



Ministry of Ports & Shipping

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Introduction

The ports and shipping is a vital facet of economic development of the country which connects Sri Lanka to the global supply chain and thereby infiltrates into the global market. As Sri Lanka is located strategically and competitively closer to East-West shipping route in the middle of the Indian Subcontinent, the country has the potential to be developed as the main logistic hub in the South Asian region.

To overcome this potential Ministry of Ports and Shipping is adopting policy decisions and monitoring all the development and administration activities of Merchant Shipping Secretariat, Sri Lanka Ports Authority and Ceylon Shipping Corporation which are coming under the purview of this Ministry. Furthermore it is aiming to assist the country's economic growth.

Sri Lanka Ports Authority is one of the main institution comes under the purview of the Ministry of Ports and Shipping. Colombo Port is in place of main port of Sri Lanka, implementing as a major Commercial Port. In addition to Colombo Port, five other ports namely Hambantota, Galle, Trincomalee, Olivil and Kankasanthurai enhance the connectivity.

In 2017, The Port of Colombo is ranked 23rd place in the list of the 30 best ports of the world as the World Shipping Council rankings and Sri Lanka Ports Authority has provided an excellent service to achieve that vision.

In addition, Port of Colombo has recorded the highest ever annual container throughput in the history during the year 2017. The total volume handled has reached 6,209,068 Twenty Equivalent Units (TEUs) reflecting an increase of 8.3% as against the previous year's corresponding volume that is 5,734,923 TEUs. Transshipment container volume and the domestic volume has also recorded an increase by 8.8% and 6.4% in year 2017.

The Concession Agreement for the Port of Hambantota was signed on 29th July 2017, between the Sri Lanka Ports Authority, Government of the Democratic Socialist Republic of Sri Lanka, China Merchants Port Holding Company Ltd, Hambantota International Port Group (Pvt) Ltd, and Hambantota International Port services Company (pvt) Ltd. The main objectives and expectations of signing this Agreement are to bring up foreign investment to Develop Hambantota Port and Industrial Zone and to overcome the loan settlement issue which granted loan for Hambantota development Project from Government of China.

Merchant Shipping Secretariat (MSS) functions as the focal point of the "International Maritime Organization" (IMO) in Sri Lanka. Furthermore, Sri Lanka is a party to the International Convention on Standards of Training, Certification and Watchkeeping (STCW), 1978, as amended and the MSS has the responsibility to implement the said Convention in Sri Lanka.

In year 2017, income of the MSS is more than Rs. Mn 110 by issuing the license and certificates. To enhance the performance of the issuance of license and certificates and also day to day activities, MSS has developed a new IT system and at the end of the year of 2017 it was in final stage.

Ceylon Shipping Corporation Ltd. (CSCL) is the oldest national carrier of Sri Lanka and helped many non-traditional export produces to enter global markets. The two dry bulk vessels, Mv. Ceylon Breeze and Mv. Ceylon Princess which owned to the Ceylon Shipping Corporation (CSC)

carried 0.49MnMT coal in 2017, out of the total quantity of 1.84MnMT which imported by Ceylon Electricity Board. CSC also offered Maritime training opportunities on their two ships for 68 Cadets who had completed the theory phases of their academic programs from the University of Moratuwa and the Institute of Engineering & Technology (IET) of Katunayake, Cadets from the Colombo International Nautical & Engineering College (CINEC) and Mercantile Seaman Training Institute Ltd., during the year. Sri Lanka Government expended Rs.28,756,030.97 for their allowances and other expenditure.

This Annual Performance Report 2017 of the Ministry of Ports & Shipping is prepared according to the requirements of the Treasure Circular No: 402 of 12th September 2002

Section I

Produces General Information, Overall Physical and Financial Performance of the Ministry.

Section II

Produces Detailed Physical and Financial Performance of following Institutions under the purview of the Ministry during the year of 2017.

- Merchant Shipping Secretariat
- Sri Lanka Ports Authority
- Ceylon Shipping Corporation

Message from the Hon. Minister



In retrospect 2017 was a year of notable achievements. With prudent decisions we could revitalize port and shipping sectors in last year. We managed to successfully tackle many obstacles impeding the growth of this sector during the year.

Sri Lanka Ports Authority of this Ministry is one of the leading public enterprises of the country. Handling bulk of domestic cargo and a sizeable volume of transshipment cargo the SLPA is at the fore front of national economic drive. SLPA extends its' services to international clientele for whom prompt decisions, efficient and reliable services are core values. On the other hand SLPA as a public sector organization has to perform within the rigorous government regulatory framework. To direct a public body to serve international clients within public norms is a challenging task. In this context SLPAs' outstanding achievements in 2017 reflects the performance of my Ministry.

Whilst crossing for the first time the 6 million TEU land mark in container handling the port sector recorded 8.2% increase over previous year. Also for all types of cargoes on tonnage basis, port sector crossed 90 million mark with an equally comparable 8.5% growth in the year. Although there was a drop in ship arrivals, there was a notable increase in post-panamax class ships, showing credence to deep draft facilities in the Colombo Port.

The Concession Agreement for the Port of Hambantota signed in July 2017, secured stake holder participation in commercialization of the Port, which otherwise was operating below the capacity until then. Port sector already had two previous PPP initiatives of private sector participation in public sector service delivery in SAGT and CICT. The latest Hambantota PPP recorded the single largest foreign investment in Sri Lanka of US \$ 1.12 Billion.

The Ceylon Shipping Corporation of this Ministry is also a leading public enterprise of Sri Lanka established to operate services for transport of goods, mail and passengers by sea and carry on related business. It owns two bulk carriers; Ceylon Breeze and Ceylon Princess, both 63000 DWT bulk carriers transporting coal for Lakvijaya Power Plant. Coal lightering, cargo logistics services and NVOCC and maritime training are its' core business activities.

CSC recorded notable growth in core functions during the year.

The Merchant Shipping Division of the Ministry is the governments regulatory arm for the functions of ship agent licenses, ship registration and safety of life and property at sea. Earning Rs. 110 million to national coffers this secretariat performed within expectations.

Mahinda Samarasinghe (MP)
Minister of Ports and Shipping

Message from the Hon. Deputy Minister

The Year 2017 was a Year of Success...



The year 2017 could be known as a triumphant year that could observe the success of the decision taken by the Ministry in the year 2015 and 2016. I believe that this success will support us to convince our target of achieving the Sri Lanka Ports Authority as a Major Exchange Center of the Global Shipping Sector in the year 2020.

The main institution under our Ministry is the Sri Lanka Ports Authority (SLPA). It was an issue for the Sri Lanka Ports Authority to pay loan installments obtained for the constructions of the Hambantota Magampura Port. It was able to ease the heavy debt burdens imposed on the SLPA, under the sponsorship agreement made with China Merchant Port Holdings Pvt Ltd. As a result of this debt burden, the balance of the money could be utilized for the development of the other sections of the SLPA. In particular, it has been able to invest in accelerating the construction of the East Terminal. It is with great pleasure that the Hon. Minister decided to grant the salary

increments to the employees of the SLPA, using these funds.

The successful operation of the container is a key task of the Port. It is a pleasure that, the Sri Lanka Ports Authority was able to operate over 6.2 million container operations, at the end of December 2017. This is recorded as an increase of 8.32 percent, compared with the year 2016.

Our intention is to develop the Galle Port as a tourist port due to the attractive location of Galle Port. I believe that huge number of tourists will be able to attract through the construction of a sailing yacht. It is a necessity to develop Galle Port as a tourist port to promote the tourism sector in the Galle and the surrounding areas. Currently, the Galle Port earns a considerable income through landing raw materials for cement production in to the Galle Port. The landing of raw materials for the production of cement and related activities are completely made via environmentally friendly procedure. It will not prevent the development of the Galle Port as a tourist port.

The Chairman of the Sri Lanka Ports Authority has prepared a three year plan for the development activities of the SLPA on the instructions of the Hon. Minister. I believe that in the course of this three year action plan, the development activities will implement in a more dynamic and fast manner.

The Director General's Office of the Merchant Shipping is considered as another major institution under the Ministry. This division has managed to reach the service of contracted mariners into very high level, in the year 2017. The progress has been also made in issuance of certificates for sailors in different grades and have also been successfully made the issuance of licenses. It is pleasure to note that this sector has earned over Rs. 110 million during last year through these services.

The ships Ceylon Breeze and Ceylon Princess owned by Ceylon Shipping Company Limited are extremely successful in transporting coal to Lakwijaya Power Station in Kalpitiya. During the period of inaccessible on transporting coal, these two ships earned significant income by provid-

ing it's service for the transportation of fertilizers and other goods. According to figures, the income earned from coal transportation has increased by 46% in year 2017 compared to year 2016. Further, I observe other important aspects of these ships are as providing necessary training to youths trained as sailors in naval training institutions related to the maritime field.

It is my belief that we will be able to achieve the targets set out in 2018 with the progress and valuable experience achieved in year 2016, 2017. For this purpose, I friendly expect the support of the entire Ministry officials in this regard.
Thank you.

Nishantha Muthuhettigama (MP)
Deputy Minister of Ports and Shipping

Message from the Secretary



I am very pleased to issue a message to the Performance Report – 2017, as the Secretary of the Ministry of Ports and Shipping. I am humbly delighted to be able to lead Sri Lanka Ports Authority, Ceylon Shipping Cooperation Ltd and the Merchant Shipping Secretariat coming under the purview of the Ministry in year 2017, with the direction and guidance of Hon. Minister and Hon. Deputy Minister.

Even though it is very challenging to reduce the cost of a institution under current economic conditions, but it is appreciated that the Sri Lanka Ports Authority has reduced the expenditure of Colombo Port in the year 2017 by 8.6%, compared to year 2016. Similarly, Sri Lanka Ports Authority has generated total profit of Rs.13.3 billion and it is an improvement of 3.5% compared to last year. In the year 2017, container handling surpassed 6 million, and it is an another achievement of Colombo Port, shown an increase of 8.3% over the year 2016. As a result, the SLPA employees'

salaries and allowances could be increased by Rs.10,000, which is a significant achievement of the SLPA employees.

I am honored and appreciated the contribution made by the Merchant Shipping Secretariat as the Maritime Management Authority in Sri Lanka and as the overall responsibility for the monitoring of the maritime affairs. The major task of the Merchant Shipping Secretariat is to implement state policies on safe marine interaction; maritime registration of mariners, maritime education, training, accreditation of certificates, registration of ships under Sri Lanka flag, issue annual permits for shipping agents, operators of terminals, ship owners, common transporters non other than craft operators, etc. These services also reflect the contribution made by the institution to the Sri Lankan economy, by earning more than Rs. 110 million in year 2017. It is also important to evaluate the experience gained by this organization through the use of information and communication technology to safeguard and ensure quality of Seafarers certificates of quality and to issue continuous release certificates.

The Ceylon Shipping Corporation Ltd is functioning as a shipping and transport partner in our thermal power generation unit as a energy / coal supplier. The Cooperation was able to contribute to save foreign exchange in the country in 2017, through the payment of dues in the country's state import process under FOB Basis.

Sri Lanka's naval workforce has been strengthened by providing training opportunities to 68 cadet trainees who have been trained at the state and private maritime schools by using two ships Ceylon Bridges and Ceylon Princess and it would be appreciated.

I take this opportunity to extend my gratitude to the Hon. Mahinda Samarasinghe, the Minister of Ports and Shipping, and the Hon. Nishantha Muthuhettigama the Deputy Minister, for encouraging us via

proper guidance and instructions in order to achieve all these achievements. I would like to thank all the Head of Institutions, as well as officials, the staff including Ministry officials who assisted in order to obtain these achievements.

L.P. Jayampathy
Secretary
Ministry of Ports and Shipping

Content

| | Page Number |
|-----------------------------------|--------------------|
| Section I | |
| 1. Ministry of Ports and Shipping | 307 |
| Section II | |
| 1. Merchant Shipping Secretariat | 329 |
| 2. Sri Lanka Ports Authority | 341 |
| 3. Ceylon Shipping Corporation | 371 |
| 4. Annexures | 387 |

List of Tables

| | Page Number | |
|----------|--|-----------|
| Table 01 | Carder information of the Ministry of Ports and Shipping | 313 |
| Table 02 | Carder information (as at 31st December 2017) – Administrative Division | 315 |
| Table 03 | Foreign Training | 317 |
| Table 04 | Local Training | 317 |
| Table 05 | Carder information (as at 31st December 2017) – Accounts Division | 318 |
| Table 06 | Expenditure Report 2017 – Minister’s Office | 319 |
| Table 07 | Expenditure Report 2017 – Administration and Establishment Services | 320 |
| Table 08 | Expenditure Report 2017 – Merchant Shipping Secretariat | 321 |
| Table 09 | Carder information (as at 31st December 2017) – Audit Division | 322 |
| Table 10 | Carder information (as at 31st December 2017) – Planning and Development Division | 322 |
| Table 11 | Main Functions of Planning and Development Division in the year 2017 | 323 |
| Table 12 | Progress of the development Projects | 324 - 325 |
| Table 13 | Number of Seafarers (Signed On) | 334 |
| Table 14 | Number of Seafarers (Signed Off) | 334 |
| Table 15 | Number of Continuous Discharging Certificates (CDC) issued | 335 |
| Table 16 | Certificates – Navigation Section | 335 |
| Table 17 | Certificates- Engineering Section | 336 |
| Table 18 | Annual Lisence Issued For Shipping Agents (Annual/ Vessel–wise), Container Operators and Freight Forwarders | 336 |
| Table 19 | Licenses Issued Under VGM Certification 2017 | 337 |
| Table 20 | Income Statement of Merchant Shipping Secretariat | 337 |
| Table 21 | Human Resource Development | 338 |
| Table 22 | Magam Ruhunupura Mahinda Rajapakse Port Development Project – Phase II (Construction Progress) | 348 |

| | Page Number |
|----------|---|
| Table 23 | Magam Ruhunupura Mahinda Rajapakse Port Development Project – Phase II (Financial Progress) 349 |
| Table 24 | Bunkering Facilities and Tank farm Project(Financial Progress) 349 |
| Table 25 | Widening of Internal Port Road in Port of Colombo – Projects (Completed) 351 |
| Table 26 | Widening of Internal Port Road in Port of Colombo – Projects (Ongoing) 352 |
| Table 27 | Widening of Internal Port Road in Port of Colombo – Projects (In Planning Stage) 352 |
| Table 28 | Paving works and yards, terminals in Port of Colombo – Projects (Completed) 353 |
| Table 29 | Paving works and yards, terminals in Port of Colombo – Projects (Ongoing) 354 |
| Table 30 | Paving works and yards, terminals in Port of Colombo – Projects (In Planning Stage) 354 |
| Table 31 | Port of Colombo – Ship Arrivals 356 |
| Table 32 | Port of Colombo- Container ship arrival by terminals 357 |
| Table 33 | Port of Colombo- Container throughput (TEUs) 357 |
| Table 34 | Port of Colombo- Container (TEUs) handled by 357 |
| Table 35 | Port of Colombo- Cargo Discharged (Tonnes) 358 |
| Table 36 | Port of Colombo- Cargo Loaded (Tonnes) 358 |
| Table 37 | Port of Colombo- Cargo Handled (Tonnes) 358 |
| Table 38 | Port of Colombo- Tonnage Handled by terminals 359 |
| Table 39 | Port of Colombo- Cargo Discharged by Main Commodity 360 |
| Table 40 | Port of Colombo- Cargo Loaded by Main Commodity 361 |
| Table 41 | Port of Colombo- Total Cargo Handled 361 |
| Table 42 | Port of Colombo- Vehicle Handling by Ro-Ro Ships 361 |
| Table 43 | Port of Colombo- Container Throughput (TEUs) by Terminal/ Quay 362 |

| | | |
|----------|---|-----|
| Table 44 | Port of Trincomalee – Ship Arrivals | 363 |
| Table 45 | Port of Trincomalee – Cargo Discharged (Tonnes) | 363 |
| Table 46 | Port of Trincomalee – Cargo Loaded (Tonnes) | 364 |
| Table 47 | Port of Trincomalee – Cargo Handled (Tonnes) | 364 |
| Table 48 | Port of Galle – Ship Arrivals | 365 |
| Table 49 | Port of Galle – Cargo Discharged (Tonnes) | 365 |
| Table 50 | Port of Galle – Cargo Handled (Tonnes) | 366 |
| Table 51 | Port of Kankasanthurai, Myliddy, Point Pedro And Karainagar – Ship Arrivals | 366 |
| Table 52 | Port of Kankasanthurai, Myliddy, Point Pedro and Karainagar – Cargo Discharged (Tonnes) | 366 |
| Table 53 | Port of Kankasanthurai, Myliddy, Point Pedro And Karainagar – Cargo Loaded (Tonnes) | 366 |
| Table 54 | Port of Kankasanthurai, Myliddy, Point Pedro And Karainagar – Cargo Handled (Tonnes) | 367 |
| Table 55 | Magam Ruhunupura Mahinda Rajapakse Port – Ship Arrivals | 367 |
| Table 56 | Magam Ruhunupura Mahinda Rajapakse Port – Cargo Discharged (Tonnes) | 367 |
| Table 57 | Magam Ruhunupura Mahinda Rajapakse Port – Cargo Loaded (Tonnes) | 367 |
| Table 58 | Magam Ruhunupura Mahinda Rajapakse Port – Cargo Handled (Tonnes) | 368 |
| Table 59 | Magam Ruhunupura Mahinda Rajapakse Port – Vehicles handling by Ro Ro Ships | 368 |
| Table 60 | All Ports - Total Operations | 368 |
| Table 61 | Financial Performance Year Ended 2017 and 2016 – Sri Lanka Ports Authority | 369 |
| Table 62 | Voyage details of MV. Ceylon Breeze in year 2017 | 376 |
| Table 63 | Voyage details of MV. Ceylon Princess in year 2017 | 377 |

| | | |
|----------|--|-----|
| Table 64 | Number of Cadets Undergoing Training On Board as at 31st December, 2017 | 379 |
| Table 65 | Revenue Comparison of Ongoing Functions Year 2016 and 2017 | 380 |
| Table 66 | Physical and Financial Performance of CSC Ongoing Functions in Year 2017 | 382 |
| Table 67 | Cargo Handling Performance 2017 | 383 |
| Table 68 | Revenue (Actual Vs. Targets) – form 01.01.2017- 31.12.2017 | 384 |
| Table 69 | CSC Net Profits/ Loss after Tax Year 2016 and 2017 | 385 |



Section I

01. Ministry of Ports and Shipping

Vision

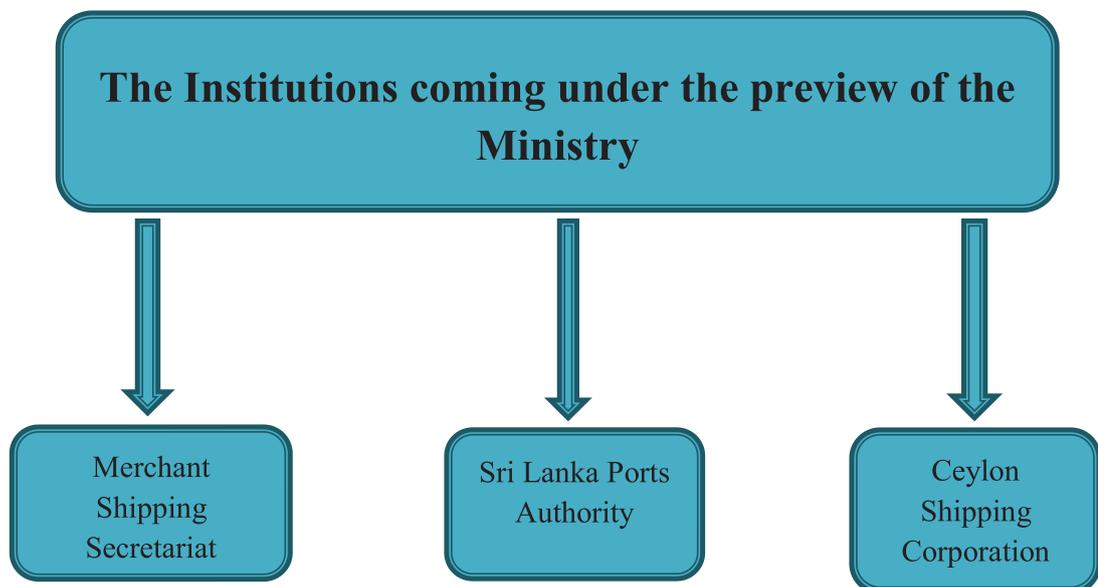
“Provision of high quality and user-friendly Marine services by developing Sri Lanka as the most competitive hub maritime activities in the South Asian Region”

Mission

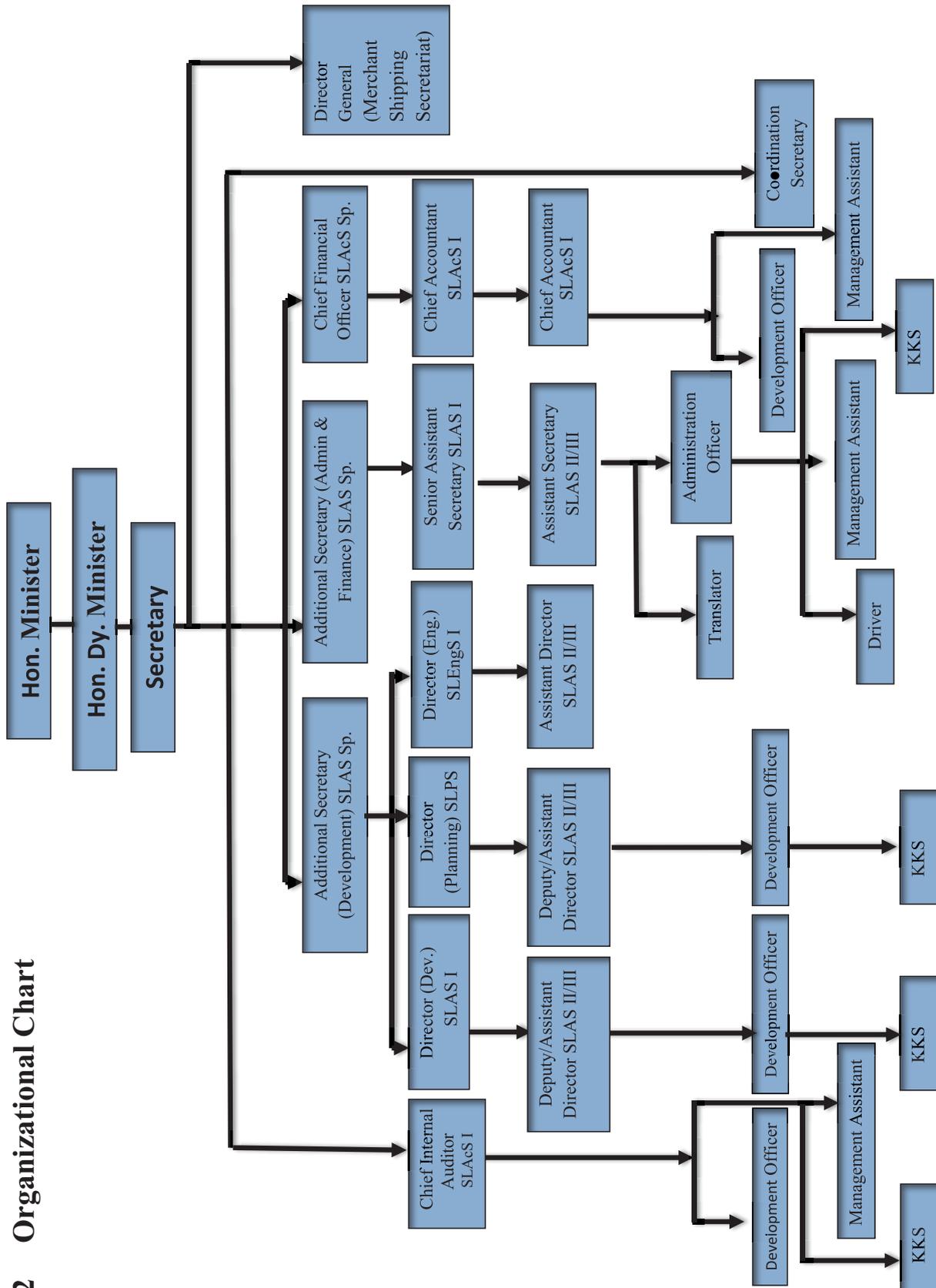
“Formulation of a more appropriate policy framework and an efficient mechanism that will lead to the provision of competitive and qualitative port and shipping services in order to fulfill the local and international requirements in the field of maritime activities for national economic development”

1.1 Functions

- Coordinate and monitor the development programmes & projects, implemented by Institutions under the purview of the Ministry of Ports and Shipping.
- Introduce new operation criteria, with a view of providing a better service to clients relevant to Port and Nautical activities.
- Formulate an effective mechanism for implementation of national policy on Ports and Shipping activities.
- Make available a highly effective and business friendly regulatory and monitoring system for service suppliers such as shipping agents, container deport operations, travel agents and others.
- Introduce a legal framework, to provide better services to the users of Ports and Shipping.



1.2 Organizational Chart

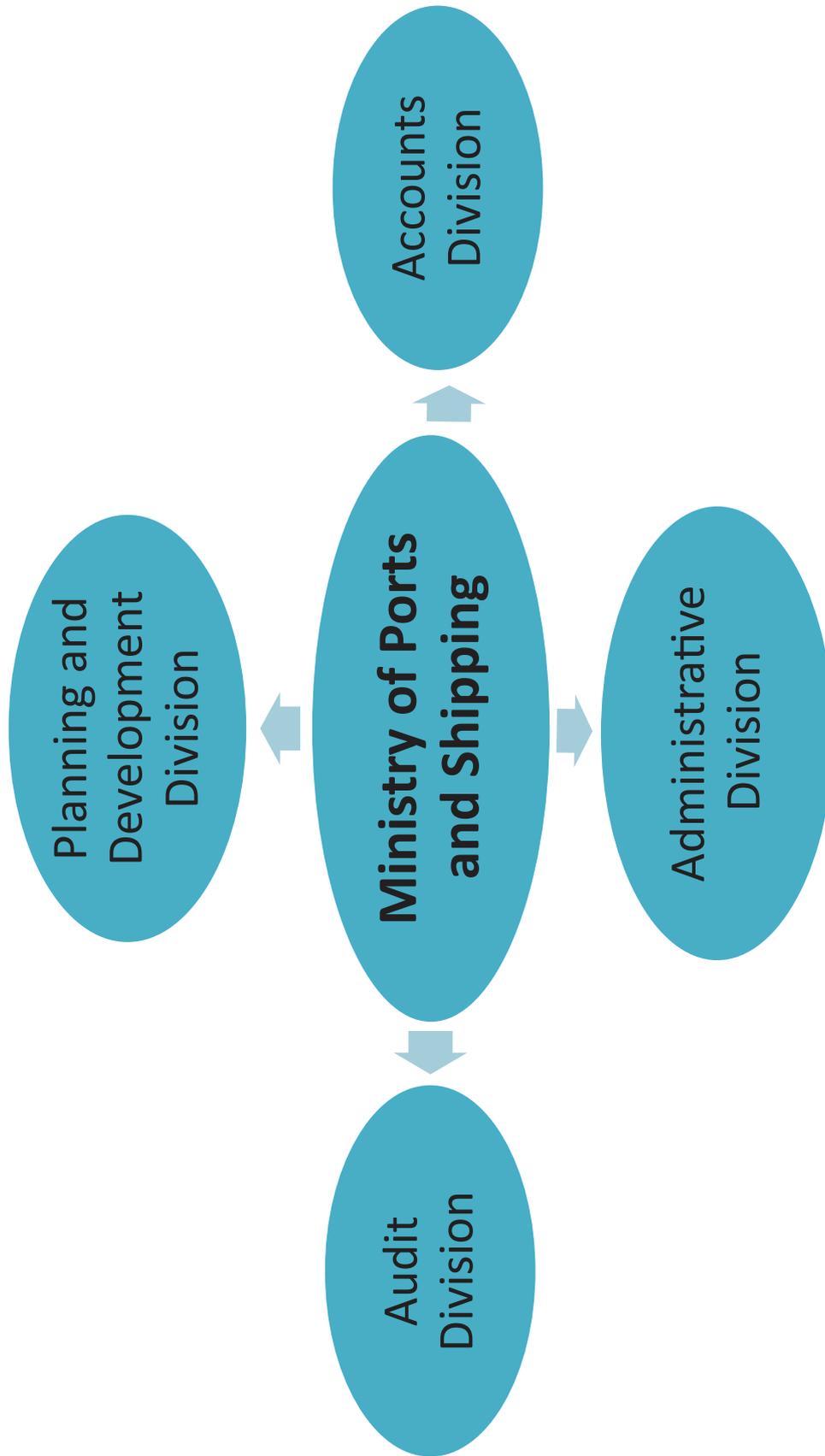


1.3 Carder information of the Ministry of Ports & Shipping

Table 1

| Designation | Service | Grade | Salary Code | Service Level | Approved Carder | | Existing Carder | | Vacancies |
|--|----------|-------------------|------------------|---------------|-----------------|--------|-----------------|--------|-------------|
| | | | | | Permanent | Casual | Permanent | Casual | |
| Secretary | SLAS | Special | SL 4 | Senior | 01 | | 01 | | - |
| Additional Secretary (Admin & Finance) | SLAS | Special | SL 3 | Senior | 01 | | 01 | | - |
| Additional Secretary (Development) | SLAS | Special | SL 3 | Senior | 01 | | 01 | | - |
| Chief Financial Officer | SLAcS | Special | SL 3 | Executive | 01 | | 01 | | - |
| Senior Assistant Secretary | SLAS | I | SL 1 | Executive | 01 | | 0 | | - |
| Director (Development) | SLAS | I | SL 1 | Executive | 01 | | 01 | | - |
| Director (Planning) | SLPS | I | SL 1 | Executive | 01 | | 0 | | 01 |
| Chief Accountant | SLACS | I | SL 1 | Executive | 01 | | 01 | | - |
| Chief Internal Auditor | SLACS | I | SL 1 | Executive | 01 | | 01 | | - |
| Director (Engineering) | SLES | I | SL 1 | Executive | 01 | | 0 | | 01 |
| Assistant Secretary | SLAS | III/II | SL 1 | Executive | 01 | | 01 | | - |
| Accountant | SLACS | III/II | SL 1 | Executive | 01 | | 0 | | 01 |
| Deputy/ Assistant Director (Development) | SLAS | III/II | SL 1 | Executive | 02 | | 0 | | 02 |
| Deputy/ Assistant Director (Planning) | SLPS | III/II | SL 1 | Executive | 01 | | 01 | | - |
| Administrative Officer | PMAS | Supra | MN 7 | Tertiary | 01 | | 0 | | 01 (Acting) |
| Translator | TS | II/I | MN 6 | Tertiary | 01 | | 01 | | - |
| Development Officer | DFS | | MN 4 | Secondary | 10 | | 10 | | - |
| Secretary's Co. Secretary | Contract | | 22,500/- monthly | | 01 | | | 01 | - |
| Management Assistant | PMAS | III/II/I | MN 2 | Secondary | 24 | | 11 | | 13 |
| Drivers | DS | III/II/I/ Special | PL 3 | Primary | 13 | | 10 | | 03 |
| KKS | OES | III/II/I/ Special | PL 1 | Primary | 12 | | 09 | 02 | 01 |
| Video Cameramen | | | 14,425/- | | | | | 01 | - |
| Photographer | | | 14,425/- | | | | | 01 | - |

1.4 Main Divisions of the Ministry of Ports and Shipping



1.5 Special Functions Implemented by Main Divisions of the Ministry within the Year 2017

1.5.1 Administrative Division

1.5.1.1 Carder Information (as at 31st December 2017)

Table 2

| Designation | Approved Carder | Existing Carder | Vacancies / Excess |
|---|-----------------|-----------------|--------------------|
| Additional Secretary (Admin. & Finance) | 1 | 1 | - |
| Senior Assistant Secretary | 1 | 1 | - |
| Assistant Secretary | 1 | 1 | - |
| Legal Officer | 1 | - | (1) |
| Administrative Officer | 1 | - | (1) |
| Language Translator | 1 | 1 | - |
| Development Officer | 1 | 2 | 1 |
| Management Assistant | 15 | 6 | (9) |
| Office Assistant | 6 | 5 | (1) |

1.5.1.2 Main functions implemented by Administrative Division in the year 2017

D) Legal and Judicial Activities

Action has been taken in relation with 29 cases forwarded by Attorney General's Department regarding the issues arisen in fulfilling task devolving to the Ministry as per the instructions obtained from Attorney General Department.

ii) Issuing Vehicle Import Permits

According to the Trade and Investment Policy Circular No. 01/2016 dated 14-07-2016, vehicle import permits on Concessionary Terms have been issued for 30

officers in Sri Lanka Ports Authority, 01 officer in Ceylon Shipping Corporation Ltd and 02 officers in the Ministry.

iii) Registration for Widows' and Orphans' Pension Fund (W&OP)

In the year 2017, 39 officers have been registered online for Widows and Orphans Fund (W & OP).

iv) Retirements

Two officers of the Ministry have retired and necessary steps have been taken to get their pension immediately.

v) Parliamentary Questions expected Verbal Answers

Prepare background reports for oral answers given by Hon. Minister for the questions asked by Hon. Members of the Parliament pertaining to the scope of the Ministry.

9 questions have been asked by Hon. Members of the Parliament in the year 2017 and 6 questions have been answered.

vi) Activities regarding the Committee on Parliamentary Public Petition

Perform and redress on complaints presented to the Committee by the officers of the Ministry of Ports and Shipping, other aligned Institutions as well as other stakeholders.

Answers have been submitted for 7 complaints received through Committee on Parliamentary Public Petition, in the year 2017.

vii) Activities related to the Human Right Commission

Investigate and provide recommendation for complaints received by the Human Rights Commission which is established under the Human Rights Act No. 21 of 1996. Also, examine the complaints, presented by various parties against to other government institutions as well as these Ministry and institutions under the purview of

the Ministry. Answers have been sent to Human Rights Commission for a complaint forwarded by Port Users' Associations Alliance in 2016.

viii) Trainings and Workshops

a) Special Workshops

- Have conducted three days workshop in Mahapola Training Institute on 14th, 15th and 16th December 2017 regarding the "Implementation of Official Languages Policy"
- Have conducted one day workshop on "Employee Motivation and Psychological Development" at Vijaya Resort Center, Kiriella, Rathnapura on 22nd December 2017.

b) Foreign Training

Table 3

| Serial No | Name of the Training | Country | No. of Officers Participated |
|-----------|--|----------|------------------------------|
| 01 | Port Management Workshop for Developing Countries | China | 05 |
| 02 | Second Meeting of the BIMSTEC Transport Connectivity Working Group (BTCWG) | Thailand | 01 |

c) Local Training

Table 4

| Serial No | Name of the Training Programme | The Institute that conduct Training Programme | No. of Officers Participated |
|-----------|--|--|------------------------------|
| 01 | Workshop on Public Procurement Procedures 28 th & 29 th July 2017 | Ministry of Skills Development & Vocational Training | 01 |
| 02 | Two days Workshop for Transport Officers – 25 and 26.08.2017 | Skills Development Fund | 01 |
| 03 | The Task of the Office Assistant for the Institutional Productivity | Construction Equipment Training Center | 3 |
| 04 | Foundation Course on Storage - 05 Thursdays starting from 07.09.2017 | Construction Equipment Training Center | 01 |
| 05 | Information and Communication Technology Survey of Public Service Managers | Ministry of Telecommunication and Digital Infrastructure | 01 |
| 06 | SLIDA Diploma in English 2017 1 ST Intake | Sri Lanka Institute of Development Administration | 01 |
| 08 | Workshop on Essentials of Procurement Management 2017.10.09,11 සහ 16 | Distance Learning Center Ltd | 01 |
| 09 | Speech craft Training with Toastmasters International for Additional Secretaries 2017.10.09 | Sri Lanka Institute of Development Administration | 01 |
| 10 | Certificate Course and Training Programme - 16 & 17.10.2017 on Office Management and Financial Regulations | National Institute of Labour Studies /Ministry of Labour and Trade Union Relations | 02 |
| 11 | Lecture on Good Governance and Role of the Public Service | Ministry of National Policy and Economic Affairs | 02 |
| 12 | Capacity Building for Service Excellence | Sri Lanka Institute of Development Administration | 05 |
| 13 | AAT Business School – Workshop on new Inland Revenue act 2017.10.19 | | 01 |
| 14 | Information Session on Foreign Training Programme | Department of External Resources | 01 |
| 15 | Lecture on cyber Security Talk | Ministry of National Policy and Economic Affairs | 02 |
| 16 | Preparation of Salaries and Financial Regulations for Public Sector | Miloda Academy | 02 |

1.5.2 Accounts Division

1.5.2.1 Carder Information (as at 31st December 2017)

Table 5

| Designation | Approved Cadre | Existing Carder | Vacancies |
|-------------------------|----------------|-----------------|-----------|
| Chief Financial Officer | 1 | 1 | - |
| Chief Accountant | 1 | 1 | - |
| Accountant | 1 | - | 1 |
| Development Officer | 4 | 4 | - |
| Management Assistant | 4 | 4 | - |
| Office Assistant | 2 | 1 | 1 |

1.5.2.2 Main Functions implemented by Accounts Division in the Year 2017

- Prepare budget estimates.
- Make Imprest Accounts and prepare cash flow statements, monthly imprest reconciliation reports by due date.
- Conduct banking operations and complete payments
- Pay employee salaries, overtime and other payments.
- Prepare Action Plan for the year 2017 related to Ministry and Cadre of the Ministry, according to the procurement guidelines, and supply management
- Complete stock verification by the due date
- Maintain fixed assets register.
- Prepare Financial Reports and advance account B
- Could achieved overall financial progress as follows in the year 2017. (Financial progress has been submitted in page no. 11, 12 and 13.)

Cadre of the Ministry - 94%
Administration and Establishment Services - 78%
Merchant Shipping Secretariat -81%
- Forward answers for audit inquiries (annexure 1)

1.5.2.3 Expenditure Report - 2017

Table 6

| PROGRAMME 1 – OPERATIONAL ACTIVITIES | | | | | | | |
|--------------------------------------|---|---------------------|--------------|-----------------------------------|-----------------------------|-----------------------------|------------------------|
| PROJECT 1 - MINISTER'S OFFICE | | | | | | | |
| Object Code | Category/Object Title | Estimate 2017 (Rs.) | FR 66 | Supplementary Estimate 2017 (Rs.) | Revised Estimate 2017 (Rs.) | Total expenditure 2017 (Rs) | Expend Percent age (%) |
| | Recurrent Expenditure | | | | | | |
| | Personnel Emoluments | | | | | | |
| 1001 | Salaries and Wages | 10,500,000.00 | 3,500,000.00 | - | 14,000,000.00 | 13,017,015.91 | 92.98 |
| 1002 | Overtime and Holiday Payments | 3,500,000.00 | 200,000.00 | - | 3,700,000.00 | 3,430,362.57 | 92.71 |
| 1003 | Other Allowances | 6,500,000.00 | 1,500,000.00 | - | 8,000,000.00 | 7,737,117.65 | 96.71 |
| | Travelling Expenses | | | | | | |
| 1101 | Domestic | 1,000,000.00 | 400,000.00 | - | 1,400,000.00 | 1,324,064.00 | 94.58 |
| 1102 | Foreign | 2,000,000.00 | 1,580,000.00 | - | 3,580,000.00 | 3,569,465.73 | 99.71 |
| | Supplies | | | | | | |
| 1201 | Stationery and Office Requisites | 2,400,000.00 | | - | 2,400,000.00 | 2,288,666.09 | 95.36 |
| 1202 | Fuel | 8,000,000.00 | (300,000.00) | - | 7,700,000.00 | 7,555,596.80 | 98.12 |
| | Diets and Uniforms | 200,000.00 | (15,000.00) | | 185,000.00 | 125,672.50 | 67.93 |
| | Maintenance Expenditure | | | | | | |
| 1301 | Vehicle | 4,000,000.00 | 400,000.00 | - | 4,400,000.00 | 4,397,448.73 | 99.94 |
| 1302 | Plant, Machinery and Equipment | 100,000.00 | | - | 100,000.00 | 29,183.50 | 29.18 |
| 1303 | Building and Structures | 100,000.00 | (100,000.00) | - | | | |
| | Services | | | | | | |
| 1401 | Transport | 800,000.00 | | - | 800,000.00 | 767,607.12 | 95.95 |
| 1402 | Postal and Communication | 2,600,000.00 | (300,000.00) | - | 2,300,000.00 | 2,115,493.54 | 91.98 |
| 1403 | Electricity and Water | 1,200,000.00 | (300,000.00) | - | 900,000.00 | 558,268.20 | 62.03 |
| 1404 | Rents and Local Taxes | 1,200,000.00 | (800,000.00) | - | 400,000.00 | 300,000.00 | 75.00 |
| 1408 | Other | 2,200,000.00 | 90,000.00 | - | 2,290,000.00 | 2,106,943.00 | 92.01 |
| 1409 | Services | 1,000,000.00 | (90,000.00) | - | 910,000.00 | 810,060.00 | 89.02 |
| | Transfers | | | | | | |
| 1502 | Retirements Benefits | 400,000.00 | 215,000.00 | - | 615,000.00 | 533,012.87 | 86.67 |
| | Total Recurrent Expenditure | 47,700,000.00 | 5,980,000.00 | - | 53,680,000.00 | 50,665,968.21 | 94.39 |
| | Capital Expenditure | | | | | | |
| | Rehabilitation & Improvement | | | | | | |
| 2002 | Plant, Machinery & Equipment | 300,000.00 | (200,000.00) | - | 100,000.00 | 29,325.00 | 29.00 |
| 2003 | Vehicle | 2,500,000.00 | 2,000,000.00 | - | 4,500,000.00 | 4,363,458.49 | 96.97 |
| | Acquisition of Capital Assets | | | | | | |
| 2102 | Furniture and Office Equipment | 1,000,000.00 | | - | 1,000,000.00 | 840,437.50 | 84.04 |
| 2103 | Plant, Machinery and Equipment | 1,000,000.00 | | - | 1,000,000.00 | 992,293.50 | 99.23 |
| | Total of Capital Expenditure | 4,800,000.00 | 1,800,000.00 | - | 6,600,000.00 | 6,225,514.49 | 94.33 |
| | Sub Total | 52,500,000.00 | 7,780,000.00 | - | 60,280,000.00 | 56,891,492.70 | 94.38 |

Table 7

| PROGRAMME 1 – OPERATIONAL ACTIVITIES | | | | | | | |
|---|---|-----------------------|-----------------------|-----------------------------------|-----------------------------|-----------------------------|-------------------------|
| PROJECT 2 – ADMINISTRATION & ESTABLISHMENT SERVICES | | | | | | | |
| Object Code | Category/Object Title | Estimate 2017 (Rs.) | FR 66 | Supplementary Estimate 2017 (Rs.) | Revised Estimate 2017 (Rs.) | Total expenditure 2017 (Rs) | Expended Percentage (%) |
| | Recurrent Expenditure | | | | | | |
| | Personnel Emoluments | | | | | | |
| 1001 | Salaries and Wages | 21,500,000.00 | (600,000.00) | - | 20,900,000.00 | 19,904,477.35 | 95.24 |
| 1002 | Overtime and Holiday Payments | 900,000.00 | 1,000,000.00 | - | 1,900,000.00 | 1,815,027.66 | 95.53 |
| 1003 | Other Allowances | 11,000,000.00 | 600,000.00 | - | 11,600,000.00 | 11,235,457.86 | 96.86 |
| | Travelling expenses | | | | | | |
| 1101 | Domestic | 400,000.00 | | - | 400,000.00 | 348,911.00 | 87.23 |
| 1102 | Foreign | 1,000,000.00 | 350,000.00 | - | 1,350,000.00 | 1,177,791.18 | 87.24 |
| | Supplies | | | | | | |
| 1201 | Stationery and Office Requisites | 1,500,000.00 | | - | 1,500,000.00 | 1,480,729.59 | 98.72 |
| 1202 | Fuel | 3,300,000.00 | | - | 3,300,000.00 | 3,089,115.38 | 93.61 |
| 1203 | Diets and Uniforms | 100,000.00 | | - | 100,000.00 | 97,510.00 | 97.51 |
| 1205 | Other | 100,000.00 | | - | 100,000.00 | 80,980.50 | 80.98 |
| | Maintenance Expenditure | | | | | | |
| 1301 | Vehicle | 3,400,000.00 | 500,000.00 | - | 3,900,000.00 | 3,884,045.46 | 99.59 |
| 1302 | Plant, Machinery and Equipment | 200,000.00 | | - | 200,000.00 | 159,396.08 | 79.70 |
| 1303 | Building and Structure | | | - | | | |
| | Services | | | | | | |
| 1401 | Transport | 1,800,000.00 | | - | 1,800,000.00 | 1,701,720.00 | 94.54 |
| 1402 | Postal & Communications | 1,000,000.00 | 600,000.00 | - | 1,000,000.00 | 1,536,380.89 | 96.02 |
| 1403 | Electricity & Water | 3,900,000.00 | (300,000.00) | - | 3,600,000.00 | 2,700,000.00 | 75.00 |
| 1404 | Rents and Local Taxes | 11,000,000.00 | (2,200,000.00) | - | 8,800,000.00 | 7,211,673.50 | 81.95 |
| 1405 | Other | 3,500,000.00 | (200,000.00) | - | 3,300,000.00 | 3,268,975.33 | 99.06 |
| | Transfers | | | | | | |
| 1503 | Government Institutes | 52,000,000.00 | (1,780,000.00) | - | 50,220,000.00 | 28,756,030.97 | 57.26 |
| 1506 | Subscription & Contributions Fee | 1,000,000.00 | (368,000.00) | - | | 599,387.24 | 94.84 |
| 1508 | Other | 50,000.00 | (50,000.00) | - | 0.00 | | |
| | Other Recurrent Expenditure | | | | | | |
| 1703 | Implementation of Official Languages Policy | 74,000.00 | | - | 74,000.00 | 26,215.00 | 35.43 |
| | Total Recurrent Expenditure | 117,724,000.00 | (2,448,000.00) | - | 115,276,000.00 | 89,073,824.99 | 77.27 |
| | Capital expenditure | | | | | | |
| | Rehabilitation and Improvements | | | | | | |
| 2002 | Plant, Machinery and Equipment | 100,000.00 | | - | 100,000.00 | 29,543.05 | 29.54 |
| 2003 | Vehicles | 1,200,000.00 | 2,600,000.00 | - | 3,800,000.00 | 3,540,965.00 | 93.18 |
| | Acquisition of fixed Assets | | | | | | |
| 2102 | Furniture and Office Equipment | 1,000,000.00 | | - | 1,000,000.00 | 997,973.12 | 99.80 |
| 2103 | Plant, machinery and Equipment | 1,000,000.00 | | - | 1,000,000.00 | 881,938.50 | 88.19 |
| | Capacity Building | | | | | | |
| 2401 | Training and Capacity building | 1,000,000.00 | | - | 1,000,000.00 | 361,263.75 | 36.13 |
| | Total Capital Expenditure | 4,300,000.00 | 2,600,000.00 | - | 6,900,000.00 | 5,811,683.42 | 84.23 |
| | Sub Total | 122,024,000.00 | 152,000.00 | - | 122,176,000.00 | 94,885,508.41 | 77.66 |

Table 8

| PROGRAMME 1 – OPERATIONAL ACTIVITIES | | | | | | | |
|---|--|----------------------|-----------------------|-----------------------------------|-----------------------------|-----------------------------|-------------------------|
| PROJECT 3 – MERCHANT SHIPPING SECRETARIAT | | | | | | | |
| Object Code | Category/Object Title | Estimate 2017 (Rs.) | FR 66 | Supplementary Estimate 2017 (Rs.) | Revised Estimate 2017 (Rs.) | Total expenditure 2017 (Rs) | Expended Percentage (%) |
| | Recurrent Expenditure | | | | | | |
| | Personnel Emoluments | | | | | | |
| 1001 | Salaries and Wages | 30,000,000.00 | (520,000.00) | - | 24,800,000.00 | 19,606,946.39 | 79.06 |
| 1002 | Overtime and Holiday Payments | 500,000.00 | | - | 500,000.00 | 289,496.78 | 57.90 |
| 1003 | Other Allowances | 23,000,000.00 | | - | 23,000,000.00 | 17,935,704.80 | 77.98 |
| | Travelling expenses | | | | | | |
| 1101 | Domestic | 500,000.00 | (300,000.00) | - | 200,000.00 | 74,850.00 | 37.43 |
| 1102 | Foreign | 1,500,000.00 | | - | 1,500,000.00 | 1,204,305.47 | 80.29 |
| | Supplies | | | | | | 91.61 |
| 1201 | Stationery and Office Requisites | 2,200,000.00 | | - | 2,200,000.00 | 2,015,393.36 | |
| 1202 | Fuel | 1,500,000.00 | 700,000.00 | - | 2,200,000.00 | 2,007,683.08 | 91.26 |
| 1203 | Diets and Uniforms | 131,000.00 | (100,000.00) | - | 31,000.00 | 26,080.00 | 84.13 |
| 1205 | Other | 50,000.00 | | - | 50,000.00 | 11,470.00 | 22.94 |
| | Maintenance Expenditure | | | | | | 85.83 |
| 1301 | Vehicle | 1,300,000.00 | (800,000.00) | - | 500,000.00 | 429,154.35 | |
| 1302 | Plant, Machinery and Equipment | 100,000.00 | (60,000.00) | - | 40,000.00 | 32,572.60 | 81.43 |
| 1303 | Building and Structure | 100,000.00 | (100,000.00) | - | 0.00 | 0.00 | 0.00 |
| | Services | | | | | | |
| 1401 | Transport | 6,600,000.00 | (1,800,000.00) | - | 4,800,000.00 | 4,528,406.00 | 94.34 |
| 1402 | Postal & Communications | 1,000,000.00 | (300,000.00) | - | 700,000.00 | 558,316.62 | 79.76 |
| 1403 | Electricity & Water | 4,000,000.00 | 970,000.00 | - | 4,970,000.00 | 4,888,019.05 | 98.35 |
| 1404 | Rents and Local Taxes | 11,000,000.00 | 1,760,000.00 | - | 12,760,000.00 | 11,988,070.00 | 93.95 |
| 1409 | Other | 1,500,000.00 | (600,000.00) | - | 900,000.00 | 768,237.00 | 85.36 |
| | Transfers | | | | | | |
| 1505 | Subscription & Contributions Fee | 4,500,000.00 | (1,120,000.00) | - | 3,380,000.00 | 3,373,869.57 | 99.82 |
| 1506 | Property Loan Interest to Public Servants | 200,000.00 | 18,000.00 | - | 218,000.00 | 216,582.60 | 99.35 |
| 1508 | Other | 50,000.00 | | | 50,000.00 | 0.00 | 0.00 |
| | Other Recurrent Expenditure | | | | | | |
| 1703 | Implementation of Official Language Policy | 100,000.00 | | - | 100,000.00 | 25,732.50 | 25.73 |
| | Total Recurrent Expenditure | 89,831,000.00 | (6,932,000.00) | - | 82,899,000.00 | 69,980,890.17 | 84.42 |
| | Capital expenditure | | | | | | |
| | Rehabilitation and Improvements | | | | | | |
| 2001 | Building and Structure | 1,000,000.00 | (1,000,000.00) | - | 0.00 | 0.00 | 0.00 |
| 2002 | Plant, Machinery and Equipment | 100,000.00 | | - | 100,000.00 | 66,110.40 | 66.11 |
| 2003 | Vehicles | 800,000.00 | | - | 800,000.00 | 385,317.84 | 48.16 |
| | Acquisition of fixed Assets | | | | | | |
| 2102 | Furniture and Office Equipment | 2,000,000.00 | | - | 2,000,000.00 | 964,106.29 | 48.21 |
| 2103 | Plant, machinery and Equipment | 1,000,000.00 | | - | 1,000,000.00 | 464,830.00 | 46.48 |
| | Capacity Building | | | | | | |
| 2401 | Training and Capacity building | 3,000,000.00 | | - | 3,000,000.00 | 596,870.94 | 19.90 |
| | Total Capital Expenditure | 7,900,000.00 | (1,000,000.00) | - | 6,900,000.00 | 2,477,235.47 | 35.90 |
| | Sub Total | 97,731,000.00 | (7,932,000.00) | - | 89,799,000.00 | 72,458,125.64 | 80.69 |

1.5.3 Audit Division**1.5.3.1 Carder Information (as at 31st December 2017)**

Table 9

| Designation | Approved cadre | Existing Carder | Vacancies |
|------------------------|----------------|-----------------|-----------|
| Chief Internal Auditor | 1 | 1 | - |
| Development Officer | 1 | 1 | - |
| Management Assistant | 1 | - | 1 |
| Office Assistant | 1 | 1 | - |

1.5.3.2 Main Functions implemented by Audit Division in the Year 2017

- Finance Management, Monitoring and Presenting Audit Inquiries of the Ministry and the office of the Ministers.
- Finance Management, Monitoring and Presenting Audit Inquiries of Merchant Shipping Secretariat.
- Finance Management, Monitoring and Presenting Audit Inquiries of Sri Lanka Ports Authority and Ceylon Shipping Corporation Ltd.
- Coordination activities of the Committee on Public Enterprises (COPE)
- Monitoring procurement management affairs.
- Inquiry on Special Investigation and Public Petitions.

1.5.4 Planning and Development Division**1.5.4.1 Carder Information (as at 31st December 2017)**

Table 10

| Designation | Approved cadre | Existing Carder | Vacancies |
|---|----------------|-----------------|-----------|
| Additional Secretary (Planning & Development) | 1 | 1 | - |
| Director (Planning) | 1 | - | 1 |
| Director (Development) | 1 | 1 | - |
| Assistant Director (Planning) | 1 | 1 | - |
| Assistant Director (Development) | 2 | - | 2 |
| Development Officer | 5 | 3 | 2 |
| Management Assistant | 1 | - | 1 |
| Office Assistant | 3 | 2 | 1 |

1.5.4.2 Main Functions of Planning & Development Division in the Year 2017

Table 11

| Major Functions | Targets | Achievements |
|---|--|--|
| Preparation of Annual Performance Report 2016 | Submit the report to the Parliament before 31.05.2017 | Have submitted to Parliament on 26.05.2017. |
| Preparation of Action Plan 2018 | Prepare the Action Plan 2018 along with the Activity Plan, audit Plan and Procurement Plan | The Action Plan 2018 has prepared as targeted and submitted to the relevant Government Institutions including Presidential Secretariat, Prime minister's Office, General Treasury |
| Submit Performance Report 2017 to the Budget Discussion 2018 | Submit the report to the Parliament before 28.11.2017 | Have submitted to Parliament on 23.11.2017. |
| Conduct Progress Review Meetings | Conduct Quarterly Meetings | One meeting has conducted. The quarterly progress reports have prepared and submitted. |
| Submit Monthly/Quarterly/Annually Progress Reports | Submit to the relevant Institution before due date | The relevant reports have submitted prior to due date as expected. |
| Submit Cabinet Memorandum | | 53 Cabinet Memorandum have submitted to approval of the Cabinet. (annexure II) |
| Follow up the Decisions of Cabinet of Ministers / Decisions on Economic Management of Committee of the Cabinet of Ministers / Decisions on Economic Management of the Officials' Committee | | Have inquired the progress of the cabinet decisions received on the Cabinet Memorandums submitted by the Merchant Shipping Secretariat, Sri Lanka Port Authority, Ceylon Shipping Cooperation, and the Ministry on their scope and reviewed the progress regarding same. |
| Sign agreements with other countries through Ministry of External Affairs and coordination on other related foreign affairs | Maintain proper coordination | -Have conducted preliminary discussions with the participation of representatives from Bangladesh to prepare SOP in order to sign Memorandum of Understanding (MOU) with Ceylon Shipping Cooperation. -The Ministry of Port and Shipping has Intervened for BIMSTEC Agreement. -Have submitted relevant proposals within the scope of Ministry of Ports and Shipping to the foreign delegations of His Excellency President and Hon. Prime Minister and the coordination regarding same. |
| Special Programmes | Implement awareness programme on Food Security | -Have conducted workshop for Ministry officials with the contribution of expertise resource persons in the field related to Organic Home Gardening, Health and Nutrition. |

1.5.4.3

Progress of Development Projects

Expenditure Head No: 176

Name of Ministry/Department/District Secretariat: Ministry of Ports and Shipping

Programme No. & Title: 02 Development Activities

Project No. & Name : 04 Sea Port Development

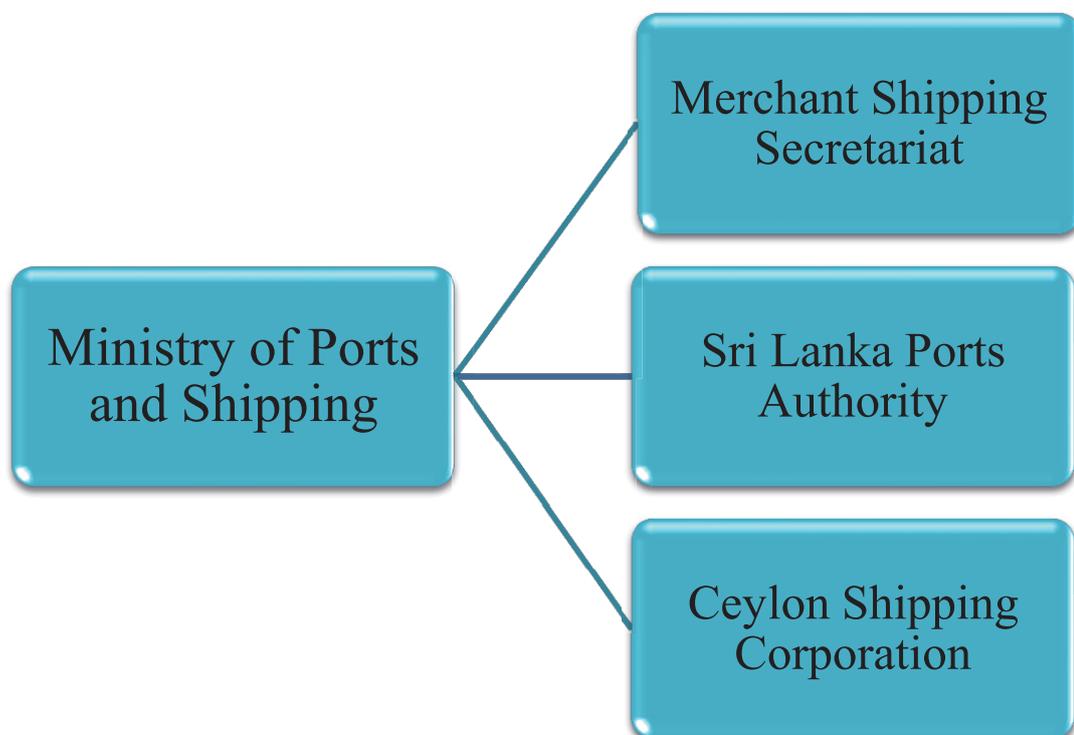
Table 12

| Object Code No. | Item No. | Financed by (Code No.) | Description of Items | (1) | (2) | (3) | (4) | (5) | (6) |
|-----------------|----------|------------------------|---|-------------------------------|--|-----------------------------------|-----------------------------|-------------------|----------------------------------|
| | | | | Provision in Budget Estimates | Supplementary Provision and Supplementary Estimate | Transfers in terms of the F.R. 66 | Total Net Provision (1+2+3) | Total Expenditure | Net Effect Savings/ Excess (4-5) |
| | | | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 06-2302 | 0 | 12 | <u>Galle Regional Port Project (Phase I)</u> on - Lending | 1,015,000,000 | - | - | 1,015,000,000 | - | 1,015,000,000 |
| 13-2506 | 0 | 11 | <u>System of Issuing Certificate of Competencies & Seafarer Continuous Discharge Certificate with Biometric to comply with Seafarer Identity Document</u> Infrastructure Development | 26,000,000 | - | - | 26,000,000 | 11,561,465 | 14,438,535 |
| 14-2105 | 0 | 11 | <u>Compensation for the Acquisition of Land for the Second Stage of the Hambantota Port Project</u> Land and Land Improvements | 1,000,000,000 | - | - | 1,000,000,000 | 326,640,527 | 673,359,473 |

| | | | | | | | | |
|---------|---|----|--|---------------|------------|---------------|-------------|---------------|
| 15-2506 | 0 | 11 | <u>Developing Jetty Facilities in the Jaffna Peninsula and Suburban Islands</u> Infrastructure Development | 35,000,000 | - | 35,000,000 | 20,500,000 | 14,500,000 |
| 16-2506 | 0 | 11 | <u>Preparation and Promulgation of Merchant Shipping Regulations for Coastal and International Trading Ships</u> Infrastructure Development | 4,700,000 | - | 4,700,000 | - | 4,700,000 |
| 17-2506 | 0 | 11 | <u>Preparation of Port Master Plan</u> Infrastructure Development | 10,000,000 | - | 10,000,000 | - | 10,000,000 |
| 18-2302 | 0 | 11 | <u>Transaction Advisory Services for the East Container Terminal, Port of Colombo</u> On - Lending | | 4,900,000 | 4,900,000 | 4,828,476 | 71,524 |
| 19-2506 | 0 | 11 | <u>Colombo Port Expansion Project</u> Infrastructure Development | | 32,255,000 | 32,255,000 | 32,255,000 | - |
| | | | Total | 2,090,700,000 | 37,155,000 | 2,127,855,000 | 395,785,468 | 1,732,069,532 |

Section II

The Institutions coming under the preview of the Ministry





02. Merchant Shipping Secretariat

Vision

“Recognition by the global shipping industry through maritime excellence”

Mission

“Produce high quality professional seafarers in order to enhance employment prospects.

Maintain a quality but competitive ship register. Implement the provisions of all appropriate National and International Conventions and Regulations.

Enhance and update the professional knowledge of officials in the division.

Perform regulatory and service-oriented functions with a high degree of efficiency and integrity.

Continuous Improvement in all aspects of maritime activities.”

2.1 Objectives

- Ensuring safe and efficient ships on cleaner oceans
- Ensuring safety of life and property at sea
- Ensuring quality maritime education, training. Examination and certification of seafarers, enabling them to secure employment in foreign and national ships
- Promotion of Sri Lankan seafarers in the international maritime industry
- Promoting registration of ships under Sri Lanka flag and maintaining internationally acceptable standards through survey and inspection
- Work towards the eradication of substandard ships visiting Sri Lankan ports by way of conducting Ports State Control Inspections in line with the IOMOU on port State Control matters in the Indian Ocean Region
- Enforce the compliance with provisions of applicable National and International conventions and standards
- Regulating the conducting of Shipping Agency business, in a manner legal, just and mutually beneficial to both the principals and local partners

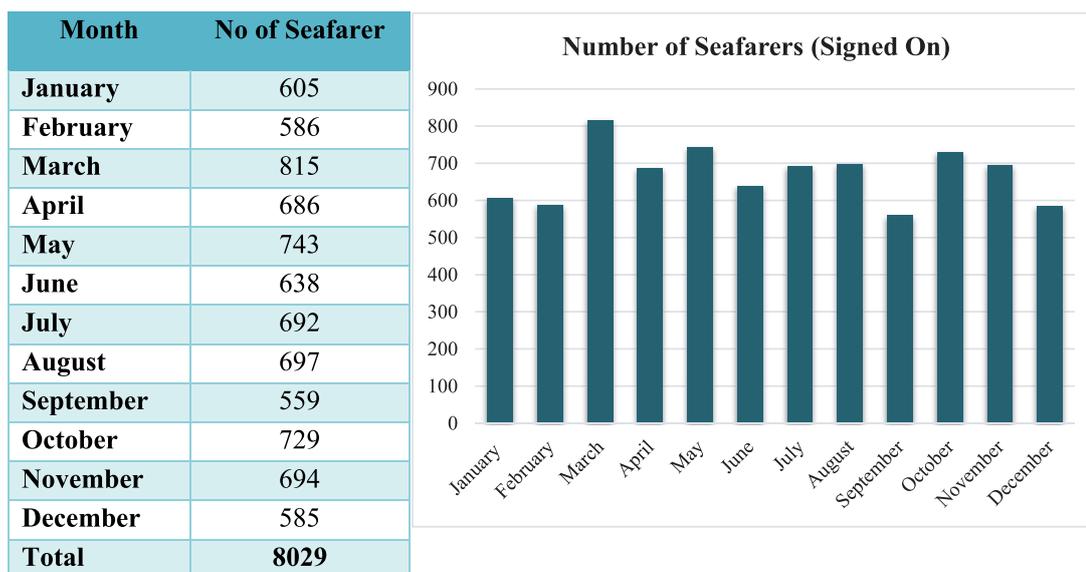
2.2 Progress achieved in the year 2017

2.2.1 Seafarer

2.2.1.1 Number of Seafarers (Signed On)

All Sri Lankan seafarers are required to sign the article of agreement at the Merchant Shipping Secretariat, before to engaging on board vessel, in accordance with the present regulations.

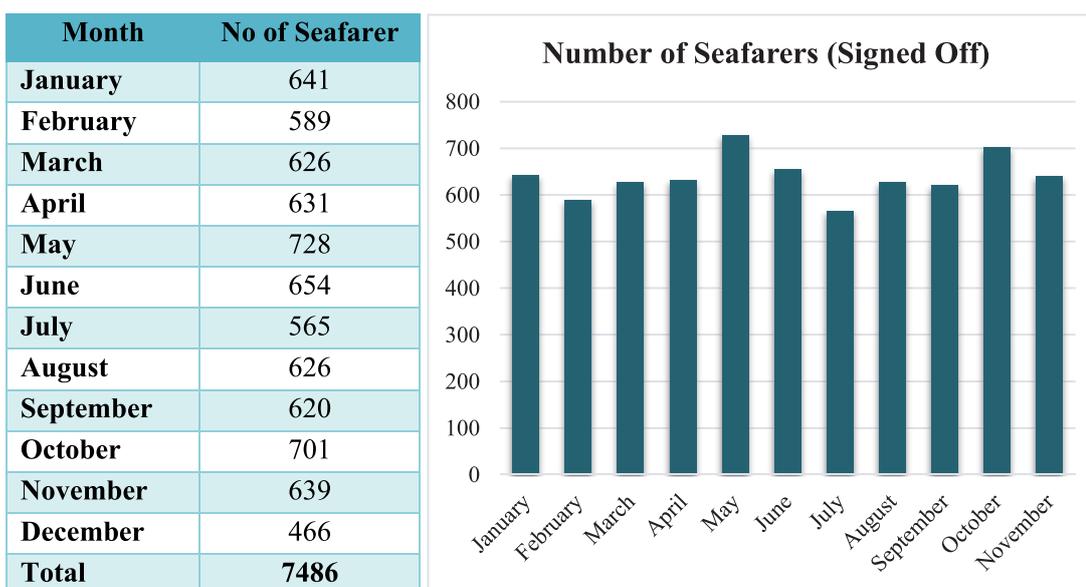
Table 13



Source: Internal Statistics, Merchant Shipping Secretariat

2.2.1.2 Number of Seafarers (Signed Off)

Table 14



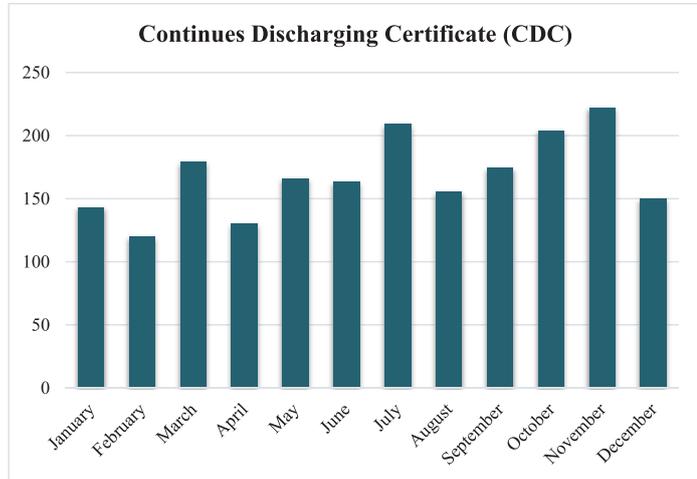
Source: Internal Statistics, Merchant Shipping Secretariat

2.2.2 Issuance of Certificates

2.2.2.1 Continues Discharging Certificate (CDC)

Table 15

| Month | Number of CDC |
|--------------|---------------|
| January | 143 |
| February | 120 |
| March | 179 |
| April | 130 |
| May | 166 |
| June | 163 |
| July | 209 |
| August | 155 |
| September | 174 |
| October | 204 |
| November | 222 |
| December | 150 |
| Total | 2015 |



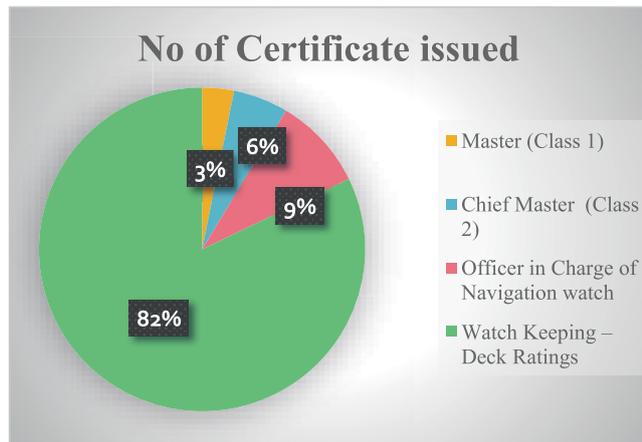
Source: Internal Statistics, Merchant Shipping Secretariat

2.2.2.2 Certificate (Certificate of Competency/ Watch Keeping)

Navigation Section

Table 16

| Type of Certificates | No of Certificates issued |
|---------------------------------------|---------------------------|
| Master (Class 1) | 26 |
| Chief Master (Class 2) | 45 |
| Officer in Charge of Navigation watch | 76 |
| Watch Keeping – Deck Ratings | 677 |

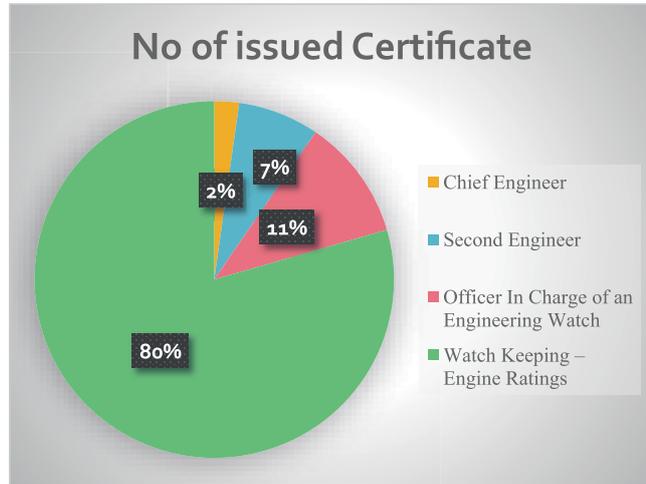


Source: Internal Statistics, Merchant Shipping Secretariat

Engineering Section

Table 17

| Type of Certificates | No of issued Certificate |
|---|--------------------------|
| Chief Engineer | 14 |
| Second Engineer | 46 |
| Officer In Charge of an Engineering Watch | 69 |
| Watch Keeping – Engine Ratings | 500 |

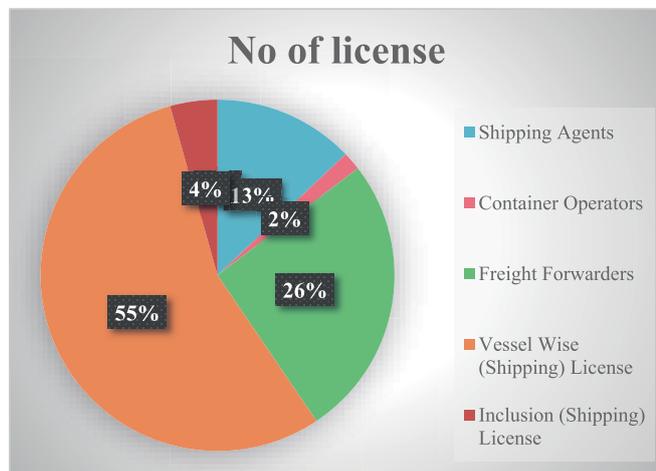


Source: Internal Statistics, Merchant Shipping Secretariat

2.2.3 Annual Licenses issued for shipping Agents (Annual/Vessel – Wise), Container Operators and Freight Forwarders

Table 18

| Type of License | No of license Issued |
|--------------------------------|----------------------|
| Shipping Agents | 176 |
| Container Operators | 23 |
| Freight Forwarders | 355 |
| Vessel Wise (Shipping) License | 753 |
| Inclusion (Shipping) License | 59 |

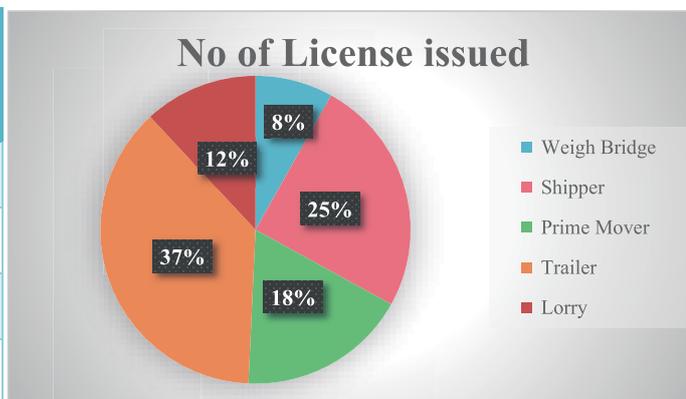


Source: Internal Statistics, Merchant Shipping Secretariat

2.2.4 Licenses issued under VGM Certification - 2017

Table 19

| Type of License | No of License issued |
|-----------------|----------------------|
| Weigh Bridge | 28 |
| Shipper | 86 |
| Prime Mover | 61 |
| Trailer | 129 |
| Lorry | 41 |

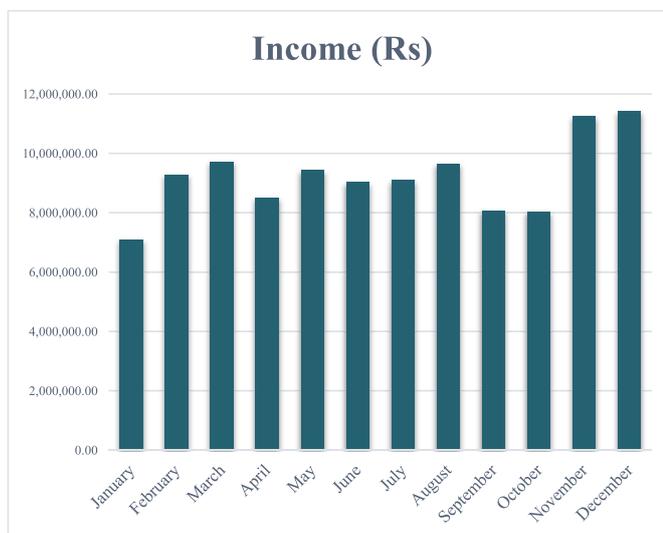


2.3 Income Statement

Monthly Revenue of Merchant Shipping Secretariat is as follows.

Table 20

| Month | Income (Rs) |
|--------------|-----------------------|
| January | 7,095,368.69 |
| February | 9,271,056.58 |
| March | 9,710,475.85 |
| April | 8,505,674.95 |
| May | 9,424,203.19 |
| June | 9,018,589.35 |
| July | 9,092,321.71 |
| August | 9,643,661.00 |
| September | 8,062,900.50 |
| October | 8,027,266.37 |
| November | 11,237,805.00 |
| December | 11,409,927.50 |
| Total | 110,499,250.69 |



Source: Internal Statistics, Merchant Shipping Secretariat

2.4 Other Achievements

Human Resource Development

Table 21

| | Training Program | No. of Trainers | | Duration |
|----------------|--|-----------------|---------------|-----------|
| | | Executive | Non-executive | |
| Local | | | | |
| | File management | | 01 | 03 Days |
| | Diploma in English for Junior Executives (DEJE) – Level 2 | | 01 | 03 Months |
| | Disciplinary Procedures | | 01 | 02 Days |
| | ITMIS | 02 | 01 | 02 Days |
| | Language planning Program | 01 | 04 | 03 Days |
| | Tamil Language Skill Development Program | | 02 | 06 Months |
| | Understanding Labor Laws to Better Industrial Relations | 01 | | 01 day |
| Foreign | Fair Treatment of Seafarer - United Kingdom | 01 | | 03 Days |
| | Regional Train the Trainer Course on energy efficient operation of ship -India | 01 | | 04 Days |
| | Port Management Seminar - China | 01 | 04 | 21 days |
| | Strategic Planning for Ports - Singapore | 01 | | 05 Days |
| | ADB – Uncap- Sasses Knowledge Event transport facilitation - Thailand | 01 | | 02 Days |
| | 7 th Specialized training Course - Korea | 01 | | 04 Days |
| | BIMSTEC Meeting -India | 01 | | 02 Days |

Construction of Jaffna Branch Office

Merchant Shipping Secretariat (MSS) inaugurated the activities of the opening of the Jaffna branch office on 02nd September 2016 and is in the process of following activities.

- Acquisition of a Suitable Land
- Recruiting of suitable staff
- Building of the proposed building
- Building of the proposed jetty
- Procurement of office equipment

Others

- Phase II of the issuing CDC & CoC project (using security features and information technology) is in the final stage.
- ISO 9001:2008 Quality Management Certificate has revalidated to the all units of MSS after successfully conducting the audit on 27th September 2017.
- Formulation of regulations relating to the “Small Commercial Vessels” and published the government gazette 2017/31 dated 2017.05.04 and forwarded to the parliament.
- Formulation of regulations relating to the “STCW” and published the government gazette, 1987/19 dated 2016.10.04 and 2018/03 dated 2017.05.08 (amendments) and forwarded to the parliament.

2.5 Future Plans**Short Term**

- i. Commenced the issuing of Seafarer Identity Documents to the Sri Lankan Seafarers according to the ILO conventions.
- ii. On developing jetty facilities in the Jaffna peninsula & suburban Islands for the transportation of cargo & passengers and ensuring their safety, following activities are to be performed for Merchant Shipping Secretariat
 - Construction of office building.
 - Construction of the jetty
- iii. Revising the fees regulations related to Merchant Shipping Secretariat.
- iv. Ratification of IMO required conventions/Codes.
- v. Formulation of National Legislation & Implementation of IMO conventions.
- vi. Establishing MoUs with other countries on recognition of Certificates enabling Sri Lankan seafarers’ to service onboard their vessels.
- vii. Organizing a capacity building programme with the assistance of IMO.

Long Term

- I. Implementation of Quality Assurance System for the Merchant Shipping Secretariat in order to provide better service for the General Public and also to ensure transparency.
- ii. Amending & introducing legislation in keeping with the global trends in the Shipping Industry.
- iii. Preparation of Coastal Regulation for Coastal trading vessels.



03. Sri Lanka Ports Authority

Vision

“Logistics Excellence in the silk route”

Mission

“Delivery of world class services in a sustainable environment”

3.1 Strategies to achieve the aspirations

- Develop Infrastructure and Super Structure Facilities In Colombo
- Consolidate the Position of Port of Colombo as a Centre of Maritime Excellence
- Introduce Sector Specific Marketing and Business Development Programme
- Develop Hambantota Port as an international Service, Industrial and Container Handling Port
- Enhance Safety and Security for Cargo and Port Users
- Mark Global Presence in Strategic Locations
- Organizational Restructuring and Re-Designing Administrative Procedures
- Implementation of Advanced Financial Management Systems
- Reduce Carbon Footprint
- Develop other Regional Ports as per their individual Strengths and Competitive Advantages
- Diversification of Business Activities
- Provision of Facilities for Oil and Gas
- Efficient Vessel Oriented Services
- Corporate Social Responsibility (CSR)

3.2 Progress of the Projects

3.2.1 East Container Terminal - Colombo Port Expansion Project

East Container Terminal – Phase - I

Project Details

East Container Terminal (ECT) will be the second-deep draught container terminal in the South Harbour with annual capacity of 2.4 million TEUs, 1200m quay wall at -18m depth. The Sri Lanka Ports Authority (SLPA) intends to award a BOT concession for the development and operation of ECT. The SLPA has already developed 440m of the quay wall, adjacent yard area and connected facilities at ECT. Asian Development Bank (ADB) has been appointed as the Transaction Advisor to the SLPA to procure the project.

Present Progress

Prequalification process of the project was commenced with the public announcement of Expression of Interest (EOI) on 6th June 2016 and closed on 20th September 2016. Evaluation of EOI is completed with the assistance of ADB and forwarded for the decision. First draft of the Concession Agreement prepared by the ADB has been reviewed by the SLPA and comments have been forwarded to ADB for necessary amendments.

3.2.2 Galle Port Development Project

Galle Port Development Project – Phase I

Project Details

Novation agreement was signed with Oriental Consultant Company (OCC) for the design works. Construction of breakwater is being planned with the available JICA fund and to develop multipurpose berth on Public Private Partnership (PPP) basis in Phase - II. Approved loan amount for the project is 14,495 JPY million. UNESCO approval also has been obtained for the project.

Present Progress

The Government of Sri Lanka (GOSL) is on the view that the partial implementation of the project due to available fund would not draw the expected results of the investment in medium term. Therefore, External Resource Department (ERD) and JICA are now working on the closure of the above loan.

3.2.3 Development of Trincomalee Port

Project Details

Trincomalee conceptual Master plan was prepared based on short term and long-term project proposals. The investment proposals from Oceanpick and Dimo selected and recommending through Request for Proposals (RFP) have been forwarded to Cabinet Committee on Economic Managements (CCEM) and the proposal for fish farming was approved by the Secretaries Committee.

The rail transportation of coal and clinker from Trincomalee Port is identified as priority project. The SLPA, Government Agent (GA) Trincomalee and Rail Department jointly work to identify the railway path. The survey will be carried out by the Sri Lanka Railway (SLR) and once this is developed, future access road and the resettlement plan will be made by the SLPA.

A construction of new warehouse has been commenced and it is planned to modify and reuse the roof structure and the columns of the CFS – II warehouse of the Port of Colombo which has been dismantled recently.

The new warehouse will be located at the same location of warehouse 2 and 3 of Port of Trincomalee, and it will be utilized to store coal, clinker and general cargo. The construction of foundation is completed.

It is planned to install fourteen (14) channel buoys with sinkers, chains and self-illuminating solar lights for the port side and starboard side of the navigational channel at Port of Trincomalee. Further, reactivation of lighthouses is to be implemented under this project. The estimated project cost is one billion yen. The project is in progress.

3.2.4 Magam Ruhunupura Mahinda Rajapakse Port Development Project

Magam Ruhunupura Mahinda Rajapakse Port Development Project Phase - II

The construction progress of this phase by 31st December 2017 is as follows

Table 22

| Activity | Physical Progress |
|--|-------------------|
| Cofferdam Construction (North East) | 100% |
| Cofferdam Construction(South) | 100% |
| Basin Excavation (Soft Excavation) | 100% |
| Basin Excavation (Rock Excavation) | 100% |
| Quay wall construction(Caisson) | 100% |
| Construction of new oil terminal | 100% |
| Deepening of harbor basin | 100% |
| Construction of Roads and Yards | 100% |
| Artificial island construction work | 100% |
| Deepening of Entrance channel | 100% |
| Delivery of port handling equipment (Tug boat/Bunker barge/etc.) | 68% |
| Public Service Terminal | 100% |

- As directed by the Government, SLPA has accommodated a proposal submitted by a Chinese Company (China Merchant Port Holding Company Limited) to operate Hambantota Port on Private Public Partnership. Accordingly, the Concessional Agreement has already been signed with CM Port in July 2017. Upon execution of this concessional agreement between SLPA and CM Ports Holdings Limited, all Fixed Assets/Movable Assets/Inventory Items belong to SLPA and MPMC were transferred to the private limited liability companies namely HIPG and HIPS during December 2017 and this process is substantially completed at present.
- Ordering of port handling equipment is completed and delivery is in progress. 2 nos of mobile cranes, two tug boats, light container bridge cranes, 10 nos folk lifts, 5 nos of container tractors, weigh bridge and 2 nos of terminal tractors were delivered to the site up to now. However, this delivery of equipment will continue up to 2nd quarter 2018.
- Owing to outstanding deliveries of some equipment, date of completion was extended up to 15.05.2018

Financial Progress:

Table 23

| Description | Total Estimated Cost (Rs. Mn) | Cumulative Payment as at the end of December 2017 (Rs. Mn) |
|---------------|----------------------------------|---|
| Foreign (FAL) | 90,923 | 74,844 |

Bunkering Facilities and Tank Farm Project

The construction work of this project has been completed.

Financial Progress:

Table 24

| Description | Total Estimated Cost (USD) Mn | Cumulative Payment as at the end of December 2017 (USD) Mn |
|-----------------------|----------------------------------|---|
| FAL | 65.09 | 65.09 |
| SLPA | 11.49 | 11.48 |
| BOC (Additional Loan) | 20.88 | 19.70 |
| Total | 97.46 | 96.28 |

3.2.5 Development of Kankasanthurai (KKS)**Project Details and Present Position**

The Cabinet of Ministers approval has been obtained to vest 50 acres land to SLPA for the Port of KKS to commence its operations with the consent of Ministry of Industry and Commerce. Initially it is approved for 15 acres land to fence it for the safe and secure port

operations with a gate house and warehouse facilities.

The survey map for these areas to be obtained from the Department of Survey, Jaffna and the SLPA is waiting to get the survey map to initiate erecting the boundary fence and construct the gate house and warehouse.

3.2.6 National Port Master Plan**Project Details and Present Position**

Asian Development Bank (ADB) has provided a Technical Assistant Grant of US\$1.5 million to SLPA to prepare its National Port Master Plan. Accordingly, Consultant of ADB,

Maritime and Transport Business Solutions (MTBS) is preparing the National Port Master Plan.

The project is initiated in November 2016 and to be completed in May 2019.

3.2.7 Widening of Internal Port Road in Port of Colombo

It has been identified that the existing 4 lane Internal Port Road from Ingurukade Junction to Gate 01 needs to be widening for 6 lanes to cater to the expected traffic volumes within the port premises with the completion of South Port developments. Together with the road widening, it is a requirement to widen the 02 existing bridges at Port area and bridge over Blouemendhal Road in the Port Access Road.

Project Progress

- Widening of Hartal Bridge was completed at the total cost of Rs. 219 million.
- Road stretch of 1.4km was fully completed with service drains, asphalt wearing course, road markings etc. and balance road

In order to widen the road for 6 lanes, it was required to demolish and relocate the existing buildings, offices, workshops, facilities etc. Widening of Internal Port Road was commenced in 2013 and the construction works are being carried out in stages in road stretches where all demolitions are completed.

total 1.2km length was completed up to the asphalt binder course and road stretch of 1.2km has not yet commenced any works. The construction works are in progress.

Projects (Completed)

Table 25

| Item | Activity / Description | Progress/Cost | Remarks / Issues |
|------|---|--|--|
| 01 | Road Stretch from Gate No. 01 to Hartal Bridge (Ch. 0+020 to 0+400m) | 100% work completed. Total cost - Rs. 94.5 million | |
| 02 | Widening of Hartal Bridge (Ch. 0+400 to 0+540m) | 100% work completed. Total cost - Rs. 219 million | |
| 03 | Road Stretch between SLNS Rangala to Fuel Shed (Ch. 0+840 to 1+260m) | 100% work of Stage I - Road construction up to binder course and service corridor at land side was completed at total cost of Rs. 112.5 million | Stage II - Construction of service drains sea side and asphalt wearing course is yet to be done. Project was differed as per the management decision. |
| 04 | Road Stretch between Fuel shed and CFS 3 (Ch. 1+260 to 1+700m) | Stage I -Road construction up to binder course, including service drains, was completed at the cost of Rs. 61 million Stage II - Construction of service drains, pavements for 100m and laying asphalt wearing course for 400m was awarded to the Contractor at the total cost of Rs. 53 million in July 2015. 100% of the work has been completed at the total cost of Rs. 44.9 million | Defects liability period is over and all defects had been rectified |
| 05 | Road Stretch between Medical Center to JCT I (Ch. 2+060 to 2+460m) | Tender awarded in June 2014 at total cost of Rs. 75 million 100% work completed at the total cost of Rs.51.1 million | |
| 06 | Road Stretch between JCT I to Sumer hill area (Ch. 2+460 to 3+160m) | Road construction works up to binder layer was completed. | The designs and tender documents are being prepared for balance works. |

Projects (Ongoing)

Table 26

| Item | Activity / Description | Progress/Cost | Remarks / Issues |
|------|--|--|------------------------------------|
| 01 | Road Stretch between CFS 3 to Medical Center (Ch. 1+700 to 2+060m) | Tender awarded in January 2017 at total cost of Rs.133 million. Work is in progress | 85% of the work has been completed |
| 02 | Road Stretch between near Tunnel Gate to Old Seram Gate (Ch. 3+340 to 4+020m) | Tender is ready to be awarded in January 2018. | |

Projects (In Planning Stage)

Table 27

| Item | Activity / Description | Progress/Cost | Remarks / Issues |
|------|--|---|--|
| 01 | Road Stretch between Hartal Bridge to SLNS Rangala (Ch. 0+540 to 0+840m) | Planning and Designing Works are in progress. | It is required to relocate the existing facilities such as Security Division, Banks, Trade Unions etc. |

3.2.8 Widening of Port Access Road**Widening of Existing Bridge over Blouemendhal Road**

Under the internal port road widening project, it is required to widen the existing bridge over Blouemendhal Road. Piling works were completed at the total cost of Rs.30 million in December 2014.

Construction of sub structure and super structure works was awarded to the Contractor at the total cost of Rs. 50 million in January 2015. Project has been completed and payment made up to now is Rs. 24.3 million.

Widening of Port Access Road

Soil investigations were completed and it has been identified that soil improvement is required due to existence of weak soil/peat layer underneath, prior

to commencement of road widening work. Hence a proposal was obtained from Central Engineering Consultancy Bureau (CECB) for designing of soil improvement and road widening work and it has been approved by the Central Tender Board. Work has been awarded to CECB and is in progress. Soil investigations have been completed and final report has been submitted to CECB for design purposes. CECB submitted the preliminary drawing for soil improvements. CECB requested the final trace of the Port Access Elevated Project to finalize the designs/drawings. Details are to be obtained from RDA and accordingly Planning and Development Division was requested to the needful.

3.2.9 Paving Works at Yards, Terminals in Port of Colombo

Paving Works at Prince Vijaya Quay (PVQ) and Bandaranayke Quay (BQ)

It has been identified that the existing PVQ yard and Bandaranayke quay yard area need some improvements and re-surfacing as entire yard has been

subsided and carry out improvement work while BQ operations are ongoing.

Rehabilitation of JCT 3 Terminal

It has been identified that the existing container stacking yard including the roads at Jaya Container Terminal 3 (JCT 3) needs to be rehabilitated as most of the container stacking areas and road ways has experienced subsided areas. Rehabilitation will be undertaken in stages to avoid the disturbances day-to-day container operations at the terminal. Items requiring under this work will consist;

- Lifting of pre-cast concrete slabs at Rubber Tyred Gantry (RTG) lanes and re-place to the required levels.
- Lifting of pre-cast concrete slabs at container stacking plates and re-replaces to the required levels.
- Supply and laying of Asphalt layers to the existing road ways.
- Yard markings.

Project Progress Summary

Completed Projects

Table 28

| Item | Activity / Description | Progress / Cost |
|------|--|---|
| 01 | Paving Works at Guide Pier | Project completed at the total cost of Rs.51 million |
| 02 | Paving works at Bandaranayke Quay – Stage I | Project completed at the total cost of Rs. 25.71 million (Retention was released in September 2017) |
| 03 | Rehabilitation of JCT 3 Terminal – R and S Lanes | Project completed and payment made up to date is Rs. 38.04 million |
| 04 | Paving Works at Prince Vijaya Quay – Phase I | Contract was awarded in January 2017 at total cost 37.6 million Work is substantially completed |

Ongoing Projects

Table 29

| Item | Activity / Description | Progress / Cost |
|------|--|---------------------------------------|
| 01 | Paving works at Bandaranayke Quay - Stage II | Project is in progress, 97% completed |
| 02 | Rehabilitation of JCT 3 Terminal – M and N Lanes | Project commenced. |

Projects in Planning Stage

Table 30

| Item | Activity / Description | Progress / Cost |
|------|---|---|
| 01 | Paving Works at Prince Vijaya Quay – Phase II | Planning and Designing Works are in progress. |

3.2.10 Comprehensive Study on Littoral Drift at Oluvil Coastal Areas

It has been decided to undertake remedial works to arrest the problem of coastal erosion presently experienced beyond the northern boundary of the Oluvil Port and huge sand accumulation below the southern boundary, along the south breakwater and sand siltation in and around the port entrance channel. As a precursor to such works, a comprehensive engineering study has been proposed to be carried out to determine the sediment transport and morphological changes in the coastal areas at Oluvil, and the remedial measures to be adopted.

Ministry of Foreign Affairs of Denmark (DANIDA), the funding agency for the Oluvil Port Development Project provided the

financial assistance for the Study on grant basis. Secretary, Ministry of Ports and Shipping awarded to Consultancy services to the successful consultant, M/s DHI, Denmark to carry out the study.

In April 2017, final draft report of the study was presented by DHI with the participation of representatives from DANIDA and local relevant stakeholders at conference room of SLPA.

Subsequently a meeting was held at External Resources Department with participation of SLPA, DANIDA and DHI and decided to extend the study to figure out more low cost options. Ministry of Ports and Shipping has granted the permission to obtain scope and cost proposal from DHI.

Hence DHI has been informed and looking forward their response.

Scope and Cost Proposal was received from DHI for extending the study as decided at the meetings held in April 2017. Final report of study was submitted on 20-06-2017 and paid the final payment as well.

3.2.11 Reconstruction of CFS 01 Warehouse

Reconstruction of CFS 01 warehouse, which was damaged due to fire in May 2013, was commenced in January 2016. 1st half of the warehouse was completed on 01.08.2016 and logistic activities have been commenced on 10.08.2016. During the phase I, warehouse of size 45m x 52.5m together with all required facilities, was completed. It consists of 2 storied office block having floor area of 600m² and

A letter was sent to Embassy of Denmark requesting financial and technical assistance in this regard. Investment Fund for Developing countries (IFU) in Denmark has shown their interest to have a meeting in Colombo in beginning of 2018 to discuss current situation of Oluvil Harbour.

warehouse floor area of 1800m² with 2.5m wide apron at both side, transformer house for logistic activities.

Construction of 2nd half of the warehouse was commenced in August 2016 and fully completed in May 2017 and logistic activities were commenced on 02.06.2017. It consists of warehouse size 45m x 60m, (floor area 2250m²) and 45m x22.5m for dangerous cargo handling (floor area 1012.5m²).

3.2.12 Rehabilitation of Asharff Jetty at Port of Trincomalee Warehouse

Reconstruction of CFS 01 warehouse, which was damaged due to fire in May 2013, was commenced in January 2016. 1st half of the warehouse was completed on 01.08.2016 and logistic activities have been commenced on 10.08.2016. During the phase I, warehouse of size 45m x 52.5m together with all required facilities, was completed. It consists of 2 storied office block having floor area of 600m² and

warehouse floor area of 1800m² with 2.5m wide apron at both side, transformer house for logistic activities.

Construction of 2nd half of the warehouse was commenced in August 2016 and fully completed in May 2017 and logistic activities were commenced on 02.06.2017. It consists of warehouse size 45m x 60m, (floor area 2250m²) and 45m x22.5m for dangerous cargo handling (floor area 1012.5m²).

3.2.13 Rehabilitation of Cloisenberg Jetty at Port of Galle

It has been identified that the existing Jetty at Galle Port needs some improvements and resurfacing as the yard has been subsided and has affected to the operation activities at the terminals. Required designs, BOQs, Specifications together with tender

documents are prepared prior commence the procurement process.

Pre-bid meeting was held on 31st October 2017 and Bid opening was held on 14th November 2017. Tender evaluation of the project is in progress.

3.2.14 Relocation of Workshops at CFS 2 area

Due to the Port Access Elevated Highway Project running from Ingurukade to Gate No 01 through the port premises, it has been identified that several office and workshop buildings are needed to be relocated. Accordingly, some

mechanical plant and electrical workshops will be relocated at CFS -2 areas.

Design and drawing works are in progress as per the preliminary layouts received.

3.3 Operations

3.3.1 Port of Colombo

3.3.1.1 Ship Arrivals

Table 31

| Description | 2016 | 2017 | % |
|----------------------------|--------------|--------------|-------------|
| Cargo Ships | | | |
| Container | 3,804 | 3,683 | -3.2 |
| Conventional | 40 | 56 | 40.0 |
| Other Cargo | 436 | 436 | 0.0 |
| Ships for Repairs | 46 | 58 | 26.1 |
| Ships for Bunkering | 29 | 44 | 51.7 |
| Other Ships | 50 | 52 | 4.0 |
| Total Ships Arrived | 4,405 | 4,329 | -1.7 |

3.3.1.2 Container Ship Arrivals by

Table 32

| Description | 2016 | 2017 | % |
|--|-------|-------|------|
| Jaya Container Terminal & Unity Container Terminal | 1,460 | 1,352 | -7.4 |
| South Asia Gateway Terminal | 1,087 | 1,073 | -1.3 |
| Colombo International Container Terminal | 1,257 | 1,258 | 0.1 |

3.3.1.3 Container Throughput (TEUs)

Table 33

| Description | 2016 | 2017 | % |
|----------------------|------------------|------------------|------------|
| Imports | 651,968 | 689,172 | 5.7 |
| Laden | 631,032 | 668,226 | 5.9 |
| Empty | 20,936 | 20,946 | 0.0 |
| Exports | 647,882 | 694,379 | 7.2 |
| Laden | 270,561 | 277,563 | 2.6 |
| Empty | 377,321 | 416,816 | 10.5 |
| Transshipment | 4,355,261 | 4,741,582 | 8.9 |
| Re-Stowing | 79,812 | 83,935 | 5.2 |
| Total TEUs | 5,734,923 | 6,209,068 | 8.3 |
| % of Transshipment | 76 | 76 | |

3.3.1.4 Containers (TEUs) Handled by

Table 34

| Description | 2016 | 2017 | % |
|--|-----------|-----------|------|
| Jaya Container Terminal & Unity Container Terminal | 2,100,117 | 2,010,702 | -4.3 |
| South Asia Gateway Terminal | 1,632,207 | 1,809,835 | 10.9 |
| Colombo International Container Terminal | 2,002,599 | 2,388,531 | 19.3 |

3.3.1.5 Cargo Discharged (Tonnes)

Table 35

| Description | 2016 | 2017 | % |
|-------------------------------|-------------------|-------------------|------------|
| Containerized * | 39,893,838 | 42,880,553 | 7.5 |
| Break Bulk | 862,572 | 813,773 | -5.7 |
| Dry Bulk | 2,571,596 | 2,501,363 | -2.7 |
| Liquid Bulk | 4,654,459 | 5,759,418 | 23.7 |
| Total Cargo Discharged | 47,982,465 | 51,955,107 | 8.3 |

3.3.1.6 Cargo Loaded (Tonnes)

Table 36

| Description | 2016 | 2017 | % |
|---------------------------|-------------------|-------------------|------------|
| Containerized * | 33,788,193 | 36,944,175 | 9.3 |
| Break Bulk | 16,272 | 29,437 | 80.9 |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | 91,969 | 105,822 | 15.1 |
| Total Cargo Loaded | 33,896,434 | 37,079,434 | 9.4 |

3.3.1.7 Cargo Handled (Tonnes)

Table 37

| Description | 2016 | 2017 | % |
|----------------------------|-------------------|-------------------|------------|
| Containerized * | 73,682,031 | 79,824,728 | 8.3 |
| Break Bulk | 878,844 | 843,210 | -4.1 |
| Dry Bulk | 2,571,596 | 2,501,363 | -2.7 |
| Liquid Bulk | 4,746,428 | 5,865,240 | 23.6 |
| Total Cargo Handled | 81,878,899 | 89,034,541 | 8.7 |

3.3.1.8 Tonnage Handled by

Table 38

| Description | 2016 | 2017 | % |
|--|------------|------------|------|
| Jaya Container Terminal & Unity Container Terminal | 26,975,029 | 25,791,290 | -4.4 |
| South Asia Gateway Terminal | 21,195,950 | 23,622,195 | 11.4 |
| Colombo International Container Terminal | 25,511,052 | 30,411,243 | 19.2 |
| Colombo Petroleum Corporation | 4,545,682 | 4,931,877 | 8.5 |
| Other Quays | 3,651,186 | 4,277,936 | 17.2 |

* Including Estimated Tonnage for SAGT and CICT.

3.3.1.9 Cargo Discharged by Main Commodity

Table 39

| Description | 2016 | 2017 | % |
|-----------------------|-----------|-----------|--------|
| Domestic Cargo | | | |
| Containerized * | 9,645,872 | 9,869,008 | 2.3 |
| | | | |
| Break Bulk | | | |
| Fertilizer | 117,618 | 18,972 | -83.9 |
| Cement | 2,010 | 0 | -100.0 |
| Rice | 0 | 9,146 | - |
| Sugar | 0 | 0 | - |
| Iron/Steel | 671,838 | 699,708 | 4.1 |
| Timber | 0 | 0 | - |
| Vehicles | 53,490 | 61,892 | 15.7 |
| Other | 9,972 | 11,792 | 18.3 |
| | | | |
| Dry Bulk | | | |
| Fertilizer | 196,347 | 34,483 | -82.4 |
| Cement | 2,185,247 | 2,186,754 | 0.1 |
| Clinker | 0 | 0 | - |
| Gypsum | 0 | 0 | - |
| Wheat/Maize/Corn | 190,002 | 280,126 | 47.4 |
| Other | 0 | 0 | - |
| | | | |
| Liquid Bulk | | | |
| Crude oil | 1,685,302 | 1,595,036 | -5.4 |
| White oil | 2,777,665 | 3,084,121 | 11.0 |
| LP Gas | 115,161 | 114,268 | -0.8 |
| Palm Oil | 74,981 | 127,154 | 69.6 |
| Caustic Soda | 0 | 0 | - |

3.3.1.10 Cargo Loaded by Main Commodity

Table 40

| Description | 2016 | 2017 | % |
|---------------------------|-------------------|-------------------|------------|
| Domestic Cargo | | | |
| Containerized * | 4,266,396 | 4,414,289 | 3.5 |
| Break Bulk | 12,102 | 7,369 | -39.1 |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | | | |
| Refined/Fuel Oil | 33,541 | 0 | -100.0 |
| Naptha | 55,668 | 0 | -100.0 |
| Fuel Coastal Service | 0 | 0 | - |
| Fuel for Bunkering | 0 | 105,792 | - |
| Other (Fuel) | 2,760 | 30 | -98.9 |
| Transshipment | | | |
| Containerized * | 29,237,785 | 32,192,384 | 10.1 |
| Break Bulk | 4,170 | 22,068 | 429.2 |
| Re-Stowing * | 284,012 | 337,502 | 18.8 |
| Total Cargo Loaded | 33,896,434 | 37,079,434 | 9.4 |

3.3.1.11 Total Cargo Handled

Table 41

| Description | 2016 | 2017 | % |
|----------------------------|-------------------|-------------------|------------|
| Total Cargo Handled | 81,878,899 | 89,034,541 | 8.7 |

3.3.1.12 Vehicle Handling by Ro Ro Ships

Table 42

| Description | 2016 | 2017 | % |
|-----------------------------|---------------|---------------|-------------|
| No. of Car Carriers Arrived | 53 | 73 | 37.7 |
| No. of M/Vehicles Handled | | | |
| Domestic | 31,888 | 21,842 | -31.5 |
| Transshipment | 778 | 17,690 | 2,173.8 |
| Total | 32,666 | 39,532 | 21.0 |

3.3.1.13 Container Throughput (TEUs) by Terminal/Quay

Table 43

| Description | 2016 | 2017 | % |
|---|------------------|------------------|-------------|
| Jaya Container Terminal | | | |
| Domestic | 483,109 | 388,282 | -19.6 |
| Transshipment | 1,607,792 | 1,609,114 | 0.1 |
| Re-Stowing | 9,216 | 13,306 | 44.4 |
| | | | |
| Total | 2,100,117 | 2,010,702 | -4.3 |
| | | | |
| South Asia Gateway Terminal | | | |
| Domestic | 317,707 | 375,944 | 18.3 |
| Transshipment | 1,294,631 | 1,406,265 | 8.6 |
| Re-Stowing | 19,869 | 27,626 | 39.0 |
| | | | |
| Total | 1,632,207 | 1,809,835 | 10.9 |
| | | | |
| Colombo International Container Terminal | | | |
| Domestic | 499,034 | 619,325 | 24.1 |
| Transshipment | 1,452,838 | 1,726,203 | 18.8 |
| Re-Stowing | 50,727 | 43,003 | -15.2 |
| | | | |
| Total | 2,002,599 | 2,388,531 | 19.3 |
| | | | |
| Port of Colombo | | | |
| Domestic | 1,299,850 | 1,383,551 | 6.4 |
| Transshipment | 4,355,261 | 4,741,582 | 8.9 |
| Re-Stowing | 79,812 | 83,935 | 5.2 |
| | | | |
| Total | 5,734,923 | 6,209,068 | 8.3 |

3.3.2 Port of Trincomalee

3.3.2.1 Ship Arrivals

Table 44

| Description | 2016 | 2017 | % |
|----------------------------|------------|------------|------------|
| Cargo Ships | 207 | 224 | 8.2 |
| Ships for Repairs | 1 | 2 | 100.0 |
| Ships - Bunkering | 4 | 0 | -100.0 |
| Other Ships | 4 | 7 | 75.0 |
| Total Ships Arrived | 216 | 233 | 7.9 |

3.3.2.2 Cargo Discharge (Tonnes)

Table 45

| Description | 2016 | 2017 | % |
|-------------------------------|------------------|------------------|-------------|
| Break Bulk | 0 | 9,522 | - |
| Dry Bulk | | | |
| Wheat in Bulk | 714,094 | 759,593 | 6.4 |
| Clinker in Bulk | 1,593,174 | 1,678,061 | 5.3 |
| Gypsum in Bulk | 111,930 | 165,818 | 48.1 |
| Coal in Bulk | 102,817 | 90,012 | -12.5 |
| Cement in Bulk | 0 | 0 | - |
| Other | 22,161 | 0 | -100.0 |
| Liquid Bulk (Fuel) | 281,298 | 416,582 | 48.1 |
| Total Cargo Discharged | 2,825,474 | 3,119,588 | 10.4 |

3.3.2.3 Cargo Loaded (Tonnes)

Table 46

| Description | 2016 | 2017 | % |
|---------------------------|----------------|----------------|-------------|
| Break Bulk | | | |
| Wheat Bran Pallets | 152,650 | 121,650 | -20.3 |
| Cement Bags | 0 | 0 | - |
| Other | 0 | 0 | - |
| Dry Bulk | | | |
| Cement in Bulk | 0 | 0 | - |
| Other (Clinker) | 535,962 | 618,940 | 15.5 |
| Liquid Bulk (Fuel) | 0 | 37,132 | - |
| Total Cargo Loaded | 688,612 | 777,722 | 12.9 |

3.3.2.4 Cargo Handled (Tonnes)

Table 47

| Description | 2016 | 2017 | % |
|---------------|-----------|-----------|------|
| Cargo Handled | 3,514,086 | 3,897,310 | 10.9 |

3.3.3 Port of Galle

3.3.3.1 Ship Arrivals

Table 48

| Description | 2016 | 2017 | % |
|----------------------------|-----------|-----------|-------------|
| Cargo Ships | 83 | 81 | -2.4 |
| Ships for Repairs | 2 | 0 | -100.0 |
| Ships - Bunkering | 2 | 1 | -50.0 |
| Other Ships | 9 | 5 | -44.4 |
| Total Ships Arrived | 96 | 87 | -9.4 |

3.3.3.2 Cargo Discharge (Tonnes)

Table 49

| Description | 2016 | 2017 | % |
|-------------------------------|----------------|----------------|--------------|
| Break Bulk | | | |
| Flour(Prima) | 0 | 0 | - |
| Cement Bags. | 0 | 0 | - |
| Other | 36 | | -100.0 |
| Dry Bulk | | | |
| Clinker in Bulk | 719,381 | 678,029 | -5.7 |
| Gypsum in Bulk | 39,800 | 23,830 | -40.1 |
| Slag in Bulk | 0 | 9,557 | - |
| Cement in Bulk | 12,116 | 0 | -100.0 |
| Other | 0 | 0 | - |
| Liquid Bulk (Fuel) | | | |
| Palm Oil | 0 | 0 | - |
| Fuel | 0 | 0 | - |
| Other | 0 | 0 | - |
| Total Cargo Discharged | 771,333 | 711,416 | -7.8 |
| Cargo Loaded (Tonnes) | 124 | 95 | -23.4 |

3.3.3.3 Cargo Handled (Tonnes)

Table 50

| Description | 2016 | 2017 | % |
|------------------------|---------|---------|------|
| Cargo Handled (Tonnes) | 771,457 | 711,511 | -7.8 |

3.3.4 Ports Of Kankasanthurai, Myliddy, Point Pedro & Karainagar**3.3.4.1 Ship Arrivals**

Table 51

| Description | 2016 | 2017 | % |
|----------------------------|-----------|-----------|--------------|
| Cargo Ships | 25 | 63 | 152.0 |
| Ships for Repairs | 0 | 0 | - |
| Ships - Bunkering | 0 | 0 | - |
| Other Ships | 0 | 0 | - |
| Total Ships Arrived | 25 | 63 | 152.0 |

3.3.4.2 Cargo Discharge (Tonnes)

Table 52

| Description | 2016 | 2017 | % |
|-------------------------------|---------------|---------------|--------------|
| Containerized | 0 | 0 | - |
| Break Bulk | 26,544 | 22,660 | -14.6 |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | 0 | 0 | - |
| Total Cargo Discharged | 26,544 | 22,660 | -14.6 |

3.3.4.3 Cargo Loaded (Tonnes)

Table 53

| Description | 2016 | 2017 | % |
|---------------------------|----------|----------|----------|
| Containerized | 0 | 0 | - |
| Break Bulk | 0 | 0 | - |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | 0 | 0 | - |
| Total Cargo Loaded | 0 | 0 | - |

3.3.4.4 Cargo Handled (Tonnes)

Table 54

| Description | 2016 | 2017 | % |
|------------------------|--------|--------|-------|
| Cargo Handled (Tonnes) | 26,544 | 22,660 | -14.6 |

3.3.5 Magam Ruhunupura Mahinda Rajapaksa Port

3.3.5.1 Ship Arrivals

Table 55

| Description | 2016 | 2017 | % |
|----------------------------|------------|------------|--------------|
| Cargo Ships | 273 | 221 | -19.0 |
| Ships for Repairs | 1 | 3 | 200.0 |
| Ships - Bunkering | 0 | 0 | - |
| Other Ships | 7 | 6 | -14.3 |
| Total Ships Arrived | 281 | 230 | -18.1 |

3.3.5.2 Cargo Discharge (Tonnes)

Table 56

| Description | 2016 | 2017 | % |
|-------------------------------|----------------|----------------|--------------|
| Containerized | 0 | 0 | - |
| Break Bulk | 194,683 | 155,600 | -20.1 |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | 25,048 | 0 | -100.0 |
| Total Cargo Discharged | 219,731 | 155,600 | -29.2 |

3.3.5.3 Cargo Loaded (Tonnes)

Table 57

| Description | 2016 | 2017 | % |
|---------------------------|----------------|---------------|--------------|
| Containerized | 0 | 0 | - |
| Break Bulk | 134,915 | 57,567 | -57.3 |
| Dry Bulk | 0 | 0 | - |
| Liquid Bulk | 0 | 0 | - |
| Total Cargo Loaded | 134,915 | 57,567 | -57.3 |

3.3.5.4 Cargo Handled (Tonnes)

Table 58

| Description | 2016 | 2017 | % |
|------------------------|---------|---------|-------|
| Cargo Handled (Tonnes) | 354,646 | 213,167 | -39.9 |

3.3.5.5 Vehicle Handling by Ro Ro Ships

Table 59

| Description | 2016 | 2017 | % |
|-----------------------------|----------------|----------------|--------------|
| No. of Car Carriers Arrived | 267 | 217 | -18.7 |
| No. of M/Vehicles Handled | | | |
| Domestic | 31,519 | 41,188 | 30.7 |
| Transshipment | 150,143 | 66,097 | -56.0 |
| Total | 181,662 | 107,285 | -40.9 |

3.3.6 All Ports

Table 60

| Description | 2016 | 2017 | % |
|---------------------------|------------|------------|------|
| No. of Ships | 5,023 | 4,942 | -1.6 |
| Cargo Discharged (Tonnes) | 51,825,547 | 55,964,371 | 8.0 |
| Cargo Loaded (Tonnes) | 34,720,085 | 37,914,818 | 9.2 |
| Cargo Handled (Tonnes) | 86,545,632 | 93,879,189 | 8.5 |

Note: No. of Ships is presented counted excluding "Vessels other than ships", such as Sailing Craft, Naval Vessels, Fishing Trawlers, Barges, Tugs, Yachts, Boats, etc.

3.4 Financial Performance Year Ended 2017 and 2016

Table 61

| Description | 2017 | 2016 |
|---|------------------|------------------|
| | Rs. Mn. | Rs. Mn. |
| | Unaudited | Actual |
| Revenue | | |
| Operational Revenue | 36,914.35 | 36,799.11 |
| Other Revenue | 8,694.46 | 7,281.08 |
| Total Revenue | 45,608.81 | 44,080.19 |
| | | |
| Expenditure | | |
| Personnel Emoluments | 12,581.79 | 11,952.33 |
| Overtime | 3,807.22 | 3,772.46 |
| Fuel, Electricity and Other Lubricants | 2,148.90 | 2,076.33 |
| Maintenance of Assets | 1,325.44 | 1,424.25 |
| Other Expenditure (External Hire Charges, Contract Work, Travelling etc...) | 8,235.36 | 9,478.94 |
| | | |
| Sub Total | 28,098.71 | 28,704.31 |
| | | |
| Profit/(Loss) Before Foreign Loan Interest and (FEL)/FEG | 17,510.09 | 15,375.88 |
| | | |
| Foreign Loan Interest | 2,082.02 | 4,301.85 |
| | | |
| Profit/(Loss) After (FEL)/FEG And Foreign Loan Interest And Before Tax | 15,428.08 | 11,074.03 |
| | | |
| Foreign Exchange (Loss)/Gain | (2,205.94) | (10,038.30) |



04. Ceylon Shipping Corporation

Vision

“To develop a dependable and effective National Fleet of Ships, Shipping & Logistic facilities for the country and becoming a Stakeholder in the endeavor to developing Sri Lanka as the Maritime Hub in the Region.”

Mission

“Catering to the sea transportation and related logistic needs of the export, import and local coastal Trades of Sri Lanka that needs the assistance from the National Carrier; to provide training opportunities for Sri Lankan Seafarers to make themselves competent for employment; to be a Partner in maritime leisure, cruise liner passenger ferry activities in the Indian Ocean.”

4.1 Key Objectives

Towards the Trade and Customers

- Acting as a facilitator of nation's economic development by capitalizing on booming economies of the region.
- To satisfy Customers' needs at the least cost and time with the highest degree of reliability.

Towards the Country and Society

- To facilitate developing the country as a Navel Hub as envisaged in the National Development agenda for the future;
- To provide competitive charges for shipping needs of customers;
- Saving of foreign exchange in carriage of government import cargoes on FOB basis;
- To continue to be a shipping and logistics partner in country's Thermal Electric Power Generation Sector;
- To become a shipping partner in country's Energy / Petroleum sector.

Towards the Owners

- Highest contribution to the Government coffers by maximizing profit and saving much needed foreign exchange.

4.2 Key Functions

- Ship Owning, Management, Chartering and Brokering
- Sea Transportation of Cargo
- Logistics Services & Customs Clearance (inward & outward)
- Shipping Agency Services

4.3 Main Activities in the Year 2017

4.3.1 Operation of Bulk Carriers

Mv. Ceylon Breeze and Mv. Ceylon Princess were engaged in the transportation of Coal to Puttalam before and after the South-West Monsoon period. During the Monsoon period the vessels were put into operation in the open market on time charter basis.

The total quantity imported by Ceylon Electricity Board and discharged during the Calendar Year 2017 (between 01st January and 31st December) was 1.84MnMT. Two ships of CSC carried 0.49MnMT.

The voyage details of two bulk ships in year 2017 are given below;

MV. Ceylon Breeze

Table 62

| Voyage No. | Port of Loading | Port of Discharging | Date | Cargo | Quantity |
|----------------------------|-----------------|---------------------|------------|----------------|----------|
| Voyage 9 | Richards Bay | Puttalam | 31/01/17 - | Coal | 61,303 |
| Coal Transportation | South Africa | | 10/03/17 | | MT |
| Voyage 10 | Richards Bay | Puttalam | 10/03/17 - | Coal | 61,494 |
| Coal Transportation | South Africa | | 17/04/17 | | MT |
| Voyage 11 | Puttalam via | Chittagong, | 17/04/17 - | Raw sugar | 60,000 |
| Time Charter | Santos ,Brazil | Bangladesh | 21/07/17 | | MT |
| Voyage 12 | Haldia, India | Port of Caofee , | 17/07/21- | Iron ore | 60,500 |
| Time Charter | | Duna | 19/08/17 | | MT |
| Voyage 13 | Port of Dlosp, | Port of RBCT | 25/08/17- | Steel Products | 21,075 |
| Time Charter | Weihai | | 29/09/17 | | MT |
| Voyage 14 | Port of RBCT | Puttalam | 29/09/17- | Coal | 61,077 |
| Coal Transportation | | | 11/15/17 | | MT |
| Voyage 15 | Puttalam | Port of RBCT | 11/15/17- | Coal | 61,067 |
| Coal Transportation | | | 27/12/17 | | MT |

MV. Ceylon Princess

Table 63

| Voyage No. | Port of Loading | Port of Discharging | Date | Cargo | Quantity |
|----------------------------|--------------------|---------------------|---------------|------------|----------|
| Voyage 5 | Richards Bay | Puttalam | 05/01/17 - | Coal | 61,708 |
| Coal Transportation | South Africa | | 16/02/17 | | MT |
| Voyage 6 | Richards Bay | Puttalam | 10/03/17 - | Coal | 60,912 |
| Coal Transportation | South Africa | | 5/4/2017 | | MT |
| Voyage 7 | Puttalam via | Longkou ,China | 05/04/17 - | Laterite | 61,288 |
| Time charter | Kakinadu, India | | 17/05/17 | | MT |
| Voyage 8 | Longkou, China | LahadDatu | 17/05/17 - | Fertilizer | 46,790 |
| Time Charter | | Sandakan | 28/07/17 | | MT |
| | | Malaysia | | | |
| Voyage 9 | Malaysia | Port of Taipei | 28/07/17 - | Coal | 60,000 |
| Coal Transportation | Sandakan | | 17/08/17 | | MT |
| Voyage 10 | Port of Taipei | Port of Dolsp | 17/08/17 - | Coal | 60,500 |
| Time Charter | | Haldia | 14/09/17 | | MT |
| Voyage 11 | Port of Dolsp | RBCT | 14/09/17- | Coal | 60,970 |
| Coal Transportation | Haldia, RBCT | Puttalam | 28/09/17 | | MT |
| Voyage 12 | Puttalam | RBCT | 28/09/17- | Coal | 61,314 |
| Coal Transportation | RBCT | Puttalam | 15/12/17 | | MT |

Source - Chartering & Agency Department

4.3.2 Coal Lightering Operations at the port of Puttalam

From Anchorage to jetty of the power plant, coal is carried by Self - Propelled Barges (SPBs) for lightering operation. Presently there are 07 Barges deployed for lightering through a third party operator.

4.3.3 Non-Vessel Operating Common Carrier (NVOCC) Operation

The Government policy of reserving import cargo of the Government institutions to CSC on FOB terms under the Public Finance Circular no. 415 was reinforced on 18th February 2016 by the Department of Public Finance and subsequently by the Central Bank of Sri

Lanka through the commercial banks. Accordingly, inward cargo volumes were increased due to enhanced sales efforts, Customer Awareness Program supported by the reinforced Public Finance Circular no. 415 in 2016.

4.3.4 Logistics, Clearing & Forwarding Service

CSC was able to achieve a considerable progress in this sector during 2017. CSC offers these services for Government sector as well as for private sector customers. CSC's total logistics solutions include, packing, labeling, stuffing, lashing, fumigation, securing cargo in containers, picking up from door to the CFS or port, Customs clearance and delivery up to the door at the destination country with value added

services, obtaining approvals from various authorities such as Forest Dept. Archaeological Dept, Quarantine, etc. on behalf of customers.

CSC handled the Customs clearance and delivery of shipments of Rice imported by Corporate Wholesale Establishment (CWE). Out of the total consignment of 2500 x 20' Containers, 900 x 20' Containers were Customs cleared delivered in 2017.

4.3.5 Maritime Training for Sri Lankan Youth

Since the number of Cadets who had completed the theory phases of their academic programs was less than the training opportunities available on two ships owned by CSC, the opportunities were offered to the students studying in the private sector maritime schools also

with the consent of the line Ministry considering this as an important Vocational Training leading to very lucrative foreign exchange earning professions up to Master Mariners and Marine Chief Engineers. Accordingly, in addition to the merchant shipping Cadets

from the University of Moratuwa and the Institute of Engineering & Technology (IET) of Katunayake, Cadets from the Colombo International Nautical & Engineering College (CINEC) and Mercantile Seaman Training Institute Ltd,. also were provided training opportunities during the year.

The number of Cadets undergoing training on board as at 31st December 2017 was as follows;

Table 64

| Institute | No. of Cadets |
|--|---------------|
| University of Moratuwa | 21 |
| Institute of Engineering & Technology | 04 |
| Colombo International Nautical & Engineering College | 29 |
| Mercantile Seaman Training Institute Ltd. | 14 |
| Total | 68 |

4.4 Other Activities in the Year 2017

Unaccompanied Personal Baggage (UPB) Warehouse License was issued to CSC by the Sri Lanka Customs in 2017.

CSC 02 new dry bulk carriers have been hired on time charter under world recognized commercial management

company during the south west monsoon without idling.

Delegation from Bangladesh visited CSC to discuss on the feasibility of commencing a Container Feeder Service between the ports of Colombo and Chittagong on 23rd-24th Nov 2017.

4.5 New Business Developments

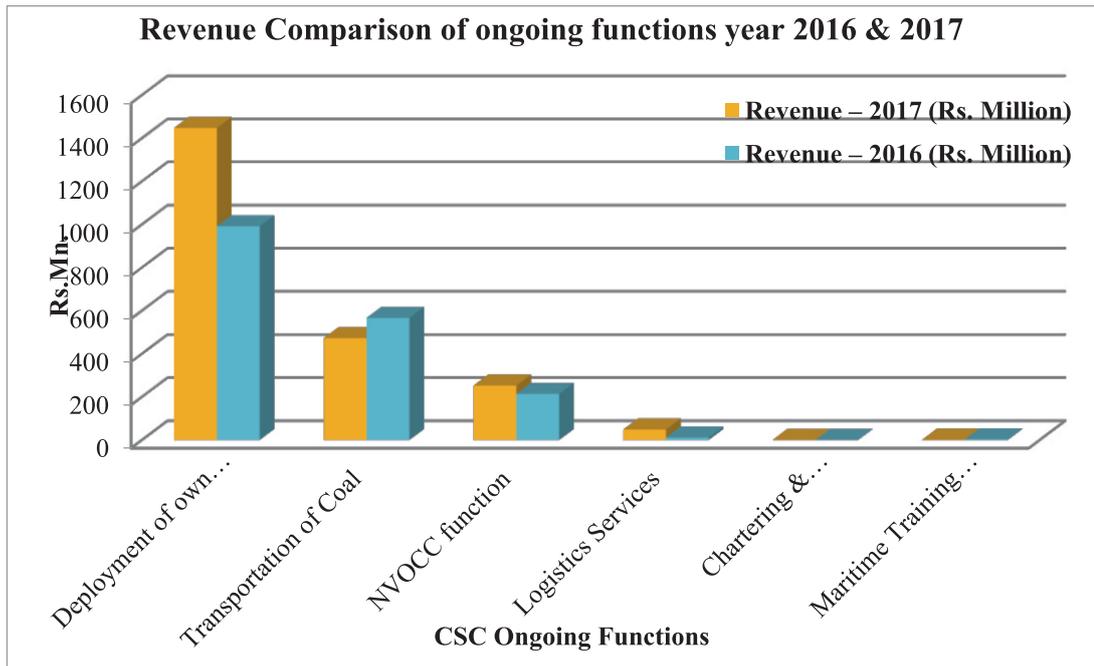
CSC is in the process of exploring various new business opportunities with zero investments on Public-Private Partnership (PPP) basis as per the Government policy. CSC’s main new business projects are as follows;

- Unaccompanied Personal Baggage (UPB) Clearance & Custom Bonded Warehouse and LCL / MCC cargo Operations at the Port of Colombo on PPP basis.
- Container Feeder Service between Sri Lanka & Bangladesh.
- Promotion of Sri Lanka Flag as a Flag of Opportunity for Worldwide Ship Owners.
- Resumption of passenger ferry service between Colombo and Tuticorin.
- Operating of Floating Bunker Storage.

4.6 Revenue Comparison of ongoing functions year 2016 & 2017

Table 65

| Item | Revenue –2017 (Rs. Million) | Revenue –2016 (Rs. Million) | Variance % |
|--|--------------------------------|--------------------------------|---------------|
| (a) Deployment of own 02 vessels | 1447.13 | 991.13 | 46 |
| (b) Transportation of Coal | 472.0 | 565.7 | (16) |
| (c) NVOCC function | 252.09 | 213.5 | 18 |
| (d) Logistics Services | 48.4 | 11.06 | 336 |
| (e) Chartering & Agency function (Fertilizer vessels) | 0.07 | 0.30 | (77) |
| (f) Maritime Training (3 rd party vessels) | 0.95 | 2.84 | (67) |



Source - Draft Accounts / Departments records 2016 & 2017

Notes:

- Revenue from deployment of CSC 02 vessels was increased by 46% with compared to the year 2016 since CSC’s two ships were performed 09 voyages to carry 0.49 Mn MT of coal during South-West Monsoon period and 02 vessels were deployed in global charter market during the Monsoon period having 98% of utilization factor.
- Revenue from NVOCC business and the Logistics Business were increased in year 2017 due to new marketing strategies & Customer Awareness Programme.
- Revenue from transportation of coal was decreased when compared with the year 2016 due to granting of a reduction of coal lightering charges to CEB by USD 0.78 per MT.
- Revenue from ship agency services was reduced due to decrease of import of fertilizer by state sector fertilizer companies with the change of system of providing subsidies for this commodity.

4.7 Physical & Financial Performance of CSC ongoing functions in Year 2017

Table 66

| Activity | Sub Activity | Physical Performance | | Financial Performance Revenue (Rs. Million) | |
|--|--|------------------------------------|------------------------------------|---|--------|
| | | 2017 | 2016 | 2017 | 2016 |
| 1. Transport of cargo | Carriage of cargo in Full Container Load (FCL) | 2219 Twenty Equivalent Units (TEU) | 1117 Twenty Equivalent Units (TEU) | | |
| | Carriage of cargo in less than container load(LCL) | 4309.04 Freight Tons (F/T) | 5113.71 Freight Tons (F/T) | 252.09 | 213.50 |
| 2. Logistics services | Customs clearing of coal vessels & forwarding, door delivery & pick up | 404 Jobs | 348 Jobs | 48.4 | 11.06 |
| 3. Agency Services | Vessels carried fertilizer | 01 Vessels | 03 Vessels | 0.07 | 0.30 |
| 4. Carriage of coal for Lakvijaya Power Plant | Address commission coal transportation | 23 Vessels | 39 Vessels | 68.0 | 85.94 |
| | Address commission coal lightering | 32 Vessels | | 378.0 | 256.7 |
| | Charter hire income coal vessels (Spot) | - Vessels | 04 Vessels | - | 184.31 |
| | Customs Clearance of Coal vessels | 32 Vessels | 39 Vessels | 26.0 | 39.0 |
| 5. Ship Operations | Freight income own vessels | 09 Voyages | 07 Voyages | 993.52 | 846.48 |
| | Charter hire income own vessels | 07 Voyages | 03 Voyages | 453.61 | 144.65 |
| 6. Maritime Training | No. of cadet / officers 3 rd party vessels | 09 Cadets | 08 Cadets | 0.95 | 2.84 |

Source - Draft Accounts / Departments records 2017

Note:

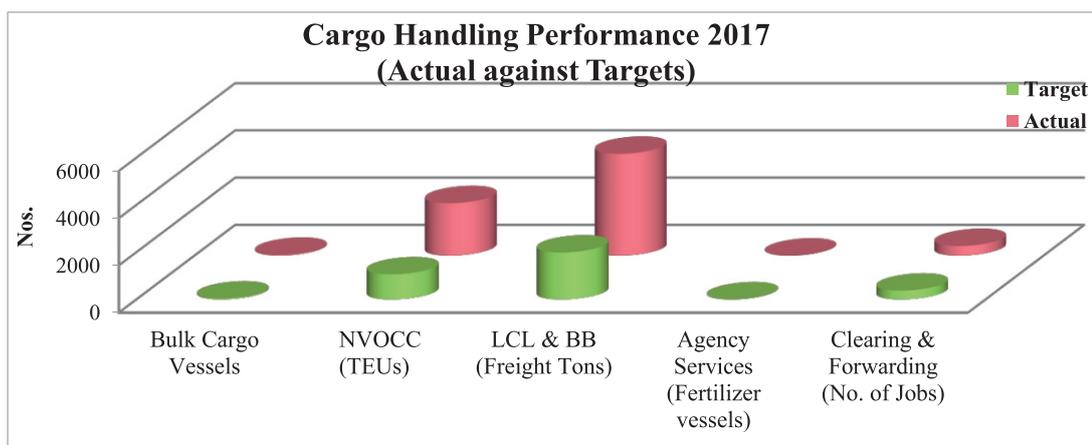
- Transport of Cargo :
Even though the physical performance of carriage of cargo in FCL&LCL was increased the revenue was fallen down due to decrease of freight rates globally.
- Performance of Agency services was reduced due to decrease of import of fertilizer by state sector fertilizer companies with the change of system of providing subsidies for this commodity.
- Maritime training by 03rd party vessels is depending on the slots availability on 03rd party vessels.
- Ship operation was commenced in Y2016 with CSC owned two Bulk Carriers and they were deployed for the transportation of coal during non monsoon period and deployed in global charter market during the Monsoon period.

4.8 Targets against the actuals of Cargo handling performance for the period of 01/01/2017 to 31/12/2017.

Cargo Handling Performance 2017

Table 67

| | Bulk Cargo vessels (Transportation of Coal) | NVOCC (TEUs) | LCL& BB(Freight Tons) | Agency service (Fertilizer Vessels) | Clearing & Forwarding (No. of jobs) |
|-------------------------|---|-----------------|-----------------------------|--|---|
| Target | 34 | 1058 | 1985 | 02 | 370 |
| Actual | 32 | 2219 | 4309.04 | 01 | 404 |
| Variance (%) | (6) | 110 | 117 | (50) | 9 |

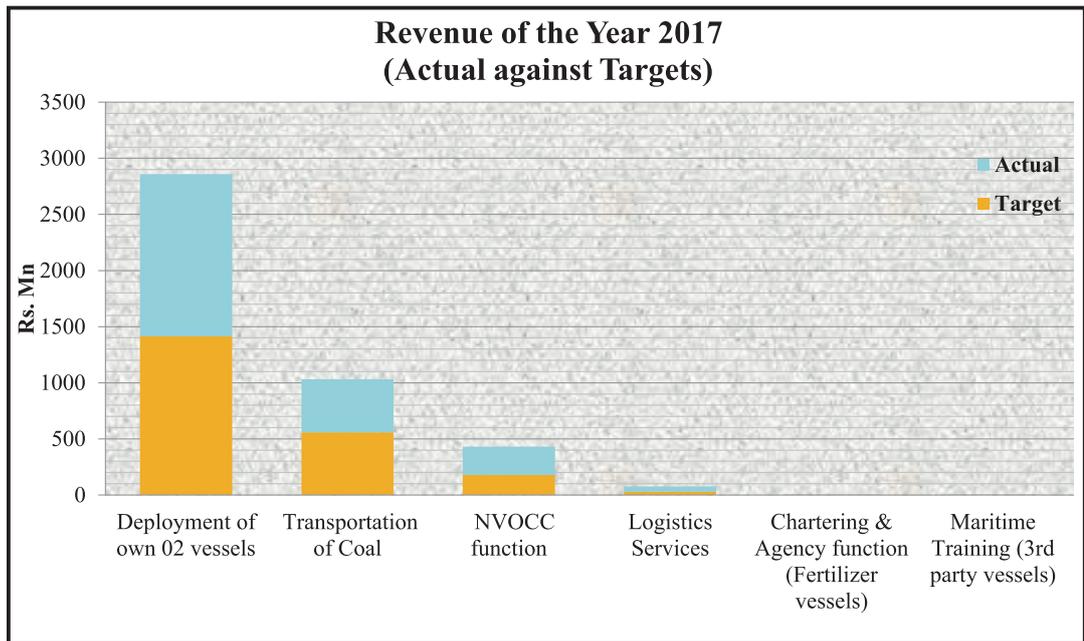


Source - Draft Accounts / Departments records 2017

4.9 Revenue (Actual against Targets) – From 01/01/2017 to 31/12/2017

Table 68

| | Deployment of own 02 vessels | Transportation of Coal | NVOCC Function | Logistics services | Chartering & Agency Function (Fertilizer Vessels) | Maritime Training (3 rd party vessels) |
|---------------------|------------------------------|------------------------|----------------|--------------------|---|---|
| Target | 1413 | 558 | 179.63 | 28 | 0.15 | 1.2 |
| Actual | 1446 | 472 | 252.09 | 48 | 0.07 | 0.95 |
| Variance (%) | 2 | (15) | 41 | 71 | (53) | (21) |



Source - Draft Accounts / Departments records 2017

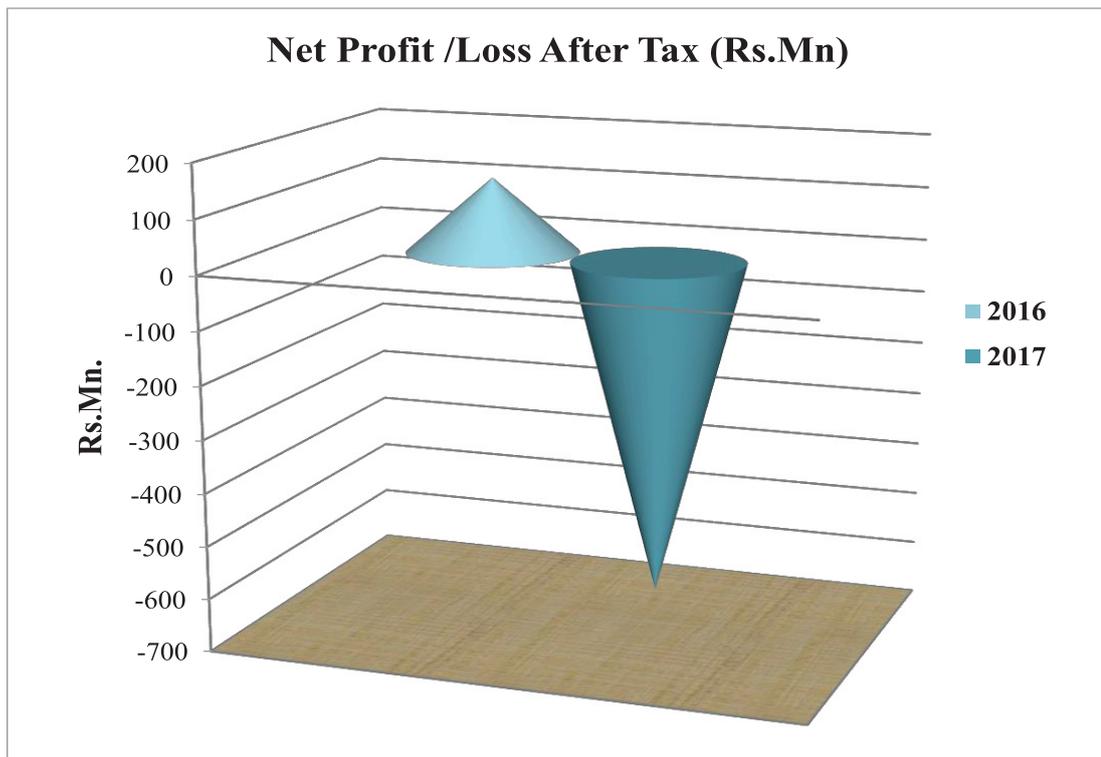
According to the above Table 6 and Figure 3, actual revenue on NVOCC function and Logistics services were dramatically increased than target revenue due to new marketing strategies and customer awareness program in 2017. Revenue from transportation of coal was decreased as the rates on lightering and the

custom clearance of coal vessels were revised by the party from Sept 2017. Revenue from ship agency services was reduced due to decrease of import of fertilizer by state sector fertilizer companies with the change of system of providing subsidies for this commodity.

4.10 CSC Net Profit/Loss after Tax year 2016 and 2017

Table 69

| Year | Net profit/Loss after Tax (Rs.Mn) |
|------|-----------------------------------|
| 2016 | 138.25 |
| 2017 | (621) |



Source: CSC Annual Reports / Draft Accounts

The above Table 69 indicates CSC Net Profit/Loss after Tax for year 2016 and 2017.

The year 2017 shows, CSC has incurred loss of Rs. Mn. 621.00 due to the payment of two vessels loan interest Rs. Mn. 744.00 and decreasing the profit from transportation of coal.

Annexures



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



Confidential

(Draft)

My No : POS/B/MPS/154(6)/2016

Secretary

Ministry of Ports and Shipping

Report of the Auditor General on Head 176 - Ministry of Ports and Shipping - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 176 – Ministry of Ports and Shipping for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 21 June 2017. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs.1,945.17 million and out of that a sum of Rs.1,231.86 million had been utilized by the end of the year under review. Accordingly, a provision of Rs.713.31 million or 36.67 per cent of the total net provision made for the Ministry had been saved. Details appear below.

| Expenditure | As at 31 December 2016 | | | Savings as a Percentage of Net Provision |
|-------------|------------------------|--------------|--------------|--|
| | Net Provision | Utilization | Savings | |
| | Rs. Millions | Rs. Millions | Rs. Millions | |
| Recurrent | 197.40 | 179.06 | 18.34 | 9.29 |
| Capital | 1,747.77 | 1,052.80 | 694.97 | 39.76 |
| Total | 1,945.17 | 1,231.86 | 713.31 | 36.67 |

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under Item No.176011 / 176012 relating to the Ministry and the actual amounts are given below.

| Expenditure | | Receipts | | Debit Balance | |
|---------------|--------------|---------------|--------------|---------------|--------------|
| Maximum Limit | Actual | Minimum Limit | Actual | Maximum Limit | Actual |
| Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions | Rs. Millions |
| 4.00 | 3.98 | 2.90 | 4.18 | 20.00 | 12.36 |

2.3 Imprest Account

The balance of the imprest account No.7002/0000/00/0115/0016/ under the Ministry as at 31 December 2016 amounted to Rs.12,790.

2.4 Audit Observations

The Appropriation Account and the Reconciliation Statements of the Ministry of Ports and Shipping for the year ended 31 December 2016 had been satisfactorily prepared, subject to the Audit Observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non Compliance with Laws, Rules and Regulations

The following observations are made.

A transferred officer's loan balance have to be settled to the Department that the officer got transferred within the first month of salary paid in new work station using the account summaries, according to the paragraph 1.1.3 of the National Budget Circular No. 118 and dated 11th October 2004, but the loan settlement valued to Rs. 510,140 referred to 4 officers who got transferred within the review year have not been settled for 05 months to 12 months period.

3.2 Appropriation Account

3.2.1 Budgetary Variance

The following observations are made.

Even though, provisions had been made under Supplementary Estimate allocations for 05 Objects in the year under review, it has been remained Rs. 198.62 Mn without utilizing and the savings after the utilization of those provisions in 05 Objects had ranged from 11 per cent to 71 per cent out of the provisions allocated by Supplementary Estimates.

3.3 Imprest Advance Account

The following observations are made.

The balances of sub- imprests unsettled by the Ministry as at 30 April 2017 valued Rs.8,800. This balance which should have been settled by an interdicted officer had remained unsettled since several years.

3.4 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No.176011 / 176012.

- (a) There was a difference of Rs.80,823 between the balance of the Advances to Public Officers Account "B" according to the books of the Ministry as at 31 December 2016 and the balance appear in the Treasury Books.
- (b) There was a difference of Rs.280,983 between the total of the summary of Individual List of balances and the closing balance shown in the Treasury books.
- (c) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at 31 December 2016 totalled Rs.1,445,803. Even though, certain balances out of those balances remained over periods ranging from 13 to 27 years, the Ministry had failed to recover those outstanding balances even by end of

the year under review.

| The Relevant Category for Outstanding Loan Amount | Outstanding Balance (Rs.) | Outstanding Time Period |
|---|---------------------------|-------------------------|
| Transferred | 462,583 | 13 Years - 27 Years |
| Retired | 668,610 | 05 Months - 13 Months |
| Vacation of Post | 21,140 | Uncertain |
| Interdicted | 293,470 | “Do” |

3.5 Good Governance and Accountability

3.5.1 Annual Action Plan

Imprest requirement plan mentioned in the Paragraph 03 of the Public Finance Circular No.01/2014 dated 17 February 2014 and the Annual Procurement Plan had not been included to the Annual Action Plan prepared for the year 2016 by the Ministry.

3.5.2 Annual Procurement Plan

According to the Annual Budget Estimate, provisions of Rs.24.6 million had been approved by Parliament to obtain goods and services in terms of the Government Procurement Guidelines. However, a meaningful Procurement Plan highlighting various stages and the specific periods of the procurement process for utilization of provisions had not been prepared as per the National Budget Circular No. 128 dated 24th March 2006.

3.5.3 Internal Audit

Even though an internal audit unit had been established by the Ministry on 06 July 2015 only one officer had been attached thereon except the Chief Internal Auditor.

3.6 Assets Management

The following deficiencies were observed during the audit test checks of the assets of the Ministry.

(a) Idle and Underutilized Assets

Two motor vehicles belonging to the Ministry which met with accidents valued at Rs.11,340,000 had remained idle in the garage for the repairs for over 11 months.

(b) Conduct of Annual Boards of Survey

 The following observations are made.

- (i) Several instances of certain activities not carried out relating to conduct of Annual Boards of Survey during the time frame mentioned in Paragraph 03 of the Public Finance Circular No.05/2016 dated 31st March 2016 were observed. Details appear below.
 - Suitable action had not been taken relating to the assets that could not be utilized which identified according to General 47 Report.
 - The reports of the particulars relating to purchases and assets which disposed had not been furnished to the Director General of Public Finance.
- (ii) Action in terms of Financial Regulation 757(2) and (3) had not been taken in respect of excesses, shortages pointed out and other recommendations made in the Board of Survey reports relating to the year 2016.
- (iii) A large amount of damaged goods had remained in the building premises ground floor of the Ministry even by 30 March 2017 due to non - implementation of recommendations made by Annual Boards of Survey in timely manner.

(c) Non Settled Liabilities

 The following observations are made.

- (i) According to the agreement reached by the Sri Lanka Ports Authority (SLPA) in the year 2008 for a project to expand the Colombo Port, the Central Government had to reimburse Rs. 32.25 million to a foreign company and there was an excess liability of said amount.
- (ii) The Liabilities of Rs. 151,355 which made in the year 2017 for the review year has not mentioned in the Appropriation Account.

3.7 Foreign Aid Projects

 Provisions of Rs.500 million had been made by the Ministry in the year under review under the foreign financing for the implementation of the Galle Port Development Project. Before making provision for this Project, the Ministry had failed to obtain the clearances and compliances required to be implemented the project from UNESCO under the World Heritage Conservation Program and as such the project activities could not be commenced even by the end of the year under review.

3.8 Performance

 The observations in respect of the progress of the Ministry as per the Annual Budget Estimates and the Action Plan for the year 2016 are given below.

(a) Key Functions not Executed

The following key functions had not been executed out of the duties and functions vested in terms of the Extra Ordinary Gazette Notification No.1933/13 dated 21 September 2015 shown in the scope of the Ministry.

- (i) Functions related to taking over of Wreck Vessals and Ocean Salvages.
- (ii) Functions relating to operations of Coastal Passenger Transport Services.
- (iii) Non- recovery of the loan of Rs.422.64 million due to the Shipping Development Fund.
- (iv) Failure to implement Galle Port Development Project.

(b) Planning

According to the Action Plan prepared in terms of Public Finance Circular No.01/2014 dated 17th February 2014 the following functions had not been performed.

- (i) Even though, it was planned to submit the legal draft by 30 June 2016 in respect of the provision of interior laws in compliance with the International Maritime Organization Protocol to Parliament for approval, it had not been executed even by the end of the year under review.
- (ii) Even though, it was planned to approve the legal draft for provision of Laws, Rules and Guidelines in compliance with the International Maritime Organization Protocol and published in the Gazette, it was in the discussion level even by the end of the year under review.

3.9 Losses and Damage

The following observations are made.

- (a) The damages amounting to Rs.4.28 million had been reported due to 20 motor vehicle accidents caused during the year under review. The losses incurred in 04 instances out of that amounting to Rs.246,967 had not been indemnified by insurance coverage.
- (b) A loss amounting to Rs.481,550 which had not been indemnified by insurance cover incurred due to an accident caused to a Jeep belonging to the Ministry had not been recovered from responsible parties even by 12 June 2017.

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

| Category of Employees | Approved Cadre Vacancies | | Actual Cadre | | Number of |
|-----------------------|--------------------------|--------|--------------|-----------------|-----------|
| | Permanent | Casual | Permanent | Casual/Contract | |
| (i) Senior Level | 39 | - | 20 | 02 | 17 |
| (ii) Tertiary Level | 06 | - | 02 | - | 04 |
| (iii) Secondary Level | 85 | - | 43 | 01 | 41 |
| (iv) Primary Level | 55 | 02 | 23 | 04 | 30 |
| Total | 185 | 02 | 88 | 07 | 92 |

MR&SH/ACC/02/02/Audit Report

07.07.2017

Mr. W. Premananda

Additional Auditor General
Auditor General's Department
No. 306/72
Polduwa Road
Battaramulla

Report of the Auditor General on Head 176 - Ministry of Ports and Shipping - Year 2016

I herewith submit the relevant explanations for the matters raised from your draft report No. POS/B/MPS/154(6)/2016 and dated 30th June 2017.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

I agree with the facts mentioned in the paragraph.

2. Accounts**2.1 Appropriation Account****Total Provision and Expenditure**

I agree with the facts mentioned in the paragraph.

2.2 Advance Account**2.2.1 Advances to Public Officers Account****Limits Authorized by Parliament**

I agree with the facts mentioned in the paragraph. Further the advances to the public officers have been managed within the limits of maximum receipt limit, minimum payment limit and maximum debit balance limit authorized by the Parliament for Advances Public Officer Account "B".

2.3 Imprest Account

The balance has been occurred as at 31st December 2016, due to non-payment of scheduled stamp deposit that has to remit to the Commissioner of Inland Revenue, and the Imprest Account has been corrected by remit the said value at the beginning of the year 2017.

2.4 Audit Observations

I agree with the facts mentioned in the paragraph.

3. Material and Significant Audit Observations**3.1 Non Compliance with Laws, Rules and Regulations**

It has not avoided to act on the circular mentioned in the paragraph and the delay on loan settlement of these four officers has made, since their salary descriptions (including details of loan balances) have not submitted by the relevant institutions.

3.2 Appropriation Account**3.2.1 Budgetary Variance**

Could not utilize entire provisions in completion of projects since most of the additional provisions has received in the last quarter of the year.

3.3 Imprest Advance Account

It is informed that if the relevant officer could obtain his retirement benefits after the judicial action taken for this matter related to the said officer who obtained the advance of Rs. 8,800/- which brought forward by transferring within the Ministries has finished, then this advance will settle at the said instant.

3.4 Reconciliation Statement of the Advances to Public Officers Account

I agree with the facts mentioned in the paragraphs (a) and (b). I herewith informed that action has been initiated to correct said matters with the collaboration of Ministry of Education and Highways.

The required provisions to settle the balance that shown in the books valued Rs. 668,610/- which included in the outstanding loan to be recovered on (c), but already recovered from the retirement benefit of the retired officer has been requested from the Director General of Pensions. This arrears will be settled through book notes once received the said provisions.

The recovery amount of Rs. 293,470/- that has to be recovered from the officer who interdicted would be recovered from the said officer while grant him the retirement benefits after completion of the judicial action as mentioned above.

3.5 Good Governance and Accountability**3.5.1 Annual Action Plan**

Even though the imprest requirement plan has not included in the Annual Action Plan, I kindly inform you that the annual imprest requirement statement has been submitted to the Director General of Department of Treasury Operations at the beginning of the year.

3.5.2 Annual Procurement Plan

The plan for year relevant to the Head 176 has been prepared in the Annual Action plan. I herewith submitted a copy of said plan.

3.5.3 Internal Audit

I agree with the facts mentioned in the paragraph. I herewith informed that the requirement of the public management assistant officers to fulfill the vacancies obtained in the internal audit division have been forwarded to the Ministry of Public Administration and Management.

3.6 Assets Management**(c) Idle and Underutilized Assets**

The reason for spending 11 months to repair and re use the two mentioned motor vehicles are out of control of the Ministry. Could not avoid the time spend to confirm the insurance coverage for vehicle no. KO – 7557 and time spend to import suitable accessories from the manufacturing company in order to repair the vehicle was too long. I kindly request to consider these facts and remove the paragraph accordingly.

(d) Conduct of Annual Boards of Survey

(i) I kindly inform that the disposal process through sale or other method will carry out for the items identified in the format 47 of the Report on Board of Survey conducted recently for the year 2016 and the relevant information will submit to the Department of Public Finance after completion of the said procedure. Further inform you that the disposals are being on process regarding all the items recommended for disposal by the Board of Survey 2016 as well as the previous Board of Surveys conducted.

(c) Non Settled Liabilities

- (i) I kindly inform you that the settlement of the payment of Rs. 32.25 million to be completed to construction company as at 31.12.2016 for the completion of South Colombo Port Project has been already settled.
- (ii) The financial statements prepared based on accumulation basis including missed liabilities while submitting Appropriation Account 2016, has been forwarded to Director General of Department of State Accounts and Auditor General.

3.7 Foreign Aid Projects

It is decided to suspend the implementation of the Galle Port Development Project and further the Central Government has been transferred the provisions allocated for the said project for the year 2017 to use the disasters happened due to flood.

3.8 Performance**(c) Key Functions not Executed**

- (i) The Merchant Shipping Secretariat are maintained the relevant information.
- (ii) The Merchant Shipping Secretariat are maintained the relevant information.
- (iii) The facts have been submitted to the Review Committee of Treasury Funds in order to remove the amount from the book that mentioned in the query as to be recovered to the Shipping Development Fund from the Presidential Secretariat, ministry of Education and Ceylon Shipping Company.
- (iv) I kindly inform that the implementation of the Galle Port Development Project has been suspended. The copy of the relevant letter is attached.

(d) Planning

- (i) I agree with the facts mentioned in the paragraph.
- (ii) I agree with the facts mentioned in the paragraph.

3.9 Losses and Damage

- (c) It was observed such instances not completing entire payments to restore the accidents of the vehicles under the insurance coverage obtained for motor vehicles which met with an accidents. I kindly inform you that it could not avoid presenting such non settled losses, since the rate reimbursement as per the right of insurance coverage would be made by the Insurer while applying accessories to restore the accidents of motor vehicles. However, the value will be added to the present value of the vehicle by the new accessories applied to restore the damages of said vehicle, then could obtain long period perspective.
- (d) I agree with the facts mentioned in the paragraph.

3.10 Human Resources Management**Approved Cadre and Actual Cadre**

- (i) I agree with the vacancies of the cadre mentioned in the report. Even though due to the vacancies obtained, it could be a barrier to fulfill the tasks of the Ministry, but I kindly inform you that the necessary action have been taken in order to provide maximum service to the clients.
- (ii) I agree with the facts mentioned in the report.

(Placed Signature)

L. P. Jayampathi

Secretary

Ministry of Ports and Shipping

Cabinet Memorandums Approved in the Year 2017

Annexure II

| No. and Date | Subject | Expected Approval | Actions to be taken as per the Cabinet Decision | Actions Taken |
|--------------------------------------|--|--|--|---|
| අම/17/0058/ 737/001 2017.01.02 | Proposal on establishment of Liquefied Natural Gas (LNG) Centralized Terminal and Storage Tank in the Port of Trincomalee. | Establishment of Liquefied Natural Gas (LNG) Centralized Terminal and Storage Tank in the Port of Trincomalee to export Liquefied Natural Gas in the Port of Trincomalee by Energy World International Company Ltd. Provide land extent of 30 hectare for the long term lease basis for 30 years, based on state assessment. Appoint Cabinet Appointed Negotiating Committee (CANC) and Project Committee (PC) to evaluate and recommend this project. | | Postponed to next meeting |
| අම/17/0078/ 737/002 2017.01.02 | Regulations made under the Merchant Shipping Act No. 52 of 1971 to regularize Small Commercial Vessels | Submit the Draft of Regulations to regularize Small Commercial Vessels in order to get approval from Legal Draftsman, to publish in the Government Gazette, and to get approval from the Parliament. | Obtain consent of the Legal Draftsman to Draft Regulation and publish said regulations in the Government Gazette. Submit the said regulations to Parliament for the approval. | The regulations has been published in the Extra Ordinary Gazette Notification No. 2017/31 and 04.05.2017 dated. |
| අම/17/0079/ 737/003 2017.01.02 | Memorandum of Understanding between Sri Lanka and Ukraine on the Recognition of the seafarers. | Sign the Memorandum of Understanding between Government of Sri Lanka and Government of Ukraine on the Recognition of Certificates issued to the seafarers. | Sign the relevant Memorandum of Understanding between Ministry of Infrastructure, Ukraine | The necessary arrangements are being made to sign the agreements. |

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| <p>අමුණ/17/0080/ 737/004 2017.01.02</p> | <p>Certificates issued to seafarers</p> | <p>Grant authority to Director General of Merchant Shipping, Ministry of Ports and Shipping to sign said memorandum.</p> | <p>and Merchant Shipping Secretariat, Sri Lanka.</p> | |
| <p>අමුණ/17/0081/ 737/005 2017.01.03</p> | <p>Memorandum of Understanding between Sri Lanka and Denmark on the Recognition of Certificates issued to seafarers</p> | <p>Sign the Memorandum of Understanding between Government of Sri Lanka and Government of Denmark on the Recognition of Certificates issued to seafarers. Grant authority to Director General of Merchant Shipping, Ministry of Ports and Shipping to sign said memorandum.</p> | <p>Sign the relevant Memorandum of Understanding between Maritime Authority, Denmark and Merchant Shipping Secretariat, Sri Lanka.</p> | <p>The necessary arrangements are being made to sign the agreements.</p> |
| <p>අමුණ/17/0081/ 737/006 2017.01.03</p> | <p>Deployment of dry cargo transport vessels by Ceylon Shipping Corporation</p> | <p>Extend the approval already granted to Ceylon Shipping Cooperation, as per the cabinet decision no. 16/0038/737/004 and dated 13.01.2016, as same as the conditions mentioned in the cabinet decision no. 16/0038/737/004 and dated 13.01.2016 including the ship owners / exporters / importer in addition to the commercial management companies and ship broker companies mentioned therein.</p> | <p>Order the officers in Ceylon Shipping Cooperation to act under the consideration of paragraph no. 02 of the observations of Hon. Minister of Finance.</p> | <p>Has informed Ceylon Shipping Cooperation.</p> |
| <p>අමුණ/17/0081/ 737/006 2017.01.03</p> | <p>The long-awaited recoveries of the services provided by the Sri Lanka Ports Authority and Ceylon Shipping Corporation to the ships that were hired by the Commissioner General of Essential</p> | <p>Instructed Secretary to the President to act on providing relief to the financial crisis occurred in said institutions, by crediting total long-awaited recovery amount of Rs. 50,373,995.45 as per the recommendation given by the Director General of Public Finance by his letter no. PFD/RED/01WO/16/16 and dated 16.08.2016 addressed to Secretary to the President.</p> | <p>Decision has been taken by the then Commissioner General of Essential Services to make request to the Secretary to the President to follow appropriate action to pay the outstanding amount to be paid for the Sri Lanka</p> | <p>Request has forwarded to the Secretary to the President regarding same.</p> |

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| | <p>Services for the transport of essential goods during the period 2006-2009.</p> | <p>If the Secretary to the President required the approval of the Cabinet of ministers in this regard, then grant said approval through this cabinet memorandum.</p> | <p>Ports Authority and Shipping Corporation</p> | <p>Action is being taken</p> |
| <p>අංක/17/0082/ 737/007 2017.01.25</p> | <p>Galle Port Yacht Marina Development of Project</p> | <ol style="list-style-type: none"> 1. Cancel the Cabinet Decision issued on 16.08.2016 related to the Cabinet Memorandum No. 16/1596/737/029 and dated 09.08.2016. 2. Grant approval to Sri Lanka Port Authority to call a detailed proposal from first bidder for this project to operate the related business following the 'Swiss Challenge' procedures, and 3. Appoint Project Committee to assist the Line Ministry for evaluate the proposals following the 'Swiss Challenge' procedures and report the results of the same for the consideration of Cabinet of Ministers on Economic Management. | <p>Cancel the Cabinet Decision issued on 16.08.2016 related to the Cabinet Memorandum No. 16/1596/737/029 and dated 09.08.2016. Follow "Swiss Challenge" procedure to select suitable investor for this project and grant approval to the proposal (3.3) mentioned in the last paragraph of the note.</p> | <p>Action is being taken</p> |
| <p>අංක/17/0304/ 737/008 2017.02.03</p> | <p>Signing of a Statement of Mutual Agreement between the Port of Colombo and the Port and Urban Projects Bureau of Kobe City Government of Japan</p> | <p>Seek cabinet approval to sign a Statement of Mutual Agreement between the Sri Lanka Ports Authority and the Port and Urban Projects Bureau of Kobe City Government of Japan, as per the Agreement submitted along with the Cabinet Memorandum</p> | <p>As mentioned in the paragraph 3 of the said Cabinet Memorandum, Grant approval for the Statement of Mutual Agreement between the Sri Lanka Ports Authority and the Port and Urban Projects Bureau of Kobe City Government of Japan, along with the Cabinet Memorandum, and</p> | <p>Action is being taken</p> |

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| | <p>අමුණ/17/0419/7 37/009</p> | <p>Hire two Tugs to Sri Lanka Ports Authority for the operation in Colombo Port.</p> | <p>Order Secretary to the Ministry of Port and Shipping to act compiled with the conditions mentioned under the observations (a), (b), and (c) given by the Hon. Minister of Finance before signing the above mentioned agreement.</p> |
| | <p>Cancel the cabinet decision obtained for appoint CANC and PC to call re procurement in order to hire two Tugs. Call proposals to hire three tugs to serve in port for three years time period with the option of extending for further one year period on hire basis. Appoint CANC and PC to complete above mentioned procurement process to hire three tugs and to submit recommendations regarding same to the Cabinet of Ministers.</p> | <p>Submit these matters to get recommendation of Committee of Cabinet of Ministers related to Economic Management. Instruct Secretary to the Ministry of Port and shipping to submit said recommendations through Hon. Minister of</p> | |
| <p>අමුණ/17/0304/ 737/010 2017.03.09</p> | <p>Introduce Statement of Corporate Intent for SOBEs</p> | <p>Establish the East Terminal and implement the operation in the year 2018 (Preliminary Developments) Obtain the special power to the Sri Lanka Ports Authority to operate on LCL and MCC for several countries.</p> | |

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| | <p>෧෧෧/17/0576/ 737/011 2017.03.14</p> | <p>Budget Proposal for release the business of LCL and MCC</p> | <p>To conduct operations of the Port of Hambantota by Sri Lanka Ports Authority and to implement industries / business in the said Port Area. Allow Sri Lanka Ports Authority to implement Port related industries in the Port of Trincomalee.</p> | <p>Ports and Shipping for the consideration of Cabinet of Ministers.</p> | <p>Report have to be submitted to the Parliament on income and expenditure of Sri Lanka Ports Authority in the previous year and the expenses that the Sri Lanka Ports Authority has already made for carry out the business of LCL and MCC and income that would be loss to the Sri Lanka Ports Authority by open the activities on LCL and MCC as per the budget proposal</p> | <p>Has been forwarded to Sri Lanka Port Authority on 19.04.2017 to obtain relevant reports regarding same.</p> |
| <p>෧෧෧/17/0607/ 737/013 2017.03.17</p> | <p>Deployment of tug boats for maintenance and emergency response in oil tank operations in boya anchors in the Colombo Port</p> | <p>Grant above contract to the Sri Lanka Shipping Company Ltd under the limitation of the value of performance warranty and the responsibilities mentioned in the section 2.12 of the bid notice and Memorandum of Understanding, in the instances that the service provider is failure to provide tug boats according to requirements of the Sri Lanka Petroleum Cooperation Ltd.</p> | <p>Request to submit combined proposal by Minister of Finance and Minister of Ports and Shipping. Instruct the Secretary to the Ministry of Petroleum Resources Development to extend</p> | <p>Action has been taken accordingly.</p> | | |

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| <p>the agreement for a period of one month effective from 01.04.2017, with the same conditions and rules of the agreement that currently available between Sri Lanka Petroleum Cooperation Ltd and Sri Lanka Shipping Company Ltd, as proposed in the observations of Hon. Minister of Petroleum Resources Development.</p> | | | |
| | <p>As per the instructions of Cabinet of Ministers, submit the agreement of two ships named Lanka Breeze and Lanka Princess owned to Ceylon Shipping Cooperation with the recommendations of Procurement Committee for the information of Cabinet of Ministers.</p> | <p>Deployment of dry cargo ship owned by Lanka Shipping Corporation. during the Southwest monsoon season.</p> | <p>අම/17/0705/ 737/014 2017.03.29</p> |
| <p>Submit this matter to Committee of Cabinet of Ministers related to Economic Affairs the Committee which the Hon. Prime Minister hold the Chair to submit their observations after</p> | <p>Publish the draft amendments in the Government Gazette and submit to the Parliament.</p> | <p>The regulations made under the Licensing of Shipping Agents Act, No. 10 of 1972 for issue license to shipping agents, common operators non other than craft</p> | <p>අම/17/0919/ 737/017 2017.05.02</p> |

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| <p>අම/17/1011/ 737/019 2017.05.17</p> | <p>operators and container operators. International Chamber of Commerce Settlements - China Harbor Engineering Co. Ltd of People's Republic of China; Sinohydro Corporation Ltd of the People's Republic of China against to Sri Lanka Ports Authority</p> | | <p>considering the observations of Hon. Minister of Finance.</p> | |
| <p>අම/17/1159/ 737/022</p> | <p>Strengthen the security services of Sri Lanka Ports Authority and appoint Major General Gamini Hettiarachchi to Director (Securities)</p> | | <p>Approved</p> | <p>Appointment has given.</p> |
| <p>අම/17/1452/ 737/023</p> | <p>Contract on charcoal transportation in the contract year of 2017/2018 and 2018/2019</p> | <p>Cancel the process of calling Expression of Interest to register dry cargo ship owned company and operating company which are able to match current shipping charges expected to be granted by Ceylon Shipping Cooperation, by considering the financial profit of Rs. 310 Mn which could remain in two years. As per the section 10.3 of the agreement, by considering the facts mentioned in the paragraph 1.2 to 2.8, extend the contract between Ceylon Shipping Cooperation and P.C.L. Shipping Pvt Company of Singapore for 02 years for 2017/18</p> | <p>Extend the recent contract mentioned in the proposal 3.2, for the proposal 3.1 of the cabinet memorandum, only for one contact year</p> | <p>Has informed Ceylon Shipping Company</p> |

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| <p>අම/17/1467/ 737/024</p> | <p>Memorandum of Understanding (MoU) on Mutual Cooperation in Shipping Business between the Ceylon Shipping Corporation and the Bangladesh National Shipping Corporation</p> | <p>and 2018/19 under the conditions mentioned in the above paragraph 2.2.</p> | <p>Approval has been granted for Memorandum of Understanding (MoU) on Mutual Cooperation in Shipping Business between the Ceylon Shipping Corporation and the Bangladesh National Shipping Corporation as proposed in the cabinet memorandum.</p> | |
| <p>අම/1479/737// 025</p> | <p>Modernization of the Jaya Container Terminal of the Sri Lanka Ports Authority and increase the capacity of deep anchor</p> | <p>Initiate the modernization of stage V of the Jaya Container Terminal using funds of Sri Lanka Ports Authority. Appoint CAPC and PC to purchase container operation items for the same. Appoint CAPC and PC to operate the construction of civilian expansion work - stage V.</p> | <p>Approval has been granted to act by the Ministry as mentioned in the observations of Hon. Minister of Finance and Mass Media.</p> | <p>Relevant appointment has been completed.</p> |
| <p>අම/17/1538/ 737/026</p> | <p>Re settlement of Loan obtained for Hambantota Port</p> | | <p>I. Submit this matter to the committee to obtain recommendations of CCEM. II. Take action based on the recommendations of said committee. II. Draw attention of the Cabinet of Ministers regarding said actions.</p> | <p>CCEM has recommended to repay the loan by Sri Lanka Port authority based on whether it would be the relevant loan amount paid while obtain fund after sign</p> |

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| <p>අම/17/1568/7 37/027</p> | <p>Development of the Infrastructure of alternative lands given in respect of the lands acquired for the construction activities of Hambantota Port - Stage II</p> | <p>To complete the development of infrastructure facilities of the alternative lands given in respect of the lands acquired for the construction activities of Hambantota Port - Stage II, using the provisions already allocated to the compensation activities of the second stage of Port of Hambantota, by the Road Development Authority according to the extra 33 issued by the Government Procurement Guidelines outside the tender procedure.</p> | <p>Have to be select the most competent bidder from the relevant region, applying reduced periods of time specified in Supplement No. 31 dated 15.03.2017 and follow the procedures mentioned in the Public Finance circular No. 04/2016(1) and dated 30.09.2016.</p> | <p>the Concession Agreement. The procurement procedure has been initiated by the District Secretary, Hambantota. The provisions regarding same has been allocated to District Secretary, Hambantota.</p> |
| <p>අම/17/1580/ 737/018 -II 2017.07.20</p> | <p>Concession Agreement of the Port of Hambantota</p> | <ol style="list-style-type: none"> 1. Accept, authorize and approve the Agreement 2. Authorize the power to SLPA to act and instruct as per the Sri Lanka Ports Authority Act No. 51 of 1971 and amendments to the same in order to act on this agreement on behalf of Government of Sri Lanka and enter the Concession Agreement scheduled to sign with CMPort Company, follow and to approve. 3. Authorize the power to Secretary to the Ministry of Port and shipping and chairman of SLPA to act and instruct and to follow every necessity steps to be taken in the signing, implementing and performance level of the agreement. 4. The General Treasury / Ministry of Finance to pay entire loan amount obtained by the SLPA to develop the Port of Hambantota, since the entire | <p>2. Grant approval under the amendments 4. The General Treasury has taken the responsibility to repay the loan balance obtained by the SLPA to construct Port of Hambantota, with effect from the effective date of Concession Agreement.</p> | <p>This agreement has signed on 29.07.2017.</p> |

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| <p>අමුණ/17/1691/ 737/018 -III 2017.07.31</p> | <p>Concession Agreement of the Port of Hambantota (Cabinet Memorandum)</p> | <p>money on this transaction will be deposited to consolidated fund of Sri Lanka. 5. Consider as to the decision of Cabinet of Ministers have confirmed to implement and follow this Concession Agreement in immediate manner.</p> | <p>Grant approval to submit signed Concession Agreement of the Port of Hambantota to the Parliament. Request to Hon. Minister of Special Tasks who served as Chairman of the Cabinet of Ministers' Sub Committee to submit a report on actions taken related to (a), (b), and (c) of the III paragraph of the cabinet decision dated 21.03.2017 and no. අමුණ 17/0601/753/002 reference to this subject.</p> | <p>Has submitted to the Parliament.</p> |
| <p>අමුණ/17/1765/ 737/028 2017.08.10</p> | <p>Sooriyawewa International Cricket Stadium - Deferred payment to the Contractor</p> | <p>(a) Obtain alternative funds through Department of External Resources to complete the deferred payment as per the recommendation of Committee of Cabinet of Ministers related to Economic Affairs and as mentioned in 4.5 above. (b) Complete the payments as per the letter of confirmation submitted by CHEC and the report on Technical Evaluation Committee of SLPA and as mentioned in 4.3 and 4.4 above.</p> | <p>Approval has been granted. 2017.08.15</p> | <p>(a) The request has been submitted to Department of External Resources by Sri Lanka Port Authority.</p> |

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| <p>අංක/17/2660/ 706/111- I (submitted by the combination of Hon. Minister of National Policy and Economic Affairs, Hon. Minister of Finance and Mass Media and Hon. Minister of Ports and Shipping)</p> | <p>Sooriyawewa International Cricket Stadium - Deferred payment to the Contractor</p> | <p>(c) Complete the payment after expel the ICC settlement process submitted by CHEC against to SLPA. 1. Make loan agreement between SLPA and Peoples Bank to obtain loan amount of Rs.3,950,858,869.57 2. Repay the loan interest at the beginning of the year 2018 and provide budgetary provisions to pay loan capital from 2021 after grace time period. 3. Provide a suitable pledge to Peoples Bank to pay loan capital and interest by Ministry of Ports and Shipping.</p> | <p>Approval has been granted on 05.12.2017 for the combined memorandum dated 20.11.2017.</p> | |
| <p>අංක/17/1856/ 737/029 2017.08.21</p> | <p>Development of habour facilities for transporting passengers and goods safely between Jaffna and islands of surrounding areas and Construction of a building for a sub office of the Merchant shipping Secretariat</p> | <p>To allocate additional provisions of Rs. 30 Mn to the Ministry of Ports and Shipping through Annual Budget 2018 to construction of the proposed sub office of the Merchant Shipping Secretariat to be established in Jaffna, to purchase furniture for the said office, and to other monitoring processes in order to successfully complete the project.</p> | <p>Relevant approval has been granted. 2017.09.12</p> | <p>The Director of General Merchant Shipping Secretariat has been informed for further action.</p> |

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| <p>අම/17/2095/ 737/030</p> | <p>Implement the India - Sri Lanka Pre-Shipments Operations between Colombo and Tuticorin</p> | <ol style="list-style-type: none"> 1. Cancel the recent procurement procedure for the project of Implementing the India - Sri Lanka Pre-Shipments Operations between Colombo and Tuticorin. 2. Select suitable investor to implement the India - Sri Lanka Pre-Shipments Operations between Colombo and Tuticorin with the collaboration of Ceylon Shipping Company in order to obtain Expression of interest (EOI) to re call procurement for the above project. 3. Reestablish the CANC and PC appointed by present Cabinet of Ministers and to conduct above procurement process through said new committees. | <p>Approval has been granted.</p> | <p>The relevant appointments has been completed.</p> |
| <p>අම/17/2143/7 37/018 -IV</p> | <p>Fulfillment of the preconditions for concession agreement signed with Hambantota Port</p> | <ol style="list-style-type: none"> 1. Cancel the cabinet decision given for the request on proposals of Hambantota Port. 2. To cancel the request process for the proposals carry out under the cabinet decision granted to “Hambantota Marine Oil Supply Facilities and Oil Tank Complex - Expanding the supply of marine fuel with the collaboration of strategic partner” and to publish the cancellation notification | <p>Approval has been granted.</p> | <p>The Sri Lanka Port Authority has informed to take relevant action regarding same.</p> |
| <p>අම/17/2143/7 37/018 -V 2017.09.22</p> | <p>Assets Transfer / Tax approval for the Lease under concession agreement signed with Hambantota Port</p> | <p>Instruct to General Treasury to pay entire tax to be paid by the Sri Lanka Port Authority with regard to the transactions made in the Hambantota Port.</p> | <p>Approval has been granted.</p> | <p>The Sri Lanka Port Authority has informed to take relevant further action regarding same.</p> |

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| <p>අම/17/2101/ 737/018 –IV 2017.09.22</p> | <p>Fulfillment of the preconditions for concession agreement signed with Hambantota Port</p> | <p>To cancel the request process for the proposals carry out under the cabinet decision granted for Cabinet Memorandum no. අම/16/0061/737/006 under the subject of Hambantota Port Development Project – Request for Proposals III and to publish the cancellation notification as per the preconditions for concession agreement</p> <p>To cancel the request process for the proposals carry out under the cabinet decision granted for Cabinet Memorandum no. අම/16/0034/737/002 under the subject of “Hambantota Marine Oil Supply Facilities and Oil Tank Complex - Expanding the supply of marine fuel with the collaboration of strategic partner” and to publish the cancellation notification as per the preconditions for concession agreement</p> | <p>Approval has been granted.</p> | <p>The Sri Lanka Port Authority has informed to take further relevant action regarding same.</p> |
| <p>අම/17/2096/ 737/014 –I 2017.09.18</p> | <p>Deployment of Dry Cargo Ships of Ceylon Shipping Company during the South - West Monsoon (Note to the Cabinet)</p> | | | |
| <p>අම/17/2096/ 737/017 –I 2017.09.21</p> | <p>The regulations made under the Licensing of Shipping Agents Act, No. 10 of 1972 for issue license to shipping agents, common operators non other than craft</p> | <p>Publish the regulations made under the Licensing of Shipping Agents Act, No. 10 of 1972 for issue license to shipping agents, shipping operators, common operators non other than craft operators and container operators in the Government Gazette and submit to the Parliament.</p> | <p>Approval has been granted to publish the regulations in the Government Gazette and submit to the Parliament.</p> | <p>The Merchant Shipping Secretariat has informed to take further relevant action regarding same.</p> |

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| <p>අංශ/17/2189/ 737/009 –I 2017.09.26</p> | <p>operators and container operators. Hire three Tugs to Sri Lanka Ports Authority for the operation in Colombo Port.</p> | <p>Cancel the cabinet decision obtained for appoint CANC and PC to call re procurement in order to hire two Tugs. Call proposals to hire three tugs to serve in port for three years time period with the option of extending for further one year period on hire basis. Appoint CANC and PC to complete above mentioned procurement process to hire three tugs and to submit recommendations regarding same to the Cabinet of Ministers.</p> | <p>Approval has been granted to implement this proposal.</p> | <p>The relevant appointments has been completed.</p> |
| <p>අංශ/17/2290/ 737/002 –I 2017.10.04</p> | <p>Regulations made under the Merchant Shipping Act No. 52 of 1971 to regularize Small Commercial Vessels</p> | <p>To submit the Regulations made under the Merchant Shipping Act No. 52 of 1971 to regularize Small Commercial Vessels and published in the Gazette Extra Ordinary No. 201/37 and dated 04.05.2017 to the Parliament.</p> | <p>The approval has been granted to submit the Regulations made to regularize Small Commercial Vessels to the Parliament.</p> | <p>The Gazette Notification has issued.</p> |
| <p>අංශ/17/2113/ 737/031 2017.09.15</p> | <p>Sri Lanka Ports Authority - Annual Performance Report and Accounts - 2015</p> | <p>Submit the Annual Performance Report and Accounts - 2015 of the Sri Lanka Ports Authority to the Parliament.</p> | <p>The approval has been granted to submit the Annual Performance Report and Accounts - 2015 of the Sri Lanka Ports Authority to the Parliament.</p> | <p>Has been informed the Sri Lanka Ports Authority to act on the instruction given by the Cabinet Decision. (through Chief Finance Officer)</p> |

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| අම/17/2373/ 737/032 විඹආඪ 2017.10.19 | Disposal of 13,500 MT Marine Gas Oil (MGO) and 628 MT CST Fuel Oil Stock in the Tank Farm at the Hambantota Port | | Approval has been granted. | Has been informed the Sri Lanka Ports Authority. |
| අම/17/2374/ 737/033 2017.10.16 | Upgrading of the Terminal Management Software (TMS) System for JCT/UCT Terminals of the Sri Lanka Ports Authority | | Approval has been granted. | Relevant Committees has appointed to evaluate procurement process. |
| අම/17/2396/ 737/034 2017.10.20 | Liquidation Shipping and Aviation Information & Research Institute (Private) Limited (Note to the Cabinet) | Submit relevant details for the information of Cabinet of Ministers to aware them regarding the fulfillment of the tasks as per the cabinet decision dated 23.08.2016, according to the Cabinet Memorandum no. 16/1606/737/031 and dated 10.08.2016 by the then Hon. Minister of Ports and Shipping. | The Cabinet of Ministers have considered the facts mentioned in the Note. | |
| අම/17/2574/ 737/018 -VI 2017.11.10 | Amendment of the Concession Agreement signed on 29.07.2017 for the improvement of the Port of Hambantota by a Public-Private Partnership (PPP) between Sri Lanka Ports Authority, Government of Sri | To sing HIPG's Shareholders Agreement and the CUP Operator's Shareholders Agreement which are annexed hereto as annex 1 and 2 respectively To sing the Supplementary Agreement (which is annexed hereto as annex 5) of the Concession agreement already entered in to on 29.07.2017 To treat the decision of Cabinet of Ministers in this connection as confirmed. 1. Sign the agreements no. 1 and 2 respectively attached 'Hambantota International Port Group | Decided to grant approval for the recommendation in (i) and (ii) mentioned in the paragraph 6 of the Cabinet Memorandum. 2017.11.14 | Has been informed the Sri Lanka Ports Authority regarding same by letter dated 15.11.2017 and 28.11.2017. |

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| <p>අමෙ/17/2574/ 737/018 –VII 2017.11.30</p> | <p>Lanka, and CM Port , HIPG , HIPS Companies Concession Agreement signed on 29.07.2017 for the improvement of the Port of Hambantota by a Public-Private Partnership (PPP) between Sri Lanka Ports Authority, Government of Sri Lanka, and CM Port , HIPG , HIPS Companies</p> | <p>(Pvt) Limited(HIPG) Shareholders Agreement’ and ‘CUP Operator’s Shareholders Agreement’ 2. Sign the Addendum to the Concession Agreement signed on 29.07.2017 as attached no. 5 to the Cabinet Memorandum 3. Consider as to confirm the Cabinet decision taken with referred to this matter.</p> | <p>Approval has been granted in the meeting of the Cabinet of Ministers held on 05.12.2017.</p> | <p>Has been informed the Sri Lanka Ports Authority.</p> |
| <p>අමෙ/17/2466/ 737/35 2017.10.30</p> | <p>Revise the charges for the services provided by the Sri Lanka Ports Authority</p> | <p>Accept the revise charges as a policy, for all the ports control under preview of the Sri Lanka Port Authority (mentioned in the annexure) Immediately implement the process of applying proposed charges mentioned in annexure I with the consent of Hon. Minister of Finance and Mass Media, as per the provisions of section 37 of the Sri Lanka Port Authority Act.</p> | <p>The approval has been granted in the Meeting of the Cabinet of the Ministers held on 17.11.2017, to implement by the Secretary of the Ministry of Ports and Shipping, with the compliance of conditions mentioned in the paragraph (b) of the observations given by the Hon. Minister of Finance and Mass Media.</p> | <p>Has been informed the Sri Lanka Ports Authority for further action as per the Cabinet Decision.</p> |

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| <p>අමුණ/17/2838/ 737/018 – VIII 2017.12.08 (Note to the Cabinet of Ministers)</p> | <p>Concession Agreement signed on 29.07.2017 for the improvement of the Port of Hambantota by a Public-Private Partnership (PPP) between Sri Lanka Ports Authority, Government of Sri Lanka, and CM Port, HIPG, HIPS Companies</p> | <p>To purchase two pilot launches through International Competitive Bid Calling Procedure To appoint Technical Evaluation committee (IEC) in order to assist Procurement Committee for preparation of letters, to evaluate and to identify successful proposals and to appoint Cabinet Approved Procurement Committee (CAPC) in order to submit recommendations for the consideration of Cabinet of Ministers.</p> | <p>Decided to grant approval for the recommendation (i), (ii) and (iii) mentioned in the last paragraph of the said Note the Cabinet of Ministers</p> | <p>Has been informed the Sri Lanka Ports Authority for further action. (2017.12.26)</p> |
| <p>අමුණ/17/2771/ 737/036 2017.11.21</p> | <p>Purchase of two Pilot Launches for the Sri Lanka Ports Authority</p> | <p>Approval has been granted.</p> | <p>Action has been taken to appoint Technical Evaluation committee since the CAPC has already been appointed.</p> | <p>Further action is being on process</p> |
| <p>අමුණ/17/2772/ 737/037 2017.11.29</p> | <p>Development of the Port of Kankesanthurai and construction of Administrative Building and Warehouse to operate Port affairs</p> | <p>Approval has been granted in the Meeting of the Cabinet of ministers held on 12th December 2017.</p> | <p>Approval has been granted in the Meeting of the Cabinet of ministers held on 12th December 2017.</p> | <p>Further action is being on process</p> |