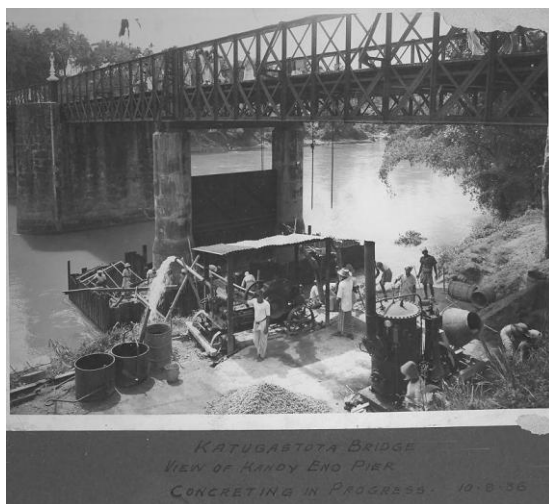


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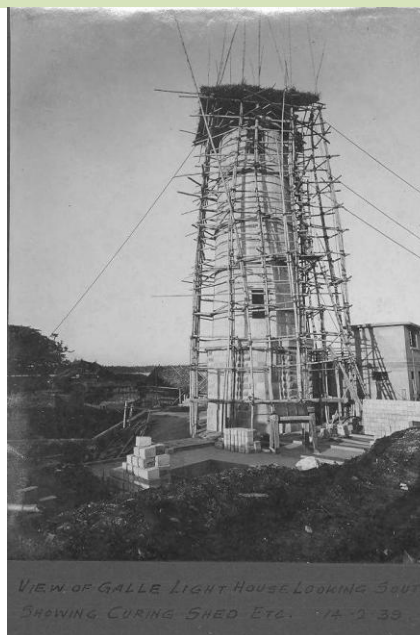
1. Introduction

Government Factory has been originally established as a sub department of Public Works Department in the year 1849 on Gas Workers Street, Colombo. It has been shifted to the present location close to the petroleum complex along the Dematagoda - Kolonnawa Road in 1928.



Bridges constructed by the Government Factory

During its formative years, it has contributed to the development of infrastructure facilities such as roads, bridges, irrigation systems and buildings and the activities of the Department have been handled by a large number of foreign engineers.



A lighthouse constructed by the Government Factory

With the breaking up of the Public Works Department into Highways and Buildings Departments from 1969, followed by the creation of the Territorial Civil Engineering Organization, the Government Factory became a Class "A" Department with effect from 01/10/1971.

Once the Government Factory became a Class "A" Department, Functions of the Factory has been operated under Advance Accounts of the General Treasury to provide mechanical engineering support services to public sector institutions.

From time to time, the Government Factory has been attached to the Ministry of Lands and Land Development, Ministry of Housing & Construction & Public Utilities, Ministry of Housing, Construction and Estate Infrastructure Facilities, Ministry of Housing, Construction and Engineering Services and currently it is under the purview of the Ministry of Housing and Construction.

As of now, the Department of Government Factory is the market leader of the country in the fabrication and installation of water management gates. In recent times, water management gates of almost all mega irrigation projects initiated by the Irrigation Department were fabricated and installed by the Government Factory Department. Weheragala, Deduru Oya, Per aru and Rambaken Oya are some of the examples.

As the products and services in the field of mechanical engineering are carried out by the Government Factory under the work advance and stores advance accounts

system, this Department can be termed as a unique department that handles commercial activities of the public sector.

The Department has to earn Rs 15 million monthly from its customers for the payment of salaries of departmental officers and workers deployed for production and maintenance activities as treasury provisions are not provided for this purpose.

In line with the Sri Lanka Standards Policy, the Department secured ISO 9001:2008 international quality management system in the year 2013. Subsequent to the efforts made by the Department to secure this certificate, the efficiency of the Department could be improved and it also led to a growth in our consumer services.

2. Vision and Mission of Department

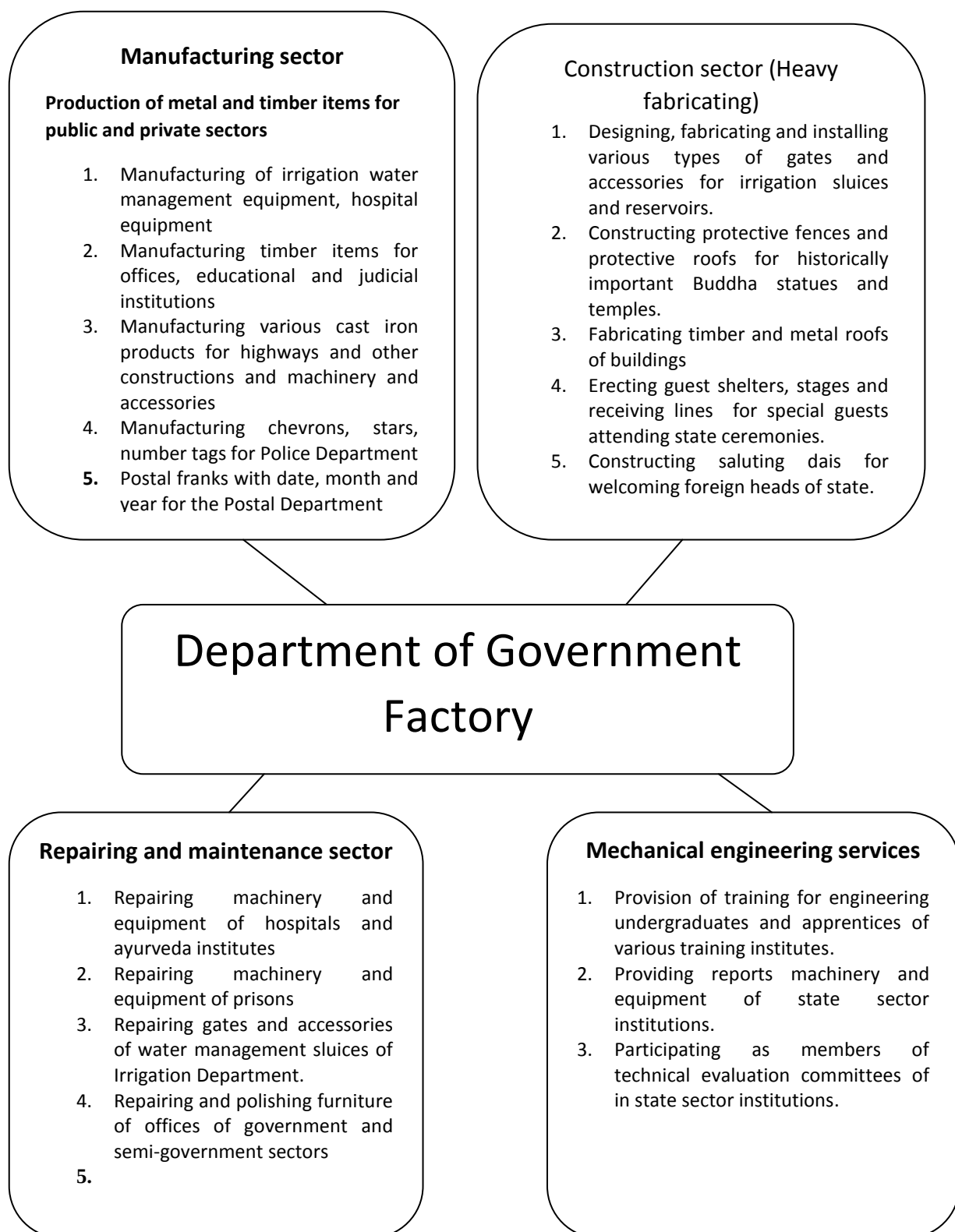
Vision

“Develop customer services, both internal and external, to the highest quality in keeping with global trends.”

Mission

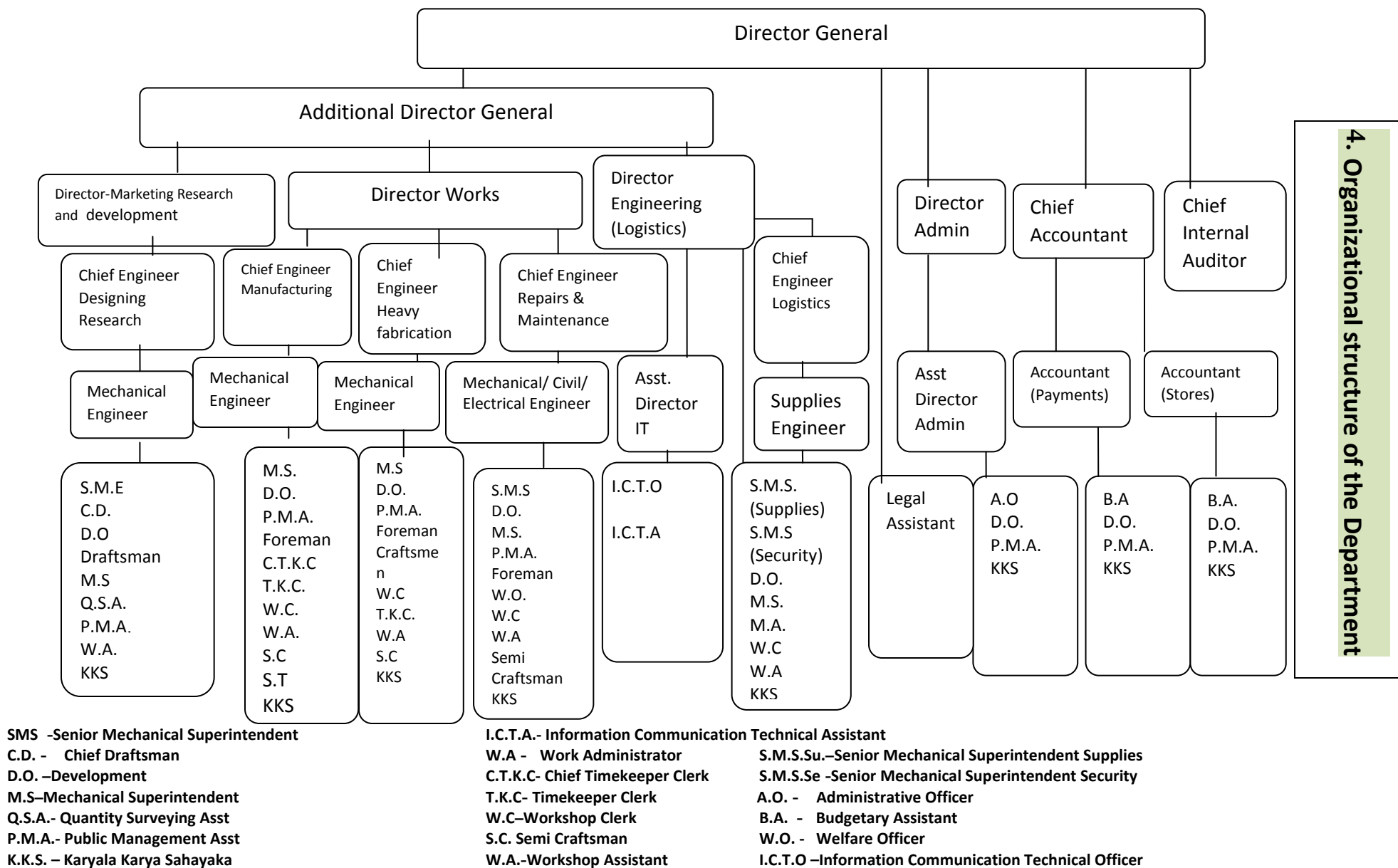
“Provision of practical training on mechanical engineering products, works, services, solutions and workshop training in mechanical engineering for tradesman, technicians, undergraduates, craft apprentices and mechanical engineers.”

3. Main subject areas of the Department



3.1 Main manufacturing activities and services offered at present

- Manufacturing hospital equipment and tools
- Radial Gates, Stop Log Gates, Sluice Gates and any kind of gates for water management purposes
- Cast iron products (manhole frames and covers, water management equipment)
- Furniture and other wooden products
- Road barriers and signs
- Mechanical sirens, postal franks with years, months and dates
- Screen printing, digital printing, notice boards, carvings and related services and embossing
- Powder coating and mechanical painting
- All types of partitioning work, fabricating aluminum doors and windows
- Wall paneling and cutting,
- Boring, drilling welding work and smithy work
- Heavy fabricating work, light fabricating work and smithy work
- Installing machinery
- Machinery repairing work and service providing activities
- Electromechanical work
- Wiring and repairs
- Electroplating
- Providing necessary training for chartered mechanical engineering undergraduates
- Provision of training for engineering undergraduates and apprentices of various training institutes.



5. Approved cadre, vacancies and excesses

Description Position and Level	Service applicable	Approved cadre	Existing Cadre	No of vacancies
		Permanent	Permanent	-
Senior Level				
Director General	SLES	1	1	0
Additional Director General	SLES	1	0	1
Director	SLES	3	3	0
Chief Engineer	SLES	5	0	5
Director (Admin)	SLAS.	1	0	1
Chief Accountant	SL.AcS.	1	0	1
Chief Internal Auditor	SL.AcS.	1	0	1
Deputy /Assistant Director (Admin)	SLAS	1	1	0
Deputy Director /Assistant Director	SLICTS	1	0	1
Mechanical Engineer	SLES	11	9	2
Electrical Engineer	SLES	1	0	1
Civil Engineer	SLES	1	1	0
Accountant	SL.AcS..	2	2	0
Legal Officer	Departmental	1	0	1
Senior Level Total		31	17	14
Tertiary Level				
Administrative Officer	PMAS	1	0	1
Chief Draftsman	SLTS	1	0	1
Senior Mechanical Superintendent	SLTS	7	2	5
Information & Communication Technical officer	SLICTS	1	0	1
Tertiary Level Total		10	2	8

Secondary level				
Information & Communication Technical Assistant	SLICTS	6	0	6
Development Officer	DO Service	15	11	4
Legal Assistant	Associated Officer	1	1	0
Draftsman	SLTS	5	3	2
Mechanical Superintendent	SLTS	25	14	11
Electrical Superintendent	SLTS	1	0	1
Civil Superintendent	SLTS	1	0	1
Assistant Quantity Surveyor	Departmental	2	0	2
Computer Graphic Designer	SLICTS	1	0	1
Public Management Assistant	PMAS	60	42	18
Workshop Administrator	Departmental	35	24	11
Workshop Assistant	Departmental	21	11	10
Workshop Clerk	Departmental	12	6	6
Timekeeper Clerk	Departmental	12	7	5
Secondary Level Total		197	119	78
Primary Level				
Driver	Combined Drivers' Service	25	14	10
Karyala Karya Sahayaka	Office Employee Service	16	7	9
Sanitary Labourer	Departmental	6	6	0
Labour Craftsman (Grade I-I)	Departmental	254	147	107
Labour Craftsman (Grade I-II)	Departmental	157	50	77
Labour Semi Craftsman (Grade II)	Departmental		30	
Labourer Non Craftsman	Departmental	94	61	33
Tertiary Level Total		552	316	236
Grand Total		790	454	336

6. Budget estimate 2017

Head - 310

1st Project - General administration and staff services

2nd project - Manufacturing, fabricating, maintaining and repairing services

Expenditure	Value of estimates (Rs: Mn)	Expenditure (Rs: Mn)	Balance (Rs: Mn)
Recurrent	100.264	98.67	1.594
Capital expenditure	58.150	57.73	0.420
Total	158.414	156.40	2.014

Advance to Public Officers B Account

Description	As per estimates (Rs :Mn)	Expenditure (Rs Mn)
Maximum expenditure limit	38.000	38.66 *
Minimum credit limit	26.000	31.41 ●
Maximum debit limit	125.000	89.35

Remarks -:

*Approved by the Parliament on 25/05/2018(Letter No: BD/AC/ADAC/GEN dated 14/06/2017

● Difference between actual and estimated cost occurred due to debt of cross entries did not effect to the limit of the maximum estimate.

Stores advance account

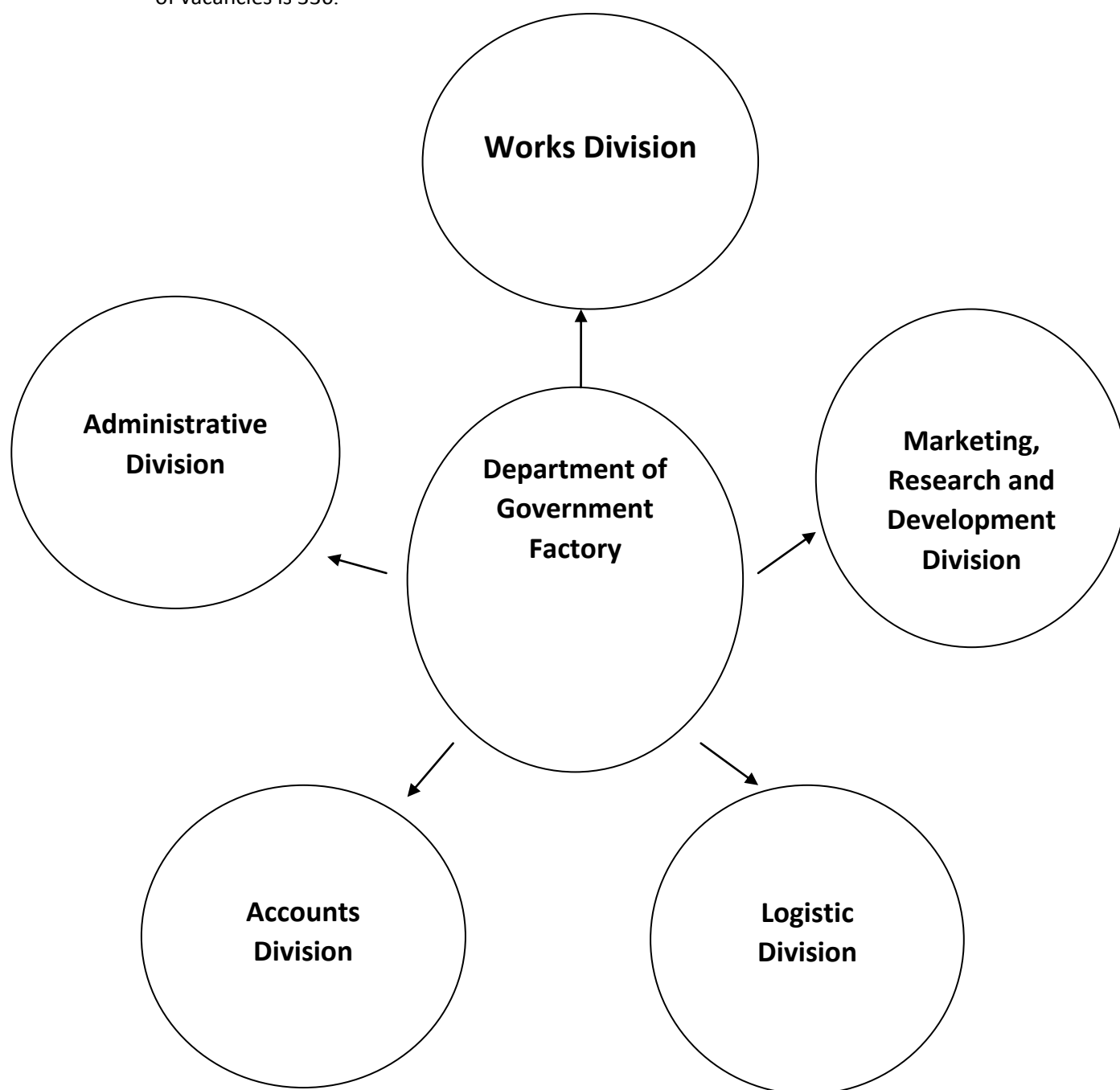
Description	Estimate (Rs :Mn)	Expenditure(Rs: Mn)
Maximum expenditure limit	160	186.02 *
Minimum credit limit	140	198.93 *
Maximum debit limit	65	20.43

Remarks -:

* The revised estimate has been approved by the secretary General of the parliament Date 25/05/2018

7. Divisions and structure of the Department

The line ministry to which the Department of Government Factory belongs is the Ministry of Housing and Construction. The Director General is the head of the Department. The approved cadre inclusive of the Additional director General is 790. The existing cadre is 454. The number of vacancies is 336.



7.1 Administrative Division

Key functions

- Human resource management of all officials of the department in line with the Establishments Code, Public Administration circulars issued from time to time and the orders of the Public Services Commission.
- Submitting reports on promotions, disciplinary matters, transfers and leave of departmental employees serving under island-wide service and the combined service to the appointing authority.
- Having formulated/ updated formal scheme of work for departmental services and submitting same for the approval of the Public Services Commission and handling appointments, promotions, internal transfers and disciplinary matters of such officers.
-

7.2 Works Division

The Works Division supplies produces and services of the Department of Government Factory. Generating income for the payment of salaries of the departmental staff and liaising with external parties for the attainment of objectives of the department are responsibilities of this Division. The key function of the division is to carry out all mechanical engineering work secured through competitive bidding and tendering procedures of state and private sectors or through orders placed by inquiries.

This division functions under the Director (Works) and there are 05 manufacturing workshops and two service workshops attached to the Division.

Its staff consist of mechanical engineers, mechanical superintendents, workshop administrators, management assistants, workshop assistants, workshop clerks and skilled/ non-skilled tradesmen.

• Major functions discharged by the Works Division

- ◆ Heavy fabrication works and products
- ◆ Repairing and modernization activities
- ◆ Timber products
- ◆ Engineering services

7.2.1 Heavy fabrication works and products

Designing, fabricating, installing and repairing radial gates, stop log gates, flap gates and other types of water gates ordered by the Department of Irrigation can be identified as the main work carried out by the Government Factory under heavy fabrication works and products.

As per the needs of the clients, different types of iron, steel, stainless steel, cast iron and timber are used as raw materials for fabricating these gates. At present 70% of works received by the Government Factory is related to the manufacturing of these gates.

All machinery, equipment and tools relevant to the process of manufacturing these water management gates belong to the workshop of the Government Factory and are used for performing metal works, cutting, boring, welding (inclusive of tig & mig), gas cutting, sand blasting and spray painting. Only the galvanizing is done through a recognized institution of the highest standard. For the quality inspection of welding of the products thus made, experienced supervisors recommended by the Sri Lanka Engineers' Institute are employed.

- ◆ Fabricating, installing, erecting, dismantling and repairing roof trusses for buildings are carried out by the heavy fabrication division.
- ◆ Erecting and installing shelters, stages and booths for special guests attending state ceremonies.
- ◆ Erecting receiving line for welcoming dignitaries from foreign countries
- ◆ In addition, hospital equipment, laboratory equipment and office equipment are manufactured.

7.2.2 Repairing and modernizing activities

- ◆ Construction of protective fences and protective roofs for historically important Buddha statues and temples.
- ◆ Repairing roofs of buildings.
- ◆ Repairing ballot boxes.
- ◆ Fabricating and installing gates in places of worship.
- ◆ Erecting decorative fences from brass and cast iron for government institutions and temples.
- ◆ Repairing gate fences

- ◆ Constructing and installing guard rooms.
- ◆ Polishing wooden furniture
- ◆ Fabricating tar boilers,, tar patching sets and relevant accessories
- ◆ Fabricating road signboards

7.2.3 Wood work products

- ◆ Making ballot boxes
- ◆ Fabricating office equipment
- ◆ Making court furniture for the Ministry of Justice
- ◆ Manufacturing household furniture
- ◆ Fabricating wooden water gates
- ◆ Polishing furniture and office equipment.

7.2.4 Engineering services

- ◆ Providing training for engineering graduates and apprentices of various training institutes
- ◆ Submitting reports for machinery and equipment of state sector institutions.
- ◆ Providing members for Technical Evaluation Committees.

7.3 Marketing Research and Development Division

This division carries out necessary activities to increase the sale of products of the Department through upgrading the production quality through promotional activities and introducing new products. This division functions under the Director Marketing, Research and Development. The marketing, estimates, research and planning designing units are under the purview of this division.

Major functions

- i. Designing water gates of reservoirs as per the requirements of clients.
- ii. Preparing estimates for the goods manufactured and services provided as per the requirements of clients and submitting tenders to external organizations.
- iii. Preparing and submitting estimates for services and products supplied as per internal and external consumer needs.
- iv. Preparing estimates of standard products and services at the beginning of the year and forwarding same to clients. .
- v. Responding immediately to requests made by clients. (Through E-mail, Fax and telephone)
- vi. Preparing and submitting estimates as per requirements without delay employing the existing staff.

7.4 Logistic Division

The Logistic Division of the Department of Government Factory comprises following units.

- Supplies Unit
- Information Technology Unit
- Security Unit
- Progress and Training Unit

The function of each unit is given below.

Having referred the local orders, stores orders and capital expenditure received by the Supplies Unit to the relevant procurement committee or the head of the department as per the procurement level, preliminary plans are drawn up and executed

to carry out work according to a procurement timetable.

Bids are called mainly under the market price comparison method and national competitive bidding.

Materials, goods and services amounting approximately to Rs. 10 million are procured monthly.

Information Technology Unit

The primary function of the information technology unit of the Department of Government Factory is to maintain and upgrade the computer network of the department. Nearly 150 computers are linked up to the network through which factory management software is operated.

Security Unit

The function of the security unit is to provide adequate security to the Department of Government Factory and inspect raw materials, products and tools taken out of the premises and ensure their return.

Training and Progress Unit

Training unit provides training to workshop employees of the Government Factory, engineering undergraduates and apprentices of various training institutes.

Its staff comprises mechanical engineers, a progress officer and a management assistant.

7.5 Accounts Division

The function of the Accounts Division is to organize and monitor all matters relating to the accounting of the provisions allocated annually to the Department of Government Factory from budgetary estimates and the receipts and payments of commercial activities operated by the Department of Government Factory and to be in charge of money and goods and to prepare and submit financial reports pertaining to above matters.

The main store and the timber store are maintained to ensure continuity of products and consumer services of workshops of the Department and store required raw materials

The staff of the division consists of a chief accountant, two accountants, a management assistant, development officers and a KKS.

8. Progress of the Department in the year 2017

8.1 Special activities carried out in 2017

8.1.1 Progress of the Administrative Division

Special functions

- Placing all officers in the correct salary scales in terms of PA Circular 03/2016.
- Submitting the cabinet paper for the absorption of employees belonging to PL category into MT salary scale.

- Getting approval for the posts of Legal Officer, Legal Assistant, Assistant Quantity Surveyor, Workshop Administrator, Workshop Assistant, Workshop Clerk, Timekeeper Clerk and primary tradesman, semi tradesman and non tradesman posts which are departmental posts.
- Getting the scheme of recruitment for the posts of workshop clerk/ workshop assistant/timekeeper clerk approved under MN1 salary code.

8.1.2 Progress of the works division

Fabricating and repairing water management gates and accessories

Alikota Aru Project

Fabricating and installing 03 radial gates, 04 sluice gates and 04 emergency gates

The above gates are to be installed at the Alikota Aru reservoir proposed to be constructed using water released from the Uma Oya Project. The 03 radial gates are being assembled as of now. The estimated amount is Rs 112.2 million.

Handapanagala Project

The estimated amount for the fabrication of 2 sluice gates and 2 emergency gates for the Handapanagala reservoir for carrying out development activities in downstream area of Uma Oya is Rs. 28.8 million and one sluice gate has already been fabricated and installed.

Uva Kudaoya Project

An order was received from the Department of Irrigation for the fabrication of a sluice gate and an emergency gate for the Kudaoya reservoir and necessary measures are being taken in that regard.

Deduru Oya project

Fabricating accessories required for the proposed Power House to be constructed under Deduru Oya project.

03 intake gates of the powerhouse have been fabricated and installed 03 stop log gates used in retaining water when repairs being effected to the intake gates too have been fabricated.

Three trash racks required for preventing logs and other debris from entering the reservoir too have been fabricated and installed. The estimated amount is Rs 23.4 million.

Himadurawa Project

For this project implemented by the National Water Supply and Drainage Board to provide drinking water to the people of the Ampara district, 03 stop log gates with the hoisting systems have been fabricated and installed. The total estimated cost of the project is Rs 23.4. Million.

Nachchaduwa project

Two cast iron sluice gates have already been installed at the Nachchaduwa tank in the Anuradhapura district. The total estimated amount for the project is Rs 20.50 million.

Rajanganaya project

An order was placed at the end of the year 2016 with the Department for the fabrication and installation of 15 radial gates under this project. Accordingly, all gates were fabricated during the year 2017 and 05 of them were installed at Rajanganaya. The total estimated expenditure of the project is Rs 202.2 million.

Thondaman Aru Project

A dam with sluice gates have been constructed in Thondaman Aru area for rain water harvesting for agriculture and irrigation and preventing sea water mixing there with as a solution to water problem in the Jaffna district. Under a World Bank funded project, an order was placed with the Government Factory to installed new gates and 18 gates were fabricated using stainless steel in the year 2017. The estimated cost of the project is Rs. 243.9 million.

Special services

- Preparing saluting dais and special shelter for VIPs at the National Independence Day Ceremony.
- Erecting special dais at the Presidential Secretariat for receiving foreign heads of state and foreign dignitaries.
- The sub contract for designing, fabricating and installing 03 radial gates and accessories of the newly constructed Pe-Aru reservoir in the Vavuniya district by the National Water Supply and Drainage Board for the dry zone surface water resources improvement and sanitation project funded by the Asian Development Bank was finalized. Contractor: BMG/KDAW Joint Venture.
- Construction of protective roofs for the long term existence and security of Avukana and Maligawila Buddha statues under the Ministry of National Heritage was completed.



Fabricating and installing 03 Nos radial gates for Morana



Fabricating and installing 02Nos radial gates and 01 cast iron gate for Kudaoya project, Uva



Fabricating and installing 15Nos radial gates for Rajanganaya project



Fabricating and installing 18 Nos gates for Thondaman Aru Project.



Fabricating and installing 03Nos radial gates for Alikota Aru – Wellawava Project



Fabricating and installing 02Nos sluice gates for Handapanagala Oya project.

8. 1.3 Progress of marketing, research and development division

- Designing 18 water control gates at Thondamanaru lagoon.
- Water gates at Thondamanaru lagoon and water gates at Rajanganaya are being designed and fabricated. New gates have been designed for Morana reservoir and Kuda Oya reservoir projects.
- Submitting tenders when competitive tenders are invited for government orders and for foreign funded projects
Example—fabricating and installing water gates of the Rajangana reservoir, fabricating and installing gates of the main canal of Morana reservoir- For these projects competitive bids were submitted to secure the work.
- 292 estimates were prepared and supplied for various workshop activities required for project related tasks.
- Fabricating and modernizing hospital beds, automating the embossing machine.
- Sending leaflets with details of goods and services and price lists to institutions.
- Participating in exhibitions.
- Preparing a handbook containing details of projects and products.

8.1.4 Progress of Logistics Division

- The supplies unit received 976 local orders, 119 stores orders and 81 capital expenditures in the year 2017. The progress of these orders is 73%, 65% and 88% respectively. The procurement value is Rs. 170.15 million.
- Information Technology Unit completed the maintenance work of the computer network and all computers connected thereto and the computer network has been extended to workshops and stores.
- The Security Unit has ensured the safety of personnel and property of the Department of Government Factory.
- The Training Unit has achieved the target for training employees. The progress achieved is 80%.

8.1.5 Progress of Accounts Division

Work done advance account

The turnover for the year 2017 is Rs. 437,681,106.51 and the net profit is Rs. 101,057,759.07 which is approximately 23% of the turnover.

Stores advance account

The value of supplies in the year 2017 is Rs. 167,847,539.74 and as per F.R. 501(a) stores advances expects neither profits nor losses.

9. Challenges and other obstacles

- Opportunity not being afforded to state institutions to submit competitive biddings for large-scale foreign funded projects and being compelled to such work through private institutions.
- Difficulty in competing with substandard and low priced goods in the market and inability to adopt marketing strategies and other marketing methods followed by private sector institutions.
- As raw materials and accessories required for mechanical engineering products and services are not readily available in the market, they have to be procured from foreign countries which cause inordinate delays in the procurement of raw materials and accessories. Delays are also caused as certain accessories cannot be practically planned and ordered.

(Sometimes samples have to be supplied)

- Continuous existence of vacancies in the technical and office staff and the absence of a mechanism for the timely filling of vacancies.
- Improving efficiency and production through the procurement of machinery equipped with new technology. Proposals to this effect have been submitted. .
- Optimizing administrative functions by installing a Enterprise Resource Planning software (ERP) .
- Since ISO 9001:2008 will lapse in the year 2018, ISO 9001:2015 has to be obtained and necessary action in this regard is being pursued.
- Absence of market standards for mechanical engineering construction services and products and absence of a regulatory institution to look into this matter.
- Not receiving payments due from state institutions for completed work within stipulated periods..

10.0 Steps to be taken for elevating performance to a higher level

10.1 Initiating measures to curtail expenditure through sound financial management at the institutional level.

10.2 Approval of the Cabinet of Ministers and the Department of Management Services has been received for the restructuring of the organization from 23.09.2016. By granting promotions to officers serving in the Department, a more efficient service can be obtained. Planning for the efficient and productive increase of performance by absorbing the workshop staff to technical levels taking into account their knowledge, skills and period of service.

10.3 Submitting project proposals for enhancing the work capacity of the institution. Necessary measures have to be taken to submit project proposals and plans have to be formulated for the introduction of a software for improving the enterprise resource management and efficiency.

10.4 Obtaining ISO 9001:2015 quality system certificate.