



**Parliamentary Series No: 394**

The Tenth Parliament of  
The Democratic Socialist Republic of Sri Lanka  
(First Session)

**Eighth Report of  
The Committee on Public Enterprises**

(Examination conducted on 20.08.2025  
regarding the Civil Aviation Authority of Sri Lanka)

Presented on 18<sup>th</sup> December 2025  
by Hon. (Dr.) Nishantha Samaraweera, M.P.  
Chairman of the Committee on Public Enterprises

*Ordered to be printed by Parliament of Sri Lanka on 18<sup>th</sup> December, 2025*



**First Session of the Tenth Parliament**  
**Composition of the Committee on Public Enterprises**

1. Hon. (Dr.) Nishantha Samaraweera, M.P., (Chairman)
2. Hon. Arkam Ilyas, M.P., (w.e.f. 08 May 2025)
3. Hon. Mano Ganesan, M.P., (w.e.f. 21 March 2025)
4. Hon. Dayasiri Jayasekara, Attorney at Law, M.P., (w.e.f. 20 May 2025)
5. Hon. Arjuna Sujeewa Senasinghe, Attorney at Law, M.P., (w.e.f. 21 March 2025 )
6. Hon. D.V. Chanaka, M.P., (w.e.f. 21 March 2025)
7. Hon. Anuradha Jayaratne, Attorney at Law, M.P., (w.e.f. 21 March 2025)
8. Hon. Nalin Bandara Jayamaha, M.P., (w.e.f. 21 March 2025)
9. Hon. S.M. Marikkar, M.P., (w.e.f. 21 March 2025)
10. Hon. Mujibur Rahman, M.P., (w.e.f. 20<sup>th</sup> May 2025)
11. Hon. Chaminda Wijesiri, M.P., (w.e.f. 21 March 2025)
12. Hon. Aboobucker Athambawa, M.P., (w.e.f. 08 May 2025)
13. Hon. M.K.M. Aslam, M.P.,
14. Hon. Nilanthi Kottahachchi, Attorney at Law, M.P., (w.e.f. 21 March 2025)
15. Hon. Samanmalee Gunasinghe, M.P.,
16. Hon. Dilith Jayaweera, M.P., (w.e.f. 21 March 2025)
17. Hon. Mayilvaganam Jegatheeswaran, M.P., (w.e.f. 08 May 2025)
18. Hon. Sujeewa Dissanayake, M.P.,
19. Hon. Sudath Balagalla, M.P.,
20. Hon. (Dr.) S. Sri Bavanandarajah, M.P.,
21. Hon. Lieutenant Commander (Rtd.) Prageeth Madhuranga, M.P., (w.e.f. 21 March 2025)
22. Hon. Jagath Manuwarna, M.P.,
23. Hon. Ruwan Mapalagama, M.P.,
24. Hon. Sunil Rajapaksha, M.P.,
25. Hon. Darmapriya Wijesinghe, M.P.,

26. Hon. Asitha Niroshana Egoda Vithana, M.P.,
27. Hon. (Dr.) Pathmanathan Sathyalingam, M.P., (w.e.f. 21 March 2025)
28. Hon. Thilina Samarakoon, M.P.,
29. Hon. Chandima Hettiaratchi, M.P.,
30. Hon. Lakmali Hemachandra, Attorney at Law, M.P.,
31. Hon. Dinesh Hemantha, M.P., (w.e.f. 21 March 2025)

### **Staff of the Committee Secretariat**

The present Staff of the Committee on Public Enterprises is as follows;

- ❖ Assistant Director (Administration) - Ms. Himali Samaradiwakara
- ❖ Principal Officer - Ms. H. Rupani. De Zoysa
- ❖ Deputy Principal Officer - Mr. S. Lakshan Wikrama
- ❖ Parliamentary Officer - Ms. G. V. S. K. Kumari
- ❖ Parliamentary Officer - Ms. I. S. Gomez
- ❖ Parliamentary Officer - Ms. G.L.D.Fernando

## **Committee Reports**

Committee reports can be downloaded from the website [www.parliament.lk](http://www.parliament.lk), by following the given link.

[www.parliament.lk](http://www.parliament.lk)



English



Proceedings of Parliament



Committees



Committee Reports

## **Contents**

	Page Nos.
1. Chair's Note	V
2. Executive Summary	VI
3. Audit Opinion on the Financial Statements	01
4. Institution Investigated by the Committee on Public Enterprises - Civil Aviation Authority of Sri Lanka	02-18

**Chair's Note**

During the first session of the Tenth Parliament, on 20.08.2025, the Committee on Public Enterprises (COPE) of Parliament of Sri Lanka conducted an examination into the Auditor General's Reports for the years 2022 and 2023, as well as the current performance of the Civil Aviation Authority in Sri Lanka that falls under the purview of the Ministry of Ports and Civil Aviation, and I hereby submit the report of the detailed investigation carried out in this regard.

Our examination was based on how effectively the Civil Aviation Authority of Sri Lanka (CAASL) performs its regulatory function - an institution that operates with a vision to be an adept and credible aviation safety regulator assuring safe skies for all and a mission to facilitate through strategic planning and effective regulation, the operation of a safe, secure, efficient, regular and environmentally friendly national civil aviation system that conforms to International Standards and Recommended Practices and national legislative requirements.

The Committee drew its attention to matters such as the existence of around 30 vacancies at senior and tertiary levels, the delay in making necessary amendments to the Civil Aviation Act, No 14 of 2010 to align with the regulatory function, the practice of retaining the Overseas Sales Surcharge (OSS) amounting to Rs. 20,630 million as revenue of the Authority without crediting it to the Consolidated Fund, and the absence of a proper valuation of the assets and lands owned by the Authority, among other issues. During our investigation, we observed that the said shortcomings should be rectified immediately, as they could adversely affect the productivity of the Authority's regulatory functions, especially since it is expected to undergo an audit by the International Civil Aviation Organization (ICAO) in 2026.

I highly appreciate the active participation and the detailed observations made by all Hon. Members during this investigation process.

I also appreciate the assistance provided by the Parliamentary staff headed by the Hon. Speaker, the two Consultants to the Committee on Public Enterprises, the Treasury officials, and the National Audit Office headed by the Acting Auditor General, whose cooperation greatly contributed to the successful fulfillment of the duties of the Committee on Public Enterprises.

Dr. Nishantha Samaraweera  
Chair  
The Committee on Public Enterprises

## **Executive Summary**

Examinations have been carried out by the Committee on Public Enterprises (COPE) on the Auditor General's Reports for the years 2022 and 2023, as well as on the current performance regarding the matters mentioned below. According to the Auditor General's opinion, the Civil Aviation Authority has received a qualified opinion for the years 2022 and 2023.

The required amendments to the Civil Aviation Act No. 14 of 2010 have been identified, Cabinet approval has been obtained, and the relevant draft has been submitted to the Legal Draftsman's Department.

Two members with experience in Civil Aviation have not been appointed to the Board of Directors and the position of Director General, who serves as the Chief Executive Officer, has continued to remain as an acting position.

Although a five-year strategic plan should be prepared in accordance with national policy, it was observed that the Authority has prepared only a three-year plan, covering the period from 2025 to 2027, on a rolling-over basis.

It has been observed that, as at 30 July 2025, there are 43 vacancies out of the 208 positions approved for the cadre. Most of these vacancies are in senior-level and tertiary-level positions. Discussions have been held with the Department of Management Services to amend the Schemes of Recruitment (SoRs) in line with the criteria of the International Civil Aviation Organization (ICAO).

The Overseas Sales Surcharge (OSS) amounting to Rs. 20,630 million, collected by the Civil Aviation Authority during the period from 2008 to

November 2023, has not been credited to the Consolidated Fund and has been retained as income of the Authority. As at 30 June 2025, Rs. 30,844.4 million and USD 1,541,962 had been receivable to the Authority as Deviation Taxes from the aviation companies.

Following the acquisition of the 52-acre land in Talangama, owned by the Department of Civil Aviation, by the Army Headquarters, a land extent of 0.9431 hectares from the Kandapola Forest in Seethaeliya had been allocated in return. However, as at 28 February 2025, this land had not yet been formally vested in the Authority.

An amount of Rs. 24 million has been spent for the renovation of the circuit bungalow in Weeravila, which had been damaged by fire, exceeding the estimated cost of Rs. 16 million. Although a monthly payment of Rs. 210,000 had been made to the company responsible for the administration of the bungalow, its annual income had remained only between Rs. 200,000 and Rs. 400,000. Although Rs. 10.67 million had been spent in 2021 for the renovation of the quarters No. 09, the main structural deficiencies that existed prior to the renovation had remained unchanged afterwards.

Airplane facilities and lands have been provided to Airport and Aviation Services (Sri Lanka) (Private) Limited without a formal lease agreement. Discussions have been held with the Attorney General's Department regarding charging fees for these facilities from Airport and Aviation Services (Sri Lanka) (Private) Limited, and the proposals for imposing such charges have been gazetted and submitted for the approval of Parliament.

The Authority has completed the process of identifying the boundaries of the 349-acre land area of the Jaffna Airport, which commenced operations as an international airport in 2019. The necessary orders required for

gazetting these land boundaries have been submitted to the Attorney General's Department.

The draft convention required for the enforcement of the Cape Town Convention has been prepared in all three languages, and it is now pending clearance from the Attorney General.

<b>No</b>	<b>Topic</b>	<b>Page Number</b>
<b>01</b>	Consideration of the amendments that should be made to the Civil Aviation Authority Act No 34 of 2002	2
<b>02</b>	Composition of the Board of Directors	4
<b>03</b>	Corporate Plan	5
<b>04</b>	Staff Vacancies	6
<b>05</b>	Non-crediting of the Overseas Sales Surcharge (OSS) to the Consolidated Fund	8
<b>06</b>	Arrears of Deviation Taxes to be received by the Authority from aviation companies	11
<b>07</b>	Failure to acquire ownership of the land from Kandapola Forest in Seethaeliya in exchange for the Civil Aviation Authority-	12

	owned land in Akkuregoda, Talangama	
<b>08</b>	Renovation of the circuit bungalow in Weeravila.	14
<b>09</b>	Renovation of the the Director General's quarters by the Authority	15
<b>10</b>	Providing lands to Airport and Aviation Services (Sri Lanka) (Private) Limited without a formal lease agreement	16
<b>11</b>	Failure to take necessary action to identify the lands of Jaffna Airport	17
<b>12</b>	Enforcement of the Cape Town Convention	18

**First Session of the Tenth Parliament**  
**8<sup>th</sup> Report of the Committee on Public Enterprises (COPE)**

It is with pleasure that the Committee on Public Enterprises(COPE) presents the Eighth Report of the First Session of the Tenth Parliament.

The function of the Committee on Public Enterprises is to examine, with the assistance of the Auditor General, the accounts and current performance presented to Parliament in respect of public corporations, businesses and other enterprises entrusted to the government under some written law as well as the companies that have been registered or deemed to have been registered under the Companies Act No. 7 of 2007 and the companies of which fifty or more than fifty percent of the shares are held by the Government, some public corporation or local authority.

At present, there are 462 public enterprises that come under the purview of the Committee on Public Enterprises and are regulated under the Department of Public Enterprises and the Department of National Budget. (Source: Department of Public Enterprises as at 04.09.2025)

The Committee Meetings held by the Committee on Public Enterprises during the the first 11 months of the First Session of the Tenth Parliament are as follows.

No.	Institution	Committee Meeting Date
1.	The National Youth Services Council	18.02.2025
2.	The National Youth Services Council	20.02.2025

---

3.	Sri Lanka Bureau of Foreign Employment	27.02.2025
4.	National Gem and Jewellery Authority	05.03.2025
5.	National Medicines Regulatory Authority	12.03.2025
6.	National Medicines Regulatory Authority	26.03.2025
7.	National Gem and Jewellery Authority	27.03.2025
8.	Airport and Aviation Services (Sri Lanka) (Private) Limited	02.04.2025
9.	Land Reform Commission	08.05.2025
10.	Airport and Aviation Services (Sri Lanka) (Private) Limited	09.05.2025
11.	Sri Jayewardenepura General Hospital	15.05.2025
12.	Sri Lanka Bureau of Foreign Employment	23.05.2025
13.	Sabaragamuwa University of Sri Lanka	04.06.2025
14.	The University of Sri Jayewardenepura	20.06.2025
15.	Mahapola Higher Education Scholarship Trust Fund	09.07.2025
16.	The Land Reform Commission	17.07.2025
17.	The State Timber Corporation	23.07.2025
18.	Civil Aviation Authority	20.08.2025
19.	Sri Lanka Ports Authority	10.09.2025

*Eighth Report of the Committee on Public Enterprises of the First Session of the Tenth Parliament of the Democratic Socialist Republic of Sri Lanka*

---

20.	The Geological Survey and Mines Bureau	12.09.2025
21.	Ceylon Electricity Board	24.09.2025
22.	Construction Industry Development Authority	08.10.2025
23.	Lanka Sathosa	10.10.2025
24.	LTL Holdings in relation to the inquiry of the Ceylon Electricity Board	24.10.2025
25.	Sri Lanka Ports Authority	13.11.2025
26.	National Savings Bank	19.11.2025
27.	National Savings Bank	26.11.2025

This report incorporates the observations and recommendations of the Committee issued following the examination of the Auditor General's reports for the years 2022 and 2023, as well as the current performance of the Civil Aviation Authority of Sri Lanka—which functions under the Ministry of Ports and Civil Aviation—reviewed on **20.08.2025**.

**Auditor's Opinion on the Financial Statements**

The opinion of the Auditor General regarding the financial statements submitted by the Civil Aviation Authority of Sri Lanka for the years 2022, 2023 is presented below.

<b><u>Institution</u></b>	<b><u>Auditor's Opinion</u></b>	
	<b><u>2022</u></b>	<b><u>2023</u></b>
Civil Aviation Authority of Sri Lanka	Qualified Opinion	Qualified Opinion

## **Types of Audit Opinions**

### **01 Unqualified Opinion**

The financial position of the institution has been presented fairly in the financial statements.

### **02 Qualified Opinion**

Except for the effects of the matters mentioned in the report, the financial position, financial performance and cash flows of the institution give a true and fair view in accordance with Sri Lanka Accounting Standards.

### **03 Disclaimer of Opinion**

That an opinion cannot be expressed on the accounts due to the inability to identify sufficient or appropriate audit evidence.

### **04 Adverse Opinion**

That the financial position, financial performance and cash flows of the entity do not present a true and fair view in accordance with Sri Lanka Accounting Standards.

**Civil Aviation Authority of Sri Lanka**  
***(Ministry of Ports and Civil Aviation)***

Date of Investigation – 20.08.2025

**Matters discussed**

**01. Consideration of the amendments that should be made to the Civil Aviation Authority Act No 34 of 2002**

The Civil Aviation Authority Act No. 34 of 2002 and the Civil Aviation Act No. 14 of 2010 should be amended to suit the current situation in line with the circumstances faced by the Civil Aviation Authority of Sri Lanka (CAASL) and its expected growth.

The International Civil Aviation Organization (ICAO) has issued recommendations, together with 19 annexures on facilitating the aviation sector, regulating it and creating new aviation professionals, and the Civil Aviation Authority is implementing these recommendations. A partnership between the Civil Aviation Authority of Sri Lanka (CAASL) and the private sector is essential for the implementation of the ICAO recommendations, and accordingly, the CAASL maintains close relationships with training schools, domestic airlines, and maintenance organizations.

Facilitating activities will be carried out for the establishment of the new domestic airports and new local

aviation companies. There is a necessity to amend the Act to establish an advisory committee, in accordance with the 9<sup>th</sup> annexure of the ICAO, to resolve stakeholder issues and to provide the required facilities. Accordingly, the necessary amendments to the provisions of the Act have been identified and included in the revised draft Bill.

As the Civil Aviation Authority of Sri Lanka must undergo an audit by the International Civil Aviation Organization (ICAO) in 2026, the necessary amendments to the Civil Aviation Act No. 14 of 2010 have been identified, Cabinet approval has been obtained, and the amended draft Bill has been submitted to the Legal Draftsman's Department, where the required revision process is currently underway.

### **Recommendation of the Committee**

**Identifying the amendments that should be made to the Sri Lanka Civil Aviation Authority Act No 34 of 2002 in order to carry out the functions of the Civil Aviation Authority with an expected growth and submitting a report to the Committee with a copy to the Auditor General on the progress of the steps taken for the said purpose.**

#### **02. Composition of the Board of Directors**

- The composition of the Board of Directors was not in compliance with the provisions of the Act: According to Section 3(1) of the Civil Aviation

Authority Act No. 34 of 2002, a Board of Directors consisting of eight members, including five members appointed by the Minister, should be established. However, it was observed that two members with civil aviation experience who must be included among the five appointed members had not been appointed, and that the post of Director General, who serves as the Chief Executive Officer, was being held in an acting position.

- Violation of institutional administration guidelines: According to paragraph 2.4 of the Guidelines on Institutional Administration for Public Enterprises, directors are required to annually declare that they have no financial or other interests affecting their duties. However, such declarations were not obtained from the members of the Board of Directors.

### **Recommendations of the Committee**

**In accordance with the paragraph 2.4 of the Guidelines on Corporate Governance for Public Enterprises, the Authority shall ensure that its Directors annually submit declarations confirming that they have no financial or other interests or other relationships that may influence the discharge of their duties.**

**03. Corporate plan**

Although, the Presidential Secretary's Circular No. PS/SB/circular/ 03/25 dated 24.03.2025 requires a 05 year strategic plan to be formulated in line with the national policies of the country, the Authority had prepared a strategic plan covering only 03 year period from 2025 to 2027. Furthermore, in accordance with the said Presidential Circular, the operational plan, budget, and procurement plan for the year 2025 had not been updated.

Authority intended to prepare a 05 year corporate plan for the period of 2026 to 2030 following the rolling-over method by the end of 2025.

**Recommendations of the Committee**

**In preparing the Authority's 2026–2030 Strategic Plan, the annual action plan will be formulated for a period of 05 years following the rolling-over method, in accordance with the Circular No. PS/SB/Circular/03/2025 and the Presidential Secretary's Circular dated 24 March 2025. Accordingly, steps will also be taken to prepare the budget and procurement plan.**

**04. Staff Vacancies**

The staff composition of the Authority as of 30 June 2025 was as follows. The total number of approved posts was 208, while the number of vacancies was 43.

*Eighth Report of the Committee on Public Enterprises of the First Session of the Tenth Parliament of the Democratic Socialist Republic of Sri Lanka*

---

Senior Level Posts: 14 vacancies (Approved 52, Actual 38).  
Tertiary Level Posts : 16 vacancies (Approved 57, Actual 41).  
Secondary Level Posts: 12 vacancies (Approved 60, Actual 48).  
Primary Level Posts : 01 vacancy (Approved 39, Actual 38).

The qualifications required for senior and tertiary posts have been determined in accordance with the standards of the International Civil Aviation Organization (ICAO). Accordingly, these posts require high-level professional and academic qualifications. Although the vacancies have been published in the Gazette and advertised in newspapers, a situation has arisen in which no suitable candidates have applied.

It was observed that, owing to the absence of adequately qualified professionals, the Authority's scores in the ICAO audit scheduled for 2026 could decrease, potentially resulting in significant negative consequences to the country.

It was revealed that the SOR should be prepared pursuant to ICAO criteria, and that the SOR prepared in accordance with the standards of the Department of Management Services does not fulfill the Authority's requirements. Accordingly, the Authority intends to submit a revised SOR, aligned with ICAO standards, to the Department of Management Services.

Discussions were held with the Department of Management Services regarding the preparation of the Civil Aviation Authority's recruitment procedures (SOR) in accordance with the criteria of the International Civil Aviation Organization (ICAO). Pursuant to the recommendation, deliberations were

carried out with the Department of Management Services, regarding the preparation of the relevant Recruitment Procedures (SOR) and obtain the approval from the Department of Management Services and submitting a progress report on the process to the Committee within one month.

**Recommendations of the Committee**

- I. Taking the necessary steps to immediately fill the senior-level vacancies that are critical for the successful completion of the International Civil Aviation Organization (ICAO) audit scheduled for 2026.**
  
- II. Developing a programme to attract civil aviation professionals serving in the private sector and the Air Force, as well as those currently abroad who are willing to return to Sri Lanka, with the aim of addressing the Authority's long-term existing vacancies.**

**05. Non-remittance of the Overseas Sales Surcharge (OSS) collected by the Authority to the Consolidated Fund**

The Committee was informed that, although the overseas Sales Surcharge (OSS) collected by the Authority should have been credited to the Consolidated Fund in accordance with Sections 7 and 8 of the Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1550/7 dated 22

May 2008, the Authority has, since 2008, treated this revenue as its own without remitting it to the Consolidated Fund.

The sum of Rs. 20,630 million collected between 2018 and November 2023 had not been remitted to the Treasury, and the Authority had treated OSS revenue as its principal source of income, accounting for approximately 80% of its total revenue.

However, as the Authority was not facing any financial difficulties, retaining these funds in contravention of the provisions of the Gazette Notification constitutes a serious offense.

However, in accordance with Cabinet Decision No. 23/1937/628/094 dated 28 November 2023, an amount of Rs. 90 million was allocated monthly from the collected OSS revenue for the operational expenses of the Authority and the remaining amount was sent to the Treasury. A portion of the revenue retained in this manner had been utilized for various capital expenditures, and an amount of Rs. 4 billion had been invested in Treasury Bills.

The Authority stated that, in accordance with the criteria of the International Civil Aviation Organization (ICAO), maintaining financial independence is essential for the Civil Aviation Authority (CAA), and that Overseas Sales Surcharge (OSS) revenue plays a crucial role in achieving this.

**Recommendations of the Committee**

- I. Conduct a comprehensive study on the specific measures required to retain the necessary funds within the Authority to maintain it as a self-financing institution in accordance with the criteria of the International Civil Aviation Organization (ICAO), while remitting the remaining Overseas Sales Surcharge (OSS) revenue to the Consolidated Fund, and take appropriate steps to address the related issues.**
  
- II. Engage in discussions with the Department of Public Enterprises and obtain a decision regarding the amendment of the regulations under Sections 7 and 8 of Gazette of the Democratic Socialist Republic of Sri Lanka (Extraordinary) No. 1550/7 dated 22 May 2008, in order to retain the funds necessary for the Authority's self-financing.**
  
- III. Preparing a statement of the total assets and liabilities of the institution.**
  
- IV. Reconsider Cabinet Decision No. 23/1937/628/094 dated 28 November 2023 and determine the amount of money required to ensure the Authority's self-financing.**

**06. Deficit in Embarkation Levy payable by airlines to the Authority**

In accordance with Sections 3 and 4 of the Finance Act No. 25 of 2003, an Embarkation Levy equivalent to US\$60 shall be collected by the relevant airlines on each air ticket issued to passengers departing from Sri Lanka, whether issued inside or outside the country and remitted to the Authority. A deficit of Rs. 30,844.4 million and US\$ 1,541,962 remained in the Embarkation Levy receivable by the Authority from the airlines as of 30 June 2025.

Accordingly, the outstanding amounts receivable from the following airlines are as follows (as of 30 June 2025):

<b>Name of the Airline</b>	<b>Tax - Rs. million</b>	<b>Interest - Rs. million</b>	<b>Total amount - Rs. million</b>
Sri Lankan Airlines	22,4509.	4,669	27,1203.
FITS Aviation Limited	2,0747.	4456.	2,5203.

It was noted that discussions are ongoing with the Attorney General's Department and the Ministry of Finance to amend the Finance Act No. 25 of 2003, as the Act currently does not include provisions to take legal action against airlines that evade taxes as mentioned above.

It was noted that Sri Lankan Airlines has been using Embarkation Levy revenue for its financial activities since

2022 due to financial difficulties caused by the COVID-19 pandemic. The Authority has repeatedly informed the company that there is no provision under the Finance Act No. 25 of 2003 allowing it to retain the tax money. From 2024, Sri Lankan Airlines has resumed paying the Embarkation Levy to the Civil Aviation Authority, and the outstanding amount currently due comprises the arrears for the period 2022–2024 along with the applicable interest.

### **Recommendations of the Committee**

Conduct a comprehensive study of all other revenues received by the Civil Aviation Authority, including Embarkation Levy, income from regulatory services, interest income, and other non- operational revenues, and take steps to identify and resolve any related issues.

**07. The Authority did not take over the ownership of the land provided from the Seetha Eliya Kandapola Forest in place of its land in Thalangama, Akuregoda.**

The 52 acres of land in Akuregoda, Thalangama, where the High Frequency Transmission Centre was constructed and which was previously owned by the Department of Civil Aviation, had been allocated for the construction of the Defence Headquarters in accordance with the Cabinet Memorandum dated 13 June 2006. Approval has been granted to release Rs. 161 million from the Treasury to acquire a suitable replacement land and to establish the transmission centre.

However, it was noted that Authority did not hold ownership of the land since the then Minister had not taken steps to transfer the Thalangama land to the Authority through a gazette notification in accordance with Section 9 of the Civil Aviation Authority Act No. 34 of 2002. Consequently, Rs. 161 million had been given to Airport and Aviation Services (Sri Lanka) Limited (AASL) for the provision of the land and the establishment of the transmission centre.

The 0.9431 hectare land in the Seetha Eliya Kandapola Forest, provided as a replacement for the Thalangama land, had not yet been taken over by the Authority as of 28 February 2025. The possession of this land had been granted to AASL through a gazette notification, and steps are currently underway to transfer ownership to the Authority.

The Committee emphasized that the transfer of land by the political authority without the knowledge of the Civil Aviation Authority reflects an inadequacy in the Authority's regulatory functions.

### **Recommendations of the Committee**

**Conduct a comprehensive audit of all properties and assets owned by the Civil Aviation Authority and implement measures to update the data.**

**08. Renovation of the Weerawila Circuit Bungalow.**

A portion of the Weerawila Circuit Bungalow was damaged by fire on 18 May 2022. The cause was identified as the

negligence of an employee of the company providing management and maintenance services, and the Authority had not taken appropriate action in accordance with Financial Regulations 101, 103, and 104.

It was observed that, Rs. 226,000 had been recovered from the performance bond of Rs. 252,000 after the fire, and the damage had been repaired. Although the Authority had been paying Rs. 210,000 per month to the company providing Management and Maintenance Services, the annual income generated from the bungalow ranged only between Rs. 200,000/- and Rs. 400,000/-. As the maintenance of the bungalow had not been carried out properly, the company concerned has now been blacklisted.

Although Rs. 4.5 million had been allocated for the renovations under the procurement plan, the Authority had spent a total of Rs. 24 million on renovating the bungalow, exceeding the estimated cost of Rs. 16 million.

It was noted that the initial estimate amounted to Rs. 25 million, as the management had decided to renovate the entire bungalow, whereas the procurement plan had allocated only Rs. 4.5 million for renovating the wall of the bungalow.

Furthermore, it was noted that since 2016, contracts had been signed with the Management and Maintenance Services Company, which were renewed every two years if the services were found to be satisfactory. It was also observed that, from 2019, and for a period of one and a half years, the security services provider of the Authority's head office had been

assigned to provide services at the circuit bungalow, at the same rates and without a formal contract based on the circumstances prevailing at that time, for which Rs. 6 million had been paid. In addition, since the original service provider had continued to render certain services during the period in which the bungalow was under renovation, a further payment of Rs. 1 million had been made for that period.

### **Recommendations of the Committee**

- I. A comprehensive investigation should be conducted into the entire process of renovating the circuit bungalow, and a report should be submitted accordingly. The report should also include information regarding the company that provided management and maintenance services, the manner in which the company was selected, the method of payment made to the company, and whether the services rendered were commensurate with the payments made.**
  
- II. To consistently furnish the National Audit Office with all audit-related information during the course of the audit.**

### **09. Renovation of the official residence provided by the Authority to the Director General.**

The Authority commenced the renovation of Official Residence No. 09 in 2021, incurring Rs. 10.67 million; however, the major defects that existed prior to the renovation remained the same even after the renovation.

It was observed that when bids were initially called through newspaper advertisements, no responses were received. Upon a second call for bids, bids totaling Rs. 36 million were received but subsequently rejected by the Departmental Procurement Committee, making both occasions unsuccessful. It was also noted that out of the total expenditure of Rs. 10.67 million, only Rs. 7 million was spent on renovation, while the remaining amount was used for the purchase of furniture and equipment.

It was also noted that the renovation work was not sufficient relative to the payment made..

### **Recommendation of the Committee**

**A comprehensive investigation of the entire process of renovating the official residence should be conducted within one month, and a report be submitted. The report should include details on how payments were made to the company that carried out the renovation, and assess whether the renovation process was commensurate with the amount paid.**

**10. Providing land to Airport and Aviation Services (Sri Lanka) (Private) Limited without a formal lease agreement.**

The aircraft facilities and lands specified in the Third Schedule to the Civil Aviation Authority Act, No. 34 of 2002, had been granted to the Airport and Aviation

Services (Sri Lanka) (Private) Limited (AASL) without entering into a formal lease or rental agreement.

The Committee observed that, in terms of the provisions of Act No. 34 of 2002, the Second and Third Schedules of the Act stipulated that the ownership of aerodromes, aircraft facilities and lands appertaining thereto vested in the Authority could be transferred to AASL, the civil aviation operator. However, the Committee further noted that such transfer had not been effected through a formal process.

The management stated that continuous discussions had been held with the Attorney General's Department regarding the charging of fees from AASL for these facilities, and the ownership of the lands, and that the proposals for imposition of charges had been published in the Government Gazette dated 06.02.2025 under Nos. 2422/38 and 2422/39. It was further stated that these proposals have been submitted for the approval by Parliament, and that upon receiving such approval, necessary arrangements will be made to enter into agreements for receipt of payments.

**11. Failure to ascertain the lands at the Jaffna Airport.**

The Jaffna Airport commenced operations as an international airport on 17 October 2019. Although approval had been granted through Gazette No. 2142/74 dated 26 September 2019 and Cabinet Decision No. CP/19/2008/105/009-1, the Committee drew attention to the

fact that the Authority has not yet completed the process of demarcating the boundaries of the 349 acres of land belonging to the Jaffna Airport, nor taken steps to publish the same in the Gazette.

Upon the preparation of the necessary orders required for gazetting the relevant land boundaries by the Legal Draftsman's Department and their submission to the Attorney General's Department, the document containing the observations of the Attorney General's Department had been forwarded to the Ministry for the approval of the Minister.

## **12. Implementation of the Cape Town Convention.**

The convention bill required for the implementation of the Cape Town Convention has been drafted by the Legal Draftsman and was forwarded to the Attorney General for clearance on 15 May 2025.

Upon inquiry regarding the current status of the amended bill prepared by the Legal Draftsman, it was noted that the Attorney General's clearance is yet to be received.

*Eighth Report of the Committee on Public Enterprises of the First  
Session of the Tenth Parliament of the Democratic Socialist Republic  
of Sri Lanka*

---