

Submission of Observation and steps taken with regard to the reports presented to Parliament by the Committee on Public Enterprises.

With reference to the minutes dated on 10th December 2021, your letter no. 9/3/2022 dated 14.11.2022, the necessary action taken on the recommendation of the minutes and the progress are submitting for your perusal.

1. Minutes No. 1 - NEW TOURISM ACT 2022

A. Rational to now merge the three Tourism Institutions

A Special Committee was established in January 2006 under the leadership of Hon. Anura Bandaranaike Minister of Tourism before the current draft Act being gazette, highlighted the potential problems and raised concerns regarding the breaking up the institutions is inexpedient and it is unnecessary and expensive exercise, lack of coordination, different agendas and conflict of interest amongst the institutions, even recorded in past Audit reports and COPE reports.

B. Cabinet Paper & Decision No.21/10541/327/021 dated 2021-03-22

- (1) To invalidate the Tourism Act No 38 of 2005 and replace with a new Act in order to ensure the sustainable development of the Tourism Industry.
- (2) To merge the Sri Lanka Tourism Development Authority (SLTDA), Sri Lanka Tourism Promotions Bureau (SLTPB) and Sri Lanka Conventions Bureau (SLCB) that were established under the Tourism Act No. 38 of 2005 and merged to “Sri Lanka Tourism Authority”.
- (3) To allow the Sri Lanka Institute & Hotel Management (SLITHM) to function as a separate entity under the same Act.
- (4) Observations from Hon. Minister of Justice M. U. M. Ali Sabry PC
 - a. It is noted that the enactment of a new act in line with the requirements of the present climate for the betterment of the Tourism Sector, would be an appropriate move. However, once the draft is finalized, due consideration of all stakeholders need to be obtained.
 - b. It is further observed that the amalgamation of the three institutions referred in the Cabinet Memorandum would centralize the activities performed by those Institutions and thereby avoid the duplicity and the delay in administrative process.
 - c. In view of the above I have no disagreement to the proposals stated in the Cabinet Memorandum.

C. Objections by private sector Board Members & Associations

Hon. Minister/Secretary shared draft act with tourism associations to come forward to formulate rationale and timely conclusion and await feedback by 15th January 2022.

D. Way forward & Timeline

- | | |
|--|-------------------------|
| 1. Sought industry input | completed December 2020 |
| 2. Draft Prepared by SLTDA | completed |
| 3. Draft reviewed by ministry of tourism | completed |

4. Draft shared with the industry stakeholders completed December 2021

5. Submit tourism act to parliament April 2022

The finalizing the legal drafting are being processed then it will be submitted to the Parliament on April 2022.

Background information:

In 1989, the four entities were started their concept based on a Committee decision. In 1989, Tourist Board was there and the budget was Rs. 35m. Out of Rs. 35m, Rs.17m was allocated to marketing. The rest Rs.18m was allocated for all the other activities. The allocated amount for marketing (Rs.17m) was utilized to maintain the establishment cost of the foreign offices which were established under the Tourist Board. Therefore, no money was available for marketing. This scenario paved the way for thinking of how to improve allocations for promotions. At the same time there was a view of having less responsibility of the government than the private sector in promotion work. This idea was instrumental in making four institutions letting private sector to have a considerable role in promotional work. These four institutions may have a responsibility to minimize economic, social, cultural and environmental impacts and develop the tourism in a sustainable way.

Summary of the discussion:

Sri Lanka Tourism Development Authority (SLTDA) is considered as the main development arm and it carries out the activities related to development of projects and monitoring the progress and also monitoring the administration of the tourism as regulatory body. Therefore, its mandate is distinct and recommended to function separately.

Sri Lanka Institute of Tourism and Hotel Management (SLITHM) has its mandate for training the students and trainers of training and it does not come under development or promotional work. Therefore, the SLITHM is basically accepted to be functioned separately.

There are most similarities in the functions of Sri Lanka Tourism Promotion Bureau (SLTPB) and Sri Lanka Convention Bureau (SLCB) since both institutions engage in promotional work and so it is accepted that the activities performed by them to be efficient when they are amalgamated. Further, it is understood that the SLTPB has to address both local and foreign promotion activities according to a properly prepared plan.

SLTPB and the SLCB to amalgamate for local and foreign promotional work. SLTDA and the SLITHM to operate separately. Altogether three institutions were decided to be formed with a revision to the Tourism Act.

Further, it was decided to discuss with Hon. Minister of Tourism accordingly.

Draft Act was received from the Legal Draftsman. Many discussions were carried out by the Ministry. But in the meantime, the letter bearing no.LDO38/2021 dated on 08.05.2023 was received from the Legal draftsman informing that "His Excellency the President was of the view that it is not required to proceed with the above matter".

2. Minutes- 02 - Submission of annual reports 2019 to the parliament

The annual report 2020 also has been submitted to the Parliament.

3. Minutes No.03 - Corporate plan

The policy document submitted by the ministry is waiting for its approval which is a pre-request to prepare the corporate plan in line with the policy document.

4. Minutes No.04 - Action plan

The Action Plan has been submitted.

5. Minutes No. 5 Kalpitiya Island Project

From the 12 islands only 2 investors signed lease agreements in 2010 for a total of 4 islands. One investor having issues in obtaining approval to use the seabed for water bungalows has received the approval from the Cabinet of Ministers for constructing water bungalows and now working in consultation with stakeholders. Further, we have obtained all necessary approvals for 4 new investor projects targeting 4 different islands. Further, 3 more investments for 3 other islands were recommended and are in the approval process. Thus, by third quarter of 2022, it is expected to have 11 out of the 12 islands leased out and commence implementation activities of these projects.

However, proposals were resubmitted only by Vellai I, II, III and Ippantive island (for two investment projects). As per the committee approval, board approval was granted to lease lands for 30 years to the following investor projects;

Vellai I, II & III Islands
Ippantive Island

M/s Sun Resort Investment Lanka (Pvt) Ltd
M/s Qube Lanka Leisure Properties (Pvt) Ltd

1. Sun Resort Investment Lanka (Pvt) Ltd. - Vellai Islands I, II & III

We continuously followed up with the investor for project implementation, as they did not submit the implementation plan and application to SLTDA. However, suddenly their local representative left the company and the new contact given by him is not responding to any of our calls. While, they have informed that the project may get slightly delayed due to high construction costs, we will get in touch with foreign investment party soon and get a firm commitment on their project plans, failing which will seek legal action.

2. Qube Lanka Leisure Resort (Pvt) Ltd. – Ippantivu Island

The SLTDA had continuously requested for a meeting from investor to resolve issues, but they have communicated to SLTDA that they are no longer interested in the Kalpitiya project and are looking for a land in upcountry. Based on this, the investor had sent a detailed letter on 24th April 2023 to the Hon. Tourism Minister seeking an appointment from him to discuss their issues and decide the way forward.

3. Islands 5 & 6 : Sinna Eramativu & Eramativu West – Samagi Hotels & Travels (Pvt) Ltd.

The investor submitted the IRU application for the approval process and have also bought a mainland property closer to Gange Wadiya to support the island development work. The SLTDA had a progress review meeting with the investor in early May 2023, where work plan as well as payment arrears were discussed in details.

Island 7- Sinna Arachchalai – Nucleus International (Pvt) Ltd.

The SLTDA called a progress review meeting on 8th May 2023, where the delay in the submission of IRU application and payment arrears were discussed. The investor agreed to submit the IRU application forms for approval by June week 2.

Island 8 - Uchchamunai

The SLTDA has received an investment proposal from a potential Indian investor through the Board of Investment (BOI) and this is in the evaluation process by the DPEC (Development Proposal Evaluation Committee) appointed by the Secretary - Ministry of Tourism.

Island 9 : Eramativu – Consulting Engineers and Architects Associated (Pvt) Ltd.

The SLTDA had a progress review meeting with the investor on 4th May 2023. Currently the Environmental Impact Assessment (EIA) studies are going on and still the approval for the land to support logistics facilities of the island development is not completed by the DS, Kalptiya. All institutional consents are received, but the approval from the District land use planning committee is pending and we are pushing to expedite the matter.

Island 10 : Periyaarachchalai – 365 Construction (Pvt) Ltd.

The SLTDA called for a progress review meeting in early May 2023, but as some key directors of the investor company are out of the country, they informed it to SLTDA and requested for a later date for the meeting. As per information received, they are yet to finalize the designs for IRU application and documentation submission.

Island 11 – Kakativu – Kapital Corp International (Pvt) Ltd.

The SLTDA had a progress review meeting in April week 4, 2023 where the current progress and payment arrears were discussed in details and agreed. They have also submitted the performance bond and assured to submit the IRU applications as soon as possible, as currently they are fine tuning the initial designs and preparation of documentation.

Island 12 – Baththalangunduwa

SLTDA intends to call proposals from investors once the development of the Kalptiya Master Tourism Plan is completed by UDA. Meanwhile, the SLTDA has received a proposal from a potential investor through the Secretary of Ministry of Tourism for a proposed camping site in Baththalangunduwa and it is in the evaluation stage by DPEC.

6. Minutes No.06 – Over Payment

Investigators of the Investigation Division of the Ministry of Public Administration and Management conducted an investigation in 2017 with the intervention of the Ministry of Tourism into the findings of the Audit in 2013 regarding the overpayment of Rs. 4.8 million for the renovation of the Kataragama National Resort owned by the Sri Lanka Tourism Development Authority in the year 2010. A preliminary inquiry has been conducted and a disciplinary order has been issued to the then officers of the Authority in terms of the decisions of the Board of Directors.

In compliance with the recommendations of that report, the Board of Directors of the Sri Lanka Tourism Development Authority has decided to take legal action to recover the overpaid amount from the Contractor, Priyankara Industries & Contractors and sought the advice of the Attorney General's Department in this regard on 23rd October 2016. In response to this, the Attorney General's Department has sent the following information on October 25, 2018.

All that should have been done was to initiate legal action in connection with the illicit enrichment that took place. Furthermore, the ICTAD report confirms that the delay in recovery was due to reasonable grounds. Consider whether there is a possibility of recovering under the Public Property Act No. 12 of 1982 in connection with the recovery of this overpayment

Although the Attorney General's Department has directed to consider whether it is possible to recover the overpaid amount under the Public Property Act No. 12 of 1982 for offences against Public Property Act (No. 12 of 1982) - Sect 5 Dishonest misappropriation, criminal breach of trust, cheating, forgery and falsification of accounts against the contractor and that an independent inquiry be conducted in this regard expeditiously

To recover the amount, the letter was sent to the contractor.

SLTDA wrote the IGP, Colombo-1 to take action against the officers who have prepared the wrong bill of quantities (BOQ) and the contractor, Priyankara Industries and constructions based on the no. 12 of 1982 in the Public Property Act with copies to 6 government institutions that are relevant to this matter.

Further, action has been taken to conduct disciplinary investigations and Board comments against the approving officer. Accordingly, a letter was issued to the officer as per the Board decision. Meantime recovery process of damage is continued with the help of Sri Lanka Police.

7. Minutes No.07 – Order No. 07 (II)

Conducting an Independent Inquiry regarding Kalpitiya, Thoraiadi, Construction of Jetty and road near Wannimundalama lagoon in accordance with the Recommendation No.07 (ii) of the Committee on Public Enterprises held on 26th November 2021

A committee consisting of two Registered Inquiry Officers under the Ministry of Public Administration and Management in 2017/2018 conducted a preliminary inquiry into the findings of the audit in 2014 regarding the payment of Rs. 10,196,000.00 in 2011 to several suppliers for the supply and made the relevant recommendations to the Board of Directors.

The recommendations made in the report are as follows.

- Complete boulder brought for the construction of the jetty A.B.C. Obtain an engineering report on the work done as it is not possible to say exactly how much gravel has been used for the construction.
- To take legal action by filing a complaint with the Financial Crimes Investigation Division to recover from the Project Engineers, Project Directors and Finance Director the money spent on the project if the full amount of material brought into the workplace is not utilized.

The Board of Directors which met on January 30, 2019 has decided to implement the recommendations given by the above investigating committee.

As per the decisions of the aforesaid Board of Directors, the management of the Authority had requested the District Secretary, Puttalam to make necessary arrangements to obtain the services of a District Engineer in order to obtain an Engineering Report on the aforesaid matter and to carry out the relevant duties by 09.04.2019. Engineer RMHK Randeni has been appointed. Accordingly, the District Engineer of the Puttalam District Secretariat was informed to obtain an engineering report but the letter dated 24-12-2019 stated that further action could not be taken as they did not have the relevant documents. Accordingly, since it has been more than 10 years, at present there is a difficulty in proceeding with the recommendations of the inquiry.

Nonetheless, it is recommended that another inquiry shall be conducted in this regard immediately was done and recommended to take legal action against the relevant officers.

The matter was referred to the Attorney General's Department.

8. Minutes No.08–Land Leased out Project Progress

8.1 YALA WILD RESORT

SLTDA has obtained the necessary internal approvals for the relevant four camping sites and signed the lease agreements accordingly. Currently two camping sites are under the IRU approval process and balance two are in the planning stage. In addition, the Wild Life Department had raised some concerns about the buffer zone demarcation and the SLTDA requested the Survey Department to open the buffer zone boundaries. Investor - ENR had started the hotel construction work and moving ahead smoothly, while SENOK is yet to commence work and SLTDA will seek legal direction on how to handle this matter.

8.2 KUCHCHAWELI BEACH RESORT

As a result of SLTDA constant follow ups, a senior official of Mfar Hotels & Resorts (Pvt) Ltd. from India came to Sri Lanka in the first week of April 2023 and discussed the way forward after a joint site inspection to their Kuchchaweli site. During the visit, a tour to the Uga Jungle Beach property was also arranged by the SLTDA, for the investor to gain confidence about investing in the eastern region. Accordingly, there was a positive response from the visiting officer and he requested 4-5 months' time to prepare a comprehensive strategy on carrying out the project. We will closely follow up on the matter.

Since there was a difference in the immediately available land extent for the Nilaweli Hotel and Management Services (Pvt) Ltd., a fresh consent was obtained from the Hon. Minister of Tourism on 15th May 2023 and accordingly the lease agreement will be signed soon.

The SLTDA is closely following up with Protect Property (Pvt) Ltd. and Kapital Corp International (Pvt) Ltd. for their project proposal submissions to the IRU and as per our discussions the delay is mainly due to high construction material costs still prevailing in the country.

In addition for Palm Hut Beach Villas (Pvt) Ltd. , the survey plan was finalized and we will proceed with signing of the lease agreement accordingly, as soon as we get upon the relevant land's valuation. We have also received four more new proposals for Kuchchaweli Beach Resort and are in the evaluation stage by the DPEC. Regarding the encroacher in lot number 08, we have tried to resolve the matter through dialogue, but seems it is not working out. Hence, SLTDA has requested guidance from legal division in this regard.

DEDDUWA LAKE RESORT

As of now, nearly 1200 pre-cast concrete boundary posts have been made, out of which 750 have been installed in the ground for land boundary demarcation. The total number of posts expected to be installed is 2500. However, due to increased costs of construction materials, transport and labor (which are very much higher than the earlier costs), the contractor demands a higher payment to complete the remaining work and we have fixed a meeting with them in the first week of June 2023 to discuss and find a way forward.

In January 2023, the government surveyor carried out surveys to acquire approximately 30 acres of land to provide beach access to the Dedduwa property. Since most of these are private lands, compensation should be paid after proper assessment and identification of the land owners.

The SLTDA received a project proposal for the Dedduwa property from a potential Indian investor through the Board of Investments (BOI) and it is forwarded to the newly appointed DPEC for evaluation.

Minutes No.09 - Drafting regulations for the declared Tourism areas

There are 15 areas that is Nilaweli, Madu Ganga, Arugam bay, Trincomalee, Passikudah/Kalkudah, Pinnawala, Hikkaduwa, Bentota, Kuchchaweli, Kalpitiya, Unawatuna, Negombo, Beruwala, Mount Lavinia, Iranawila and their environs, that have been declared and gazetted as tourism development zones under the Tourism Act.

It was decided, at the Audit and Management Committee Meeting held at the Ministry for the 3rd Quarter of 2022, to take up the subject of Tourism Zones separately and consequently the following details were accepted and decisions were taken:

Following tourism zones have been already gazetted:

Western Province

1. Negombo Tourism Zone
2. Mount Lavinia Tourism Zone
3. Beruwala Tourism Zone

Southern Province

4. Bentota Tourism Zone
5. Madu Ganga Tourism Zone
6. Unawatuna Tourism Zone
7. Hikkaduwa Tourism Zone

Eastern Province

8. Arugam Bay Tourism Zone
9. Passikudah Tourism Zone
10. Trincomalee Tourism Zone
11. Nilaveli Tourism Zone
12. Kuchchaveli Tourism Zone

North Western Province

13. Kalpitiya Tourism Zone
14. Iranawila Tourism Zone

Sabaragamuwa Province

15. Pinnawala Tourism Zone

Following areas are scheduled for gazetting near future by Ministry:

1. Habarana
2. Dambulla
3. Kandy
4. Anuradhapura
5. Mihintale
6. Jaffna
7. Colombo
8. Marawila
9. Panadura
10. Wadduwa
11. Kalutara
12. Ahungalla
13. Matara
14. Tangalle
15. Hiththatiya
16. Hambantota
17. Deniyaya
18. Polonnaruwa
19. Giritale
20. Haputale
21. Mannar
22. Bandarawela
23. Yapahuwa
24. Matale
25. Ratnapura
26. Udawalawa
27. Wilpattu
28. Kitulgala

Recently Gazetted Tourism Development Areas

1. Mirissa/Weligama
2. Nuwara Eliya
3. Galle

Other Areas where considerable work is done for gazetting purpose;

1. Ella - The draft of the Gazette is sent to the Legal Draftsman.
2. Matara & Hittatiya – The draft of the Gazette is sent to the Legal Draftsman.
3. Kandy – The draft of the Gazette is sent to the Legal Draftsman.
4. Habarana / Sigiriya / Dambulla – The Public Notices are sent and the draft of the Gazette is to be sent to the Legal Draftsman.
5. Haputale- The Public Notice is sent to the Divisional Secretary to publish at the relevant areas.

For the following areas, we have already collected the necessary information through the Divisional Secretaries for gazetting purposes;

1. Mihintale
2. Hambantota
3. Marawila
4. Panadura
5. Wadduwa
6. Kalutara

7. Ahungalla
8. Yapahuwa
9. Matale
10. Udawalawa
11. Kitulgala

For other areas we have already requested details and information required from the relevant divisional secretaries and once received, we will follow the necessary process for gazetting them as tourism development areas.

In addition, we will see the possibility of gazetting Yala and Dedduwa SLTDA-owned resorts areas also as special tourism zones.

The standard Steps of Gazetting a Tourism Development Area are given below;

1. Collecting information from the relevant Divisional Secretaries on the Areas in which Tourism Attractions are located and the tourism industry is spread.
2. Issue the Public Notice under Section 26(2) stating that the selected areas will be declared as Tourism Development Areas by the Minister of Tourism and Lands and present the concerns of the general public within a stipulated time.
3. Drafting the Gazette and sending it to the Legal Draftsmen to prepare for publishing.
4. Publishing the Extra Ordinary Gazette.
5. Presenting the Gazette to the Parliament for approval.

Once an areas is declared and gazetted as a tourism development area, the next step is to make regulations under Section 26(3) of the Act, prescribing the Tourists services and Commercial and other activities which may be carried out within the declared area. Accordingly, as per Sec.26(3) of the Act, some Common Regulations for all gazetted Tourism Development Areas were prepared and they were sent to the Legal Draftsman (LD). While we await the feedback/approval from the LD's office, we have initiated work to develop more specific regulations, tourist services and commercial/other activities for each of the gazetted Tourism Development Areas.

9. Minutes No - 10 - Use of Private Counsel

1. The four Tourism Institutions seek the support of the Attorney General's Department with regards to legal matters. Several critical cases have had success due to the Attorney General's advice.
2. Private Counsels are not used as a practice by Sri Lanka Tourism. Most of our cases are handled by the Attorney General's Department. Private Counsels are used on an exceptional basis for specific litigation only with the approval of the Board and/or the approval of the Secretary Ministry of Tourism. In the cases mentioned at the COPE meeting, the Authority was compelled to use Private Counsel in an environment where the Management and Board had lost confidence in the Legal Head Ms. Inoka Punchihewa, Secretary to the Board of SLTDA who was the sole contact point with the Attorney General's Department at the time. (Respective Board Minute is annexed herewith)
3. The approval of the Secretary to the Ministry as the Chief Accounting Officer had been obtained to get the service of private counsels.
4. The tourism institutions, as other government institutions, have used Private Counsel on exceptional cases.

The Tourism Act No. 38 of 2005 article 55 states "Any expense lawfully incurred by the Authority in any suit or prosecution brought by or against the Authority before any Court shall be paid out of the Fund of the Authority, and any cost paid to, or recovered by, the Authority in any such suit or prosecution shall be credited to the Fund of the Authority." Clause 56 further states "No writ against person or property shall issue against a member of the Authority in any action brought against the Authority."

5. During the 2015-19 period, and even prior to this period, private counsel had also been used by the then Management and the Board including, for litigation instigated by an employee Mr. Udana Wickramasinghe. In this instance, the Secretary to the Board of SLTDA, Ms. Inoka Punchihewa, Head of Legal at that time had apparently disclosed confidential information to the employee Mr. Udana Wickremasinghe, who leaked board minutes and board discussions. The Board of Directors had removed Ms. Inoka Punchihewa as the Secretary and appointed external Counsel to handle the litigation relating to Mr. Udana Wickramasinghe. Currently, the Management of SLTDA has discussed on the withdrawal of the case with Mr. Udana Wickramasinghe and he has a positive view of withdrawing the case against SLTDA
6. Previously Private Counsel had been sought by the Legal Head Ms. Inoka Punchihewa, for reasons such as time constraints.
7. The then Management and Board had shared the sentiments and had lost confidence in the Legal Head, Ms. Inoka Punchihewa who was the main and only contact with the Attorney General's Department. The Board had since taken the necessary steps to appoint a new Head of Legal considering the lack of Integrity and the unsatisfactory state of the Legal Division.
8. SLTDA had meanwhile sought AG's advice to make arrangements to appoint a legal resource from the Attorney General's Department to coordinate and expedite future legal matters relating to the Sri Lanka Tourism Institutes.
9. In the 2020 litigation brought by Ascot Ltd private/Lanka Reality Private Ltd, private counsel has been used with the approval of, the Board of Directors consisting of a Treasury Representative, a Ministry Representative and the Ministry of Provincial Councils with the approval from the Secretary to the Ministry of Tourism.
10. Foreign Investor has been granted cabinet approval in August 2019 to lease the land. The Board had in 2018 terminated ASCOT's lease. Litigation is aggressively defended to ensure that SLTDA gain the confidence of Foreign Investors. It is pertinent to mention that this litigation is not only against the Authority, and the Board of Directors but also against the Cabinet of Ministers.
11. Our mandate is to rapidly address the many shortcomings in the four institutes in Tourism which are often related to the ability, attitudes, and integrity of staff. If we are not able to move expeditiously and effectively, we will not meet our objectives.
12. Ms. P. Dona Inoka Shiranthi Punchihewa had filed a case (SLFRA 314/2020) against SLTDA and currently, she has withdrawn the case she filed against SLTDA.
13. In conclusion, the policy of the four Tourism institutions is to seek the support of the Attorney General in all instances and only in very exceptional circumstances to seek the services of Private Counsel subject to the approval of the Secretary to the Ministry of Tourism.

The AG's Department has mentioned in their reply that SLTDA is required to obtain an opinion from any appropriate Authority since this matter is not a legal issue. Therefore, the SLTDA chairman requested the opinion from the Secretary of the Ministry of Tourism in this regard under the letter dated 22nd May 2023 and is awaiting a response.

10.Minutes No.11 - Land Register

The copy of the land register was prepared and submitted.

In addition to the sent documents, the SLTDA has prepared a land registry with all valuations. A copy was sent to Auditor General as well. At present, SLTDA has formed a land committee as recommended by the AMC, and actions are being taken to sort out land

issues and streamline the system more effective manner. In addition, through the USAID project for the land bank development, the SLTDA has received technical assistance through a land Consultant and 2 legal officers to assist in the land related matters.

11.Minutes No.12 - Calido Beach Park

SLTDA board approved in 2021 to set off the payables to Central Engineering Consultancy Bureau and identify the balances relating to this project as expenses and accounts to be updated and adjusted accordingly (Board Paper 9th February 2021 2020/01/07)

- Adjustment of the cost of constructing Tourist Information Centre in 2013/2014 Rs.16,995,744.02 (With Taxes – VAT) to set off against Calido Beach project mobilization advance payment of Rs.19,999,999.00 (With Taxes-VAT) to CECB.
- To make the accounting entries for registration of the asset in the books and the set off the advance payment Rs.17,848,232.70 (Without Taxes - VAT) and the value of Rs.1,247,205.90 (Without Taxes - VAT) carried forward in the ledger of “Working Progress”, totaling to Rs.19,095,738.60 against to the payable amount to CECB Rs.15,174,771.45 (Without Taxes - VAT)

Accordingly the net impact (further receivable from CECB) of the setting off is 3,920,667.15

The Board advised obtaining documentary proof to substantiate the claim that work has been done will cover the deficiency and follow with a board paper.

The site inspection was done on 18th November 2021 and a report was produced.

As the next step, through the Board Decision No.2021/12/13 (Board Paper No.2021/12/AOB/08) , the board of SLTDA has granted the approval to write off the balance amount of Rs.3,920,667.15 relevant to the Calido Beach Development Project from 2021 accounts.

Accordingly, the relevant accounting treatments were made in the books of accounts within the financial year 2021 (As at 31/12/2021)

Note:

Apart from, SLTDA is having Rs.2,100,000 as retention money which is to be payable to CECB, derived on another project conducted with SLTDA. (Refurbishment of Head office building, 2013).

In the financial year 2022, SLTDA adjusted this amount as revenue component in the books of accounts after having relevant board approval.

Accordingly, below present the final impact of the above said transaction.

	Description	Amount (Rs)
A	Total receivable amount from CECB on Calido Beach Park project (Without Taxes - VAT)	19,095,438.60
B	Set off Payable amount to CECB on Calido Beach Park project (Without Taxes - VAT)	15,174,771.45
C	Further receivable amount to SLTDA from CECB after setting off (A-B). Adjusted in the year in 2021	3,920,667.15
D	The amount recognized as income in the books of accounts of SLTDA, which is to be payable as Retention Money, to CECB on behalf of the Head Office refurbishment project, 2013 (Without Taxes - VAT)	2,100,000.00
E	Net receivable amount from CECB as the final impact of the adjustments (C-D). Adjusted in the year 2022	1,820,667.15

12.Minutes No.13 - National Holiday Resorts owned by the Authority

The National Holiday Resorts In Bandarawela, Nuwara – Eliya, Anuradhapura and Kataragama are owned and operated by the SLTDA and Most of these resorts have made considerable losses in the past several years and the financial performances were further impacted in 2019 due to the Easter Sunday attacks and COVID – 19 health pandemic resulting in lockdowns and inter – provincial travel restrictions.

As all know from the year 2019 – 2022, was not a favorable era for the tourism sector. There is a travel drop due to Easter Sunday attack in 2019. The country was lockdown from 18th March due travel ban imposed on 15th March 2020 for COVID outbreak. Till November 2020, the country was opened and closed in different levels, districts/provinces etc. In March /April 2021 period, the travel ban was fully relaxed. Generally, we consider December, April and August are the most prominent months for domestic Tourism. The travel relax was prevailed only from May to August in 2021. Two important exams also (O/L & A/L were conducted in August & December) conducted during this year. Under this situation, the living styles of the public changed. Reduced traveling. Because of this reason, we were not in a position to drag customers to our resorts.

In 2022, the economic crisis started. Imports were controlled, and Inflation increased. With this, the public had to suffer from power cut, Gas crisis, and fuel crisis. The Fuel Assistance program initiated by the SLTDA is also limited to transport only tourists.

Under all these situations, SLTDA took some actions to increase its income during the past two three years. SLTDA attended to vital development areas and also took steps to have a totally revamped website for resorts with an online room reservation system and credit card payment facility. With these steps and close monitoring of the operational activities, the overall financial performance of resort operations has improved.

13.Minutes No.14 – PA Rest houses owned by Authority

Necessary progress report will be submitted with further evaluation process done by SLTDA

The explanations for not being able to lease the same are as follows:

- Nalanda Rest House/Baththuluoya Rest House/ Anamaduwa Rest House/ Weeraketiya Rest House:-

Applications were called through paper advertisement few times for these rest houses (on 25.01.2021, 16.02.2020 & 23.04.2019). However, as per TEC conclusions no acceptable/suitable applications were received in any of those occasions and one key reason for this could be the COVID-19 pandemic and the existing political and economic situation in the country.

Further the SLTDA was asked to explore the possibility of obtaining assistance from Sri Lanka Institute of Architects for developing plans to uplift status of these 8 rest houses and accordingly a board paper was submitted and the board decision was received on 8th December 2022 directing SLTDA to examine possibilities of having a prototype model with a business proposition and inviting proposals for development after a comprehensive study. The SLTDA will work on these lines accordingly.

Board approval was not yet received. SLTDA will take action to find a suitable investor.

ii. Bibila Rest House –

Survey report received. After getting the valuation, the SLTDA will take action to find out an investor.

iii. Ragala Rest House

SLTDA took action to eject the encroacher. Now SLTDA is in the process of advertising to find a suitable investor.

iv. Hettipola Rest House

This property was leased out to a new investor (after following procurement procedures) for 10 years w.e.f. March 2023.

v. Galgamuwa Rest House

Two court cases were going on against the former lessee and the encroacher and it was obtained from earlier lessee through court procedure. The alternative land proposed by the DS was not suitable and acceptable to the SLTDA. Meanwhile, the GalgamuwaPradeshiyaSabha who had encroached part of the property, where they operate a library, playground and a pre-school initiated discussions with SLTDA and agreed to lease out the said encroached area from SLTDA as per government valuation. The SLTDA is in the process of obtaining the board approval for this request to proceed.

The encroachment issue with the Galgamuwa pradeshiya sabha is still pending and following the process.

vi. Ulankulama Rest House

The case has been called on 30th of March 2023 after handing over the summons to the respondent and it was due to the answer of the respondent. However, he has taken a date for the answer and again the case has been called on 25th of May 2023 and the respondent has filed his answer. The attorney at law at SLTDA has taken one month time to file written submission of the plaintiff (SLTDA).

vii. Hanguranketha rest house

The lease with the exiting lessee was extended for 8 years from 2020.

Out of the 37 PA Rest Houses owned by SLTDA, 28 are having existing lease agreements which are due to end between year 2026 and 2035.

14.Minutes No. 15 - Reservation of National Holiday Resorts and Rest Houses Online

ICT Department launched the revamped National Holiday Resort.lk website in Feb-2022 and it was able to make online bookings for NHRs under SLTDA. During Nov-2022 ICT Department further launched the Credit Card payment mechanism also embedded into the website. Now you can check the availability of the rooms and rates and make a booking online.

15.Minutes No.16 – Project to construct a tourist center at Madurankuliya and 20 stalls on Dunhinda Ella Road

Tourist Center at Madurankuliya

As per the request made by Secretary, Ministry of Tourism from Chief Secretary of Provincial Council, that the project proposal of Madurankuliya Visitor Centre forwarded by Wayamba Development Authority to SLTDA with Ministry approval, accordingly the Board has granted approval on 23rd July 2015 to the proposal with an allocation of financial assistance of Rs. 15.0 Mn to Wayamba Province to construct a Visitor Facility Centre proposed in Madurankuliya. Expected outcomes were;

- Assist Domestic & International Visitors use Colombo - Puttalam Road
- Open avenue to the local community to share tourism benefits
- Visitor facility development with provinces on tourism routes.

SLTDA has paid Rs. 6.7 million by mid of 2017 considering the work progress recommended by the PCs. It was revealed in an inspection that the construction has been done with deviations from the approved plan. Wayamba Development Authority which implemented the construction work hasn't obtained approval from SLTDA and so the next payment was not released due to insufficient explanations. Despite the under-constructions, Chief Ministry of North Western Province along with the Wayamba Development Authority ceremonially opened the center. But the center is still closed due to the construction defects. The audit and Management Committee of the Ministry for the SLTDA session has decided to inform to North Western Provincial Council that SLTDA will not pay any more amount of 15Mn due to deviation of the approved plan.

As per the director General of Wayamba Development Authority, three defects were identified which are fixing of washroom fittings, at guest rooms, a water leak in the overhead slab, and rainwater flowing inside to the shop area with heavy rain. To rectify these defects, Wayamba Engineering Department of the province has done estimates. Meantime, a lessee has been selected to operate the full center soon after the above defects are fixed by the Wayamba Provincial Council. Rectification work is in progress.

1. Settle the outstanding once completing the defects and commencing the function after getting variation approvals.

Sales stalls at Dunhinda falls

After followed by a silence, Soranathota Pradeshiya Sabha claimed that they had no funds to complete the project on reimbursement basis. Therefore, on the request made by SLTDA, Uva Provincial Council agreed to complete the project under their supervision.

They have sent a proposal at a cost of Rs. 2.35 million. The Board granted their approval on the proposal. The SLTDA has already informed to Chief Secretary/Uva Provincial Council to implement this project.

Since the province could not find out a contractor with increasing prices levels and considering the long time period spent for this project, the Board decided to utilized the balance money to another development project.

16.Minutes No.17 - Investing money without Treasury approval

Treasury has given approval for Rs.500Mn and again send letter for the approval to Rs.750mn and also the total fund was transferred for the budgeted activities for the year of 2022.

17.Minutes No.18 - Failure to submit the information required for the audit

Finally, AMC chairman, Chief Internal Auditor- Ministry, Director Finance –SLTDA met with the directors of Public enterprises department of General Treasury and explain all facts then handed over the all relevant documents and the team has responded to clear the long term evidenced matter soon.

18.Minutes No.19 - Failure to settle deposits due for office rent abroad

After granting approval by the Board, a letter was sent to the Treasury for approval to write off these nonresidential overseas rent deposits. AMC meeting held on 12th July 2023 recommended to follow the PED 1/2021 (i) dated 16th May 2023 circular to write off these deposits. SLTDA started to take the required actions as guided in the circular

19.Minutes No.20 - Digital Nomads

Digital normads are not relevant to SLTDA but relevant to SLTPB. Since one Chairman served for all 4 institutions in 2021, SLTDA involved getting Cabinet approval

20.Minutes No.21 - Improving hotel school career programs

The “Way forward for Sri Lanka institute of Tourism & Hotel Management 2022-2026 and divisional plan & 2021 performance summary released on 01st January 2021 covering the public-private partnership and collaboration with foreign countries was submitted.



Harin Fernando

Minister of Tourism and Lands

