

ANNUAL REPORT 2018

“Let us be Committed to
Creating a Healthy Coastal and
Marine Environment for Posterity”



Marine Environment Protection Authority
(Ministry of Environment and Wild Life Resource)

Marine Environment Protection Authority
Annual Report 2018

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Concept & design:

Finance Division and IT Team
Marine Environment Protection Authority
Head office
Colombo

Marine Environment Protection Authority Annual Report **2018**



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

Corporate Information

Name of the Authority

Marine Environment Protection Authority

Legal Statues

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

Registered Address and Head Office

Marine Environment Protection Authority

No. 177, Nawala Road,
Narahenpita, Colombo 05.

T.P: 011 2554006 / 011 2554373
Fax: 011 2556505 / 011 2554173

E-mail : info@mepa.gov.lk Web: mepa.gov.lk

Board of Directors

Chairman

01. Rear Admiral (Retired) Rohana Perera ,
Appointed by Minister

Directors

02. Mr. R.R.R.A. Rupasinghe
Additional Secretary,
Minister of Mahaweli Development and Environment

03. Mr. N.L.M.B. Liyanage
Parliament Secretary to the President
(Appointed by Minister)

04. Mr. A.W. Senevirathne
Director General,
Department of Merchant Shipping

05. Mr. S.I.M. Rosa
Director,
Department of National Budget

06. Mr. Mahendra Perera
(Appointed by the Minister)

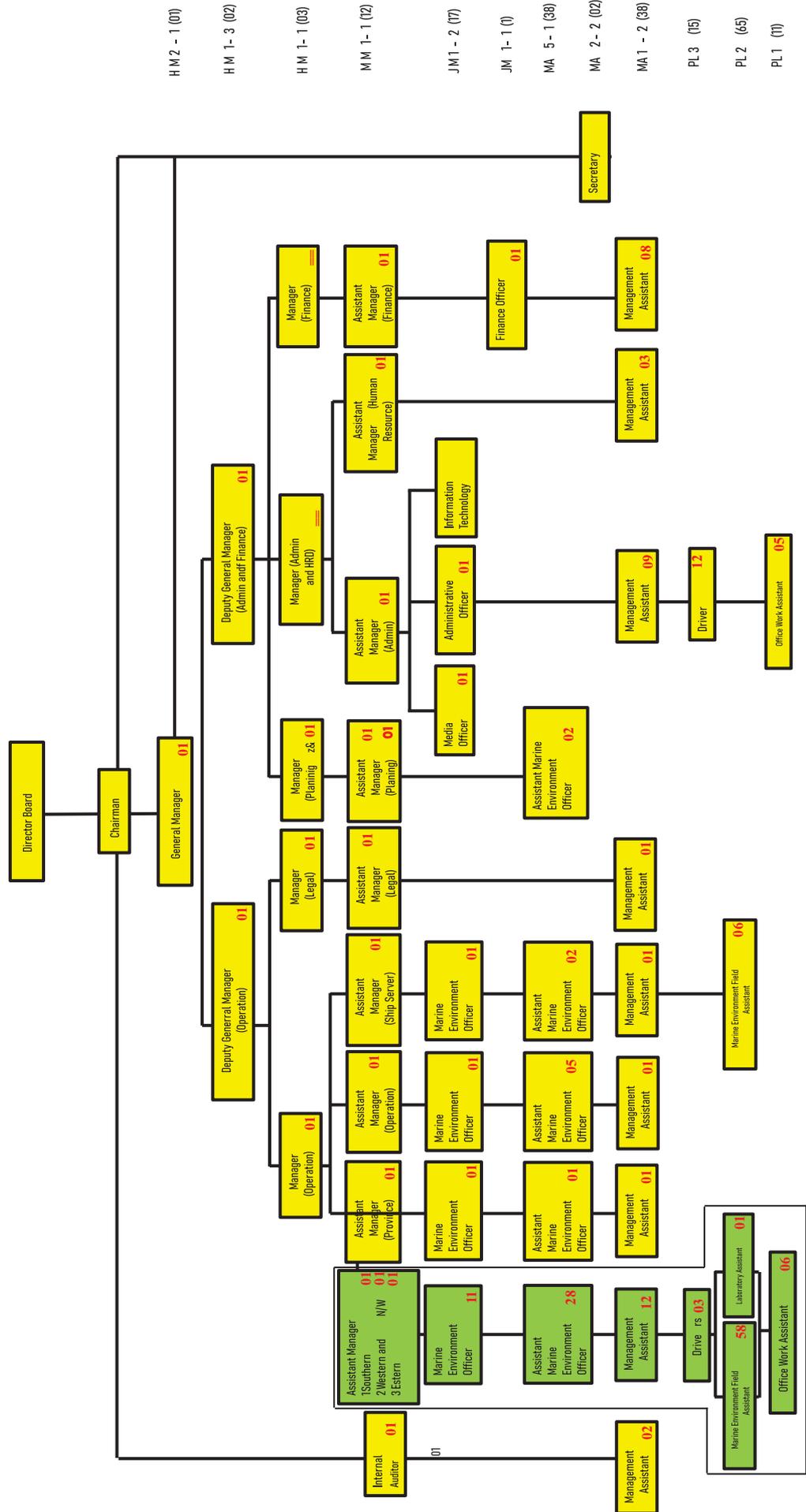
07. Mr. Poshitha Perera
Director,
Ministry of External Affairs

08. Mrs. Sepalika Wickramasinghe
Director,
Ministry of Fisheries

09. Commodore P.D.S. Dias
Director,
Sri Lanka Navy

10. Dr. P.B. Turney Pradeep Kumara
General Manager

Organizational structure of the Authority



HM 2 - 1 (01)

HM 1 - 3 (02)

HM 1 - 1 (03)

MM 1 - 1 (12)

JM 1 - 2 (17)

JM 1 - 1 (1)

MA 5 - 1 (38)

MA 2 - 2 (02)

MA 1 - 2 (38)

PL 3 (15)

PL 2 (65)

PL 1 (11)

The Management Team of the Authority

Senior Management

Chairman

Rear Admiral (Rtd) Rohana Perera - RSP, VSV, USP

General Manager

Dr. P.B. Teney Pradeep Kumara [B.Sc. Special (Zoology), Ph.D.]

Deputy General Manager(Operations)

Mr.A.J.M.Gunasekara [BSc,MSc (NRM),MSc.(Maritime Affairs)]

Senior Managers

Manager Legal - Miss. A. Kariyawasam [LLB, M Sc (Maritime Law and Policy)]

Middle Managers

Accountant -

Mr. D.R.C.Jayawardana [B.Com.SP,MBus (Accounting)/ LICA]

Assistant Managers (Western & North Western Province) -

Mrs. T.S.Ranasinghe [B Sc, M.Sc.(Env.Sc), M.Sc.(Maritime Affairs)]

Assistant Managers (Southern Province) -

Mrs.R.P.Ranaweera [B Sc. SP(Hons), M.Sc.(NRM)]

Assistant Managers (Provincial) -

Mr. H.T.N.I. Piyadasa [B.Sc, M.Sc.(NRM), M Sc. (Maritime Affairs)]

Assistant Manager (Ship Surveys) -

Mr. R.N. Priyadarshane [B.Sc, NDES]

Assistant Manager (Human Resources) -

Mrs. W.H.K. Hitibandara [B.Sc]

Assistant Manager (Planning) -

Mr. K.P.K.T.U. Fernando [B Sc(Hons),PGD (Applied Statistics)]

Assistant Manager (Operations) -

Mr.T.G.I.P. Amaranayeka [B.Sc. SP(Hons),MSc(DAMm)]

Assistant Manager (Administration) -

Mr. S.M.C. Kumarage [B.B.Mgt. (Sp.)(HRM)]

Internal Auditor -

Mr. W.A.Pubudu Udana [EDBA(Col),AMA(CMASL),ICBA,SMAAT,Intermediate (CASL), CBA(CASL)]

Acting Assistant Managers(North and Eastern Province) -

Mr. T.Shripathy [B Sc]

Provincial Offices and District Offices of Marine Environment Protection Authority

1 Western and North-Western Provincial Office and Colombo District Office

No:177, Nawala Road, Narahenpita, Colombo 05.
TP: 011 2554078/071 3462298
Fax: 011 2556505/011 2554173

2 District Office – Kalutara District

Marine Environment Protection Authority,
No:28, Gagabada Road, Kalutara.
TP:034 2221790/071 2666456
Fax: 034 2221790

3 Southern Provincial Office and District Office, Galle

Marine Environment Protection Authority,
No:426/B, Colombo Road, Dadalla, Galle.
TP: 091 2233549/091 2233547/071 8214184
Fax: 091 2233549

4 District Office – Matara District

Marine Environment Protection Authority,
18 Wilmott Balasuriya Avenue, Nupe, Matara.
TP: 041-2234250/071 4926849
Fax: 041 2234250

5 District Office – Hambantota District

Marine Environment Protection Authority,
46 Second Floor, Administrative Complex,
Siribopura, Hambantota.
TP: 047 2256372/071 3624651
Fax: 047 2256372

6 District Office – Ampara District

Marine Environment Protection Authority,
Pradeshiya Sabha Building,
Village Council Road, Thambiluvill
First Cross Road,
TP: 067 2265416
Fax: 067 2265416

7 Eastern Provincial Office and District Office, Trincomalee District

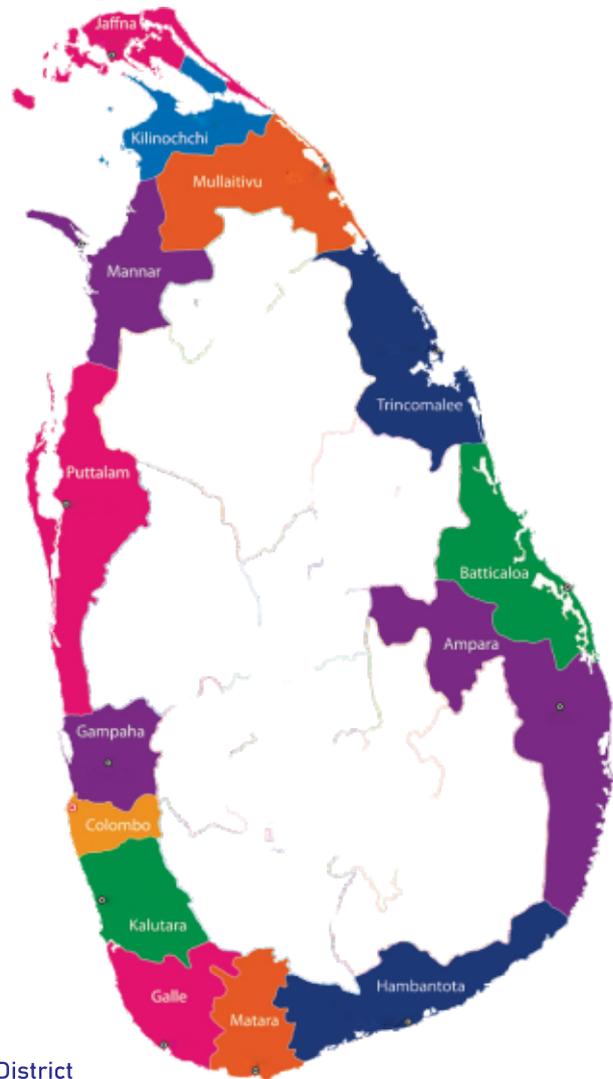
Marine Environment Protection Authority,
4th Mile Post, Trincomalee.
TP:026 2050805/071 8383363
Fax: 026 2050805

8 District Office – Jaffna District

Marine Environment Protection Authority,
District Secretariat, Jaffna.
TP: 021 2212663
Fax: 021 2212663

9 District Office – Puttalam

Marine Environment Protection Authority,
Nuge Sewana – Part B,
Regional Resource Development Authority building,
Pabbala,
TP:032 2222865/071406600
Fax: 032 2222865



10 District Office – Gampaha District

Marine Environment Protection Authority,
704/9A Second Kurana, Colombo Road, Negombo.
TP:031 2228606/071 8325678
Fax: 031 2228606

11. District Office – Mannar District

Marine Environment Protection Authority,
District Office, Mannar
TP: 023 2251758
Fax: 023 2251758

12. District Office – Batticaloa District

Marine Environment Protection Authority,
No:03, Pillayar Kovil Road,
Kallady, Batticaloa
TP: 065 2224979

Message from the Chairman



It gives me great pleasure to give a message to the Annual Report of the Marine Environment Protection Authority for the year 2018.

The Marine Environment Protection Authority established under the Marine Pollution Prevention Act No. 35 of 2008 is the regulatory authority that acts to prevent, mitigate and control marine pollution occurring in the marine region of Sri Lanka.

The National Marine Environment Symposium was held for the fourth time in 2018 covering all aspects of marine environment aiming at stimulating a dialogue in the society towards saving the marine environment from the threats posed to it locally and globally and at obtaining proposals for and identifying and resolving the environmental problems prevailing at present.

Formulating national strategies for the prevention, control and management of marine pollution which occurs due to the fishing industry and related activities has been conducted with the intervention and guidance of the Authority. As such, the proposed strategies are to be implemented in collaboration with the Ministry of Fisheries, the Department of Fisheries and the Fishery Harbours Corporation.

From the capital provision of 90 million rupees allocated for the year 2018 as per the Action Plan, 84 million rupees was spent during the year with a physical progress of 93% and a financial progress of 67%. The low level of financial progress was mainly due to the allocations being not provided as specified and allocations being delayed.

The Authority was able to mitigate the harm already caused and prevent the damage which could have occurred by several oil spills that occurred in the year 2018 and control the situation by obtaining the assistance of the relevant party involved.

The concept of engaging Samurdhi beneficiaries as coast guardians was commenced under the patronage of President His Excellency Maithripala Sirisena and implemented with the assistance of the Samurdhi Development Department with a view to continuously maintaining the coastal region belonging to Sri Lanka without marine pollution. It enabled the Authority to minimize pollution in coastal zones that are highly exposed to marine pollution.

I wish to place on record with gratitude the leadership and guidance received from His Excellency Maithripala Sirisena, President and Minister in charge of the subject, and the advice and support given by the Deputy Minister and the Secretary to the Ministry as well as the assistance extended by the Board of Directors, the General Manager, the Deputy General Manager and the staff for the prevention, control and management of marine pollution activities by the Authority in the year 2018.

Rear Admiral (Retired) Rohana Perera, RSP, VSV, USP
Chairman

Message from the General Manager

It is a pleasure to give a message to the Annual Report for the year 2018.

It was possible to implement the marine environment protection activities in a more methodical and proper manner, overcoming the challenges that came before the Authority in the year 2018. The Authority laid the foundation to implement strategic and integrated methodologies in protecting the marine environment and to establish the mechanism necessary to execute it effectively and efficiently in the field in the year 2018.

I wish to point out that the awareness, dedication and rallying on the part of the whole Sri Lankan society is essential at this juncture when we are engaged in the very serious and responsible task of bequeathing a good marine environment to the posterity by identifying sources of marine environment pollution, building a dialogue in the society regarding the importance of protecting the marine environment and managing the motivation caused through social media towards the protection of marine environment, in view of the rapid growth in tourism and special attention drawn towards marine environment in formulating national policies and trends in national economy.



The operational activities of the Authority have gradually expanded since its inception, and it has been possible to network and implement the activities covering the whole island. The Authority is still exploring novel methodologies and strategies to maintain the coastal marine environment free of pollution through sustainable means, recruit personnel for the posts that had remained vacant and increase the training opportunities for officers.

It was possible to construct the first office complex and laboratory fully owned by the Authority in Dadalla, Galle marking a milestone in the process of improving the physical resources of the Authority. Taking this process into the future, action is being taken to establish office complexes owned by the Authority for other Districts as well.

I wish to make this an opportunity to thank His Excellency Maithripala Sirisena, President and Minister of Mahaweli Development and Environment, and Hon. Anuradha Jayarathna, Deputy Minister, for the advice, guidance and support provided in overcoming the challenges faced in protecting the marine environment and manage them in order to ensure the safety of the marine environment, as well as the Secretary to the Ministry and his staff, the Chairman and the Board of Directors, and the comrade members of the staff, who work hand in hand with me in shouldering the responsibility of protecting the marine environment.

Dr. P.B. Tourney Pradeep Kumara
General Manager/ Chief Executive Officer



Vision

"Creating a pollution free marine environment around Sri Lanka for the sustainable development and the well being of its people and the economy"



Mission

"Be an agency with skills, competence, organizational structure and infrastructure framework necessary to prevent, control and manage marine pollution in Sri Lanka's environment through effective enforcement of regulations, implementation of relevant International Conventions, and coordination and mobilization of stakeholders and other resources, for sustainable management of marine environment for present and future generations."



01

Background



Background

1.1 Introduction

As an island, Sri Lanka is located at a strategically important place in the Indian Ocean. According to the international laws, Sri Lanka is entitled to tap resources in a vast marine region eight times the size of its land area. International shipping routes linking the orient and the occident run along the ocean region belonging to our country. The territorial waters belonging to Sri Lanka is rich with many resources, which are gradually polluted due to navigation of ships and human activities on land.

As such, the Marine Pollution Prevention Authority was established in terms of the Marine Pollution Prevention Act No. 59 of 1981 in order to maintain our oceanic resources free of pollution. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to the Government of Sri Lanka and it was implemented with effect from 01 January 2009. According to this Act, the name of the Authority was changed as Marine Environment Protection Authority.

Developing Sri Lanka as a naval hub is one of the main objectives as per the vision of the new government which is came in to the power in 2015. In the presence of this objective, construction of new harbors and improvement of existing harbors is also done. In addition, programmes are being formulated to tap the marine resources. Therefore, the contribution on the part of this Authority is necessary for minimizing the pollution that can occur through development measures and for maintaining the sustainability of these industries.

Accordingly, this Authority has been implementing many programmes as the institution assigned to minimize, mitigate and management of pollution of marine Environment.

1.2 Responsibilities and Functions of the Authority

1.2.1 Functions of the Authority

(a) To effectively and efficiently administer and implement the provisions of the Act and the Regulations made thereunder.

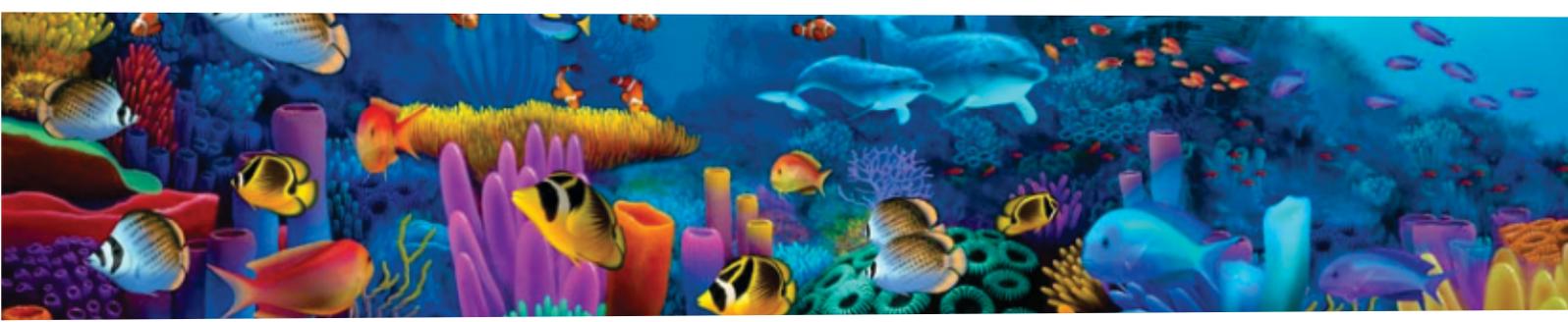
(b) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship-based activity and shore based maritime related activity in the territorial waters of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.

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

(d) To take measures to manage, safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka its foreshore and the coastal zone of Sri Lanka from being polluted by oil, harmful substances or any other pollutant.

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

(f) To recognize and recommend adherence to all international conventions and relevant protocols dealing with marine pollution which the government of Sri Lanka has or may ratify, accept, accede or approve.



(g) To formulate and implement the national oil spill contingency plan.

(h) To oversee, regulate and monitor the conduct of the contractors service sub-contractors, and other persons conducting or engaged in exploration of natural resources. of natural resources associated with petroleum or other related activities

(i) To create awareness amongst various community groups on the need to preserve the marine environment.

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

1.2.2 Powers of the Authority

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

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

(c) To control all sea transport of oil and bunkering operations that are carried out in the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone for the purpose of prevention of pollution.

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

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

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

(g) To appoint any person by name or office for the purpose of conferring all or any of the powers conferred on the Authority under the Act;

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

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

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

(k) to make rules in respect of the management of the affairs of the Authority;

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

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

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



02

Threats to Marine Environment in Sri Lanka



Threats to Marine Environment in Sri Lanka

The marine ecosystem gets our attention for different reasons. The fact remains that consistent increase in the level of pollutants has degraded water bodies across the world to levels of irreparable damage. Studies explain that 80 per cent of marine pollution originates on land, in different forms of pollutant, mostly as a result of various human activities. However, plastics contamination poses the biggest threat, the list of pollutant to the marine environment remains long with sewage, pesticides, industrial chemicals and other garbage.

It is true to say that despite taking numerous steps to mitigate the effects of marine pollution, there is still a long way to go to protect and conserve our water bodies. As important as finding ways to clean our oceans and lakes, creating awareness among people towards the protection and conservation of the marine environment is also a crucial factor. And being aware of a problem means knowing the issue at the grass root level. Thus, to prevent marine pollution, one must be aware of the pollutants that pose threat to the ecosystem and the sources those originate.

Here, the Marine Environment Protection Authority enumerated 11 main causes of marine pollution which have been troubling marine environment for quite some time now.

2.1 Plastic Pollution

It is important to mention this environment



degrading agent separately for the sole fact that it has and is the reason for several environmental problems both at sea and land. Those who have read or seen the Pacific garbage patch knows the extent of damage this substance is causing to the marine environment. It is estimated that around 8 million tonnes of plastic waste enters our oceans every year, and by 2050, at this rate, we would witness more plastic particles than number of fish in the oceans across the world. The ill effect of plastic pollution is wide-ranging. The plastic pollution has a direct effect on wildlife as it - plastic bags, fishing nets and other debris-chokes hundreds and thousands of seabirds and sea turtles every year. The ingestion of micro plastics fish and other species also pose risk to their life as well as humans.

2.2 Ocean Dumping



Dumping of waste materials from industries, ships and sewage plants into oceans has polluted the marine ecosystem to a great extent. As mentioned earlier, for years the oceans have been targeted as a dumping site of sewage, chemicals, industrial waste, garbage, and other debris from the land. According to reports, only mining companies across the world dump 220 million tones hazardous waste directly into our water bodies every year. Similarly, it is important to note that around two-thirds of the marine lives in the world have been under threat from the chemicals we use every day, including household cleaners. Since we depend on the marine ecosystem

extensively, the adverse effects of ocean dumping have not only been felt by marine life but by humans as it poses health risks.

2.3 Oil Spills

No discussion on marine environment can come to a conclusion without mentioning the biggest cause of marine pollution – oil spills. The world has witnessed several oil spill disasters that have been one of the major concerns of pollution to the marine environment. Disasters such as the Exxon Valdez Oil Spill and Deepwater Horizon etc. have resulted in the extreme pollution of the marine ecosystem, killing thousands of marine species. The oil spill destroys the insulating ability of several marine species and also the water repellency of bird's feathers, exposing these creatures to life-threatening risks.



2.4 Waste Pollution from Ships

As we know, tens and thousands of ships are responsible for more than 90 per cent of world trade. Apart from other pollutants such as oil and gas, the waste and garbage generated on board ships poses a significant threat to the marine ecosystem. Both solid and liquid waste in form of ballast water, grey water, food waste, tonnage and packing material, paper products and cleaning material and rags etc. pollutes the seawater and badly affects marine lives. The vessels used for various purposes - be it a container or cruise ship- contribute to this pollution in different levels.

2.5 Land Runoff

One of the major sources of ocean pollution is the waste comes from the nonpoint source, which happens as a result of runoff. Surface runoff from both agricultural land and areas carry soil and particles mixed with carbon, phosphorus, nitrogen and minerals, posing threat to the marine life in alarming scale. Crossing streams and rivers, the water filled with these toxic chemicals land in the ocean, resulting in harmful algal blooms. This kind of water pollution threatens the species of fish, turtles, and shrimp etc. and also humans through the food chain.

2.6 Ocean Acidification

The issue of ocean acidification is quickly becoming a threat to both marine lives and humans. Ocean acidification is the continuing decrease of seawater pH caused by the absorption of Carbon Dioxide (CO2) from the atmosphere. Ocean acidification has the power to greatly endanger the lives of marine organisms and also humans who depend on fish and fish products for their daily sustenance. Studies have shown that the decreased pH levels affect the behaviour of several marine species, putting them at life-threatening risks.



2.7 Noise Pollution from Ships

It has been scientifically proven that the noise generated from shipping operations is harmful to marine organisms. Harmful effects of noise pollution on marine organisms include haemorrhages, changed diving pattern, migration to newer places, and damage to internal organs and an overall panic response to foreign sounds. Source of noise pollution from ships include everything from engine noise to the entertainments in cruise ships. The intensity of noise pollution is higher in marine environment since noise travels greater distances easily in water and at the same time, marine life is extremely sensitive to noise due to their heavy reliance on underwater sounds for basic life functions.



2.8 Sea Water Level Rising

Global warming is alarmingly increasing seawater levels, threatening the marine ecosystem. According to reports, the annual rate of seawater rise during the past two decades has been 0.13 inches a year, which is around twice the average speed of rising over the preceding 80 years. Thus, it is high time

that we educate ourselves about the causes and effects of seawater level rising to save the marine environment and biodiversity. The rise in seawater level means more wetland flooding, destructive erosion and agricultural land contamination and more importantly a serious threat to the habitat of several plants, fishes and birds.

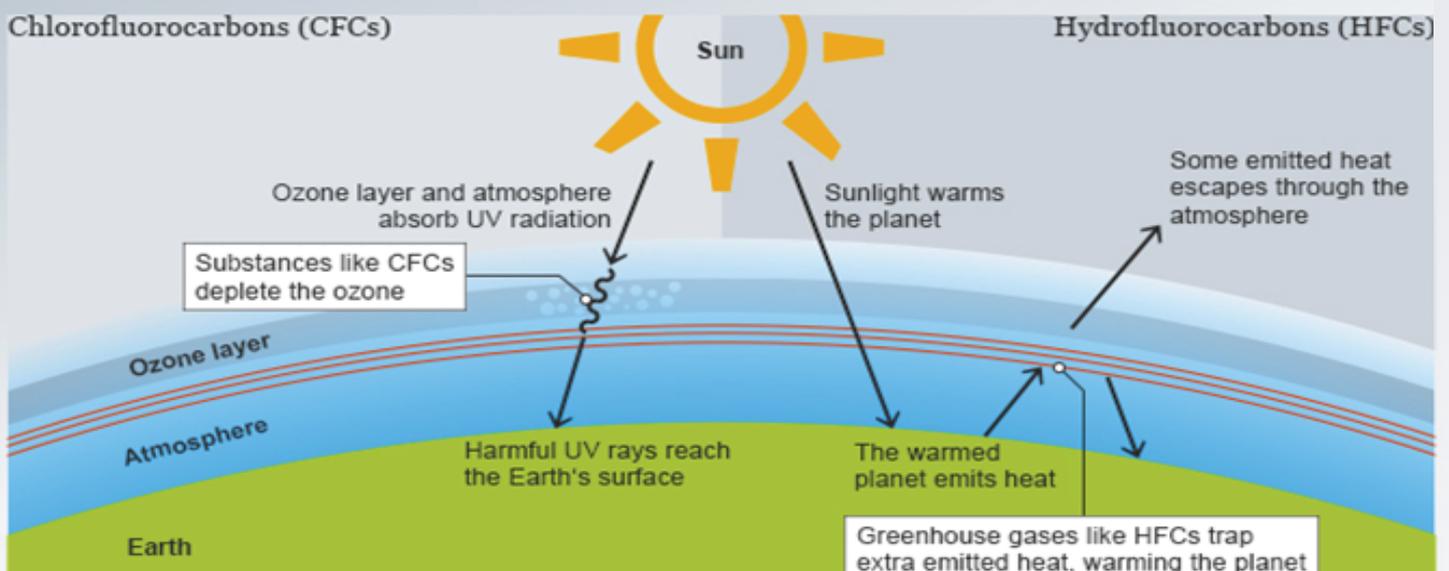
2.9 Ozone Depleting Substances.

Ozone-depleting substances such as CFCs and Halon along with other pollutants from ships are destroying the ozone layer. Ozone Depleting Substances omitted by ships across the world include Methyl Chloroform, Methyl Bromide, Bromochloro Difluoro Methane and Bromo Trifluoro Methane etc. These man-made gases are capable of destroying ozone and in effect, these gases causing harm to the marine environment in several ways. Learn more about ozone-depleting substances from ships here. (<https://www.marineinsight.com/environment/what-are-ozone-depleting-substances-on-ships/>)

2.10 Dredging

In this world of ever expanding industrial activities, dredging is an important activity that enhances marine transportation and other related activities. However, dredging has been a major cause of disturbance in the marine ecosystem for many years. As dredging is to remove the deposits submerged underwater, the activity alters the pre-disposed composition of soil, leading to the destruction habitat of creatures and organisms. Similarly, dredging of contaminated materials will result in the regrouping of harmful particles and contaminate large of areas of water bodies. Though steps have been taken to mitigate the effects of dredging on the marine environment,

How ozone-depleting substances and greenhouse gases affect the atmosphere



several cases involving the destruction of underwater lives are still extensively heard about.

2.11 NOx and Sox

Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) – the two main pollutants found in shipping emissions- has badly affected both marine environment and ozone layer in a number of ways. Both NOx and SOx are combustion products that are emitted into the environment in the form of smoke. It is estimated that in 2005, the water bodies around Europe witnessed 1.7 million tonnes of sulphur dioxide (SO₂) emissions and 2.8 million tonnes nitrogen dioxide emissions from international shipping. And, according to the recent studies, these type of air pollution from shipping accounts around for 50,000 premature deaths per year in Europe. However, strict rules have been formed to reduce their levels in ship's emissions. With IMO revising its standards on the Sulphur content of marine fuels, the vessels passing through a Sulphur Emission Control Area (SECA) are not permitted, since 2015, to use fuels with more than 0.1% of Sulphur. Similarly, the Sulphur limit applicable to all marine fuels used internationally will go from 3.5% to 0.5% since 2020.

The above-mentioned reasons for marine pollution might not be enough to depict the seriousness of the matter. However, it is our humble effort to educate and inform people about the ever-growing threat from these polluting agents.

It's time to educate ourselves. It's time to take some serious action to protect our Marine environment for future generations.



03

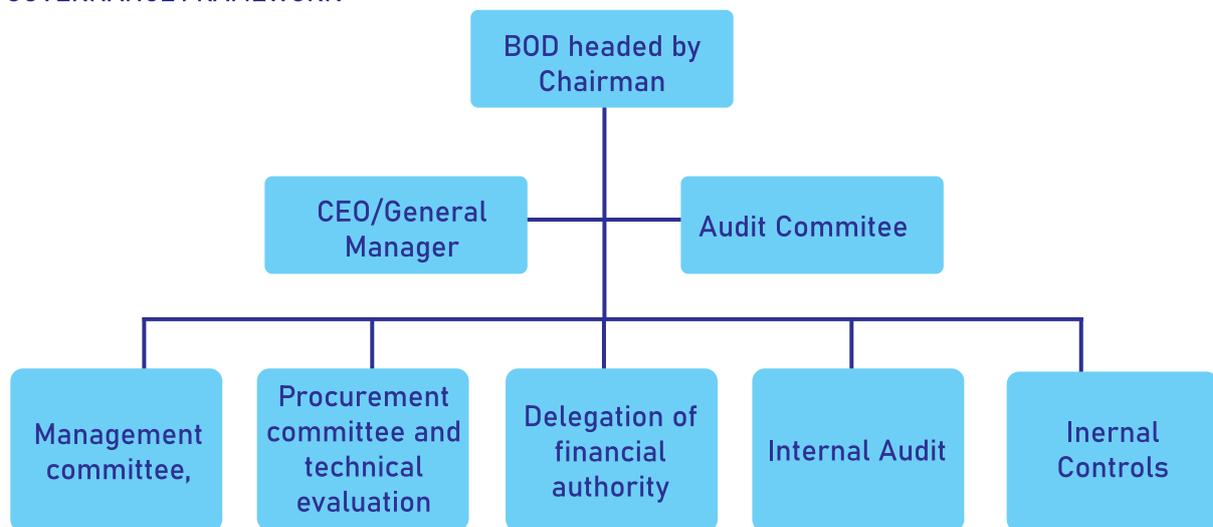
**Corporate
Governance
Report**



Corporate Governance Report

Sound corporate governance provides a strong foundation to protect stakeholder value, Authority's resources and to achieve strategic growth objectives. Independent review by the Committee of Public Enterprises (COPE) and the interest placed by the general public over the operations and activities of MEPA is the key in driving compliance, in embedding the highest levels of integrity and ultimately in ensuring good governance.

3.1 GOVERNANCE FRAMEWORK



3.2 MEPA Board

The force behind the Authority is its supremely qualified and experience Board of Directors who are regularly called upon to make decisions that affect the strategy, finance and reputation of the organization as well as impact the lives of all of the citizens of the country. In these matters, the board leverages its collective abilities to ensure the highest possible level of corporate governance in accordance with the functions set out for itself by Marine Pollution Prevention Act No. 35 of 2008.

It is also tasked with defining the roles and responsibilities of the directors, their exact composition as well as their tenure in their respective positions. While the board is appointed by the Minister of Petroleum Resources Development, a representative of the General Treasury and the line ministry on the board is mandatory. Of the board, only the Chairman and general manger sit in executive capacities while the rest are



non-executive.

3.3 Board attendance during 2018

Regular Board meetings are held monthly, while special Board Meetings are assembled as and when required. Senior Managers attend meetings on invitations. The Board Meetings are conducted on a formal agenda and Directors are provided with relevant comprehensive background information by Corporate Managements prior to meetings. During the year 16 board meetings were held. The table below shows each director's attendance at each of the board meetings.

Name	Designation	Board Meetings
Rear Admiral Rohana Perera	Chairman (Member appointed by the Ministry)- Executive Director	10/10
Dr. P. B. Terney Pradeep Kumara	General Manager Executive Director	10/10
Mr. R.A.R.R.Rupasinghe	Non- Executive Director	09/10
Mr. A. W. Senevirathne	Non- Executive Director	03/10
Mr. N.L.M.B.Liyanage	Non- Executive Director	07/10
Mr. Mahendra Perera	Non- Executive Director	02/10
Mr. Poshitha Perera	Non- Executive Director	09/10
Mrs.Sepalika Wickramasinghe	Non- Executive Director	10/10
Commodore P.D.S.Dias	Non- Executive Director	10/10
Mr. S.M.I.Rosa	Non- Executive Director	10/10
Mr.P.M.D.Premachandra	Non- Executive Director	01/10



The Role of the Board

The overall responsibility and accountability for the success and sustainability of the Authority is vested with primarily on exercising sound leadership towards the Authority's strategic directions and overall performance, while safeguarding the best interests of stakeholders

3.4 Directors' independence

According to the Marine Pollution Prevention Act No. 35 of 2008, the Directors have initial tenures not exceeding a period of three years on the Board subject to reappointment. Before making decisions, the Board explores relevant information from corporate management and if required, from external professionals. The Corporate management is responsible for providing appropriate information to the Board on time and enabling the Board to efficiently discharge its responsibility

The board is also responsible for the achieving the vision of the Authority. In executing this responsibility, the board has ultimate accountability for realizing authority's strategy, overseeing its operating performance and financial results, as well as being the ultimate custodian of Authority's corporate governance framework. Furthermore, they are responsible to comply with statutory requirements and ethical standards. The Board of Directors may delegate to any Director or employee any of its powers or duties and every delegate appointed shall exercise or perform the power or duty delegated to him or her subject to the general or special directions of the Board of Directors. The Board endeavors to exercise an effective system of internal controls over the Corporation by formulating and implementing policies and ensuring their effective implementation. The board members directly communicate with internal and external auditors and all members of the senior management team.

In addition to the areas mentioned above, the board holds the responsibility for granting approval for Annual Financial Statements, the Annual Budgets, Corporate Plan, Action Plan and reviewing financial performance on a regular basis. The Board oversees the granting of approvals relating to key appointments, staff promotions, major capital expenditure and investments.

3.5 Sub committees

The board is supported by the audit committee through which executes some of the key duties of the board. Additionally, four sub-committees

are in place, namely management committee, procurement committee and technical evaluation committee.

3.6 The Audit Committee

The Audit committee plays an independent role from management with accountability to the board. The Audit committee comprises of nonexecutive directors as determined by the board. The composition, role played, number of meetings and the attendance of the Audit Committee is elaborated in the Audit Committee Report on pages 66 & 67 of this Annual Report.

3.7 Management Committee

The Management Committee consisted of CEO ,DGM or department heads with one of them functioning as the Chairman of the Committee. The head of functions also take part in the meetings. During the year under review this committee Convince when required

3.8 Procurement Committees (PC) and Technical Evaluation Committees (TEC)

The National Procurement Agency (NPA) has issued a set of guidelines to purchase products, goods, services and works. The TEC and PC function under the guidelines issued by the NPA to ensure transparency, minimize delays and obtain the most financially advantageous and qualitatively best services and supplies for the MEPA. The TEC pays attention to the technical aspects of the purchases while PC takes care of the other aspects of a purchase.

At MEPA the following procurement committees function based on the value of purchase:

1. Ministry procurement committee
2. Departmental procurement committee
 - a. Departmental procurement committee -Major
 - b. Departmental procurement committee -Miner

Relations with the parent

The Authority's operations continuity depends on cordial and meaningful engagement with all

its stakeholders. The MEPA recognizes the importance of promoting mutual understanding between the Authority and its stakeholders. In the opinion of the Directors, the Authority 's ultimate parent undertaking and controlling party is the Government of Sri Lanka. The Authority closely associates with the Ministry of Environment, the General Treasury to manage the Authority operations.

The Authority also seeks advice and guidance for major expansion programs and funding from those institutions. The Chairman / General Manager is the key contact person to deal with the government and such communications are done both verbally and in writing. MEPA provides all the legally required and other relevant information in the best possible way to the Government.

3.9 Internal Controls

An effective system of internal controls is essential for the Corporation to function smoothly. The system is intended to safeguard the assets of the Corporation and to ensure that proper records are maintained and reliable information is produced. The internal control system covers all types of controls, including financial, operational and compliance controls together with risk management. Practically, the internal control system manages the MEPA's key areas of risk within an acceptable risk profile mentioned in the risk management section rather than eliminate the risk of failure to achieve the policies and authority objectives. Accordingly, the system of internal controls can only provide reasonable but not absolute

assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Internal Audit Department of the Authority is entrusted to review all internal control procedures and their adequacy and effectiveness and make recommendations for improvements of internal controls.

3.10 Internal Audit

The Internal Audit Department is led by a professionally partly qualified Accountant. Audit Plans approved by the Audit Committee are in existence to assess the internal controls, identify risk areas and verify the completeness of transactions. Additionally, they are assigned to carry out special investigations with the objective of providing observations and recommendations to the management. Identification of risks related to the areas of product losses and revenue losses, discussion of Auditor General's report with the replies to audit queries and periodic review of the audit plans with the actual work carried out are the other functions performed by the Internal audit.

3.11 Corporate Management

The Chairman / General manager the regular affairs of the Authority based on the strategic direction, established policies and procedures approved by the Board of Directors from time to time. Operations and the main administration of MEPA are divided into two broad categories, namely, Regional operations and Head Office operations. Regional operation is headed by the



District Marine environment offers who is assisted by Deputy Managers or Assistant manager relevant for particular province For better management, the Head Office is divided in to several departments and each unit is headed by a Deputy General Manager or a Manager who assists the Chairman / General Manager in the day-today functioning of the Authority. The Corporate Managers are professionals with the necessary skills, experience and academic and professional qualifications in their respective areas.

3.12 Compliance and Transparency

Complying with all applicable legislation, regulations, standards, best practices and codes is integral to the success and sustainability of the Authority. MEPA's corporate governance is structured by the guidelines published in the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Public Enterprises Guidelines for Good Governance issued by the Department of Public Enterprises – Ministry of Finance in 2003. The Board of Directors is committed to comply with those requirements safeguarding strong corporate governance practices.

The Authority is committed to maintain transparency in all its activities. The Corporation complies with Sri Lanka Accounting Standards (SLPASS/SLFRS/LKAS) and relevant regulations to ensure accountability. The internal control system is integrated into the Corporation's daily operations in accordance with Finance Act No. 38 of 1971. Financial statements are published annually and tabled in the Parliament. In compliance with the Finance Act, the Auditor General carries out the External.



10 THINGS YOU CAN DO FOR TRASH FREE SEAS

- 1 CAN IT**
USE A TRASH CAN WITH LID
- 2 TAP IT**
DRINK TAP WATER IN A REUSABLE BOTTLE
- 3 STOW IT**
BE A GREEN BOATER WITH OCEAN CONSERVANCY'S GOOD MATE PROGRAM
- 4 BUTT IN**
WRITE YOUR LEGISLATOR ASKING FOR POLICIES THAT ADDRESS OCEAN TRASH
- 5 REMOVE IT**
CLEAN UP WITH THE INTERNATIONAL COASTAL CLEANUP WWW.SIGNUPTOCLEANUP.ORG
- 6 BUTT OUT**
USE AN ASHTRAY SO CIGARETTE BUTTS DON'T REACH WATERWAYS AND THE OCEAN
- 7 RECYCLE IT**
GO THE EXTRA MILE TO SORT AND SEPARATE ITEMS THAT CAN BE RECYCLED
- 8 REUSE IT**
TAKE ALONG YOUR REUSABLE COFFEE MUG, PICNIC SUPPLIES OR SHOPPING BAG
- 9 REFUSE IT**
BUY LESS TO REDUCE THE AMOUNT OF MANUFACTURED ITEMS WINDING UP AS TRASH IN THE OCEAN
- 10 REINVENT IT**
SEND EMAILS TO COMPANIES ASKING THEM TO REDUCE PACKAGING AND CREATE NEW OCEAN-FRIENDLY MATERIALS

04

Directors Report



Directors Report

The Board of Directors of Marine Environment Protection Authority has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Authority for the year ended 31 December 2018, in accordance with Section 18 of the Marine pollution Prevention Act No. 35 of 2008.

The Marine Environment Protection Authority is a state-owned Regulatory Authority incorporated under the Marine pollution Prevention Act No. 35 of 2008. This is managed by a Board of Directors.

The registered office of the Authority is situated at No. 177, Nawala Road, Colombo 05. The Audited Financial Statements included in this Annual report have been prepared and presented with the relevant disclosures in accordance with Sri Lanka Public Sector Accounting Standards (SLPSASs) issued by the Institute of Chartered Accountants of Sri Lanka and the provisions of the Finance Act No. 38 of 1971 and subsequent amendments thereto.

4.1 Principal Activities

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

4.2 The Audited Financial Statements

The Audited Financial Statements of Marine Environment Protection Authority for the year ended 31 December 2018 duly signed by the Accountant and approved by the Board of Directors of the Authority.

4.3 Director's Responsibility for Financial Reporting

The Board of Directors is responsible for the preparation of the Financial Statements of the

Marine Environment Protection Authority, which reflects a true and fair view of the state of affairs of the Authority. The directors are of the view that the Statement of Financial performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Significant Accounting Policies and Notes thereto appearing on pages 74 to 103 have been prepared in conformity with the requirements of the Sri Lanka Public Sector Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Finance Act No. 38 of 1971.

4.4 Significant Accounting Policies and Changes during the year

During the year under review, there were no changes in the accounting policies adopted, which were consistent with those adopted in the previous financial year as required by the Sri Lanka Public Sector Accounting Standard No. 01 on 'Presentation of Financial Statements'.

4.5 Revenue & Surplus/Deficit

	2018	2017
Revenue	240,476,579.82	173,474,838.59
Expenses	212,999,696.10	209,086,752.90
Surplus or Deficit	27,476,883.72	(35,611,914.31)

Summary of the Financial Results of the Authority for the year ended 31 December 2018 with comparative figures are given below.

4.6 Property, Plant & Equipment

The details of Property, Plant & Equipment of the Marine Environment Protection Authority is given in Note 09 to the Financial Statements on page 87.

4.7 Directors' Remuneration

Directors' emoluments paid during the year are as follows;

4.8 Directors' Interest in Contracts

There are no direct or indirect interests of the Directors on contract with the Authority

4.9 Risk Management and System of Internal Controls

The Board of Directors assumes overall responsibility for managing risks. For this purpose, the Board of Directors has instituted an effective and comprehensive system of Internal Controls in the Authority. Specific steps taken by the Authority in managing risk are detailed in the Risk Management report on pages 60 to 65.

4.10 Human Resources

The Authority has recognized the valuable role of Human Resources in transforming its operations mission and vision into reality. Accordingly, several measures were taken to enhance its human resource capital and to optimize their contribution towards the achievement of corporate goals and objectives. Our human resources policy emphasizes on providing all categories of employees with adequate opportunities for continuous upgrading of their knowledge and skills through local and overseas training. Development of human capital to ensure availability of a high level technical and managerial capability within its human resources has become a priority objective for the Authority. Training Report on pages 46 to 52 of this report.

4.11 Outstanding Litigations

There are no any pending litigations against the Authority disclosed as at the Financial statement date. Accordingly, Financial

Statements will not cause any material impact on the financial stability of the Authority or on its future operations.

4.12 Compliance with Laws and Regulations

The Authority has not engaged in any activities contravening the applicable laws and regulations.

4.13 Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to all relevant regulatory and statutory authorities have been made on time with the available financial capabilities.

4.14 Events after the Statement of Financial Position Date

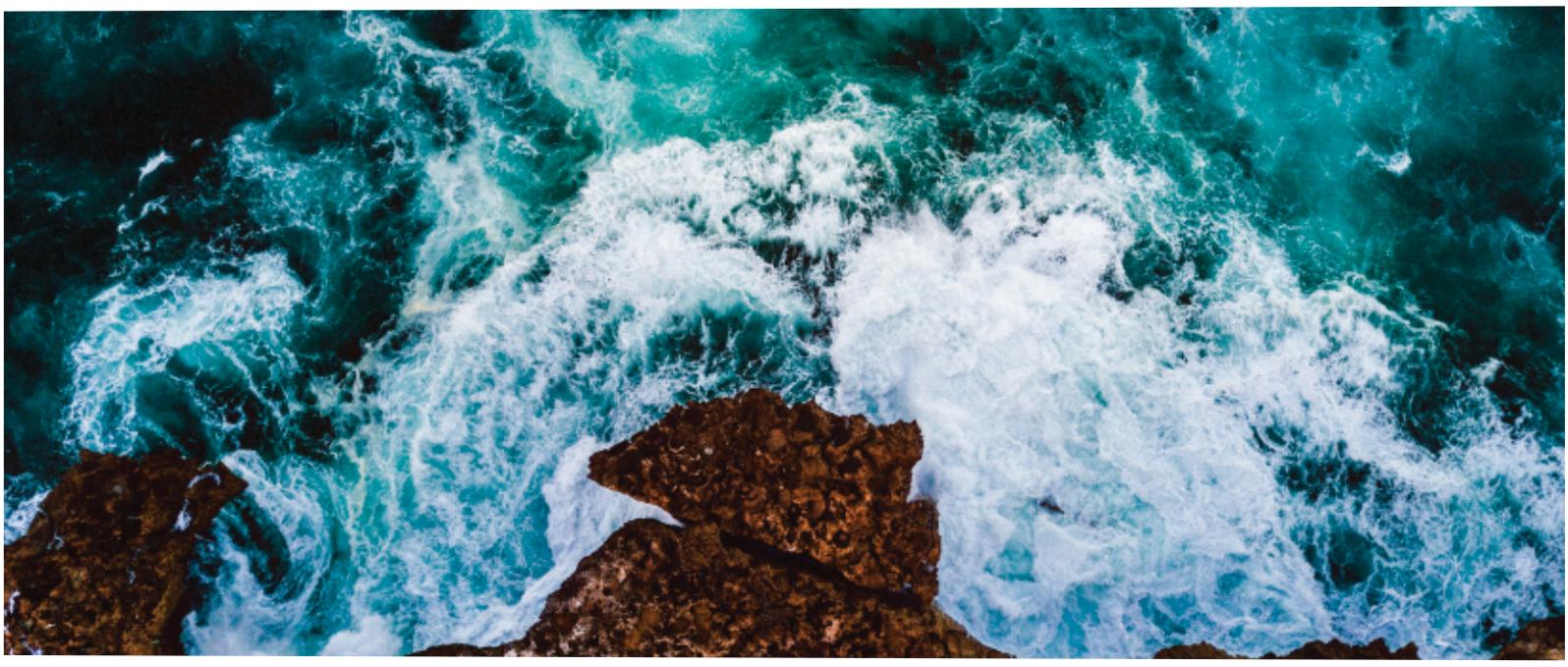
No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the date of the Statement of Financial Position.

4.15 Going Concern

The Board of Directors has prepared the Corporate Plan /action plan with a view to improve the outlook of the Authority, to enhance the operations and to ensure protection of marine environment for the future. Accordingly, the Financial Statements are prepared based on a going concern basis.

4.16 Appointment of Auditors

The Auditor General is the Auditor of the Authority. He has been appointed in terms of the provisions in Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka. The auditor's remuneration for the audit shall be



determined in accordance with Audit Act.

4.17 Auditors' Remuneration

The Auditors were paid LKR 2 Mn for the year ended 31 December 2018 as audit fees by the Authority. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Authority.

4.18 Corporate Governance Directors' Declarations

The Board of Directors declares that

1. The Authority is complied with all applicable laws and regulations in conducting its operations and has not engaged in any activity contravening the relevant laws and regulations;

2. The Directors have declared all material interests in contracts involving the Authority;

3. The operation is a going concern with supporting assumptions and the Board of Directors has reviewed the Authority's Corporate / Action plans and is satisfied that the Authority has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Authority is prepared based on the going concern concept,

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

5. The procedures and practices in conformity with the Corporate Governance rules and regulations are described in the Corporate Governance Report on pages 46 to 52 of this report.

4.19 Acknowledgment of the Contents of the Report

The Board of Directors does hereby acknowledge the contents of this Annual Report. This Annual Report is signed for and on behalf of the Board of Directors by.

Chairman



Rear Admiral (Retired) Rohana Perera, RSP, VSV, USP
Chairman



PLASTIC BOTTLE PRODUCTION USES 151 BILLION LITRES OF OIL EACH YEAR

AROUND 40% OF BOTTLED WATER IS FILTERED TAP WATER

IT TAKES 3 LITRES OF WATER TO MAKE 1 PLASTIC BOTTLE

2.5 MILLION TONS OF CARBON DIOXIDE PRODUCED IN MANUFACTURING PLASTIC BOTTLES EACH YEAR

100 MILLION PLASTIC BOTTLES USED WORLDWIDE EVERYDAY!

ONLY 1 IN 5 PLASTIC BOTTLES ARE RECYCLED

80% END UP IN LANDFILL OR THE OCEAN

ENVIRONMENTAL ORGANISATIONS LIST PLASTIC AS THE NUMBER ONE THREAT TO OUR MARINE ENVIRONMENT

500 YEARS FOR PLASTIC TO DEGRADE

PLASTIC BOTTLE CONSUMPTION

05

Report of the Audit and Management Committee



Report of the Audit and Management Committee

The Audit and Management Committee comprises three non-executive Directors, Mrs. Anoma Nandani representative of the Treasury, held its chair and Mr. R.R.A.R. Rupasinghe, Additional Secretary to the Ministry of Environment, and Mr. N.L.M.B. Liyanage appointed Member of the Board of Directors, were the Members of the Committee. In addition, Audit Superintendent in charge of the Ministry of Environment and Chief Internal Auditor of the Ministry of Environment attended the Meetings of the Audit and Management Committee as main observers. The General Manager and the Accountant as well as officers holding other relevant positions appeared before the Committee whenever necessary to give clarifications upon being summoned by the Audit and Management Committee.

The internal auditing activities were carried out by the Internal Audit Division. The operations within the purview of audit have been planned to be implemented within the year covering operational, financial, administrative and legal Divisions. In addition, the Auditor General's Department subjected the deficiencies existing in terms of operations, administration and finance as well as shortcomings in internal controls to evaluation, side by side with auditing the Financial Statements.

Measures were adopted to make the necessary rectifications by discussing the internal audit report with the management. The audit was planned and implemented to obtain an assurance that the affairs of the Authority are conducted in accordance with the internal Circulars of the Authority, the Financial Regulations, the Establishments Code and other regulations. All the financial, administrative and operational activities including the preparation of the Financial Statements of the Authority, preservation and maintenance of the assets of the Authority and maintaining the liquidity of the Authority were subjected to audit in this endeavor. The Audit and Management Committee inspected the Financial Progress Reports prepared by the Accountant and submitted recommendations to the Chairman and the General Manager pertaining to the action that should be taken regarding it.

The Audit and Management Committee discussed with the Auditor General's Department their observations, conclusions and recommendations at its meeting. In addition, the Audit and Management Committee evaluated the facts unveiled by the internal audit reports and the effectiveness of the auditing methodologies and provided the instructions and guidance necessary to minimize the deficiencies. The Audit and Management Committee conducted meeting five times during the year.

Records on the Meetings of the Audit and Management Committee of the Marine Environment Protection Authority in 2017

Name	Position Held in the Audit and Management Committee	No. of Meetings of the Audit and Management Committee
Mr. S.I.M. Rosa	Chairman (National budget department)	05/05
Mr. N.L.M.B. Liyanage	Member (Sri Lanka Parliament)	03/05
Mr. R.A.R.R. Rupasing	Member (Ministry of Mahaweli Development and Environment)	03/05
Mr. K.K.S. Jayakody	Observer (Department of Auditor General (Audit Superintendent))	05/05
Mrs. E.D. Kumudu	Observer (Ministry of Mahaweli Development and Environment)	04/05
Mr. A.P. Udana	Convener (Marine Environment Protection Authority)	05/05

what are marine protected areas

Over 100 years ago, the United States protected our natural wonders by creating National Parks. Now, California is doing the same for our ocean through the Marine Life Protection Act. Marine protected areas are underwater parks where sea life can thrive.

Who decided where to put MPAs?

Areas were selected based on the best available science and input from the community. The process was a collaboration between divers, fishermen, conservationists, and members of the public. Recommendations were reviewed by experts before adoption by California's Fish and Game Commission.

What can I do in MPAs?

Like National Parks, MPAs are open to the public for education, research and appreciation. They offer great opportunities for diving, kayaking, surfing and wildlife viewing.

How do MPAs work?

MPAs support the whole web of life. They help restore marine ecosystems so that future generations can enjoy healthy oceans.

What are National Marine Sanctuaries?

National Marine Sanctuaries, a type of MPA, work to protect habitats and biological communities by prohibiting oil exploration, drilling, discharge and other harmful activities.

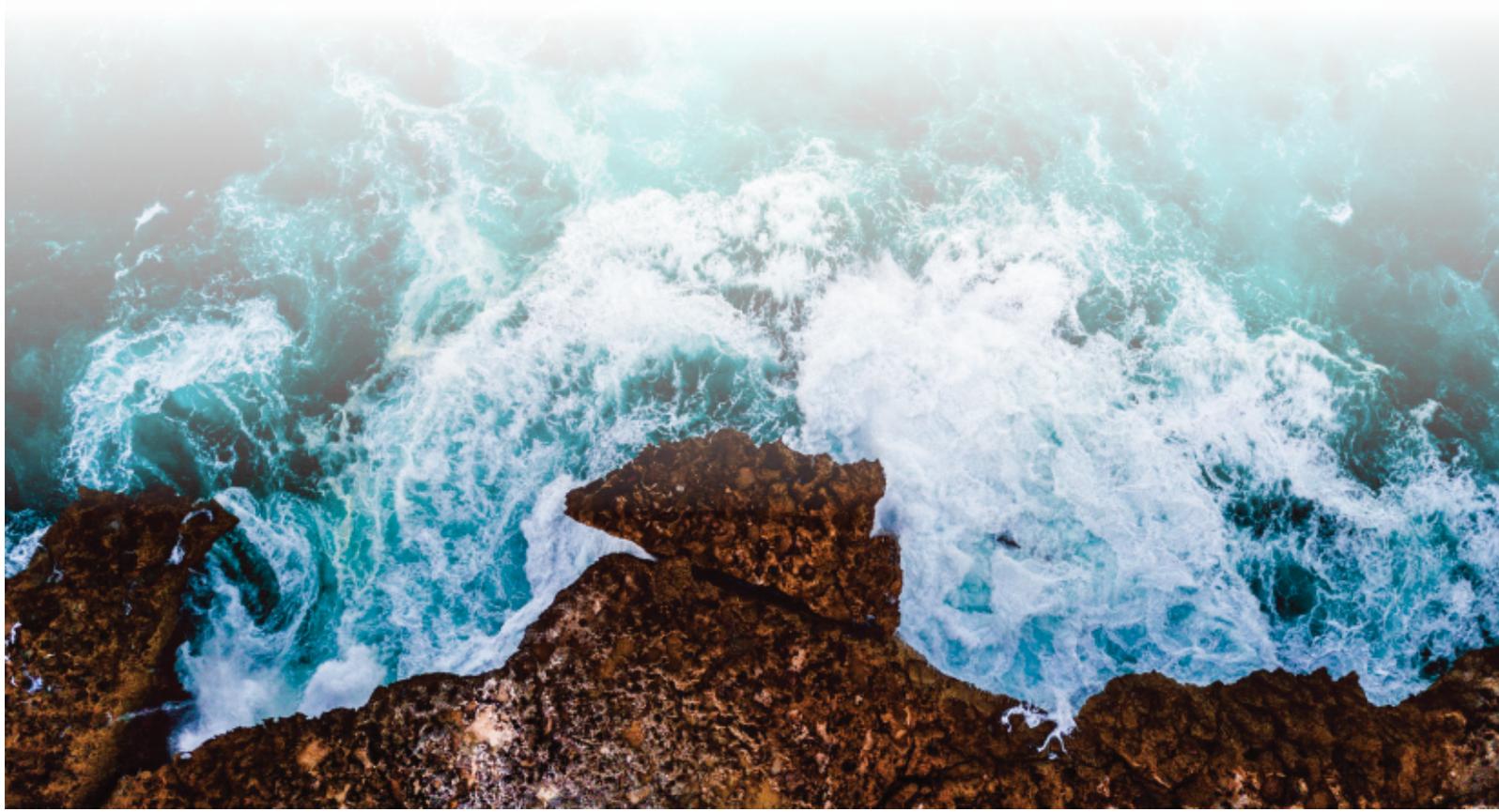
Where can I find California's MPAs?

There are 124 MPAs in California's statewide coastal network. These MPAs extend from Oregon to the Mexican border.



06

Human Capital Report



Human Capital Report

'Building Employee Relations and Increasing Employee Engagement'

We readily acknowledge that Employee Relations and Employee Engagement are both critical to the success of Authority operations. Accordingly, we remain fully committed to build strong relationships with our people, based on trust and mutual respect and strive to maintain open and transparent communication and promote regular engagement with our employees

The HR Department play a key role in maintaining employee relations. A key driver this regard is the department's HR plan for developing the competence and confidence of staff to achieve overall objectives of the Authority.

Human resources development policy of MEPA is developing the approach based on the principle of diversity to ensure that we have the best mix of people at all levels. We are planning to provide our employees equal access to resources, opportunities and allow every employee to be part of the team and contribute their best. To do so, we rely on a high performance-driven culture, where we expect every team member to take personal to align their career objectives towards achievement of the authority objectives.

New Recruits 2018

New Recruits - Age and Gender (GRI 401-1)

Age Group	Male	Female	Grand Total
18- 20	0	0	0
21- 30	6	3	9
31- 40	4	2	6
41- 50	2	0	2
Above 50	0	0	0
Grand Total	12	5	17
Percentage [%]	70.58%	29.42%	100%

Turnover 2018

Turnover - Age and Gender (GRI 401-1)

Age Group	Male	Female	Age Group
18- 20	0	0	0
21- 30	5	1	6
31- 40	3	1	4
41- 50	0	0	0
Above 50	0	0	0
Grand Total	8	2	10
Percentage [%]	80%	20%	100%

Employee Relations 2018

Return to Work and Retention Rates after Parental (Maternity leave) (GRI 401-3)

Description	2018	2017
Employees entitled to Maternity Leave	48	55
Employees obtained the Maternity Leave	8	12
Employees returned to work after Maternity Leave	6	12
Employees still employed 12 months after taking Maternity Leave	6	8
Return to Work Rate [%]	75%	100%
Retention Ratio [%]	75%	66.67%

Average Training Hours-per Employee (GRI 404-1)

Description	2018	2017
Average Training Hours per Employee	25.07	34.88
Average Training Hours per Female	25.49	45.10
Average Training Hours per Male	24.81	23.20

Breakdown of Employees 2018 (GRI 405-1)

Range	Senior Management		Middle Management		Junior Management		AMEO		MA		Other Operational Staff	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-20	0	0	0	0	0	0	0	0	0	0	0	0
21-30	0	0	0	1	0	0	9	9	4	14	12	1
31-40	0	0	3	1	11	2	5	13	3	6	27	0
41-50	3	0	4	0	0	4	0	0	3	1	34	0
Above 50	1	1	0	2	0	0	0	0	0	0	12	0
Grand Total	4	1	7	4	11	6	14	22	10	21	85	1
Percentage [%]	2.1	0.5	3.8	2.1	5.9	3.3	7.6	11.9	5.3	11.3	45.7	0.5

Type of Employment (GRI 102-8)

Type of Employmen	2018			2017		
	Male	Female	Grand Total	Male	Female	Grand Total
Fixed Term Contract	2	0	2	1	0	1
Permanent	102	37	139	101	41	142
Probationers	30	15	45	37	7	44
Trainees	2	8	10	1	9	10
Grand Total	136	60	196	140	57	197

Province-wise Employees (GRI 102-8)

Type of Employment	No. of Branches/ Units	2018			2017		
		Male	Female	Grand Total	Male	Female	Grand Total
Southern	03	35	9	44	38	6	44
Western	03	63	37	100	59	33	92
North Western	01	10	4	14	8	4	12
Northern	02	5	3	8	15	3	18
Eastern	03	18	2	20	20	2	22
Grand Total	12	131	55	186	139	48	188

Competency Area-wise Summary 2018

Competency Area	Number of Participants	Training Hours
1 Operations	24	1224
2 Risk and Compliance	1	864
3 Finance and Accounting	28	240
4 Human Resource Management	0	0
5 Legal and Good Governance	13	208
6 Other Technical Programmes	10	920
7 Leadership and Management (Competency Development Programmes/Strategic Management/Change Management)	74	1776
8 Other Non -Technical Skills	0	0
Grand Total	150	5232

Average Training Hours Employee by Gender (GRI 404-2/3)

Competency Area	2018			2017		
	Male	Female	Grand Total	Male	Female	Grand Total
Operations						
Operations	21	3	24	48	21	69
Risk and Compliance	1	0	1	5	0	5
Finance and Accounting	12	16	28	4	2	6
Human Resource Management	0	0	0	1	6	7
Legal and Good Governance	4	9	13	0	0	0
Other Technical Programmes	5	5	10	0	0	0
Leadership and Management (Competency Development Programmes/Strategic Management/Change Management)	37	37	74	10	15	25

Employee Capabilities

We continue to invest in our employees in order to develop their capabilities and build an agile workforce, to drive the Authority forward. Accordingly, following trainings were provided during the financial year.

Local Training 2018

	Name	Designation	Course	Duration	Institute
1	B S K Ekanayake	Media Officer	Digital Photography Course	09 January 2018 to 8 Days	CameraLK academy (Pvt) Ltd
2	All staff	First Group - 24 officers	Training programme for staff motivation, team work and development	2018 March 05- 07	Sri Lanka Foundation
		Second Group - 26 officers		2018 March 08 - 10	
		Thired Group - 24 officers		2018 March 12- 14	
3	A J M Gunasekara	Manager (Operation)	Pacific Partnership 2018 - HADR Exercise	2018 May 02 to 07	Disastre Management Centre
	T Shripathy	Assistant Manager (O/S)/(North/ Estern)			
	H T N I Piyadasa	Assistant Manager (Province)			
4	T Shripathy	Assistant Manager (O/S)/(North/ Estern)	"Tanker Basic Safety" Workshop	2018 June 11 to 15	CINEC Campus
	L L R B Silva	Manarine Environment Officer			
	M T K Delpachithra	Manarine Environment Officer			
	T D Ramasinghe	Assistant Marine Environment Officer			
	K H K Prebasara	Assistant Marine Environment Officer			
	E P D N Thirakarathne	Assistant Marine Environment Officer			
	H P N K Senarathne	Assistant Marine Environment Officer			
	Y P Kumara	Assistant Marine Environment Officer			
5	N A Majeed	IT Officer	"Microsoft Certified Solution Associate" Workshop	03 months	Turnkey IT Campus
6	T G I P Amaranayake	Assistant Manager (Operation)	Disaster Management Taining programe	10 Days	Disastre Management Centre
7	Dr.P B T P Kumara	General Manager	Awareness programe for new Audit Act	2-Oct-18	Ministry of Mahaweli Development and Environment
	A Kariyawasam	Manager (Legal)			
	A J M Jagath	Manager (Operation)			
	D R C Jayawardana	Accountant			
	H T N I Piyadasa	Assistant Manager (Province)			
	R N Priyadarshana	Assistant Manager (Ship Servay)			
	T S Ranasinghe	Assistant Manager (W & NW)			
	S M C Kumarage	Assistant Manager(Administration)			
	K P K I U Fernando	Assistant Manager (Planning)			
	W A P Udana	Internal Auditor			

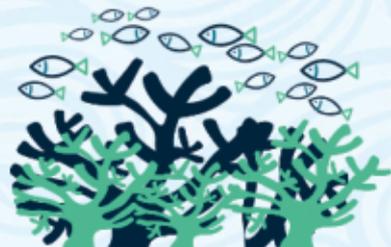
	Name	Designation	Course	Duration	Institute
8	W A P Udana	Internal Auditor	Internal Audit Training Program	26 October to 27 October 2018	Institute of Government Accountants
	R P D H C Rajapaksha	Management Assistant			
9	H P N K Senarathne	Assistant Marine Environment Officer	Training Program on Environmental Impact Assessment (EIA)	29 November to 01 December 2018	Institute of Environmental Professionals of Sri Lanka
10	S M C Kumarage	Assistant Manager (Administrative)	Awareness programme for new Audit Act	29-Nov-18	Sri Lanka Foundation
	G P Nilanjani	Administrative Officer			
	A M Gammampila	Assistant Marine Environment Officer			
	H P T U Yasarathne	Assistant Marine Environment Officer			
	T M H D Thennakoon	Assistant Marine Environment Officer			
	A A D Silva	Management Assistant			
	M M D Muramudali	Management Assistant			
	S P S Bandara	Management Assistant (Grade II)			
	N K I L Wijewardana	Management Assistant			
	R P D H C Rajapaksha	Management Assistant			
	H M M Umendra	Management Assistant			
	S D G P Sanjeewa	Management Assistant (Grade II)			
	U L J A Priyanwada	Management Assistant			
K A N Darshani	Management Assistant				
11	S M D Athukorala		Workshop on Financial Management	29-Nov-18	Sri Lanka Foundation
	B N D Perera	Management Assistant			
12	H A S D Perera	Assistant Marine Environment Officer	International Workshop on Green Enterprinuship	2018 December 07 to 08	Ministry of Mahaweli Development and Environment
	T B K Sachithra	Assistant Marine Environment Officer			
	I D Ranasinghe	Assistant Marine Environment Officer			
	A M Gammanpila	Assistant Marine Environment Officer			
	P L I G M Cooray	Assistant Marine Environment Officer			
	C V Kularajasingam	Assistant Marine Environment Officer			
	R A C Nisansala	Assistant Marine Environment Officer			

	Name	Designation	Course	Duration	Institute
13	N A Majeed	IT Officer	IT Procurement Management	2018 December 18 to 19	Distance Learning Centre LTD
14	D R C Jayawardana	Accountant	Awareness programme of establishment code	2018 December 27-28	Sri Lanka Foundation
	W A P Udana	Internal Auditor			
	P R S A Abeyrathne	Assistant Marine Environment Officer			
	H A I Suranga	Secretary			
	R A U Rangani	Management Assistant			
	B G N P Perera	Management Assistant			
	K A N Darshani	Management Assistant			
	M M J D Manthilaka	Management Assistant			
	H A D N Gunawardana	Management Assistant			
	G W C M Karunarathne	Management Assistant			
	P K R Sampath	Management Assistant			
	R P D H Rajapaksha	Management Assistant			
K G D K Dissanayake	Management Assistant				

	Name	Designation	Course	Duration	Institute
1	Dr. P.B.T.P.Kumara	General Manager	2018-04-05 to 06	Regional Workshop Strengthen capacity for Marine Litter Management in the South Asian Seas (SAS) Region	India
	A J M Gunasekara	Manager (Operation)	2018-04-05 to 12		
2	Rear Admiral Rohana Perera	Chairman	2018-04-09 to 13	72th Session of Marine Environmental Protection Committee (MEPC) Meeting	London
3	Dr. P.B.T.P.Kumara	General Manager	2018-05-28 to 2018-06-01	Ad- Hoc- Open – Ended Expert Group on Marine Litter and Micro Plastic	Kinniya
4	R M M P Rathnayake	Assistant Marine Environment Officer	2018-07-19 to 20	5 th Meeting of the Commission on the limits of the continental shelf (CLCSO)	NewYork
5	M M Subasinghe	Assistant Marine Environment Officer	2018-06-25 to 07-27	Nominations for the ICM (Integrated Coastal Management) Training of Trainers Course 2018	Thailand
6	H R D Subhashinei	Marine Environment Officer	2018-07-9 to 13	Sustainable Marine Resources: Enhancing Biodiversity in Coastal Waterways	Singapour
7	Dr. P.B.T.P.Kumara	General Manager	2018-10-22 to 26	73 rd Meeting of the Marine Environment Protection Committee (MEPC) Meeting	London
8	T Shripathy	Assistant Manager (O/S)/(North/ Estern)	2018-8-29 to 2018-12-14	Critical Needs Programme	NewYork
9	H T N I Piyadasa	Assistant Manager (Province)	2018-11-27 to 29	Sub Regional Workshop on Effective Implementation of security measure relevant to Maritime facilities and off -shore platforms	London
10	T S Ranasinghe	Deputy Manager (W&NW)	2018-11-25 to 2018-12-03	Workshop on Ocean Acidification and climate change between china and south Asian countries & training for ocean acidification monitoring and research	China
11	Dr. P.B.T.P.Kumara	General Manager	2018-12-03 to 07	The second meeting of the Ad HOC Open - Ended Expert Group on maritime litter and microplastics	Swisland

THE IMPORTANCE OF CORAL REEFS

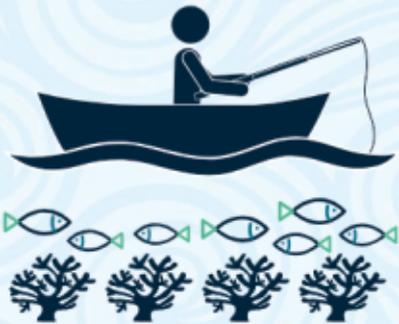
HABITAT FOR MARINE LIFE



COASTAL PROTECTION



FOOD RESOURCE



ECONOMIC VALUE



07

Review of Operational Activities



Review of Operational Activities

7.1 Development of Marine Pollution Control mechanisms

7.1.1 Seawater Quality testing Program

The Marine Environment Protection Authority conducts water quality inspections at selected marine bathing sites by the regional offices located in coastal districts.

Water samples are tested to determine water quality and pollutant levels based on physical, chemical and biological measurements of water.

The water samples are tested on monthly basis. The Temperature, Turbidity, and Conductivity, are tested as physical parameters and Acidity / Phosphorus, Nitrate and Phosphate are tested as chemical parameters and Dissolved Oxygen Biological Oxygen Demand and Chemical Oxygen Demand, are tested as physicochemical measurements and coliform bacteria and fecal coliform tested as measurement of microbiological counts.

Table 1. Bathing sites where water quality tests are performed

Regional Office Inspected marine Bathing sites	
Kaluthara	Moragalla
Galle	Unawatuna
Mathara	Mirissa
Hambanthota	Thangalla, Kochama
Ampara	Arugambay
Baticlo	Pasikuda
Putluam	Chilaw Beach Park, Wennapuwa,
Gampha	Negambo Beach Park
Colombo	Mount Laviniya, Port city, Wellawatha
Trincomalee	Mabale Beach, Trincomalee, Pegin Island, Nilawali
Jaffna	Chati, Thonaman Aru, Kasurina Beach ,
Mannar	Pesali Beach, keari Beach



Short-term water quality changes are studied by testing water samples for the above parameters, and it is important to calculate total coliform, fecal coliform and E coli in water, which is the main parameter for measuring water pollution by corrosion and it is also a clear indicator of the presence of pathogenic bacteria. The water quality data obtained from the above studies are very important for the development of the relevant bathing sites as well as for the public awareness and based on these data the marine bathing sites are grouped.

Table 2. Bathing site water quality index

Status	Index	class
Very weak	<45	vi
Weak	46 - 60	v
Normal	61 - 69	iv
Good	70 - 79	iii
Very Good	80 - 90	ii
Excellent	91 - 100	i

Table 3. Classification of Marine Bathing Site in Sri Lanka

Regional Office	Bathing sites	Index Value	Status	Class
Kaluthara	Moragalla	87.26	Very good	ii
Galle	Unawatuna	78.94	Good	iii
Mathara	Mirissa	100	Excellent	i
Hambanthota	Thangalla	54.23	Weak	v
Hambanthota	Kochama	100	Excellent	i
Ampara	arugambay	100	Excellent	i
Baticlo	Pasikuda	100	Excellent	i
Putlum	Beach park chilaw	67.48	Normal	iv
Putlum	Wannapuwa	78.43	Good	iii
Gampha	baech park Negambo	32.13	Very weak	vi
Colombo	Mount Laviniya	36.21	Very weak	vi
Colombo	Wellawatha	26.63	Very weak	vi
Colombo	Port sity	31.3	Very weak	vi
Trincomalee	Marbale Beach	100	Excellent	i
Trincomalee	Trincomalee	100	Excellent	i
Trincomalee	Nilaweli	100	Excellent	i
Trincomalee	pegion Iland	100	Excellent	i
Jaffna	Chati,Thonaman Aru,Kasurina	100	Excellent	i
Mannar	Pesali Beach,	22.4	Very weak	vi
Mannar	keari Beach	86.7	Very good	li

Based on the information obtained from these studies, the MEPA has implemented various programs to reduce the pollution in order to increase the water quality. Developing national policies, strategies and action plans to reduce pollution in the fisheries industry and issuing permits for controlling sewage.

Table 4. Registered Organizations of the Authority to Provide Waste Reception Services for 2018
Revenue generated from the Waste reception service by removal of waste oil and issuing licenses is shown below.

Number	Registration No.	Institution
1	2018/WRS/01	DS Marine Service
2	2018/WRS/02	Marino Lanka
3	2018/WRS/03	Malsha Globe Shipping Service
4	2018/WRS/05	Sudesh terprises
5	2018/WRS/06	Tharuni Marine Enterprises
6	2018/WRS/08	Jaya Marine Service
7	2018/WRS/09	CS Tours and Transport Services
8	2018/WRS/10	Shanika Marine Company
9	2018/WRS/11	Maria Shipping Service
10	2018/WRS/12	Siam City Cement
11	2018/WRS/13	Galaxy Marine Service
12	2018/WRS/14	Sagara Marine & Engineering Service
13	2018/WRS/15	Prabla Traders Marine Service
14	2018/WRS/16	Vismitha Marine Enterprises
15	2018/WRS/1	S. H. Wilson
16	2018/WRS/1	N G N. Ranjith Marine
17	2018/WRS/19	GM Line
18	2018/WRS/20	KLS Marine Services
19	2018/WRS/21	New Colombo Harbor Suppliers
20	2018/WRS/22	Colombo Dockyard
21	2018/WRS/23	Sudha Shipping Service
22	2018/WRS/24	United Oceanic Marine Service
23	2018/WRS/25	Supreme Petro Lanka
24	2018/WRS/30	K L Gunasiri & Sons



7.1.2 Eradication of Marine Pollution from the Fisheries Industry

Fisheries are among the industries that are affected to the marine pollution. Therefore the Authority is also taking necessary steps to eradicate marine pollution from the industry. Accordingly, in the year 2018, 17 Cleaning Programs were conducted by the MEPA District Offices in fishery harbors. Also, 20 awareness programs were organized for the fishing community. The Authority provided assistance to the Fisheries harbors to develop and implement a waste management plan for each fishing harbor.

The National Strategy and Action Plan to minimize marine pollution has been formulated in associated with Ministry of Fisheries and Aquatic Resources.



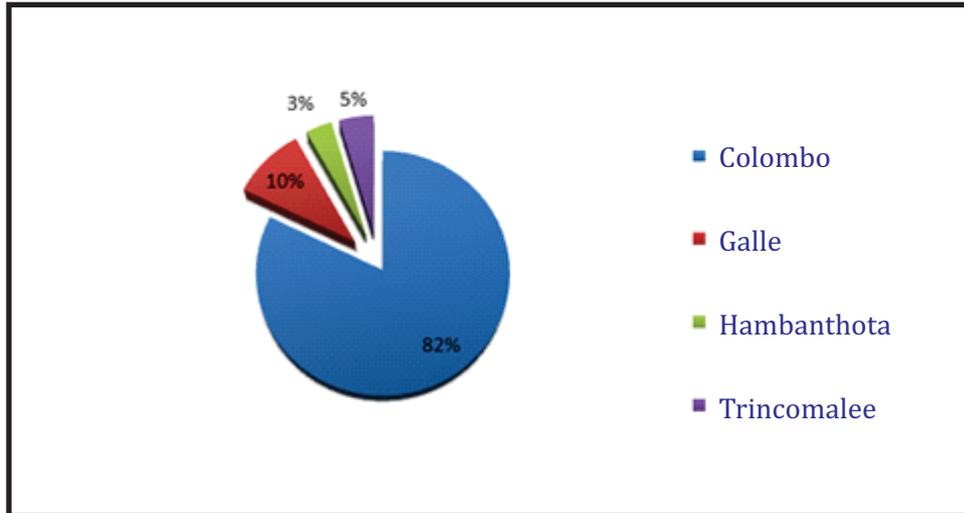
7.1.3 Reducing Marine Pollution by providing waste reception service for Waste Generated by Ships

The MEPA operates the Waste Reception Service for ships generated waste through the registered service providers. A total of 24 service providers were registered for the year 2018, which facilitated reception for ships arriving at the commercial ports of Colombo, Galle, Trincomalee and Hambantota. The revenue for the year 2018 was Rs. 22,531,480.00.

Table 5. Revenue generate from waste Reception service(WRS) in 2018

Description	Colombo	Galle	Hambanthota	Trincomalee
Number of permit issued	1365	161	58	76
Permit Income	6,825,000.00	805,000.00	290,000.00	380,000.00
Income from waste oil	9,993,715.00	17,940.00	239,341.00	83,284.00
Total revenue	16,818,715.00	822,940.00	529,341.00	483,284.00

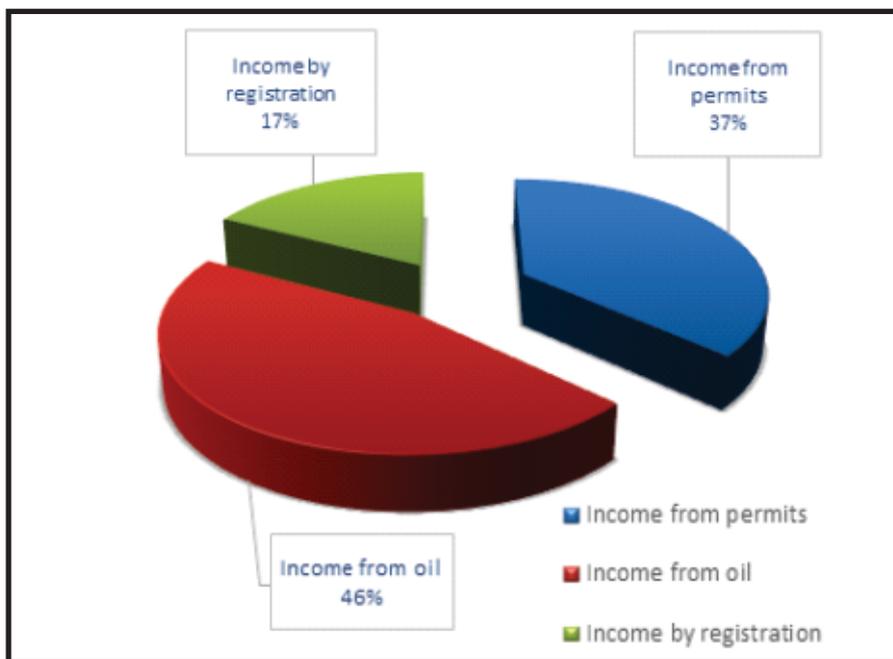
The total number of licenses issued in 2018



Graph 1: Issuance of License to Disposal of Ports in the Year 2018

Waste reception Service - 2018 - Revenue Summary

1.	Income earned from registering service providers	= Rs. 3,897,200.00
2.	Revenue from issuing license	= Rs. 8,300,000.00
3.	Earnings from removal of waste oil	= Rs. 10,334,280.00
4.	Total Revenue from waste reception Service in 2018	= Rs. 22,531,480.00



Graph 2: Percentage of Revenue generated by Ship Waste reception Service for the year

7.1.4 Minimization of Marine Pollution from Bunkering Service

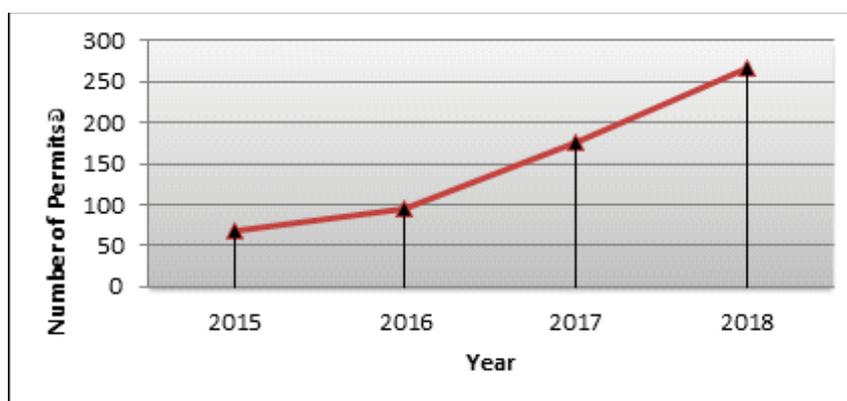
According to the Bunkering (Marine Environmental Protection) Regulation No. 2 of 2011, licenses are issued to institutions which provide bunkering service to the ships. During the year 2018, 11 companies registered to provide Bunkering service to ships. One company registered to provide bunker oil by using Bowser and Indian oil Company (IOC) obtained license to operation of Oil Tank Farm at Trincomalee. Bunker Oil Licensing in 2018 generated an income of Rs 1,725,000.00.

Table 6: Vessel and companies registered to supply bunker oil for 2018

No.	Ref No.	Name of the Vessel	Name of the Company
01	2018/Bun/01	Mt Candy	Inter Ocean Energy Pvt
02	2018/Bun/02	MT Sheramak	Inter Ocean Energy Pvt. Ltd
03	2018/Bun/03	AMT Ocean Galle	Inter Ocean Energy Pvt. Ltd
04	2018/Bun/05	MT LMS Dunhida	Lanka Maritime Service (Pvt) Ltd
05	2018/Bun/06	MTLMS AS Laxapana	Lanka Maritime Service Pvt
06	2018/Bun/07	MTC Falcon	Mosaic International Pvt
07	2018/Bun/08	MT Ocean Trinko	Lanka IOC PLC
08	2018/Bun/09	Lanka Marine Nilwala	Lanka Maritime Service Pvt
09	2018/Bun/10	Lanka Marine Mahaweli	Lanka Maritime Service Pvt
10	2018/Bun/12	MT Osean Lanka	Inter Ocean Energy Pvt. Ltd
11	2018/Bun/13	MT Kumana	Lanka Maritime Service Pvt

7.1.5 Minimizing marine pollution from by issuing permits for treated wastewater discharge to the Sea

In accordance with the Marine Environment Protection regulation No. 1 of 2013, the Marine Environment Protection Authority issues permits for the systematic disposal of waste water to the sea which are generated in hotels and industries around the coastal belt. Accordingly, the following table (7) and graph (3) show the number of licenses issued in recent years. With compared to 2017, the number of licenses issued in 2018 represents a 50% increase



Graph 3: Number of Licenses Issued from 2015 to 2018

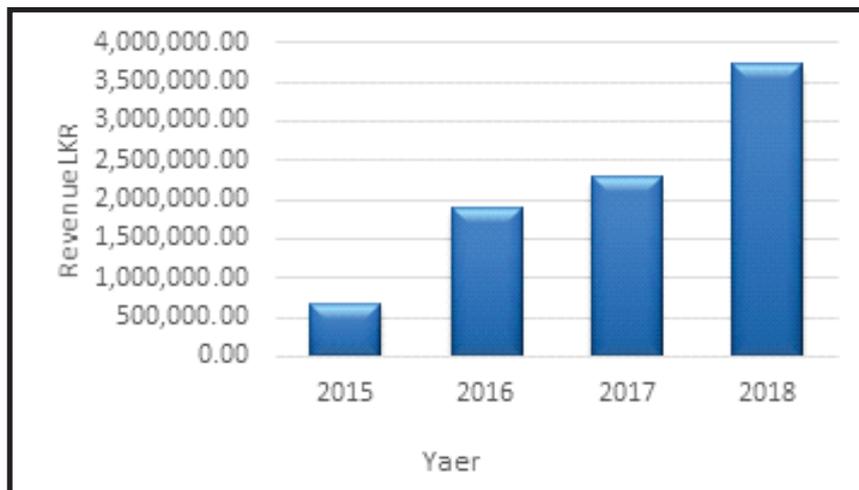
Table 6: Licensing Developments with compared to previous year (2015-2018)

Year	Growth%
2015 & 2016	37%
2016 & 2017	86%
2017 & 2018	50%

There is a continuous increase in the number of hotel and industry owners who are seeking licenses annually. Accordingly, the number of licenses increased from 69 in 2015 to 95 in 2016, to 177 in 2017 and 266 in 2018.

The following table (7) and graph (4) show the revenue generated by licenses issued in recent years. Revenue for 2018 is increased by 62%, with compared to 2017.

Year	Revenue (LKR)
2015	675,443.84
2016	1,897,397.26
2017	2,303,452.05
2018	3,725,654.33



Graph 4: Revenue earned by the Authority from the year 2015 to 2018

Table 8: Licensing Revenue Increases from 2015-2018 compared to the previous year

Year	Growth %
2015 & 2016	181%
2016 & 2017	21%
2017 & 2018	62%

7.1.6 Issuance of Marine Protection Licenses

The Authority issues the Marine Protection License in respect of offshore oil extraction in accordance with the Marine Environment Protection regulation No. 01 of 2011.

Schlumberger Multiclient Company was conducted 2D seismic surveys in the eastern

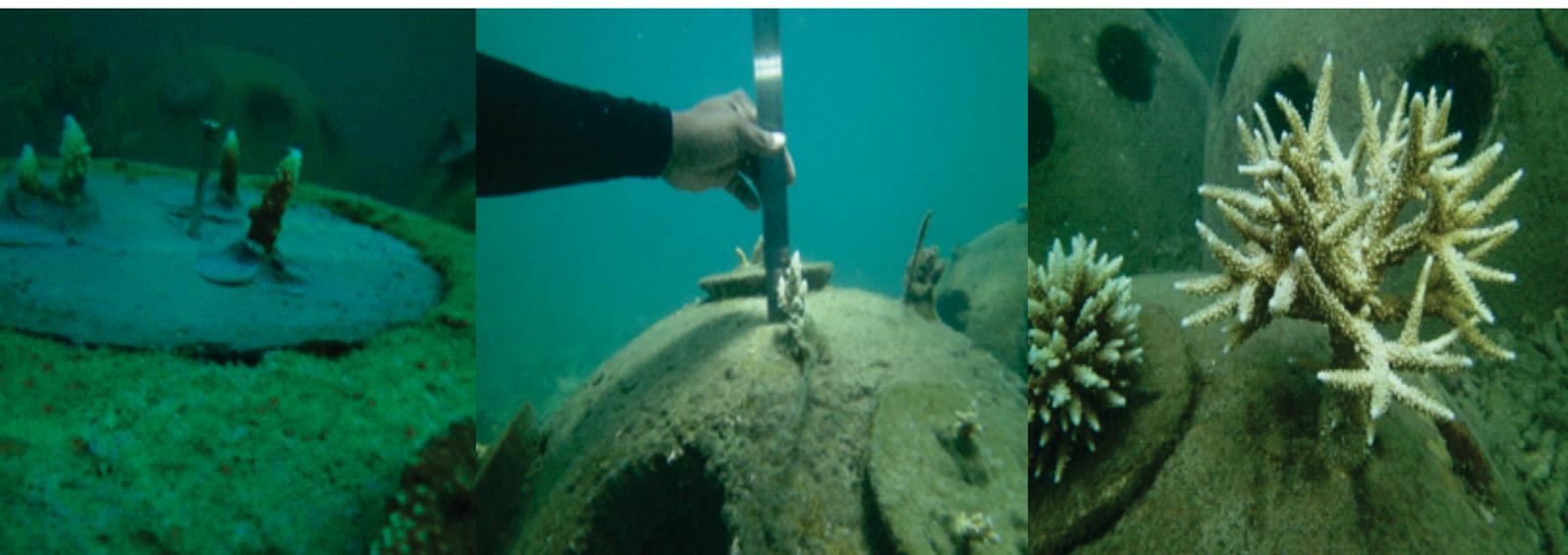
coast of Sri Lanka in 2018, followed by 2D seismic surveys in the western coast. Two marine environmental protection permits were issued by the MEPA for the above task. The MEPA has also lead to conduct the process of approving the Initial Environmental Examination Reports and the Assessment of



7.1.7 Coral restoration Project on the East and South Coast of Sri Lanka

Coral reefs, a unique ecosystem found in the coastal zone of Sri Lanka, are at risk of extinction due to human activities. The main objective of this project is to strengthen the fisheries and marine tourism industry in Sri Lanka through the development of ecosystems by introducing an appropriate method for replanting coral in the selected areas. This is a pilot project and with the success of this research it is expected to be replicated in other parts of Sri Lanka to restore coral.

Accordingly, in order to repair the damaged coral reefs in Mirissa and Kayankarni, coral was re-planted using ball structures made of discarded concrete. The results of this research were satisfactory, with the average survival or livelihood of re-planted coral reefs 65% and mortality (35%). Fish accumulation was observed in the reef coral reefs, and over the course of the study, 25 species of fish were recorded in the ball structures coral reefs.



7.1.8 Implementaion of Inter Agency Coordination Mechanism for the Protection of Kayankarni Coral Reefs

Kayankarni Coral Reef is a beautiful coral ecosystem situated near the Pasikuda coral reef which situated between Valaichchenai and Vakarai in Batticaloa district. This coral reef is an ecosystem with a high biodiversity and an abundance of live coral species. It is reported that , in associated with this coral reef ecosystem 51 species of corals, 9 species of algae, 3 species of sea grass, 115 invertebrate species, 206 fish species and 2 sea turtle species. Although the coastal belt is surrounded by a number of coral reefs, many of these oral ecosystems have now been completely or extensively destroyed by human activity and climate change effects.

It is, one of the few live coral ecosystems left in Sri Lanka, the Kayankarni coral ecosystem is one of the most valuable ecosystems. This ecosystem was well known for its ornamental fisheries industry, it is now in danger of being destroyed by waste pollution, illegal fishing equipment and improper tourism industry.

The Inter Agency Coordination Mechanism is being implemented with the participation of the stakeholder organizations under the aegis of the MEPA and the Department of Wildlife Conservation with the objective of preserving and preserving the high value ecosystem through proper management for the future. The goal is to safeguard the coral reef with the support of all stakeholders and communities to minimize the impacts of various human activities and natural changes. Institutional

merger will enable the program to be more sustainable.

The stake holder institutions include Marine Environmental Protection Authority, Wildlife Conservation Department, Central Environmental Authority, National Aquatic Resources Research and Development Agency, Sri Lanka Navy, Coast Conservation Department, Coast Conservation and Coastal Resources Management Department, Fisheries Department, National Aquaculture Development of Sri Lanka. Development Authority, The Ministry of Tourism of Sri Lanka, International Union for Conservation of Nature (IUCN), United Nations Development Program

The first phase of this program was declared as the Marine Conservation Area of the Kayankarni Coral Reef on 11th April, 2019 at the Batticaloa District Program titled "Ratawenuwen ekata Sitimu ". The main activities of this study were the mapping and diversity analysis of the Kaikarni Coral Reef using GPS data and study the diversity. A series of awareness programs were also conducted for public officers. Awareness program for Public Officers under the patronage of the Batticaloa District Secretary was held at the Batticaloa District Secretariat. A program was held to educate the people of the area about the protection of the Kayankarni coral reef by the youth. The youth team is also training in future programs so that they can better protect the ecosystem



7.1.9 The research project on the Invasive marine species in Colombo and Galle commercial ports of Sri Lanka

One of the main reasons for the loss of biodiversity is the introduction of a non-native species in an ecosystem. Ballast water and other methods discharged by vessels pose a serious risk of transmission of invasive species.

Therefore, in accordance with the National Ballast Water Management Strategy, Sri Lanka has conducted preliminary surveys of the port biology to record the diversity of native and non-native species. Preliminary studies of harbor biology carried out by the MEPA have identified a number of invasive marine species. During the studies MEPA has identified some nonnative species. Further Studies are needed to determine if these identified alien species are invasive species. This project dedicated for that . Therefore, the study was carried out to determine the potential for harbor invasions and for other non-native species, which are globally known marine invasive species in the proposed study areas.



7.2. Development of Marine Pollution Prevention Systems

7.2.1 Preparation of Coastal Environment Profile.

Sri Lanka has hilly diversified biodiversity around its coastal ecosystem. The Authority has taken steps to ensure the safety of these ecosystems and to create a Coastal Environment Profile important for further study. During the year 2018 we have completed this programme in the district of Hambanthota and Mathara. In addition to collecting environmental information, steps are being taken to survey and map the sources of pollutants that can cause marine and coastal pollution.

7.2.2 Establishment of Beach care taker for the maintenance of Clean Seas

In December 2017, Sri Lanka became a partner for the United Nations Clean Seas Campaign. The Marine Environment Protection Authority has proposed to appoint beach care-takers for sustainable use of the beach through community participation in the reduction of marine pollution by contributing to the "Pivithuru Sayura program".

Discussions were held with the Department of Samurdhi Development and the Central Environmental Authority for the effective implementation of this program. Accordingly, an agreement has been reached between the MEPA and the Samurdhi Development Department to implement the program. A awareness workshop was conducted on 18.07.2018 at the auditorium of the CEA for district officers of the Central Environmental Authority and Department of Samurdi Development



The official appointment of Beach care taker was ceremonially inaugurated on 16th September 2018 by the President and the Minister of Mahaweli Development and Environment his excellency Maithripala Sirisena.



The Memorandum of Understanding (MoU) was signed between the Department of Samurdhi Development and the Marine Environment Protection Authority On 19/12/2018 at the Department of Samurdhi Development in Battaramulla.



As of 31/01/2018, 52 Beach care takers were appointed to covering 12 coastal districts.



Table 9: Progress of the Program as at 31.12.2018

	District	Number of beach care takers	Number of beaches cleaned	Distance of beach stretch cleaned by (km)
1	Colombo	4	4	2
2	Gampaha	9	9	6.4
3	Kalthara	3	2	1
4	Galle	5	4	2
5	Mathara	3	3	2.9
6	Hambanthota	3	3	3
7	Trincomalee	4	4	2
8	Baticlo	4	3	7
9	Ampara	6	4	4.7
10	Putlum	4	4	6.5
11	Jaffna	3	3	3
12	Manarama	4	4	8.2
	Total	52	47	48.7

7.3. Awareness on marine environment pollution and its impact

7.3.1 Awareness of school marine groups

School Marine Group

School Marine Groups have been formed to educate coastal school children about the marine environment and the importance of conserving it and thereby communicating the message to the public. At present there are 295 marine groups in twelve coastal districts of Sri Lanka.

Table 10: Number of school marine groups established in coastal districts

District	Number of school marine Group
Colombo	15
Gampaha	25
Kalthara	39
Galle	33
Mathara	31
Hambanthota	20
Ampara	04
Baticlo	03
Trincomalee	21
Jaffna	25
Manarama	49
Gampaha	30
Total	295

Awareness programs for these School marine groups continue to be conducted and these students are actively involved in World Ocean Day and International Coastal Cleaning Day celebrations.



7.3.2 Organizing and Conducting Programs to Celebrate International Days

7.3.2.1 World Ocean Day

In parallel to the celebration of the World Ocean Day 2018, the MEPA conducted an awareness program for journalists in electronic and print media from 6th to 8th June 2018 in Trincomalee and Pigeon Island. A team of 40 media personnel from leading electronic and print media institutions of the country joined hands for the event.

The main objective of this program was to educate the media personnel about the value of marine pollution and marine resources and the prevention of pollution due to plastic.



A workshop for journalists on marine resources and marine pollution was held at Soba Island Resort, Soba Island, Trincomalee. A training program on Snorkeling was conducted at Pigeon Island for a practical study of the diversity and value of the marine environment. A coral clean-up program was carried out around Pigeon Island coral reef with the participation of MEPA, NAVY and Nilawali Hotel association Divers, this cleanup include the removal of crown-of-thorn who eat coral reef.

As a result of this program, there has been an increase in the awareness of the marine environment through electronic and print media.

7.3.2.2 National Marine Resources Conservation Week and international National Coastal Cleanup Day celebration Event - 2018

At present it is imperative to create a systematic program to educate and engage all stakeholders in the sustainability of the marine related industries by protecting the coastal and marine ecosystems. 3rd Saturday, September of each year is celebrated as International Cleaning Day and the Government has declared September 3rd of each year as "National Maritime Rescue Week".

Accordingly, the Maritime Environmental Protection Authority has organized a national coastal clean-up program from 15th to 21st September 2018 covering 14 coastal districts around Sri Lanka. The event was held at Dadalla beach in Galle District under the patronage of His Excellency the President Maithripala Sirisena For this programme around 1500 participants were participated by representing various government and non-governmental institutions

Simultaneously, the beach cleanup program was held throughout the week covering all 14 coastal districts and around 15,000 people were participated at 80 locations. Steps were taken to dispose of the garbage collected in these programs and to send the collected recyclable waste to the relevant locations and to dispose of the recyclable waste in collaboration with the local authorities in the respective districts.

It also conducted a survey on collected waste. The program was successful in establishing an important database on garbage collected around Sri Lanka.



A cleanup event attended by the President in Dadalla beach in Galle District

The main objective of this program is to protect the marine environment by drawing the attention of the general public to prevent the pollution of the coast.

Concurrent to this programme, the opening of the Southern Provincial Office Complex and Laboratory of the MEPA and the donation of equipment to the beach care takes were done with the patronage of his excellency the President Maithripala Sirisena.



Opening of the Southern Provincial Office Complex and Laboratory of the MEPA

The donation of equipment to the beach care takes

3.3 Marine Environment Pollution and Impact Awareness Program

7.3.3.1 Fourth National Marine Environmental symposium and Expert dialog forum – 2018

Fourth National Marine Environmental Symposium was held on 19 October at the Bandaranaike Memorial International Conference Hall with Scientists, Researchers, Legislators and Non-Governmental Organizations Officials on Marine Environment. In parlay to this programme the Expert dialog forum also conducted in same hall on 19th October 2018.



Special Moment of and Expert dialog forum

Marine Environmental Protection Authority, Central Environmental Authority, Disaster Management Center, Department of Coast Conservation & Coastal Resources Management, Kelaniya University, University of Moratuwa, Ocean University, Open University, University of Ruhuna, Sri Lanka Police, Department of Coast Conservation, Sri Lanka Ports Authority, Department of Fisheries and Aquatic Resources, Ministry of Mahaweli Development and Environment, Department of Wildlife Conservation, Colombo Dockyard Pvt were participated for this event ..

The Fourth National Maritime Environmental symposium, inaugurated by the former Commander of the Navy, Admiral (Dr) JSK Colombage. 27 papers from various institutions and scientists were submitted for this purpose. The science session was titled Marine Environment, Sensitive Marine Ecosystems and Marine Protected Areas, Eco- Tourism and Coastal Management, Fisheries, Aquaculture and Marine Environment and Marine and Marine Pollution Laws.

These programs will encourage the scientists to undertake new research and contribute new thoughts to the protection of the marine environment. Also, discussions held by a group of expert in the respective fields suggested some plans for the future marine environment protection.

7.3.3.2 Effective implementation of the National oil spill contingency plan

Regional Response Workshop on Emergency Oil Spill

District Level Awareness Programs and Training Programs are conducted to improve District Level Preparation in line with the National oil spill contingency plan of Action in case of Emergency Oil Spill. Accordingly, in the year 2018, such training programs were held in Galle, Puttalam, Matara and Colombo districts.



08

Service and Responsibility of Internal Department



Service and Responsibility of Internal Department

8.1 Administration Division

Management of the overall personnel of the staff of the Marine Environment Protection Authority from commencement to termination of service and facilitating the functioning of other Divisions are the responsibility of the Administration Division. The Administration Division functions under the guidance of the General Manager, who is the Chief Executive Officer of the Authority.

8.2 Legal Division

1. The Authority has filed a Criminal case in the Colombo High Court against M T Laxapana, a vessel belonging to Lanka Maritime Services, for the marine environmental pollution caused while exchanging of fuel in the Port of Colombo. Acting under Section 26 of Marine Pollution Prevention Act No 35 of 2008, legal action was taken in September 2016 and a fine of LKR 08 Million was obtained by the Authority from the responsible party.

2. Also, a civil case was filed against the Ceylon Petroleum Storage Terminals Limited (CPSTL) under Section 34 of the Act in the District Court of Colombo for the recovery of damages for the Marine Environmental pollution occurred in Lunawa Thaldiyawatta Lagoon in December 2015 resulted from an oil leak from a pipeline belonging to CPSTL.

3. Legal action was initiated for violating the regulations promulgated under the above Act. Legal action was taken against the Sri Lankan representative of the vessel M.V. WEHR SCHULAU, which was anchored in the Port of Colombo in August 2017 for violating Marine

Environmental Protection (Waste Reception Facilities) regulations.

4. Legal action was taken against a hotel in Tangalle through Angunakolapelessa Magistrate's Court for a marine pollution caused by discharging waste water in March 2017. Action has been taken under regulations promulgated as per Section 27 of the above Act (Issuance of Permits for dumping at sea) Regulations and the matter is proceeding through the Attorney General.

8.3 Internal Audit Division

When looking at the other Divisions of the Authority, it can be shown that the Internal Audit Division is in a unique position.

The Internal Audit Division has been established to function under the guidance and direct supervision of the Chairman of the Authority. The Internal Audit Division functions according to the Audit Plan and Audit Programme, which are prepared annually, and conducts surveys on the effective functioning of the Finance, Operations, Administration and Legal Divisions of the Authority. Internal Audit Reports prepared based on the observations and finds of these surveys are submitted for the attention and decision of the Chairman.

The following tasks are involved in this regard:

1. Scrutinizing the internal control methodology established for the prevention of malpractices and frauds.

2. Scrutinizing the financial control methodology to ascertain whether any financial activity is carried out in an honest and fair

manner.

3. Monitoring whether the duties and functions assigned to the employees are carried out efficiently and effectively.

4. Monitoring whether the fixed assets of the Authority that are used for operational and administrative activities of the Authority are used efficiently and effectively.

5. Monitoring whether the activities are in accordance with the state policies, laws and rules, and the internal rules of the Authority.

6. Conducting special investigations where necessary. According to the Internal Audit Programme, not only the main Divisions but also Regional Offices are subjected to audit. Conducting an audit and management meeting every quarter is one of the main functions among the audit activities of this Division. This Committee can be termed as a consultative committee of the Board of Directors. The Committee held four meetings during the year 2017 and submitted its minutes to the Chairman, the General Manager and relevant Divisions for necessary action.

8.4 Human Resources Development Division

The responsibility of the Human Resources Development Division is to train all members of the staff of the Marine Environment Protection Authority to enhance their capacity and ability. The Division functions under the sole guidance of the General Manager, who is the Chief Executive Officer.

Responsibilities of the Division:

1. Identifying the training needs for the enhancement of the capacity and ability of the staff of the Authority, identifying resource persons for training, preparing the local/foreign training plans and directing members of the staff to the identified training courses.

2. Monitoring whether the members of staff who follow training are obtaining the training properly or whether shortcomings



exists and formulating and implementing strategies to overcome such shortcomings.

3. Evaluating the Annual Progress Reports of the staff.

4. Making arrangements to grade and promote employees.

5. Providing information sought by external parties and the line Ministry on staffs and institutional functions, subject to the approval of the General Manager.

6. Conducting staff welfare activities

8.5 Planning Division

The planning division of Marine Environment Protection Authority was established on March 2017. This division is responsible for preparation of Cooperate Plan and Annual Plans and monitoring the progress of MEPA for the subjects within the jurisdiction of Marine Pollution Prevention Act No 35 of 2008.

Activities carrying out by planning division:

1. Maintain/update the master plan and coordinate planning efforts.

2. Provide planning recommendation to Board of Directors.

3. Provide information to Ministry of Mahaweli Development and Environment.

4. Monitoring planned activities and submit reports.

5. Facilitate interdepartmental cooperation.

6. Estimation of resources for financing of Annual Plans & five year plan.

7. Preparation, monitoring and evaluation of five year plan/annual plans.

8. Revise Annual Action Plan according to the requirements.

9. Monitoring the progress of development projects.

10. Carrying out SWOT analyzes.

8.6 Financial Division

The Financial Division of the Marine Environment Protection Authority holds the responsibility for its financial management functions. The Financial Division deploys financial resources for all the economic and financial activities that affect the Marine Environment Protection Authority and distributes financial resources for the achievement of all objectives. The main objectives of the Financial Division are to supply of financial services of the Authority in an efficient and effective manner, provide guidance for it, carry out coordination activities and control financial resources of the Authority by constant monitoring.

Activities

1. Preparing annual budget estimates

2. Preparing Financial Statements

3. Presenting reports on Financial Statements and reports on monthly budgets

4. Keeping reports for salaries and emoluments and making payments

5. Keeping projects active

6. Making all payments

7. Accounting activities on loans and advances

8. Coordination with banks

9. Coordination with the Auditor General's Department

10. Carrying out management and other activities pertaining to investments.

Special Activities Conducted during the Year

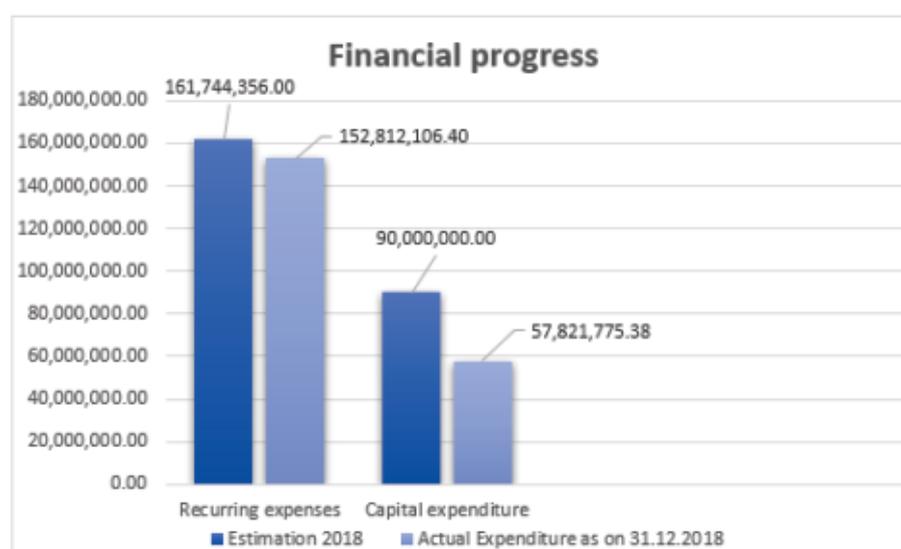
01 The Authority was able to derive an interest income of Rs.1,211,704.17 by investing balances existing in the current account in one-day call deposits.

02 The Marine Environment Protection Authority was win first place of Annual Report and Accountants award



8.6.1 Financial Progress Report Recurrent Expenditure for the year 2018

Object Code	Object Description	Estimate for 2018	Actual Expenditure as at 31.12.2018	Balance as at 31.12.2018
	Recurrent Expenditures			
	Personal Emoluments			
1001	Salaries and wages	103,613,359.00	101,108,877.72	2,504,481.28
1002	Overtime and holiday pay	2,100,000.00	1,630,073.85	469,926.15
1003	Other allowances	4,776,000.00	3,698,074.34	1,077,925.66
	Total	110,489,359.00	106,437,025.91	4,052,333.09
	Travel Expenses			
1101	Local	2,300,000.00	2,713,348.10	(413,348.10)
1102	Foreign	3,000,000.00	1,586,666.98	1,413,333.02
	Total	5,300,000.00	4,300,015.08	999,984.92
	Supplies			
1201	Stationery and office requisites	2,323,851.00	2,126,423.81	197,427.19
1202	Fuel	3,100,000.00	2,087,886.79	1,012,113.21
1205	Other	350,000.00	92,000.00	258,000.00
	Total	5,773,851.00	4,306,310.60	1,467,540.40
	Maintenance Expenditure			
1301	Vehicles	3,000,000.00	3,159,426.06	(159,426.06)
1302	Machinery and equipment	1,800,000.00	922,904.17	877,095.83
1303	Buildings and constructions	500,000.00	138,414.75	361,585.25
	Total	5,300,000.00	4,220,744.98	1,079,255.02
	Services			
1401	Transport	-	-	-
1402	Post and communication	3,432,000.00	2,427,084.42	1,004,915.58
1403	Electricity and water	3,936,000.00	3,717,296.13	218,703.87
1404	Tax, rents and rates to local authorities	18,408,146.00	18,299,403.31	108,742.69
1405	Other recurrent expenditures	9,105,000.00	9,104,225.97	774.03
	Total	34,881,146.00	33,548,009.83	1,333,136.17
	Grand Total of Recurrent Expenditures	161,744,356.00	152,813,106.40	8,932,249.60



8.6.2 Financial Progress Report – Capital Expenditure for the year 2018

Object	Object Description	Estimate for 2018	Actual Expenditure as at 31.12.2018	Balance as at 31.12.2018
2201	Capital Expenditure Rehabilitation & Improvement of Capital Assests			
2001	Building and Structures	3,331,000	1,090,593.17	2,240,406.83
2002	PlantnMachinery and Equipment	500,000	331,818.65	168,181.35
2003	Vehicles	1,250,000	3,018,165.40	(1,768,165.40)
	Sub Total	5,081,000	4,440,577.22	640,422.78
	Acquisition of Fixed Assests			
2101	Vehicles	-	-	-
2102	Furniture & Equipments	3,424,000	2,827,768.00	596,232.00
2103	Machinery and Equipment	2,000,000	1,591,480.00	408,520.00
2104	Building & Structure Galle building	15,340,000	10,246,371.97	5,093,628.03
	Sub Total	0,764,000	14,665,619.97	6,098,380.03
2401	Training and Capacity Building (Human Resources Development)	2,450,000	2,378,008	71,992.06
	1. Provide training for the staff	2,350,000	2,277,100	72,899.56
	2. Purchase book and magazines	100,000	100,908	(907.50)
	3. Welfare facility development	-	-	-
2502	Other			
1	1. Improvement of sea bathing sites and beaches	13,177,000.00	10,387,550.86	2,789,449.14
2	2.Pollution prevention from fisheries sector	3,345,000.00	1,795,679.09	1,549,320.91
3	3.Marine debris management	-	-	-
4	4.Coastal and marine pollution control	4,626,000.00	4,059,516.15	566,483.85
5	5.Studies on marine ecosystems	5,687,000.00	2,907,821.07	2,779,178.93
6	6.Implementation of International Conventions and Amendment of the Act	655,000.00	566,107.50	88,892.50
7	7.Minimizing the pollution caused by ships	2,259,000.00	492,758.00	1,766,242.00
8	8.Establishment of an institutional framework for marine related issues	3,401,000.00	400,350.00	3,000,650.00
9	9. Awareness building on marine environment	3,933,000.00	2,956,445.72	976,554.28
10	10. Organizing & conducting National events	7,150,000.00	7,026,930.40	123,069.60
11	11.Controlling of impacts of accidental oil and chemical spilling	12,345,000.00	3,777,381.38	8,567,618.62
12	12.Upgrading of laboratory facilities	4,647,000.00	1,538,731.66	3,108,268.34
13	13.1 Building Opening	480,000.00	428,298.42	51,701.58
	Sub Total	61,705,000.00	36,337,570.25	25,315,728.17
	Total Capital Expenditure	90,000,000.00	57,821,775.38	32,126,523.04

NOISE POLLUTION IN THE OCEAN

AFFECTS MARINE ANIMAL'S ABILITY TO

COMMUNICATE



LOCATE PREY

AVOID
PREDATION



NAVIGATE

CAUSES OF NOISE POLLUTION

BOAT
TRAFFIC



MILITARY
ACTIVITY

RECREATIONAL
WATER SPORTS



FOSSIL FUEL
EXTRACTION

WHAT CAN BE DONE



SLOW DOWN
AND AVOID MARINE
SENSITIVE AREAS



MAINTAIN AND
OPTIMIZE BOATS
AND ENGINES



USE ECO-FRIENDLY
ENERGY
SOURCES

09

Financial Statements of the Authority



Financial Statements of the Authority

9.1 Accounting Policies

9.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 758, Baseline Road, Colombo 09.

9.1.2 Principal Activities and Nature of Operations

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

9.1.3 Basis of Preparation

9.1.3.1 Statement of compliance

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

Marine Environment Protection Authority uses the Sri Lanka Public sector accounting standards 2011 with effect from the year 2010 for preparation and the presentation of it financial statements.

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

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

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

9.1.3.4 Income and Expenditure have been accounted on accrual basis

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

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

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

9.1.4 Property, Plant and Machinery

9.1.4.1 Property, Plant & Equipment has been recorded at their cost. They have been depreciated on straight line basis in order to write of their cost over their useful life. The rates used to depreciate them are as follows; Assets Depreciation Rate Motor Vehicles 20% Computers and related Equipments 15% Office Equipments 15% Furniture and office Equipments 10% Lab Equipments & Other technical Equipments 10% Books 10%

Assets	Depreciation Rate
Motor Vehicles	20 %
Computers and related Equipments	15 %
Office Equipments	15 %
Furniture and office Equipments	10 %
Lab Equipments & Other technical Equipment	10 %
Books	10 %

9.1.4.2 Depreciation of properties, plant and equipment begins when they are available for their intended use and depreciate on straight line basis over their useful life.

9.1.5 Income

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

1. Issuing License for Natural resource exploration activity.
2. Issuing License for Bunkering Operations
3. Approving Oil Spill contingency plan.
4. Issuing License for activities connected with waste reception Service

9.1.5.1 Income generated by the Authority

The income generated by the authority is recognized on accrual basis.

9.1.5.2 Grants received from the General Treasury

The authority receives two types of grants namely capital and recurrent. The accounting policy adopted for accounting for these grants based as follows

9.1.5.3 Capital Grants

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

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

9.1.5.6 Recurrent Grants

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

9.1.6 Employee Benefits

9.1.6.1 Define Contribution Plan.

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

9.1.6.2 Define Benefit Plan

Gratuity is a define benefit plan. The MEPA is liable to pay gratuity in terms of the relevant

statute. In order to meet this liability , a provision is carried forward in the Statement of Financial Positions, equivalent to an amount calculated based on a half month's salary plus cost of living allowance multiply by each completed year of service, commencing from the completed first year of service.

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

9.1.7 Comparative information

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

9.1.8 Events occurring after balance sheet date

All material post Balance Sheet events have been considered and where appropriate adjustment or disclosures have been made in respective of note to the Financial Statement.

9.1.9 Cash flow Statement

Cash Flow Statement has been prepared using the indirect method

9.1.10 Functional and presentation Currency

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

1. Inventories

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

2. Library Books

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

3. Chemicals and Glassware Stocks

In the case of chemicals and glassware the policy adopted by the authority is to charge total purchase cost of Chemicals and Glassware to the P&L during the year the transaction happened.

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

9.2 Statement of Financial Position
Marine Environment Protection Authority
Statement of Financial Position
As at 31st December 2018

Assets	Note	2018	2017
<u>Current Assets</u>			
		Rs.	Rs.
Cash in hand	9	23,473,457.62	8,985,447.03
Debtors	10	954,287.86	972,183.09
Deposits	11	3,193,000.00	2,959,000.00
Pre-Payments	12	2,442,132.08	2,063,022.50
Short Term Investments (Treasury Bills)	28	12,562,201.60	11,586,643.28
Staff loans recoverable	13	13,145,944.33	9,847,296.72
Inventory	27	4,838,695.94	4,626,177.25
<u>Non-Current Assets</u>			
Property, Plant & Equipment	8	154,268,170.37	141,729,762.47
Intangible Assets	22	2,106,336.70	1,903,942.41
Total Assets		216,984,226.51	184,673,474.71
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Payables	14	30,155,885.85	43,173,221.37
Income pre-received	23	3,757,482.66	1,974,856.70
<u>Non-Current Liabilities</u>			
Distressed loan funds	15	13,897,891.32	13,495,377.97
Provision for Gratuity	16	22,165,925.00	19,676,724.00
Total Liabilities		69,977,184.83	78,320,180.04
Net Assets		147,007,041.68	106,353,294.71
<u>Equity</u>			
Government Grants and Capital (Deferred Grants)	17/18	156,374,508.71	87,218,575.98
Capital Expenditure on work in progress	19	-	56,415,130.47
Capital Grant to be utilized	25	-	826,941.80
Capital Input for Stocks	24	3,858,594.00	3,858,594.00
Accumulated Surplus (Deficit)	21	14,162,205.67	13,186,647.35
Accumulated Surplus/Deficit	20	(27,388,266.70)	(55,152,594.10)
Total Equity		147,007,041.68	106,353,294.71

9.3 Statement of Financial Performance
Marine Environment Protection Authority
Statement of Financial Performance
for the Year Ended 31 December 2018

Income	Note	2018 Rs.	2017 Rs.
Treasury Grants	1	207,051,668.77	136,377,136.52
Registration and Licence fees	2	29,013,815.64	35,824,761.42
Other revenue	3	4,411,095.41	1,272,940.65
Total revenue		240,476,579.82	173,474,838.59
Expenditures			
Salaries and wages	4	106,437,025.91	107,184,813.71
Supplies and consumables	5	8,388,966.99	7,893,411.61
Other recurrent expenditure	6	37,820,029.91	34,634,645.40
Grant and other transfers	29	38,602,302.84	42,784,424.18
Financial expenses	7	27,995.00	28,785.00
Depreciation of fixed assets	8	21,723,375.45	16,560,673.00
Total Expenses		212,999,752.90	209,086,752.90
Surplus/ (Deficit) for the period		27,476,883.72	(35,611,914.31)

9.4 Statement of Changes in Equity
Marine Environment Protection Authority
Statement of Changes in Equity for the
Year ended 31st December 2018

	Differed Grant:	Grant Related to Inventories	Capital Grant to be utilized	Capital Grant Related to Building WIP	Marine Environment Protection Fund	Accumulated Surpluses/(Deficits)	Total
	Rs.	Rs.	Rs.	Rs.	Rs..	Rs..	
Balance as at 01/01/2018	87,218,575.98	3,858,594.00	826,941.80	-	13,186,647.35	55,152,594.10]	106,353,295.50
Prior year correction				56,415,130.47			56,415,130.47
Reversal of Expench to P&L	120,540.00					287,443.69	407,983.69
Cash Transfer to Grant Account							
Restated Balance as at 01/01/2018	87,339,115.98	3,858,594.00	826,941.80	56,415,130.47	13,186,647.35	(54,865,150.41	106,761,279.19
Capital Grants Received	143,984,893.44	-	-	-	-	-	143,984,893.44
Transfer to Capital related to assets	15,054,311.04	-	-	-	-	-	15,054,311.04
Transfer from Capital Grant related to building WIP	(10,246,371.97	-	-	10,246,371.97	-	-	
Transfer to deferred Grant	-	-	-	(66,661,502.44	-	-	(66,661,502.44
Transfer to the treasury/loan fund	(692,611.01	-	(826,941.80	-	-	-	(1,519,552.81
Interest income received	-	-	-	-	975,558.32	-	975,558.32
Capital Grants Transferred to Income	(79,064,828.77	-	-	-	-	-	(79,064,828.77
Surplus/(Deficit) for the year						27,476,883.72	27,476,883.72
Balance as at 31/12/2018	156,374,508.71	3,858,594.00	-	-	14,162,205.67	(27,388,266.70	147,007,041.68

9.5 Cash Flow Statement
Marine Environment Protection Authority
Cash Flow Statement for the year 2018

	2018	2017
<u>Cash Flow from Operational Activities</u>		
Excess of Income over Expenditure	27,476,883.72	(35,611,914.31)
Adjustments for		
Depreciation	21,723,375.45	16,560,673.00
Loss of Disposal assets	-	(42,563.54)
Provision for Gratuity	2,489,201.00	6,421,851.50
Deposit transfer to income	82,000.00	
Reversal of expenses chg to P&L	287,443.69	223,699.32
Gratuity Payments	-	(481,885.50)
Income Recognized (From grants received in previous years)	(79,064,828.77)	(41,459,516.52)
Operating Surplus/Deficit Before working Capital changes	(27,018,070.14)	(54,389,656.05)
Working Capital Changes		
(Increase) / decrease in Deposits	(234,000.00)	(363,000.00)
(Increase) / decrease in Prepayments	(379,109.58)	141,634.10
(Increase) / decrease from Debtors	17,895.23	(923,183.19)
Decrease/ increase in current liabilities	(13,017,335.52)	20,171,616.18
Decrease/ increase in Inventories	(212,518.69)	(443,873.95)
Net Cash flow from operating Activities	(40,843,138.70)	(35,806,462.91)
<u>Investment Activities</u>		
Invesment In Treasury Bills	(12,562,201.60)	(11,586,643.28)
Treasury Bills Maturity	11,586,643.28	15,816,119.53
Acquisition of property plant & Equipment	(9,042,954.63)	(23,492,254.92)
Building WIP	(10,246,371.97)	(21,900,713.47)
Interest form Treasury Bills	975,558.32	1,532,587.41
Interst form staff loan	406,913.98	289,393.98
Increase/decrease in staff loan recoverabale	(3,298,647.61)	(4,579,884.67)
Income Prereceived A/C	1,782,625.96	(423,910.30)
cash recived from Coast Guard Department	-	145,305.96
Sale proceed of disposal of assets	-	63,888.88
Fund transfer to trasury	(1,519,552.81)	(3,604,038.85)
Net Cash flow generated from Investment Activities	(21,917,987.08)	(47,740,149.73)
<u>Financing Activities</u>		
Government grant for Capital expenditure	77,253,537.00	62,288,070.73
Bank charges - People's Bank	(4,400.63)	-
Net cash from Financing Activities	77,249,136.37	62,507,400.73
Net increase/decrease in cash and cash equivalent s	14,488,010.59	(21,039,211.91)
Cash and cash equivalent s at the beginning of the year	8,985,447.03	30,024,657.89
Cash and cash equivalent s at the end of the year	23,473,457.62	8,985,447.03

9.6 Notes to the Financial Statements
Marine Environment Protection Authority
Notes to the Financial Statements

Note 01	Transfer other Government Entities	
	2018	2017
Treasury Recurrent Grant	127,986,840.00	94,917,620.00
Capital Grant transfer to income -Current year	57,341,453.39	24,877,518.24
Capital Grant transfer to income -From differed Grant	21,723,375.38	16,581,998.28
	207,051,668.77	136,377,136.52

Note 02	Fees, Penalties and Permit Fees	
	2018	2017
Waste Reception Service -Registration Fees	3,846,500.00	3,767,700.00
Waste Reception Service -Permit Fees	18,664,280.00	19,612,151.00
Waste Reception Service - Application Fees	42,000.00	42,000.00
Natural Resources Exploration -Permit fee	369,661.60	
Bunkering Application Fee	14,000.00	13,000.00
Bunkering Registration	1,680,000.00	1,725,000.00
Road Tankers Registration - Bunkering	26,000.00	69,000.00
Noscop Application fee & Approval fee	185,219.71	32,958.37
Dumping Regulation Income	4,186,154.33	2,562,952.05
Fine recived from Court Order	-	8,000,000.00
	29,013,815.64	35,824,761.42

Note 03	Other Revenue	
	2018	2017
Supplies Registration Fees	240,000.00	262,000.00
Sundry Income	669,259.83	195,270.46
Book advance interest	-	880.80
Insurance claims	1,501,543.55	-
Interest Account (Short Terms Investment on Treasury Bills)	901,092.03	814,789.39
Sponsorships	1,099,200.00	-
	4,411,095.41	1,272,940.65

Note 04	Wages, salaries and employee benefits	
	2018	2017
Salaries & Wages	98,619,676.72	95,930,469.57
Overtime/Holiday Pay	1,630,073.85	1,196,390.93
Other Allowances	3,698,074.34	3,636,101.71
Provision for Gratuity	2,489,201.00	6,421,851.50
	106,437,025.91	107,184,813.71

Note 05	Wages, salaries and employee benefits	
5.1 Supplies	2018	2017
Stationary & Office Requisites	1,988,335.22	1,486,419.02
Fuel & Lubricants	2,087,886.79	2,144,111.34
Uniforms	92,000.00	88,000.00
	4,168,222.01	3,718,530.36

	2018	2017
5.2 Maintenance Expenditure		
Vehicles	3,159,426.06	2,947,345.86
Plant Machinery & Equipment	922,904.17	865,622.70
Building and Structures	138,414.75	361,912.69
	4,220,744.98	4,174,881.25

Note 06	Other Recurrent Expenditure	
6.1 Traveling	2018	2017
Domestic	2,713,348.10	2,853,846.74
Foreign	1,586,666.98	2,259,970.79
	4,300,015.08	5,113,817.53
6.2 Contractual Services		
Telecommunication/Postal Charges	2,427,084.42	2,674,833.94
Electricity & Water	3,717,296.13	3,411,830.84
Office Rent	18,299,403.31	16,310,233.22
Others Contractual Services	9,076,230.97	7,123,929.87
	33,520,014.83	29,520,827.87

Note 07	Financing Costs	
	2018	2017
Bank Charges	27,995.00	28,785.00
	27,995.00	28,785.00

Note 08	Depreciation of Property, Plant and Machinery									
Type of Assets	COST - 2018				Depreciation - 2018				Written - off value	
	01.01.2018	Additions	Disposal	31.12.2018	01.01.2018	Additions	Disposal	31.12.2018		
Motor Vehicles	76,846,699.63	1,836,626.02	-	78,683,325.65	62,213,248.43	8,306,487.48	-	70,519,735.91	8,163,589.74	
Furnitures & Equipments	49,465,880.20	4,427,073.00	-	53,892,953.20	23,968,371.44	5,573,632.17	-	29,542,003.60	24,350,949.59	
Intangible Assets	3,053,940.94	533,975.11	-	3,587,916.05	1,149,998.52	331,580.82	-	1,481,579.34	2,106,336.71	
Technical Equipments	76,629,636.53	2,321,480.00	-	78,951,116.53	22,938,191.40	7,378,950.24	-	30,317,141.63	48,633,974.90	
Books	1,319,192.30	100,907.50	-	1,420,099.80	346,221.35	132,724.74	-	478,946.09	941,153.71	
Building	56,415,130.47	10,246,371.97	-	66,661,502.44	-	-	-	-	66,661,502.44	
Land	-	5,510,000.00	-	5,517,000.00	-	-	-	-	5,517,000.00	
	263,730,480.07	24,983,433.60	-	288,713,913.67	110,616,031.14	21,723,375.45	-	132,339,406.58	156,374,507.08	

Note 09	Cash and Cash Equivalents	
	2018	2017
Cash and Cash Equivalents		
Bank of Ceylon -Boralla -194109	20,979,837.89	4,843,745.04
Peoples Bank -Dematagoda -071100180004783	751,946.73	3,648,080.99
Bank of Ceylon -Boralla -	1,741,673.00	493,621.00
	23,473,457.62	8,985,447.03

Note 10	Receivables	
	2018	2017
Shanika Marine	13,166.00	19,973.00
Vismitha Marine	-	5,690.00
Marino Lanka	-	3,075.00
Jayamarine	5,000.00	-
NGN Ranjith	7,817.00	-
Sudesh Enterprises	6,665.00	-
KLS Marine Service	180,760.00	-
Maria Shipping	17,108.00	-
K L Gunasiri and Sons	1,100.00	-
Shehan Kuruneru	6,000.00	6,000.00
P B T B Kumara	-	111,080.00
Foreign Ministry	585.22	345,953.62
C D W Senawirathna	53,538.36	81,038.36
L P Titus	178,900.80	178,900.80
Staff Receivables As per list	-	185,093.31
Advance settlement as per list	-	2,254.00
Festival Advance due As per list	20,625.00	33,125.00
A J M Gunasekara	31,222.40	-
K Vetheswaran	33,121.00	-
E K Wijesinha	45,554.71	-
M M Arshath	48,976.47	-
R A U Rangani	34,685.00	-
K P S S Kumara	37,986.00	-
M A Dilhani	45,191.56	-
P R S A Aberathna	43,471.20	-
V Ganadeepan	37,819.40	-
R Srikrishnam	38,068.00	-
S M C Kumarage	1,778.16	-
Nopay deduction as per list	24,699.85	-
WRS Recovery	40,448.73	-
	954,287.86	972,183.09

Note 11	Deposits	
	2018	2017
Refundable Deposits For Rent - Galle Office	-	96,000.00
Refundable Deposits For Rent - H/O - Cold Storage	3,090,000.00	2,760,000.00
Refundable Deposits For Rent -Trinco - FoodCommissioner	7,500.00	7,500.00
Refundable Deposits For Internet Mobile Phone - 2015	11,000.00	11,000.00
Refundable Deposits For Internet Mobile Phone - 2009	34,500.00	34,500.00
Refundable Deposits For Water Dispenser 2009/2012	50,000.00	50,000.00
	3,193,000.00	2,959,000.00

Note 12	Pre - payments	
	2018	2017
Rent	1,050,986.30	752,547.95
Vehicles Maintenance Expenditure	444,798.32	467,059.36
PPE Maintenance Expenditure	278,500.07	344,310.60
Other Exep	667,847.39	499,104.59
	2,442,132.08	2,063,022.50

Note 13	Staff Loans Recoverable	
	2018	2017
Opening Loan Balance	9,847,296.72	5,267,412.05
Add:		
Adjustment for opening Balance	-	48,532.47
Loan given during the year	10,567,000.00	8,711,892.00
Total recoverable amount	20,414,296.72	14,027,836.52
Less:		
Amount recovered during the year	7,268,352.39	4,180,539.80
Balance as at 31.12.2017	13,145,944.33	9,847,296.72

Note 14	Payables	
	2018	2017
Overtime/Holiday Pay as per List/WRS	541,688.11	465,847.91
Subsistence and Treveling as per List	564,582.31	661,805.99
Electricity & Water Bill Payable as per list	316,457.93	216,675.25
Telephone Payable(as per list)	285,608.59	111,726.03
Salary & Other Allowances as per List	1,188,300.38	7,692.62
EPF & ETF Payabales	5,511,094.88	5,390,895.54
Unidentified Bank Deposit	65,000.00	50,000.00
WRS Liability as per List	355,962.00	531,497.00
Other payable list	291,982.29	203,254.81
Aluv Glass Engineering (Pvt) Ltd	101,679.95	101,679.95
Cellular Arcade Security Solutions	189,061.88	189,061.88
Central Engineering Consultancy Bureau	12,589,159.34	14,546,175.56
Government Printer	991,587.50	2,157,066.75
Auditor Generals Department	1,186,800.00	641,700.00
Ministry of Mahaweli Development	205,354.67	265,080.67
University of Ruhuna	341,900.00	44,279.50
Sri Lanka State Trading	276,000.00	24,720.02
Lionchem Pvt Ltd	2,645.00	78,397.50
Sri Lanka ports Authority	13,881.66	16,634.91
Regional Resource Development Authority	217,000.00	153,022.26
Nipuni Cleaning Services (Pvt) Ltd	113,375.10	118,138.70
Stamp Duty payable	51,675.00	25.00
Leema criation	49,990.50	49,990.50
WHT Payables	194,038.50	
Food Commissioner	33,761.00	
Galle muciple Council	39,213.23	
Associate Motorways	499,645.33	
Rakna Arakshaka Lanka Ltd	214,158.17	
Metropolitan Office (Pvt) Ltd	10,925.00	
Saura Globale Engineering	16,500.00	
Gestetner Ceylon	29,000.00	
Office Network	6,950.00	
New Royal Cleners	64,110.00	
United Motors Lanka PLC	30,986.18	
IEE Deposit	989,872.00	
S Thiruchelvam	19,350.00	
H W Karunadasa	19,350.00	
Grafix Print HUB (pvt) Ltd	95,000.00	
Ceylon Business Appliances (Pvt) Ltd	9,794.55	
Expree Water	1,100.00	
softlogic Retail (Pvt) Ltd	68,425.00	
Opulent Reverface Hotel	636,931.25	

Note 14	Payables	
	2018	2017
Manager – Samurdhi Bank (As per list)	286,100.00	
Director General Wayaba Development Authority	655,050.00	
W A Nilantha Athukorala	126,750.00	
Gayana Industries	101,500.00	
PAYE Payables	31,691.76	
Nirmanee Digital Printing	82,800.00	
AS Creation	135,000.00	
Chairman Devinuwara Pradeshiya shaba	230,096.79	
Sky printers	67,000.00	
Lavanga Resort	10,000.00	
life saving association of Sri lanka	-	235,200.00
Modern Air Con (Pvt) Ltd	-	70,738.57
Sanjeewa Motors (Pvt) Ltd	-	33,247.00
Marshal trading Company	-	469,200.00
Lnaka hightech Marine	-	7,209,250.00
Analytical Instruments (Pvt) Limited	-	1,595,083.35
Hemson International Pvt Ltd	-	154,059.75
IUCN	-	2,850,624.00
Microtech biological Pvt Ltd	-	45,540.00
Powerplus Holding PVT Ltd	-	323,932.58
Pala auto Electricals	-	1,290.30
Haladivwa Glass Place	-	361,950.00
Hiranya Promosanal	-	390,000.00
IT GallaryComputers Pvt ltd	-	262,500.00
J D M Traders	-	3,850.00
Jhon Kells Office Automation	-	12,577.48
Marlbo Trading	-	94,415.00
Mc-Land s Art & services	-	92,000.00
My Tool automobiles	-	5,230.00
Foregin Ministry	-	204,736.30
National Insurance Trust Fund	-	369,953.76
New Mubarak Agency	-	48,000.00
Nithma IT Solutions	-	20,000.00
P. B. T. P. Kumara	-	474,825.98
PC Globe Systems (Pvt) Ltd	-	328,500.00
Pearl Marketing	-	4,370.00
Postgraduate Institute of Science	-	350,000.00
Shine Star Super Service	-	19,700.00
Sign Tech Advertising Services (Pvt) Ltd	-	58,063.50
softlogic Retail (Pvt) Ltd	-	3,680.00
Sri Lanka Insuarance Corporation Ltd	-	155,341.54
T K Prasanna	-	292,000.00

Note 14	Payables	
	2018	2017
United Engineering Works	-	10,440.00
United Motors Lanka PLC	-	33,942.26
Vijay Trading Company (Pvt) Ltd	-	2,850.00
W Anthoney Thamel	-	60,800.00
W.F.R Perera	-	176,393.75
American Premium Water Systems (pvt) Ltd	-	5,466.18
Ceylon Electricity Board	-	3,626.40
Dialog Brodbrand networks (pvt) Ltd	--	5,348.86
Government Agent - Mannar	-	35,000.00
Lanka Electricity co.(Private)LTD	--	5,327.60
Machine Operating Unit PRDA (W.P.)	-	2,300.00
Mobitel(Pvt)Ltd	-	10,729.91
Natinal Water Supply & Dranage Board	-	51,502.68
Sri Lanka Telecom	-	152,266.27
Prima Ceylon	-	51,000.00
China habor Engineering	-	1,000.00
	30,155,885.85	43,173,221.37

Note 15	Staff Loan Fund	
	2018	2017
Opening Loan Balance 01.01.2018	13,495,377.97	7,443,919.99
ADD:		
Additional Fund	-	5,762,064.00
Interest for the Year	406,913.98	289,393.98
Less:		
Bank Charges for the year	4,400.63	-
Closing Loan Balance 31.12. 2018	13,897,891.32	13,495,377.97

Note 16	Provision for Gratuity	
	2018	2017
Opening Balance	19,676,724.00	13,736,758.00
Adjustment for OP Balance		
Provision for the Year	2,489,201.00	6,421,851.50
	22,165,925.00	20,158,609.50
Less:		
Gratuity payment during the year	-	481,885.50
Closing Balance	22,165,925.00	19,676,724.00

Note 17	Government Grants and Capital	
	2018	2017
Opening Balance	87,218,575.98	80,308,319.34
Adjustment for OP balance	9,086,054.79	-
Donation Assets received during the year	5,968,256.25	-
Capital Grants Received During the year	143,984,893.44	70,270,486.63
	246,378,320.46	150,578,805.97
Less		
Grant Recognized as income Note: 19 & 27	79,064,828.77	41,459,516.52
Amount return to treasury	692,611.01	-
Building WIP	10,246,371.97	21,900,713.47
Closing Balance as at 31.12.2018	156,374,508.71	87,218,575.98

Note 18	Differed Government Grants Recognized as Income	
	2018	2017
Opening Balance	87,218,575.98	80,308,319.34
Adjustment for OP balance		
Asset Purchase During the Year	9,042,954.63	23,492,254.92
Adjustment for OP balance	9,086,054.79	-
Reversal of expenses	120,540.00	-
Donation Assets received during the year	5,968,256.25	-
Grant related building	66,661,502.44	-
	178,097,884.09	103,800,574.26
Less		
Defferd grant Recognized as income	21,723,375.38	16,581,998.28
Closing Balance as at 31.12.2018	156,374,508.71	87,218,575.98

Note 19	Government Grants for Building WIP	
	2018	2017
Opening Balance	56,415,130.47	34,514,417.00
Capital Grants Received During the year	10,246,371.97	21,900,713.47
	66,661,502.44	56,415,130.47
Less		
Recognized Assets	66,661,502.44	-
Closing Balance as at 31.12.2018	-	56,415,130.47

Note 20	Accumulated Deficit	
	2018	2017
Opening Balance	(55,152,594.10)	(19,764,379.11)
Reversal of charge Deferd income	287,443.69	223,699.32
Deficit/ surplus for the year	27,476,883.72	(35,611,914.31)
Closing Balance as at 31.12.2018	(27,388,266.70)	(55,152,594.10)

Note 21	Marine Environment Protection Fund	
	2018	2017
Opening Balance	13,186,647.35	17,416,123.94
Interest Income -TB	975,558.32	1,532,587.41
Less		
Closing Balance as at 31.12.2018	14,162,205.67	5,762,064.00
		13,186,647.35

Note 22	Intangible Assets	
	2018	2017
Opening Balance	1,903,942.41	2,209,336.50
Deposit Received During the year	533,975.11	-
Less	2,437,917.52	2,209,336.50
Amortization	331,580.82	305,394.09
Closing Balance as at 31.12.2018	2,106,336.70	1,903,942.41

Note 23	Income Perceived	
	2018	2017
WRS Application & Permit Fees	935,000.00	487,500.00
Bunkering Application & Registration	1,542,000.00	312,000.00
Dumping regulation Application & Permit Fees	1,017,660.74	983,315.07
OECP Regulation	190,821.92	119,041.63
Supplier Registration	72,000.00	73,000.00
	3,757,482.66	1,974,856.70

Note 24	Grant Related to the inventories	
	2018	2017
Grant received for the Year(from 2012)	3,858,594.00	3,858,594.00
Less		
Amount transfer to the P&L	-	-
Closing Balance as at 31.12.2017	3,858,594.00	3,858,594.00

Note 25	Capital Grant to be utilized	
	2018	2017
Opening Balance	826,941.80	12,048,760.59
Reversal of charge Expences	-	145,305.96
Amount transfer during the year	-	-
	826,941.80	12,194,066.55
Less		
Expenditure incurred during the year		7,763,085.90
Return to the treasury	-	3,604,038.85
Closing Balance as at 31.12.2018	0.00	826,941.80

Note 26	Capital Fund Reconciliation	
	2018	2017
Capital Grant for the year	77,253,537.00	61,646,100.00
Balas Water Propject funds	10,128.00	-
IAS Project	59,726.00	219,330.00
Yesu Project	-	641,970.73
Trasfer from Capital Grant to be utilized	-	7,763,085.90
Total Capital Grant	77,323,391.00	70,270,486.63
Less:		
Amount transfer to treasury	(692,611.01)	-
Purchase Fixed Assets	(9,042,954.63)	(23,492,254.92)
Building WIP	(10,246,371.97)	(21,900,713.47)
Amount Transfer to P&L	57,341,453.39	24,877,518.24

Note 27	Inventories	
	2018	2017
Opening Balance	4,626,177.25	4,182,303.30
Adjustment to opeining Balance	74,430.10	218,576.82
Stationary Stocks	746,856.33	521,243.97
Less		
Amount transfer to the P&L	608,767.74	295,946.84
Closing Balance as at 31.12.2017	4,838,695.94	4,626,177.25

Note 28	Short term Investments	
	2018	2017
Opening Loan Balance	11,586,643.28	15,816,119.87
Add		
Interest for the year	975,558.32	1,532,587.41
Less		
Fund transfer to distress loan	-	5,762,064.00
Closing Loan Balance	12,562,201.60	11,586,643.28

Note 29

Grant and Other Transfer Payments

Expense	Actual Expenditure	Transfer to Assets	Expenditure for P & L
Rehabilitation and Improvement Capital Assets			
2001. Building and Structures	1,090,593.17	-	1,090,593.17
2002. Plant Machinery & Equipment	331,818.65	25,420.00	306,398.65
2003. Vehicle	3,018,165.40	1,836,626.02	1,181,539.38
Aquisition of Capital Assets			
2102. Furniture and Equipment	2,827,768.00	2,827,768.00	-
2103. Plant Machinery and Equipment	1,591,480.00	1,591,480.00	-
2104. Building and structures	10,246,371.97	10,246,371.97	-
2401. Human Resources Development	2,378,008.00	100,907.50	2,277,100.50
2502. Other Capital Expenditure			
1. Improvement of sea bathing sites and beaches	10,387,550.86	12,710.00	10,374,840.86
2. Pollution prevention from fisheries sector	1,795,679.09		1,795,679.09
4. Coastal and marine pollution control	4,059,516.15		4,059,516.15
5. Studies on marine ecosystems	2,907,821.07	1,607,775.11	1,300,045.96
6. Implementation of International Conventions and Amendment of the Act	566,107.50		566,107.50
7. Minimizing the pollution caused by ships	492,758.00		492,758.00
8. Establishment of an institutional framework for marine related issues	400,350.00		400,350.00
9. Awareness building on marine environment	2,956,445.72		2,956,445.72
10. Organizing & conducting National events	7,026,930.40	33,268.00	6,993,662.40
11. Controlling of impacts of accidental oil and chemical spilling	3,777,381.38	1,007,000.00	2,770,381.38
12. Upgrading of laboratory facilities and achieving accredited status (Improvement of Laboratory facilities to provide commercial service)	1,538,731.66		1,538,731.66
Building Opening	428,298.42		428,298.42
Baseline assessment on invasive	59,726.00		59,726.00
IEE Deposit	10,128.00		10,128.00
	57,891,629.44	19,289,326.60	38,602,302.84

30 Investment in Treasury Bills

The Authority invested Rs 11,586,642.79 in 6 Month Treasury Bills in December 2017 and it was matured in the year 2018 and the total amount (interest and the investment amount) reinvested during the year 2018. The amount of Rs 975,558.32 have being earned as the interest income during the period. The amount of Rs 12,562,199.72 (interest and the investment Value) reinvested in November 2018 and this amount shown under the Current assets in the Statement of Financial Position.

31 The authority started to invest surplus cash balance at the end of each Day in the current account of MEPA to repurchase Treasury Bills in the daily basis. This process was continued until the end of the year and earned Rs. 901092.03 as interest income. This interest income was included to the total income for the year.

32 The Authority acquired Rs 9,042,954.63 value of fixed assets during the year. These assets included furniture, office equipment, lab equipment, technical equipment, computers, etc.....

33 Gratuity Provision

1. The Basic salary and cost of living allowance used as base for Calculation of gratuity.

2. As per the Public Enterprise Circular the retirement age of public sector employee is extended up to 60 years. Accordingly the authority considers the employee will be retired at the age 60 years.

3. Based on the PED circular there should be separate bank account for gratuity (Same amount to the provision in cash value). However Authority was not opened the bank account during the year 2018, though it is scheduled to be opened during the year. This was due to the unavailability of sufficient funds. Account will be open and cash will be transferred subsequently based on the excess cash availability.

34. Capital Grant to be utilized

At the beginning of the financial year Rs. 826,941.80 balance brought forward from the year 2014/15/16 which include some pending actions and cost saving from planned activities. As per the advice received from the National Budget department Rs. 826,941.80 was returned from the Opening balance to the Treasury.

35 Inventories.

01. Oil dispersant

Inventories valued at net realizable value or cost whichever is lower.
There was no any indication that nets realizable

value of socks less than the cost of inventories in relation to the oil dispersant. The technical department on the view that this stocks can used another two to three years. Though its expiry dated will reached in the year 2018. Accordingly, during the year no adjustment was made to the oil dispersant stocks.

Accordingly, until the replace the dispersant stocks the book value of stocks will carry as same as opening balance.

02. Stationary items

Physical verification of stores indicated that, considerable amount of Stationary items were available in store. Therefore it is decided to take material items of stationary as an inventory item (Annexure 02). The Stationary stocks balance carryforward from last year was partially used during the year. Accordingly the value of used inventory charged to Statement of Financial performance. The closing stocks of stationary is included in inventory as Stocks as at 31.12.2018.

During the verification it is fund that value of inventory opening balance not correctly reflected in the Statement of Financial Position. Accordingly restated the inventory balance to reflect the correct value Statement of Financial Position. Inventories shown under the Current assets in the Statement of Financial Position.

36 Library Books.

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

The useful life of books consider as 10 years.

37 Chemicals and Glassware Stocks

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

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

38 Building Work in Progress (Building WIP)

During the year Authority completed and

occupied office Building complex for Southern Provincial office and Galle Regional office in Dadalla area in Galle. This building complex include laboratory. The cost of the Building complex is 66,661,502.44. The grant related to the construction of building deferred and carried forward as Equity until the building construction is complete. The building construction was completed during the year 2018. Accordingly, the opening balance of Building work in progress (Building WIP) and current year construction Expenditure was capitalized. Accordingly, Value of Gale building is recorded as Building under category of Property Plant and Equipment (PPE).

39. Intangible Assets

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

As per the relevant Accounting standard it is required to test the intangible assets for the impairment if, there is any indication of impairment with related to the assets. However it was fund that there is no any indication about the impairment of intangible assets. As such, the assets were acrid at the cost of acquired and amortized relevant amount to the Statement of Financial performance during the year.

40. EPF &ETF payment for Cost of Living allowance

During the period from 2006 to November 2009 the Authority had not paid contribution for EPF (15%) and ETF (3%) for the cost of living allowance. And same not deducted from the employees (10%). Therefore, relevant Provision made for the EPF payment and it was included both employee and employer contribution along with the relevant penalties. However, Authority requested from Commissioner General of Labor to wave-off the penalties however, direction not received during the year accordingly payment was not made during the year.

41 Land

The construction of southern office building was made in land given to this authority by the Divisional secretary of "Kadawath sathera -Galle". The land was originally transferred to the Ministry of Mahaweli Development and Environment thereafter ministry transferred to

the land to this authority. However, sole ownership will remain with the Divisional secretary of "Kadawath sathera -Galle". The area of Land is 55.17 purchases and Plan number is DS/GAFG/L&L/02/4 Lot number A & B. The rate number of -this land is 426B and address is 426B, Colombo Road, Dadella, Galle. The valuation of land requested from the Government Valuer. Valuation received and the value of the land incorporated to the Final Accounts.

42 Prior year adjustments for Recording Double Cab

There were some omissions occurred in 2015 while recording of treasury grant Doable cab not recorded accurately in the Financial statements it has been rectified as prior year adjustments with retrospective effect. Accordingly, net effect of Rs. 9,086,054.79 had been adjusted for carrying amount of PPE and Rs. 10083945.21 had been adjusted for depreciation as at 31.12.2017 as follows. However, the ultimate effect dose not give any positive or negative impact to the statement of Financial performance for the period.

43 Building Capitalization

During the year Rs. 66,661,502.47 worth of Capital Working Progress related to Building was capitalized. However, depreciation was not charged to the final account due to the final payment was with hold 15% of work done and it will pay once we receive the rate committee approval for rate charge by CECB. Accordingly, some amount of capitalized value should be revers. The Authority is waiting the Rate committee approval. However, the depreciation is not generating any positive or negative impact to the statement for the financial performance since deferred grant transfer to the P&L in the same amount. Accordingly, depreciation with related to the building will be adjusted once the final withhold payment is made to the CECB.

44 Discloser about indication of Impairment Assets.

During the year the rent agreement of the MEPA Head office Building was expired and the owner was asked to vacate the building. Accordingly, new building was found to establish MEPA head office at No. 170, Nawala Road, Narahenpita. Accordingly the cost of written down value of partition and air condition machines and other fittings established by MEPA should be remove form the books of MEPA due to the impairments of those assets. However, the valuation of partition and air condition machines and other fittings established by MEPA to be determine. Accordingly, we obtained the assistance of government vulvar for the valuation. The impact of impairments to be computed after removal of all above items and the impairment will be creating financial impact to the Statement of

Financial Performance and the statement of Financial Position within the next financial year.

45 Pending Legal Action as at 31.12.2018

1 Legal action has been initiated against a Cypress flagged Vessel "Thermopylae Sierra" anchored in the outer harbor limits close to Panadura for the marine pollution occurred on the 23rd August 2012, under Criminal Liability as per Sections 26 of the Act respectively. Prosecution should be conducted by the Attorney General under Section 50 of this Act. All the documents / information required by the Attorney General have been submitted. Further action is under consideration by the Attorney General

2. Civil legal action was instituted in the District Court of Gampaha for the recovery of costs of clean-up operation and Environmental damage of the marine environmental pollution in and around Lunawa Lagoon area, Thaldiyawatte, resulted from leakage of oil from a pipeline belonging to Ceylon Petroleum Storage Terminals Limited., in the night of 31st December, 2015. District Court dismiss the case and to be follow the appeal procedure.

3. Port Junk Dealers Association comprising of some of the service providers who are registered with the Authority for the provision of Ship Board Waste Reception Service, have made an application for a Writ of Prohibition in the Court of Appeal against charging of fees from them by the Authority.



10

Financial Results of Last 5 Years

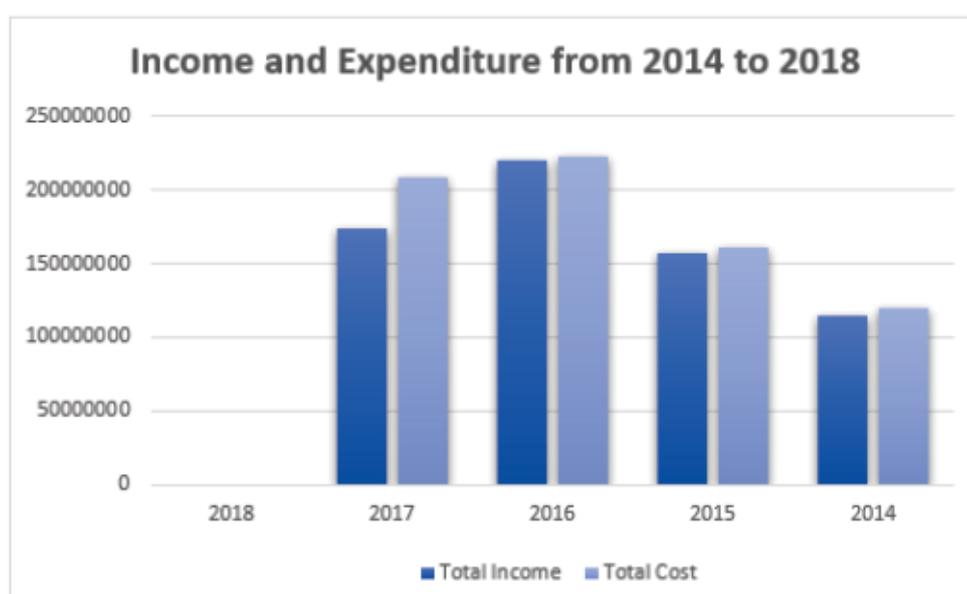


10.1 Marine Environment Protection Authority From Statement of Financial Position From 2014 to 2018

<u>Assets</u>		2018	2017	2016	2015	2014
<u>Current Assets</u>						
Cash Balance	09	23,473,457.62	8,985,447.03	30,024,657.89	29,181,624.75	31,857,634.23
Debtors	10	954,287.86	972,183.09	48,999.00	60,152.52	47,257.00
Deposits	11	3,193,000.00	2,959,000.00	2,596,000.00	2,091,000.00	2,029,500.00
Pre-Payments	12	2,442,132.08	2,063,022.50	2,204,656.60	1,666,487.02	2,071,779.68
Investments (Treasury Bills)	28	12,562,201.60	11,586,643.28	15,816,119.87	14,750,372.00	13,916,147.26
Staff Loans Recoverable	13	13,145,944.33	9,847,296.72	5,267,412.05	4,806,479.09	5,159,503.18
Stock	27	4,838,695.94	4,626,177.25	4,182,303.30	4,417,793.50	3,858,594.00
<u>Non-Current Assets</u>						
Property, Plant and Machinery	08	154,268,170.37	141,729,762.47	112,613,398.34	65,778,872.90	64,955,616.96
Intangible Assets	22	2,106,336.70	1,903,942.41	2,209,336.50		
Total Assets		216,984,226.51	184,673,474.75	174,962,884.45	122,752,781.78	123,896,032.32
<u>Liabilities</u>						
<u>Current Liabilities</u>						
Payables	14	30,155,885.85	43,173,221.37	23,001,605.99	9,409,665.57	15,543,605.37
Income perceived	23	3,757,482.66	1,974,856.70	2,398,767.00	773,082.19	1,453,219.18
EIA Project Deposit	21		-	-	-	447,043.50
<u>Non-Current Liabilities</u>						
Marine Environment Protection Fund	20		-	-	-	15,516,150.13
Staff Loan Fund	15	13,897,891.32	13,495,377.97	7,443,919.99	7,241,779.43	6,984,853.28
Gratuity Provision	16	22,165,925.00	19,676,724.00	13,736,758.00	10,931,250.00	9,135,060.00
Total Liability		69,977,184.83	78,320,180.04	46,581,050.18	28,355,777.19	49,079,931.46
Net Assets		147,007,041.68	106,353,294.71	128,381,834.27	93,890,793.04	74,816,100.85
<u>Equities</u>						
Government Grants and Capital	17/ 18	156,374,508.71	87,218,575.98	80,308,318.58	65,778,874.32	64,955,616.49
Capital Grant to Building WIP	19	-	56,415,130.47	34,514,417.00	-	19,530,151.57
Capital Grant to be utilized	25	-	826,941.80	12,048,760.59	25,207,173.31	
Capital grant to the Inventories	24	3,858,594.00	3,858,594.00	3,858,594.00	3,858,594.00	3,858,594.00
Marine Environment Protection Fund	21	14,162,205.67	13,186,647.35	17,416,123.94	16,350,374.68	
Accumulated Surplus/Deficit	20	(27,388,266.70)	(55,152,594.10)	(19,764,379.11)	(16,798,010.99)	(13,528,261.26)
Total Equity		147,007,041.68	106,353,294.71	128,381,834.27	94,397,004.59	74,816,100.85

10.2 Marine Environment Protection Authority Statements of Financial Performance – 2014 to 2018

	No tes	2018	2017	2016	2015	2014
Revenue						
Transfer from other government entities	1	207,051,668.77	136,377,136.52	196,990,302.56	141,168,735.17	100,052,473.75
Fees, Fines, Penalties and Licenses	2	29,013,815.64	35,824,761.42	17,430,909.42	12,959,886.99	12,038,930.82
Other Revenue	3	4,411,095.41	1,272,940.65	5,029,616.86	2,958,002.39	2,619,793.00
Total Revenue		240,476,579.82	173,474,838.59	219,450,828.84	157,092,554.39	114,711,197.57
Expenditures						
Wages, salaries and employee benefits	4	106,437,025.91	107,184,813.71	96,641,764.42	85,360,458.55	55,794,565.26
Supplies and Consumable used	5	8,388,966.99	7,893,411.61	8,747,684.32	7,370,861.27	6,539,776.55
Other Recurrent Expenditures	6	37,820,029.91	34,634,645.40	29,518,560.70	23,651,730.11	19,865,034.64
Grants and Transfer payments	29	38,602,302.84	42,784,424.18	71,654,455.72	27,847,538.73	24,906,853.19
Financial Cost	7	27,995.00	28,785.00	54,533.78	34,560.00	35,430.00
Depreciation and amortization Expenses	8	21,723,375.45	16,560,673.00	15,800,198.02	16,097,155.46	12,525,120.63
Total Expenditures		212,999,696.10	209,086,752.90	222,417,196.96	160,362,304.12	119,666,780.27
Deficit/ Surplus for the period		27,476,883.72	(35,611,914.31)	(2,966,368.12)	(3,269,749.73)	(4,955,582.70)



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Report of the Auditor General





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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

IEN/E/MEPA/01/18/14

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உமது இல. }
Your No. }

දිනය
திகதி }
Date }

30th May 2019

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

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Marine Environment Protection Authority for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in conjunction with provisions of the National Audit Act No.19 of 2018 and Finance Act No.38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

- Good costing Rs.1,097,500 not distributed among tourist guides and facilitators and the goods to be capitalized valued at Rs.252,350 had been shown in the financial statements as expenses
- Interest income of Rs.1,450,372 relating to the year under review had not been shown in the statement of financial performance.





- (c) As repair expenses of Rs.3,765,107 pertaining to the repairs carried out in the year under review and the previous years were shown as vehicles acquisitions, cost of assets by that amount and depreciation expense of Rs.1,807,248 thereon had been overstated in the financial statements.

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

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

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

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

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

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



1.4 Auditor's Responsibility for the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the University to cease to continue as a going concern.

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

2. Report on Other Legal and Regulatory Requirements

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

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Authority as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented by the Authority are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.



- to state that any member of the governing body has any direct or indirect interest in any contract entered into by the University which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018 .
- to state that the University has not complied with any applicable written law, general and special directions issued by the governing body of the Institute as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 , except for the following observations.

Reference to Laws, Rules/ Directives -----	Description -----
(a) Joint Cabinet Decision No.MFAR/AD/2/10/01/01/(28) dated 29 April 2018.	Provisions in the National Environmental Act and Prevention of Marine Pollution Act had not been executed against the owners of buildings and equipment who had maintained dengue larva breeding grounds, after being identified them as environmental polluters.
(i) Cabinet Decision No.අමප/18/0863/725/028 dated 06 June 2018.	Even though it was stated that the directives should be made to the Secretary to the Ministry of Provincial Councils, Local Government and Sports to take aforesaid measures by considering due diligence on the matters emphasized in the observations made by the Minister of Finance and Mass Media, action had not been taken accordingly.

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

Powers, Functions and Duties

Observations



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NATIONAL AUDIT OFFICE

- (a) Section 6(d) of the Prevention of Marine Pollution Act No.35 of 2008. Deviating from the main functions of the Act, collected waste had been discharged to the sea without being ensured them through tastings and clinical waste which is hazardous waste had been discharged direct to the sea through long pipes.
- (b) Gazette Extraordinary No.37/1816 of 28 June 2013. Deviating from the functions specified in the gazette, waste had been disposed of to the see from Modara and Wellawatta areas.
- to state that the resources of Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.
 - Even though, a procurement plan for the year 2018 and an action plan related thereto had been prepared, a revised procurement plan including procurements of Rs.44.451 million comprising major procurement of Rs.41.166 million and major procurements of Rs.3,285 million had been prepared. Even though, it was planned to purchase 42 major procurements and 29 minor procurements thereof, an action plan for the revised procurement plan had not been prepared.

3. Other Audit Observations

- (a) Five posts in executive managerial level had fallen vacant for more than 2 years out of which 2 of them had been recruited on contract basis.
- (b) Due to disposal of waste to a coastal area at Kurusapaduwa by the Chillaw Urban Council improperly and without a systematic manner and being set fired, damages had caused to the mangrove ecosystem and biological system.



- (c) Only the PH value of few bowsers transporting sewage and waste water of the outside entities to the Madampitiya purification pump house had been tested and only one officer had been attached to the laboratory as the staff.
- (d) As the officer trained for the affairs of the Laboratory put up by incurring an expenditure of Rs.2,197,998 at Galle office had not been attached to that office, the objective of the establishment of the laboratory could not be achieved.
- (e) Even though, it was decided to prepare a report having being discussed with the Director General of the Tourism Development Board and make aware of the Local Authorities on the matter of constructing toilets within 300 meters from coastal limit to the land in a manner discharges waste into the sea without being recycled the waste, and the special impact causes to Tourist Industry due to disposal of waste to the ocean, it had not been so done.
- (f) According to the Action Plan, a programme for the collection of plastic bottles from Kalani river estuary to Maoya had not been implemented under the coastal management programme conducted by the Divisional Secretariat, Negombo. Nevertheless, it had not been implemented successfully.

W.P.C.Wickramaratne

Auditor General.

THE IMPORTANCE OF CORAL REEFS

Provides food for humans and marine life alike.



Generates \$375 B through tourism and employment.



Provides habitat & shelter for 25% of marine species.



Protects coasts and beaches from wave erosion.



500 Million people benefit from reef protection.



Assists in Carbon and Nitrogen fixing & recycles nutrients.



Contributes to development of new medicines.





MARINE ENVIRONMENT PROTECTION AUTHORITY

(Ministry of Urban Development and Housing)

No, 177, Nawala Road, Narahenpita, Colombo 05.

Tel: +94 11 2554006 Fax: +94 11 2556505

email: info@mepa.gov.lk web: <http://www.mepa.gov.lk>



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