(1) and (2) of the Prevention of Marine Pollution Act No. 35 of 2008	Due to the failure of implementation of the regulations under Sub-section 10(1) of the Marine Pollution Prevention Act, Sub-section 10(2) of the said Act could not be enforced. As a result, opportunities to impose fines for failing to prevent, reduce, control, or stop marine pollution had been lost.
(b) Section 17 (7) of the Prevention of Marine Pollution Act No. 35 of 2008	Although the knowledge may be obtained from an external party with expertise deemed necessary by the Authority in relation to the prevention and management of marine pollution, without such support on the environmental importance of doing this work in the long term, the impact on the stability of the coast and the length of time of continuing this process and without getting the consent of the insurance company continued to clean nurdles on the beach. Furthermore, since October 2021 to 31 December 2023, a sum of Rs. 20,116,500 was paid to 158 people collecting nurdles in coastal areas of 4 districts through community contribution.

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

An analytical balance, valued at Rs. 1,888,000, was purchased to the Galle Laboratory on 11 March 2024. The equipment was returned to the supplier because it did not meet the specifications. However, it has not been resent by the supplier as at the date of this report.

2.3 Other Matters

(a)At the beginning of the year under review, the balance remained in the bank current accounts of the Authority was Rs.290 million and by the end of the year it was Rs.364 million. Despite the regular monthly payment requirements of the Authority, the excess funds had not been invested in a more profitable manner. Instead, due to the failure to make more strategic, short-term investments, the potential interest income that could have been earned from these funds had been lost.

(b)A sum of Rs. 104,809,962 remained payable at the end of the year under review, which includes an amount over 5 years of Rs. 12,636,097, over 3 years of Rs. 3,006,832, and over 2 years of Rs.1,757,365, without action being taken to settle.

(c)The compensation of Rs.10 million from a ship accident in 2011 and Rs.100 million from retained earnings in 2022 had been deposited into a "Marine Environment Protection Fund" account. These funds had been invested in Treasury bills, and by the end of the review year, the balance of the fund had grown to Rs. 119,486,831 due to accumulated interest from the investments. However, despite the growth of the fund, no specific activities or projects had been identified or initiated to address marine environmental pollution. As a result, the fund remained inactive without being utilized for its intended purpose of protecting the marine environment.

(d)2021 The case filed by the Authority under criminal liability on 15 November 2022, and the case filed under civil liability in the Singapore Commercial Court in May 2023, related to the MV X-Press Pearl ship accident that occurred 9.5 nautical miles off the Colombo Port on 20 May 2021 had not been concluded as of the date of this report. The following observations were also made regarding this incident.

i Sri Lanka (including the Authority and other related institutions) had submitted claims for compensation related to the MV X-Press Pearl disaster on 17 occasions to the insurance company of the ship, amounting to a total of USD 50.4 million as at 31 December 2023. Out of this, USD 14.6 million and Rs.931.8 million had been received by the Treasury. However, USD 32.3 million in claims were rejected due to insufficient documentation and reliance on estimated costs rather than precise expense details. Although the claims were made in U.S. dollars, the insurance company reimbursed Rs. 931.8 million in Sri Lankan rupees, leading to further complications in the compensation process.

ii According to the invoices submitted by the supplier of the Big Blue Machine used after the MV-X Press Pearl maritime disaster, the machine was valued at USD 243,750. Although a claim of USD 255,000 was submitted for reimbursement, the request was rejected, and the insurance company had informed the Attorney General on 08 November 2021 that it had paid the relevant amount to the supplier. However, the Authority had not taken steps to obtain direct confirmation from the insurance company, verify the reimbursements received by the Treasury, or maintain proper documentary evidence. Consequently, after a delay of one year, the payment of Rs. 20,331,563 to the supplier by the Authority on 03 November 2022 was controversial.

iiiIt had been decided by the five-member committee appointed as per the Cabinet decision made on 30 January 2023, to pay the allowances of USD 584,500 at a rate of USD 350 per person for 8 hours of work per day to the expert committee appointed to assess the damage caused by the MV-X Press Pearl ship accident. However, this decision was made without obtaining a recommendation from the officer appointed from National Salaries Commission to the committee. Additionally, there was no evidence presented to substantiate the calculation of working hours for the committee members or to validate the recommended rate as an international standard. Furthermore, the calculation method for the Rs.6,475,000 allowances paid to the expert committee up to 31 December 2023, had also not been confirmed to the audit.

iv.A total expenditure of Rs.248,192,250 had been incurred as allowances for the collection of nurdles scattered from the MV X-Press Pearl shipwreck with community participation and a sum of Rs.553,824,237 had been spent on equipment, transportation, food, and other related expenses since October 2021 to December 2023. Despite a decline in the average daily collection of nurdles, from approximately 44 kilograms in 2022 to around 20 kilograms by 2023, the reduction in expenses related to community participation was relatively small. The cost dropped from Rs. 124 million to Rs.106 million, amounting to a decrease of only Rs. 18 million.

W.P.C. Wickramaratne
Auditor General