

ANNUAL REPORT 2017

**MAHAWELI AUTHORITY OF
SRI LANKA**

MAHAWELI AUTHORITY OF SRI LANKA

ANNUAL REPORT - 2017

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VISION

Becoming the best national institution of the South Asia, which marches towards integrated sustainable development, based on river basins.

MISSION

Extending support for the preparation, promotion and furtherance of innovative programs and projects so as to utilize land, water, all natural and human resources of the Mahaweli and other special areas, towards the socio-economic prosperity of Sri Lanka.

Historical Background

Mahaweli Development Program remains the largest physical and human resources program ever implemented in Sri Lanka. This program basically focusing on the rural development of the dry zone was designed in 1968 by the then government with the technical support of UNDP/FAO and played a key role in harnessing the natural water resources of the central hills towards the agricultural and settlement development activities of the dry zone.

In the pursuit of solutions to the problems which were the by-products of rapid population increase of Sri Lanka, it was required to focus on accelerating production. Compared to the 1940's figure the population of Sri Lanka doubled by the year 1969 and reached 11.8 million. The country had an annual population increase of 3.1 %. In the backdrop of the increase of population that was taking place at that time, it was assumed that by 1980 the country would require 1.8 million tons of rice for consumption. However, only 0.7million tons of rice was produced in the country at that time. Further, the demand for electricity for both industrial development and domestic consumption was estimated at 2000Gwh. However, annual generation of electricity remained at 470Gwh in 1969 and hydro power plants contributed 388 Gwh and the balance was generated by thermal power. The annual import of rice during 1960 – 67 period was 466,000 metric tons and as a result each year an out flow of Rs 200 million was recorded. In addition to that, an annual expenditure of Rs 130 million was incurred for the import of supplementary food crops. These expenditures reflected an exceptionally high value.

During that period it was found that population was concentrating within the wet zone of the country by recording a density of 465 persons per square km. The density of population in the dry zone was approximately 80 persons per square km. While the dry zone covered 66% of the total land area of the country, 70% of the population was concentrated in the wet zone. Accordingly, a low density of population was observed across the large extent of the dry zone. Compared to the other rivers of the country, the Mahaweli Ganga which has its origin in the central hills of the wet zone and reach the sea flowing through the dry zone after having collected rain water inflows of an area which is equaling to the 1/6th of the total land extent of the country, considered a perennial river. In this context, it was apparent that the future needs of the country could be fulfilled by diverting Mahaweli waters to the dry zone so as to develop agricultural production in that zone while contributing to the hydro power generating plants in the upper Mahaweli areas. A United States Mission, under the request of the government of Sri Lanka, initialed a Feasibility Study in 1956, to explore the possibility of land development in the dry zone. Simultaneously, Hunting Survey Corporation of Canada, in collaboration with Sri Lanka's Departments of Irrigation and Survey carried out a study of Mahaweli River at the request of the then government. Two independent reports were submitted by these organizations in 1961 covering their respective studies, and the relevant studies were presented to the Parliament in 1962 for approval.

This proposal was not approved by the Parliament, since the local experts were of the view that diversion of part of Mahaweli waters, without carrying out a comprehensive study on the water resources of the entire Mahaweli basin, would result in negative impacts. Subsequently, a request was forwarded to the United Nations in 1962 in order to obtain independent recommendations in selecting projects for development on priority basis, after having carried

out a comprehensive study on the entire lands and water resources covering all rivers, including the Mahaweli Ganga. Subsequent to that request an FAO team was sent to Sri Lanka by the United Nations Development Program. In addition, a team of experts from Sri Lanka and other supporting staff were appointed to assist the FAO team.

After four years of extensive study the relevant research report was published in 1968 in 3 volumes comprising 14 separate reports. Thus the Mahaweli Development Plan was approved by the Parliament in 1968.

The areas located within the North Central Province and the Eastern Province, which would receive benefits from this program were divided into 13 Systems and named in alphabetical order from A to M. The projects which were considered as economically viable and provide larger benefits with less investments, were taken up for implementation during the first phase.

Mahaweli Master Plan

The main objective of the Mahaweli Master Plan was providing of approximately 6900 million cubic meters of waters from the Mahaweli water resources for the purposes of generation of electricity and irrigation. The second objective was construction of 15 reservoirs and utilizing 11 of such reservoirs for generation of electricity.

According to the Mahaweli Master Plan submitted by United Nations Development Program (UNDP) and Food and Agriculture Organization (FAO) it was proposed to provide irrigation waters for both Yala and Maha seasons for 364, 372 hectares of land situated within the Mahaweli basin and other river basins of the dry zone. Out of this total land extent, 264, 777 hectares were new lands to be opened up for agriculture; cultivation in the remaining 110, 404 hectares has been carried out only for one season. It has also been pointed out that 2037GWh of electricity could be generated by utilizing the potential of the planned reservoirs and canals. As per the Mahaweli Master Plan, it has been proposed to carry out the development activities within a 30 year period. Considering the convenience of utilization of funds and implementation, particularly the need for development benefits, the activities of this program were divided into three phases:

I. First Phase

It was proposed to implement the first phase during the 1969-1980 period. It was planned to provide irrigation waters during this phase for 74, 494 hectares of new lands and 58, 300 hectares of old lands and generate 820GWh electricity annually. The activities of this stage were divided into 3 projects:

- Polgolla Diversion (1969-1973)
- Victoria/Minipe Diversion (1973-1977)
- Moragahakanda Multipurpose Unit

II. Second Phase

Under this phase irrigation facilities would be provided to 93, 117 hectares of land in the Mahaweli and Maduruoya basins. Further, the headworks related to Maduruoya reservoir, Thaldene Multi-purpose Complex and Kandakadu anicut would be carried out. Out of the land extent of 93, 117 earmarked for provision of irrigation facilities,

8502 hectares of land have already been under cultivation. The main activities of this phase included: Construction of a hydro power plant with the installed capacity of 15Mwh at Thaldene, to construct a tunnel from Rathkinda reservoir to the Maduruoya reservoir in order to feed it with water, construction of a mini hydro power plant along with Maduruoya reservoir with installed capacity of 4.9 Mwh.

III. Third Phase

Under this phase 105, 668 hectares of new lands in the North Central Province would be developed. The implementation of the Final Plan to generate hydro power would result in the construction of hydro power plants with the installed capacity of 293MWh. Through such plants 1169 gwh power would be generated annually. The development of the left bank canal of the old Minipe Tank, construction of the 164 km North Central Canal, construction of reservoirs such as Rotalawala, Umaoya, Rantambe, Kotmale, and Kaluganga were included under this phase.

However, Mahaweli Master Plan is being implemented in three development phases by according priority to the present needs.

Implementation of the Mahaweli Master Plan (First Development Phase)

Polgolla and Bowatanna Project as the first project of the Mahaweli Master Plan, was commenced in 1970 and its construction activities were completed by 1976. The completion of this project enabled the supply of irrigation water for existing 16,000 hectares of lands and 23,000 hectares of new lands and generation of electricity with an installed capacity of 40MWh. Under this project, 23,000 farmer families were settled at the Kalawewa basin within the Mahaweli H System by 1977. As of now, all activities related to settlements at system H under Mahaweli Program have been completed and the total number of families settled there remains as 39,500.

By 1977 the economy of Sri Lanka was facing several issues. The increase of the import expenditures of agricultural commodities including rice remained the main issue. Of the total requirement of rice only 69% was produced within the country and 31% of the supplies was dependent on imports. In addition to that, several other essential agricultural commodities, as well, were also being imported into the country.

By 1977 the generation of electricity by the Ceylon Electricity Board was 408Mwh and it was not adequate to fulfill the demand for electricity existing in the country at that time. Electricity breakdowns has become a routine issue and No. of days of power cuts per year has been increased to 70 by that time.

The rate of unemployment rose to 17%. Reducing unemployment became an essential aspect and immediate solutions were required for such issues. As a step to address these issues in an urgent manner, the then government decided on 12th October 1977 to accelerate the implementation of the Mahaweli Master Plan.

Accelerated Mahaweli Program (Second Development Phase)

The 1977 government decided to implement a few selected projects from the Mahaweli Master Plan and complete them within a short period of six years. An exclusive ministry was also established in order to implement those projects. Accordingly, steps were taken to commence and implement Kotmale, Victoria, Randenigala and Maduruoya reservoir projects. Later, Rantambe Project as well, was included into this program. Hydro power is being generated at all these reservoirs, other than Maduruoya, and the same water is being used for irrigation purposes. Accordingly, development of Mahaweli Systems C & B along with settling of farmer families also included into the Accelerated Program. Number of families settled at System B and System C remained at 30,645 and 45,488, respectively.

Financial assistance was provided for these projects by Great Britain, Canada, Sweden and Germany, respectively. Downstream development activities were funded by World Bank, EEC, Japan and Kuwait. Mahaweli Authority of Sri Lanka was established in 1979 in order to launch these projects. Mahaweli Engineering and Construction Agency and Mahaweli Economic Agency were established for engineering and design functions and resettlement activities, respectively. For the purpose of management of the large reservoirs constructed under the Accelerated Mahaweli Program, Head works Operation & Administration Division was established in 1986.

The Accelerated Mahaweli Development Projects were completed by 1990 and through such projects a massive investment has been made in the sectors of generation of power and agriculture. In this context, the government was rather reluctant to make further investments in the agriculture sector and therefore the Moragahakanda Reservoir project which has been included in the Mahaweli Master Plan, was to be kept at abeyance. However, this project which remained confined only to plans relatively for a long period, is being implemented at present. This would result in expanding the benefits of Mahaweli Development Program, further.

Present Role and the Future Plans of the Mahaweli Development Scheme (Development Phase III)

The third Development Phase could be described as the phase of spreading the Mahaweli Development Program across the country. The Morangahakanda and Kaluganga Reservoir Project was implemented with the objective of supplying water to 1200 small and medium scale tanks scattered in the North, North Central, East, North Western and Central provinces. Uninterrupted water supply could be ensured throughout the year to the paddy lands of Elahera area, major reservoirs of Polonnaruwa and the Trincomalee districts. Thus it is envisaged to improve agriculture by supplying water to 81,000 hectares of new lands. The key objectives of this exercise include contributing to achievement of self-sufficiency in the country and adding of 25 Mw electricity to the national grid by generating power at the hydro- power plant. In addition to establishing required settlements for displaced communities of this Project, as of now, the construction of new Laggala town equipped with all infra – structure facilities has been completed successfully. This project is scheduled to be completed by August 2019 and handed over to the Mahaweli Authority of Sri Lanka. That event would mark another successful milestone in the massive Mahaweli Development Program.

The Uma Oya Multi-Purpose Development Project was initiated with the objective of further expanding the functions of the Mahaweli Authority. Under this Project two reservoirs would be constructed in the Welimada area in order to store the waters of the Uma Oya river basin.

From these reservoirs, water would be diverted to the Kirindioya basin, for the first time, through a 15.6 km long tunnel. Asia's largest underground power station scheduled to be constructed under this project, with its annual capacity of 120 Mw would contribute to the national power supply. This project is being successfully implemented with the basic objectives of contributing to the national electricity generation, enhancement of the productivity of the agriculture sector of the remote Uva Province and addressing portable water requirements of the people. Along with the completion of this Project in 2019, it would be absorbed in to the dynamic water management structure of the Mahaweli Authority of Sri Lanka. At present two projects are being implemented by the Mahaweli Authority of Sri Lanka in order to clean the major reservoirs and other reservoirs of the Authority and to conserve catchment areas and river basins, respectively.

The Mahaweli Authority of Sri Lanka is in the process of exploring new income sources by generating massive income, through implementation of environment friendly power generation initiatives under the renewable energy program. Under this program floating solar power systems are to be installed in the Mahaweli reservoirs along with the development of mini-hydro power plants. This would contribute towards meeting the national energy requirements and generation of high income.

Meanwhile, all basic objectives of the third phase development of MASL are likely to be achieved by implementing massive development programs, which include Maduruoya Right Bank Development Project and several other projects covering Walawe, Rambakkanoya Mahaweli System 'B' and System 'H'. In this process, the Authority is gradually moving towards a phase which would make maximum contributions to the national economy through sectors such as agriculture, irrigation, dairy resources, energy and conservation of environment.

Board of Directors - 2017

Serial No.	Name / Position	Period
01	Mr.Anura Dissanayaka Director General Mahaweli Authority of Sri Lanka	January – May 2017
02	Mr.S.M. Gotabaya Jayarathna Director General Mahaweli Authority of Sri Lanka	May - December 2017
03	Eng. (Mr.) S.S.L. Weerasinghe Director General, Irrigation Department	January – February 2017
04	Eng. (Mr.) M. Thuraisingam Director General, Irrigation Department	March – October 2017
05	Eng. (Mr.) S. Mohanarajah Director General, Irrigation Department	November – December 2017
06	Mr. M.D.J.C. Murage Assistant Director Ministry of Finance	January – February 2017
07	Eng. (Mr.) R.M.W Ratnayake Secretary, Mahaweli Development and Water Management	January – February 2017
08	Eng. (Mr.) N.A. Sisira Kumara Secretary, Irrigation Department – Water Management	March – October 2017
09	Eng. (Mrs.) C.H. Devandra Additional Secretary, Ministry of Mahaweli Development & Environment	November – December 2017
10	Mr. Thilak Bandara Mahalekam – Member	January - December 2017

SENIOR MANAGEMENT

Serial No.	Position	Name
01	Director General	Mr.Anura Dissanayake (January – May 2017)
		Mr. S. M. Gotabaya Jayarathna (May – December 2017)
02	Additional Director General	-
03	Deputy Director General (Administration & Finance)	-
04	Deputy Director General (Technical Services)	Eng. (Mr.) K.G.Perera
05	Deputy Director General (Development)	-
06	Director (Personnel & Administration)	Mrs K.C.S Fernando
07	Project Director (Dam Safety and Water Resources Planning Project)	Eng.(Mr.) D. C. S. Elakanda
08	Project Director (Moragahkanda-Kaluganga Development Project)	Eng.(Mr.) R. B. Tennakoon
09	Project Director (Mahaweli Consolidated Project)	Eng. (Mr.) M.P.M. Perera
10	Director (Finance)	Mr. T.D. Priyantha
11	Director (Internal Audit)	-
12	Director (Mahaweli Center)	Mr.Aruna Prabath Lekamge
13	Director (Agriculture)	Mr.W. E. De Mel
14	Director (Fisheries & Diary Resources)	-
15	Director (Lands)	Mr. D. A. A. U. Gunsekara
16	Director (Institutional Development)	Mr. Mahendra Abeywardena
17	Director (Business Development)	-
18	Director (Engineering Designs and Planning)	Eng. (Mrs.) P.Thalagala
19	Director (Downstream Development)	Eng. (Mr.) K. G. Perera
20	Director (HOA & Maintenance)	-
21	Director (River Basin Management)	Eng. (Miss) Chandra Senarath
22	Director (Land Use Planning)	Mr H.H. Leelananda
23	Director (Forestry & Environment)	Mr. A.M.K.B. Attanayaka
24	Director (Water Management Secretariat)	Eng. (Miss) G.K.T.Samarathunga
25	Director (Planning & Operations)	Mr. Mahinda Gunarathne
26	Director (Head Quarters Operations)	Mrs. D.K.V. Wijeweera
27	Director (Security)	Major L.P.A. Jayawardana
28	Director (Legal)	Mrs. R. L. Rajapakse
29	Resident Project Manager (System B)	Mr. S.T. Dantanarayana
30	Resident Project Manager (C)	Mr. K. A. C. Wimal Kumara
31	Resident Project Manager (D)	MR. M.M. Asanka Gunatileka
32	Resident Project Manager (L)	Mr. H.K.P. Jayanatha
33	Resident Project Manager (G)	Mr. A.M.H. Banda
34	Resident Project Manager (H)	Mr. I.M.U.K.Kumara
35	Resident Project Manager (Victoria)	Mr. I.M.U.K. Kumara
36	Resident Project Manager (Huruluwewa)	Mr. K.A. Jayasinghe
37	Resident Project Manager (Rambakkanoya)	Mr. A.M.A.P.G. Gunawardena
38	Resident Project Manager (Walawe)	Mr. R.B.Sirisena

Review of Director General for the Year 2017

The Mahaweli Authority of Sri Lanka was established under the Act No. 23 of 1979 in order to implement the multi – purpose Mahaweli Development Program. More than one million persons live in the Mahaweli areas, which are scattered in almost one third of the total land extent of Sri Lanka. The initial objectives of the Mahaweli Development Program included enhancing productivity in the fields of agriculture, fisheries, power and dairy resources of the dry zone. As of now, in addition to the above initial objectives, it is also focusing on enhancing of agricultural productivity, efficient water management, efficient maintenance of the irrigation systems and the allied infrastructure facilities and production of solar power.

The following projects, which were included in the original plan were also implemented: Moragahakanda – Kaluganga Development Project, North – Western Canal Development Project, North – Central Canal Development Project, Maduruoya Right Bank Development Project, Minipe Canal Development Project and Upper Elahara Canal. In addition, Welioya, Ridimaliyadda and Uma Oya Multi – purpose development projects, as well, are being implemented. By now, the Uma Oya multi-purpose Development Project has been completed successfully. Water from the Uma Oya river basin is to be diverted to the Kirindioya basin, through two reservoirs to be built in Dairaba and Puhulpola areas. Through this Project it is envisaged to add 120 Mw electricity to the national grid annually to develop agricultural activities in the under development Moneragala district and address the portable water requirements of the people.

At present the Environment and Forestry Division of the Authority is implementing a massive project to clean reservoirs and conserve catchment areas and river basins. Further, massive development projects are scheduled to be implemented in the Mahaweli areas during this year, with an investment component of more than Rs. 3000 million, under the third phase of the World Bank Project. Along with the implementation of the Moragahakanda – Kaluganga Reservoir Project and Minipe Canal Project with heavy investments, unprecedented in our history, the Mahaweli Development Program is in the process of consolidating its achievements. Initiatives have been launched during this year in order to earn annual income of Rs. 3000 million through supply of electricity, allocation of commercial lands, and supply of minerals and generation of electricity by placing floating solar power panels in the Mahaweli reservoirs. The national grid will be also benefitted by generation of electricity through these solar plants. Accordingly, Mahaweli Authority of Sri Lanka is implementing a massive program covering almost all the provinces of the country, except the western province.

I appreciate the encouragement given to us under the philosophy, guidance and advice of his Excellency the President as the Minister in charge of the subjects of Mahaweli Development and Environment. I also take this opportunity to extend my gratitude to the all employees of the Mahaweli Authority of Sri Lanka and the entire project staff who endeavour to successfully achieve the above targets under the direction of Minister of the State for Mahaweli Development and Environment and Secretary of the Ministry.



Dr. D.M.S. Dissanayaka
Director General
Mahaweli Authority of Sri Lanka

Brief Note of the Board of Directors

The Report of the Board of Directors of the Mahaweli Authority of Sri Lanka along with the Audited Financial Statements of the Organisation as at 31st December 2017 is submitted herewith.

Review of the Year

The Review submitted by the Director General contains a detailed description of the operations of the Organization during the year ended on 31st December 2017.

Also proper steps have been taken to ensure that the assets of the Organization are safeguarded and proper systems of internal control have been made available with a view to the prevention and detention of fraud and other irregularities and minimizing of risks.

As the members of the Board we wish to express our great appreciation to all staff members of MASL for the enormous commitment shown by them in fulfilling the tasks entrusted to them.



Engineer (Mr.) R.M.W. Rathnayaka
Secretary, Ministry of Irrigation &
Water Resources Management



Engineer (Mr.) S.S.L. Weerasinghe
Director General –Irrigation Department



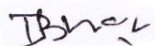
Engineer (Mr.) S. Mohanarajah
Director General
Irrigation Department



Mr. M.D.J.C. Murage
Assistant Director
Department of Trade & Investment Policies



Eng. (Mrs.) C.H. Devendra
Secretary
Irrigation Department



Mr. Thilak Bandara Mahalekam – Member

Report of the Audit Committee – 2017

The Audit Committee of the MASL consists of three Non-Executive Directors of the Board and the Director who represents the General Treasury, functions as the Chairman of the Committee.

Members of the Audit Committee – 2017

- Mr. M.D.J.C. Murage - Chairman of the Committee – Representative of the Treasury
- Eng. (Mr.) N. A. Sisira Kumara - Member
- Mr.Thilak Bandara Mahalekam - Member

Presence at Committee Meetings

- Deputy Director General (Administration & Finance)
- Director (Finance)
- Director (Internal Audit)
- A Government Audit Superintendent representing the Auditor General
- Other relevant Officers who are summoned when necessary

Functions of the Committee

- Monitoring and reviewing of the internal control systems, reorganization and approval of Annual Audit Plans, when necessary.
- Review of the Report of the Auditor General and Internal Audit Reports, identification of issues related to the audit queries and issuing instructions to address such issues.
- Review matters raised by the Auditor General in terms of Section 14 (2) (c) of the Finance Act No.38 of 1971 and issuing instructions to in order to regularise the internal control of the Authority.
- Quarterly review and comparison of the Performance Reports of the Authority.

Internal Audit Division

The Internal Audit Division of the Authority has been established with the objectives of conducting financial audit, system analysis, and performance analysis and also to conduct special investigations in order to ensure efficient performance of the Mahaweli Authority of Sri Lanka. The internal audit of the Authority was carried out by the Internal Audit Division according to the Internal Audit Plan, under the guidance of the Audit Committee during the year 2017. Further, this Division took steps to conduct a System Audit to eliminate inefficient procedures, improve internal controls, and minimize possible instances of fraud and corruption.

Progress achieved during the year 2017

- 19 Audit Reports were issued during the year under the Internal Audit Plan.
- 20 Investigations were conducted and the relevant reports were issued.
- 03 Audit and Management Committee meetings were held.
- Issuing instructions so as to follow up the answers submitted for the audit queries and implement recommendations

Recommendations

Instructions were issued by the Committee to take remedial actions to rectify identified deficiencies. The Committee has submitted its recommendations on these deficiencies and the remedial actions were taken by the Management.

Assets and Liabilities in the preceding 7 years

	2017	2016	2015	2014	2013	2012	2011
	(Rs. 000)	(Rs. 000)	(Rs. 000)	(Rs. 000)	(Rs. 000)	(Rs. 000)	(Rs. 000)
Assets							
Non Current Assets							
Property, Plant & Equipment	4,116,187	4,195,724	4,294,893	4,259,208	4,549,301	3,733,498	4,011,792
Other Financial Assets							
Work in progress	78,552	41,301	74,286	62,506	48,362	12,821	
Investments	187,531	178,556	152,577	175,359	166,731	135,392	135,392
Total Non – Current Assets	4,382,270	4,415,581	4,521,756	4,497,073	4,764,394	3,881,711	4,147,184
Capital Assets	134,578	101,940					
Write- offs	859	859					
Current Assets							
Inventories / Stocks	184,815	168,173	157,428	180,900	174,028	161,801	157,725
Trade Assets	15,875	22,630					
Receivables (Trade & Other)	2,084,069	1,730,015	1,307,077	1,274,329	1,150,958	898,804	684,392
Pre payments	3,896	8,754	5,172		38	1,548	19,470
Bank Guarantees	6,164	4,153	1,372	837	905	2,210	2,160
Cash & cash equivalents	343,312	312,750	429,588	190,391	140,950	121,802	143,521
Total Current Assets	2,638,131	2,246,475	1,900,637	1,646,457	1,466,879	1,186,165	1,007,268
Total Assets	7,155,838	6,764,855	6,422,393	6,143,530	6,231,273	5,067,876	5,154,452
Current Liabilities							
Payables	879,967	376,737	341,286	491,622	528,482	478,223	364,983
Leases – Alliance Fin. Co.	2,153	3,080					
Accrued Expenses	175,733	122,286	46,159	207,705	87,145	61,525	47,494
Total Current Liabilities	1,057,853	502,103	387,445	699,327	615,627	539,748	412,477
Non- Current Liabilities							
Provisions for Gratuity	1,388,101	1,489,288	1,551,379	1,311,876	1,157,688	1,077,205	1,022,674
Bank Loans		2,455					
Deferred Taxes	612	612	612	612	612	612	612
Leases	271	2,653	11,247	14,329	6,243	9,269	
Total Non - Current Liabilities	1,388,984	1,495,008	1,563,238	1,326,817	1,164,543	1,087,086	1,023,286
Total Liabilities	2,446,837	1,997,111	1,950,683	2,026,144	1,780,170	1,626,834	1,435,763
Total Net Assets	4,709,001	4,767,744	4,471,710	4,117,386	4,451,103	3,441,042	3,718,689
Net Assets							
Accumulated Fund	24,407,260	24,066,161	23,702,950	23,383,849	23,224,435	23,116,473	23,009,463
Revenue Reserve	(23,755,208)	52,121	53,992	67,466	53,560	53,560	53,560
Revaluation Profit	4,006,082	4,019,027	4,021,721	3,837,266	3,851,627	3,061,097	3,061,146
B/F Balance of Income & Expenditure	50,865	(23,369,566)	(23,276,474)	(23,171,205)	(22,678,520)	(22,787,889)	(22,405,480)
Total Net Assets/Equity	4,708,999	4,767,743	4,502,189	4,117,376	4,451,102	3,443,241	3,718,689

**Board of Directors of the Companies established under the Mahaweli Authority
of Sri Lanka - 2017**

S. No	Name of the Company	Chairman	Board	Address of the Head Office
01	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd		1. Mr. Parakrama Abewardena 2. Mr. Edward de Mel (Director) 3. Mr. Osman de Silva (Director)	No. 260/20, Baseline Road, Colombo 09
02	Mahaweli Consultancy Bureau (Pvt) Ltd	Dr.Harsha Samaraweera	1. Mr. K. L. S. Sahabandu 2. Engineer (Mr.) L.R.H.Perera	No. 11, Jawatta Road, Colombo 05
03	Natural Resources Management Services (Pvt) Ltd	Eng. (Mr.) A. A. V. Dias	1. Engineer (Mr.) B.W.N.W. Senevirathna Banda 2. Mr. N.M.K.B. Attanayake 3. Mr. L.M. Dharamasiri 4. Mr. M.G. Aberathne Bandara (Company Secretary)	Dam Site, Polgolla, Kandy

Administrative Report

Part I

CHAPTER ONE

ESTABLISHMENT AND COMPOSITION OF THE

MAHAWELI AUTHORITY OF SRI LANKA

The Mahaweli Authority of Lanka (MASL) was established under the Act No. 23 of 1979. The functions of the Mahaweli Authority of Sri Lanka in respect of a Special Area are set out in Section 12 of the MASL Act.

- a) To plan and implement, the Mahaweli Ganga Development Scheme including the construction and operation of reservoirs, irrigation distribution systems and installations for the generation and supply of electrical energy.

Provided, however, that the function relating to the distribution of electrical energy may be discharged by any Authority competent to do so under any other written law.
- b) To foster and secure the full and integrated development and securing the sustainability of that development.
- c) To optimise agricultural productivity and employment potential and to generate and secure economic and agricultural development.
- d) To conserve and maintain the physical environment.
- e) To further the general welfare and cultural progress of the community and to administer that progress.
- f) To promote and secure the participation of private capital, both internal and external, in the agricultural development.
- g) To promote, and secure the co-operation of government departments, state institutions, local authorities, public corporations and other persons, whether private or public, in the planning and implementation of Mahaweli Ganga Development Scheme.

Functions of the Mahaweli Authority of Sri Lanka

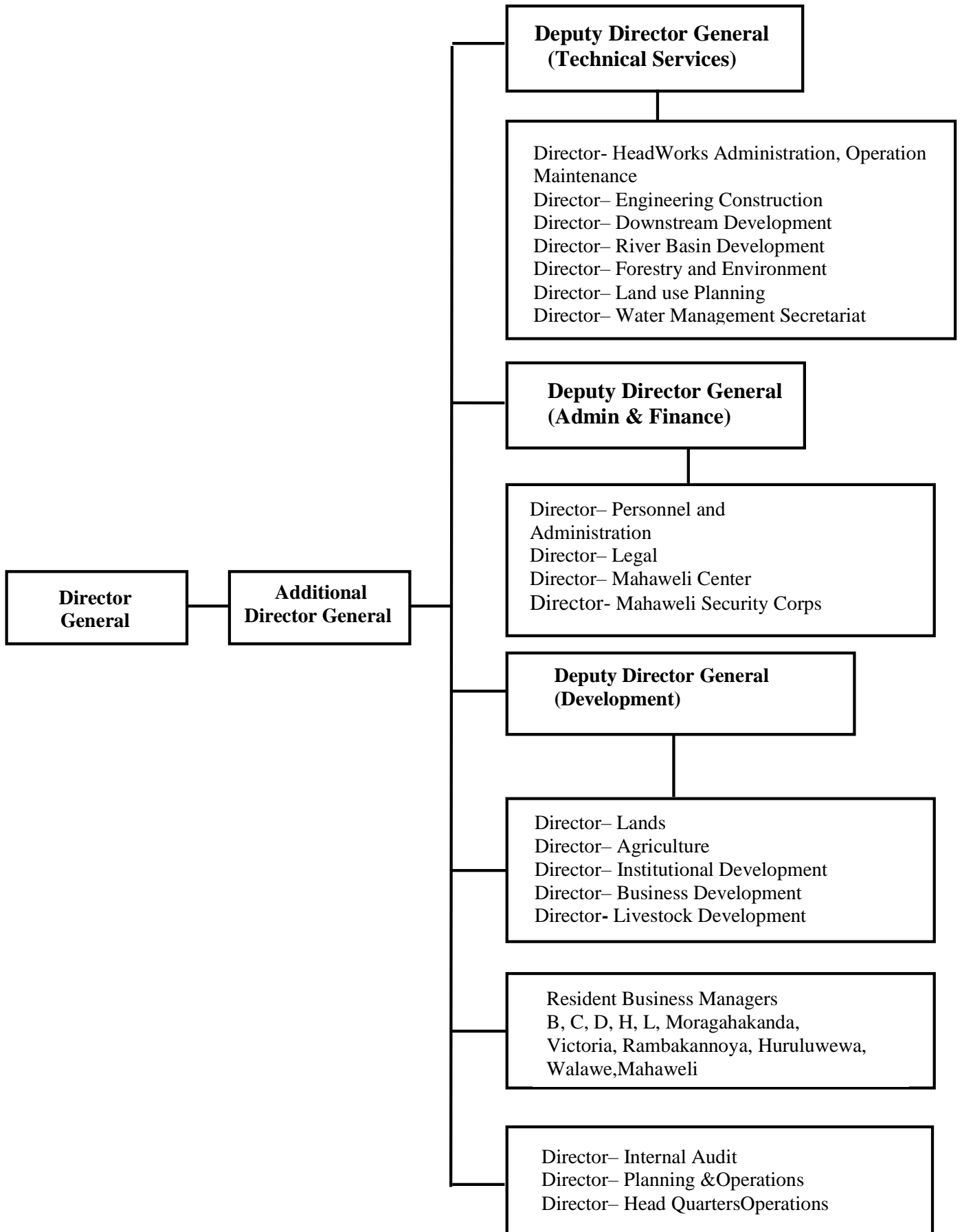
The administration of the Projects and Field Offices established under each subject area of the MASL by the Director General is coordinated by the respective Deputy Directors General, Directors, Project Directors and Resident Project Managers.

Accordingly, the MASL has performed the following functions:

- Conducting monthly reviews on the progress of the Authority as per the Corporate Plan and Annual Activity Plan and achieving the relevant targets through required interventions.
- Disposal of assets according to a Plan prepared for the maintenance and administration of assets.
- Construction of the Moragahakanda-Kaluganga Reservoir and Kivuloya Reservoir according to a time frame.
- Identifying of areas and conducting Initial Environmental Studies in order to expand the extent of irrigated lands in the Right Bank of the System 'B' and System 'L'.

- Promoting agricultural supporting services, promoting agriculture and income generating programs and ensuring the food security of the country.
- Empowerment of Officers and farmer representatives to enable them to strengthen the Farmers Organisations to facilitate the delegation of the maintenance and management of Irrigation Systems to the Farmers Organisations.
- Empowering livestock sector under the theme of “Mahaweli Animal productions for a Prosperous Nation” to improve the livelihoods of the Mahaweli settler communities.
- Initiating investment projects for employment creation in sectors other than traditional agriculture for the economic development and employment of second and third generations of Mahaweli settlers, who possess only limited land resources.
- Capacity development of Officers and employees at all levels and taking steps to introduce an e-human resources management system by computerizing all personnel related information.
- Distribution of water from the major reservoirs for settlement schemes, hydro-power generation, domestic hydro-power and domestic water supply through the process of Season Planning by conducting discussions with the line agencies.
- Initiating steps to facilitate for crop diversification, socio-economic development and employment creation in B, C, H, L, D, Moragahakanda, Huruluwewa, Walawe, Victoria and newly declared Rabbakkanoya project areas.
- Raising the awareness of the community on issues such as water management, human resources management, livestock development, agricultural development, soil and water conservation, watershed management, environment pollution and water pollution.
- Formulation and implementation of effective operational maintenance programs in order to ensure the safety of main diversion reservoirs and raising awareness of the Farmer Organisations.

Administrative Structure of the MASL



1.2 Mahaweli Systems – Structure & Administration

Mahaweli area is divided into 10 Administrative Units according to the Master Plan for the Development of the Mahaweli Basin, so as to facilitate the settlements administration, operations and maintenance of the Irrigation Systems. The Systems B, C, D, H, Moragahakanda, Victoria and Huruluwewa are established along the Mahaweli river basin and Udawalawe, Weliloya (System 'L') and Rambakkanoya Systems have been set up as Special Areas.

The development and management functions of the Mahaweli Systems and the Special Areas have been delegated to the Resident Project Managers. The Resident Project Managers are required to report directly to the Director General and Additional Director General. They are supported by Directors appointed at Head Office level for each subject area, in respect of the functions to be carried out at System level under the purview of Deputy Directors General.

The Resident Project Manager functions as the Chief Executive Officer in respect of each System and Deputy Resident Project Managers are attached as the supervisory officers looking after the technical, land, agricultural and development functions. The Block Office, which comprises a few Units, functions under the purview of the Block Managers and an Irrigation Engineer, Institutional Development Officer, Agriculture Officer and a Land Officer are attached to each Block Office. Unit Managers are appointed for each Unit and they perform their duties in respect of each subject area, under the supervision of the above Officers. Approximately 250 – 300 allottees of land are settled under each Unit.

Land administration in the Mahaweli Systems is carried out according to the Land Policy of the government based on the Land Development Ordinance and Crown Lands Ordinance. From functions related to alienation of state lands for development activities to issuing of Grants are performed in this regard. Further, activities related to leasing out of land for commercial and investment purposes and granting of lands to the second and third generations of settlers, in addition to the original settlers, are handled by the Zonal Offices.

The following activities are also being carried out under the zonal Administration Offices: Irrigation water management, maintenance and improvement of irrigation Systems under institutional development, production of seeds, farm development, training and demonstrations under agriculture development, livestock, fisheries and environment conservation, project development, implementation of small and medium scale credit schemes, commercial agriculture ventures, agro- industries and related self-employment programs.

1.3 Divisions directly managed by the Director General

- ❖ Head Quarters Operations Division
- ❖ Planning & Operations Division
- ❖ Internal Audit Division

1.3.1 Head Quarters Operations Division

Functions

- Conducting the Board Meetings of the MASL and carrying out all related functions.
- Coordination, management and follow-up of inward mail of the organization.
- Planning and organizing all internal and external meetings and conferences conducted by the Director General.
- Making required arrangements with regard to the conduct of national, regional and international conferences; Coordinating activities during the visits of Foreign Aid Groups and Delegations.
- Submission of nominations for foreign scholarships, conferences and workshops and related coordination functions.
- Coordination with the Parliament, Presidential Secretariat, Ministry of Finance, all other Ministries, Departments and International Organizations with regard to the functions of the MASL.
- Submission of Cabinet Memoranda and Drafts and follow-up activities related to the Cabinet approvals.
- Handling of the procurement functions of the Departments and confirming the decisions of the regional and project related procurement functions.
- Coordination and documentation of the Executive Management/ Audit Management Committee meetings and informing the decisions of such meetings.
- Coordination related to conducting of Business Operations Committees with regard to the special projects.

1.3.2 Planning and Operations Division

- Preparation of a Corporate Action Plan according to the Vision & Mission of the organization and act according to the Annual Plan.
- Preparation of Special Project Reports, conducting Economic and Social Surveys and carrying out analysis.
- Review the progress of projects on monthly, quarterly and annual basis, coordination of project evaluation functions and ensuring the Operation Evaluation System.
- Preserving the Technical Reports, Feasibility Reports and Evaluation Reports and providing them for use.
- Operation and maintenance of the Mahaweli Computer Network. Establishment and updating of the Official Website, providing IT support System.
- Coordination of Studies with regard to the impact areas.

1.3.3 Internal Audit Division

Functions

The Internal Audit scope has been formulated according to the Sri Lanka Auditing Standards, Public Enterprises Policy Circulars for Good Governance, Financial Regulations of the Democratic Socialist Republic of Sri Lanka, Internal Audit policies issued by the Ministry of Finance, Policy Planning, regulations and management decisions.

Perusal, audit and reporting on the operational functions of the organization in a management perspective, in addition to accounting perspective.

Evaluating the extent of progress reported in the relevant Projects and Programs, along with the given time frame, on a continuous basis. Conducting on site investigations to find out the issues that lead to delays in the implementation of work on time.

Evaluation and review of management systems and controls used to monitor the operational functions.

CHAPTER TWO

Technical Services Division

2.0 Functions

1. Formulation of Strategic Plans with the objective of achieving targets set out in the Corporate Plan / Annual Plan.
2. Providing guidance and direction for the preparation of Technical Plans and Estimates.
3. Ensuring proper maintenance and protection of the physical assets including major dams, diversion tunnels and irrigation structures of the downstream areas.
4. Formulation of proper plans to supply required water on time for agricultural activities and other requirements through the reservoirs and irrigation systems.
5. Planning of Projects, Feasibility Studies, operation and progress review.
6. Development of small scale hydro – power projects with the contribution of the private sector.

The Technical Services Division of the MASL carries out its activities mainly focusing on the above functions. Accordingly, the following activities were implemented by this Division in 2017.

2.1 The Role of the Engineering Designs and Planning Division

2.1.1 Related Functions

1. Preparation of engineering designs and plans of the developed and proposed projects.
2. Preparation of required plans and engineering designs for the infrastructure facilities of the above projects.
3. Submission of engineering estimates and bills of quantities in respect of the designs and plans to the Contract Management Division for procurement process.
4. Analyzing and approving the proposal and plans submitted by the public and private sector entrepreneurs for in respect of Small Scale hydro power plants.
5. Providing training for the new engineers on engineering designs and planning, maintaining the Planning Division as per the standard of the Sri Lanka Institute of Engineers.
6. Preparation of architectural designs and estimates in respect of buildings and parks related to the Development Process.

2.1.2 Engineering Plans Executed by the Engineering Designs and Planning Division - 2017

2.1.2 Preparation of Irrigation Plans and Highway Plans

1. Designing the diversion structure work of Madirigiriya Pallugaswewa for supply of water.
2. Construction of the bridge at km 10 + 320 across Madirigiriya Sub Canal.

3. Construction of 9 DUCs across Madirigiriya Sub Canal at km 13 + 260, 14 + 650, 8+715, 8+290, 14+650, 1+600, 2+230, 0+653, 8+290.
4. preparation of plans and estimates for the repairs of bridge in the Sudhu Ganga.
5. Sluice Valve Tank No. 2 at Dahamwawe Unit in Madirigiriya.
6. Sluice Valve Tank No. 4 at Nabadawawe Unit in Madirigiriya.
7. Construction of D2 diversion at Kaluganga Right Bank.
8. Construction of DUCs at Kaluganga Right Bank Canal at km 0+653, 2+813, 3+810.
9. Preparation of plans for tank No. 1 in the Nabadawawe unit of Madirigiriya (along with all designs).
10. Bridge at km 1 + 240 across the Right Canal of Kaluganga.
11. Design of conversion structure at km 15 + 700 at Sub Canal in Madirigiriya.
12. Construction of Drain Inlet for collection of drain waters at km 0 + 976 at Kaluganga Right Canal.
13. Bridge at km 3 + 300 across the Right Canal of Kaluganga.
14. Preparation of Plans and Estimates for the repairs of the part of road in WelioyaParakramapura.
15. Updating the plans of the Halambabwawe Road in Welioya.
16. Preparation of plans for paddy field plots in the Bandarawewa unit of Madirigiriya.
17. Construction of the end regulator at the Madirigiriya Sub Canal.
18. Construction of water meter for the Fresh Water Fisheries Center at System B.

2.1.3 Building Plans

1. Preparation of estimates for the proposed Madirigiriya stadium and main pavillion and 4 sub pavilions.
2. Rambakkan Oya Training Center.
3. Madirigiriya Resident Project Managers Office.
4. Kitchen of the Dasgiriya Hospital.
5. Official quarters of the Resident Project Manager, Madirigiriya.
6. Madirigiriya Circuit Bungalow
7. A computer room, library and teachers rest room for Moragahkanda Primary School.
8. Laggala playground, main pavillion and sub pavilion.
9. Steel roof truss made for Madirigiriya hospital.

2.1.4 Analysis of the plans of Mini Hydro- Power Projects.

1. Kubaloluwa Hydro – power Project
2. Diggalla Hydro – power Project
3. Lathpadura Hydro – power Project
4. Abanganga Morangolla Hydro – power Project
5. Medagama Hydro – power Project
6. Kiwula Hydro – power Project

2.1.5 Plans made up the year 2017

2.2.4.1 Irrigation Plans

1. The main canal of the Kaluganga RBMC, diversion at km 0 + 000 – km 5 + 550.
2. RBMC, Canal - 5 DUC construction - 0+650, 1+265, 3+700, 3+810, 4+ 350.
3. Kaluganga LC₂ outlet.
4. Inlet and Outlet for Kanluganga LC₃.
5. Kaluganga RBMC₁/FC₃ diversion construction.

6. Kaluganga RBMC₁/D₂ conversion construction.
7. Kaluganga RBMC₂ canal km 0 + 000 – 3 + 260.
8. Construction of diversion RBMC₂/D₅, D₆.
9. Construction of diversion RBMC₂/FC₄, FC₅, FC₆.
10. RBMC₂ DUC km 3 + 260.
11. Final Regulator RBMC₂.

2.1.6.1 Building Plans

1. OPD Building of Ambana Hospital.
2. Female/ Male wards for Ambana Hospital.
3. Kitchen of the Ambana Hospital.
4. Mortuary of the Ambana Hospital.
5. Olympic Lamp and Flag Post for Madirigiriya stadium.
6. Mahaweli Hela Bujunhala.

2.1.7 Architectural Unit

2.1.7.1 Moragahakanda Kaluganga Project

- Proposed Cultural Center at the Art Theater of the Laggala Town.
- Assembly hall for the school being which is constructed at Laggala Town.
- New Sports Complex – Laggala.

Including Main Pavilion, 4 No's of spectator galleries, Olympic Lamp & Flag Post, Entrance

2.1.7.2. In respect of Moragahakanda – Kaluganga Project (Madirigiriya – Bisopura)

- New Resident Project Managers Office.
- New Sports Complex – Madirigiriya.

Including Main Pavilion, 4 No's of spectator galleries, Olympic Lamp & Flag Post, Entrance

- New Bus Stand.
- New Market Complex.
Including main building, Fish stall, toilets, washing area

2.1.7.3 In respect of Moragahakanda – Kaluganga Project (Ambana)

- OPD – Ambana Hospital.
- Female and Male Wards, Kitchen, Mortuary – Ambana Hospital.
- Sub Post Office
- New Market Complex.
Including main building, Fish stall, toilets, washing area
- Two story building – Kumbiyangahaela School
Including 4 class rooms & conference Hall

2.1.8 Type Drawings and Estimates

- Hela Bujunhala
- Grade 02 Quarters
-

2.1.2 Downstream Development Activities

The main functions of this Division include: Operation and Maintenance of the Irrigation Systems in the Mahaweli Area, Maintenance and Management of the buildings at premises, repairs and related constructions of the Road Network, preparing estimates, quality control of the constructions and review of progress.

- Allocations made by the General Treasury in the year 2017 for each Division and the expenditures incurred are given below.

2.1.3 Under the Projects:-

Serial No.	Project	Funds Allocated for the Technical Services Division in 2017 (Rs. million)	Finacial Progress in 2017 (Rs. million)	Financial Progress (%)
1	Ridimaliyadde Developement Project	73	63.33	87%
2	Rambakkanoya Developement Project	60.5	65.42	100%
3	Welioya Intergrated Developement Project	267.92	237	81%
4	Intergrated Developement Project – System B	485.8	493.2	100%
5	Maduruoya Right Bank Developement Project – System B	140.9	135	95%
6	Project to Re-habilitate Small and Medium Scale Irrigation Systems	273.50	233.56	85%
7	Kiwuloya Projects	25	18.75	75%

2.1.4 Under the Institutional Capital :-

Serial No.	System/ Division	Financial Allocations made to the Technical Services Division in 2017(Rs.million)	Finacial Progress in 2017 (Rs. million)	Financial Progress (%)
System				
1	B	115	105	100%
2	C	144.1	105	75%
3	D	47.2	38.23	86%
4	G	31.44	24	72%
5	H	84.11	73.92	71%

6	L	9.689.8	9.83	101%
7	Walawe	86.3188.59	83.4	96%
8	Huruluwewa	91.2981.64	65.1	71%
9	Rambakkan Oya	21.9	21.9	100%
10	Victoria	46.48	49.57	100%
Division				
	Head Office (T/S)	92.93	87.0	94%
1	Mechanical Workshop Thambuththegama	5	5	100%
2	River Basin Management Division	3	3	100%
3	Headworks Administration, Operation and Maintenance Unit	175.5	204.45	100%

2.1.5 Development of Small Scale Hydro Power Generation Projects

Small scale Hydro Power Plants are being operated by utilizing the waters of the Mahaweli Ganga and of its tributaries. The power generated by such plants is being supplied to the National Grid of the Ceylon Electricity Board. Based on the number of units of electricity supplied each month by such Plants, a payment is made by the Ceylon Electricity Board to the investors of such Mini Hydro Power Plants. Out of that payment, a percentage is being paid to the Mahaweli Authority of Sri Lanka by the investors for utilizing Mahaweli waters.

As of now, construction work of 11 Mini Hydro Power Plants has been completed and 33.5 mw of electricity is being contributed to the National Grid from such plants. Accordingly, Mahaweli Authority of Sri Lanka is also entitled to a certain percentage of such payments in respect of the Mahaweli waters utilized for generation of power. In addition to that 10 Mini Hydro Power Plants are being constructed under the approval of the Mahaweli Authority of Sri Lanka (5.1).

At present it has been reported that 46 Mini Hydro Power Plants have been constructed without the approval of the Mahaweli Authority of Sri Lanka. Few more such plants are under construction.

Progress Report of the Mini Hydro Power Plants being constructed (Year 2017)

Serial No.	Project Name	Name of the Investor	Capacity / MW	Progress
1	Ukuwela	Onyx Hydro Power Company (Pvt) Ltd.	2.2	The process of obtaining Generation License from Sri Lanka Public Utilities Commission.
2	Ankanda	Escas Ankanda Power (Pvt) Ltd.	6.5	The construction works have almost completed.
3	Diggala	Escas Diggala Power (Pvt) Ltd.	4.4	The construction work is being carried out.

Serial No.	Project Name	Name of the Investor	Capacity / MW	Progress
4	Kiula	Escas Kiula Power (Pvt) Ltd.	2.8	A new Environment Impact Assessment is required to be conducted because of change of plan.
5	Nayakkubura	Ralic Hydro Power Generation (Pvt) Ltd. / N.G.P. Panditharathna	0.5	Since two investors are interested in this Project, the matter has been referred to Attorney General Department, in order to sort out this issue.
6	Chandrikawewa	Mahaweli Consultancy Bureau (Pvt) Ltd.	0.63	Environment Impact Assessment completed.
7	Kubaloluwa I	Noorwood Hydro Power (Pvt) Ltd.	2.4	Since these two Projects are located in the close proximity to Sudu Ganga it is difficult to implement them simultaneously. Plans have been made to carry out a survey in order to study the feasibility of these two projects.
8	Kubaloluwa II	Kumballoluwa Hydro Power (Pvt) Ltd.	1	
9	Maduruoya offtake of LBL3	Nippon Knit (Pvt) Ltd.	0.15	Environment Impact Assessment is being carried out.
10	Moragolla Mini Hydro Power Project	Zhejiang Young Energy Co. (pvt) Ltd.	2.1	Environment Impact Assessment is being carried out.

2.2 River Basin Management Office

Monthly water quality tests are being carried out by the Water Quality Laboratory maintained under the River Basin Management Office. Kalawawe, Kandalama, Dambuluoya, Bowatanne, and Chandrikawawe reservoirs, small tanks situated within the Mahaweli System as well as selected reservoirs of the Mahaweli Scheme are being included for these tests. Water samples are also being tested taken from Mahaweli Systems and other places to ensure the quality of the water and educate the community about the quality of the portable water. The new activities carried out by this Division in 2017 include issuing of reports on waste water released by the industrial units, when issuing of Environment Licenses to such units.

The progress of the above functions is given below.

Financial Progress:

S/N	Description	Allocation (Rs million)	Progress
01	Capital Expenditure	3,000	2966
02	Recurrent Expenditure	31.467	17.778

2.3 Headworks Administration, Operation and Maintenance Division

Headworks Administration, Operation and Maintenance Division (HAO&M) was established in 1985 for the purpose of managing the major reservoirs, trans-basin canals, canal networks and dam related structures constructed under the Accelerated Mahaweli Program, in order to ensure their uninterrupted operation.

2.3.1 Main Functions delegated to this Division:

- **Administration:**
Administering the Reservoirs and the Reservation areas by implementing regulations in order to protect the water body in the dams and reservoirs, 100m buffer zones and reserves attached to such zones.
- **Implementation:**
Operating the gates of reservoirs and inter basin canal levels, in order to implement the decisions made by the Water Management Secretariat on regular basis; and operating the sluice gates in order to minimize floods at the upper and lower basins of the reservoirs.
- **Maintenance:**
Maintenance and improvement of all reservoirs, dams of such reservoirs, gates, periphery areas of the reservoirs the associated structures of the reservoirs according to the International Standards.

2.3.2 Activities implemented in 2017

- Completion of the routine maintenance work of reservoirs, dams and associated structures.
- Completion of safety operations and permanent maintenance activities planned for all dams.
- Compilation and analysis of data collected by instruments, as planned.
- Completion of water quality monitoring activities, as planned.
- Completion of initial activities related to the conservation of reservoirs and re-acquiring of encroachments.
- Carrying out institutional inspections through the Engineers attached to the HAO & M Division.

2.4 Water Management Secretariat

Operational Policies for the Maha and Yala cultivation seasons are recommended and an Operational Plan is prepared for the Mahaweli System by the Water Management Secretariat. It is based on irrigation and energy requirements and remains a national program that immensely contributes for the cultivation of paddy and subsidiary food crops. The Water Management Secretariat functions as the unit that provides technical expertise for these activities and it coordinates functions among the member institutions of the Water Control Committee. All Operational Plans are being monitored by this unit on weekly basis, and a progress review is also being carried out. In addition to that, this unit issues required

instructions to plan the release of water in the forthcoming weeks. It also takes into consideration the requirements of agriculture, electricity and portable water and functions in such a manner to address the water requirements of the entire Mahaweli System, as per the recommendations.

2.4.1 Maha Season 2016 / 2017 (October 1st 2016 – March 31st 2017)

The Water Management Committee Meeting for the Maha Season of 2016 / 2017 was held on 24th October 2016 at the Plants and Genetic Resources Center, Gannoruwa, Peradeniya. Although the Maha Season of 2016 / 2017 was envisaged as a normal season, the cultivation time table approved by the Water Management Committee was required to be revised because of the failure of the expected monsoon rainfall. The cultivation at the Systems H, IH and MH was required to limit 40% - 50% level. As at 2nd January 2017 the water capacity at the Kotmale reservoir remained at 45.7% and Udawalawe 38.5% . Mahaweli Systems C and B were able to secure the crops due to the intermittent rainfalls. As a whole, the Maha Season of 2016 / 2017 was considered a season which experienced water shortage and also had an impact on the hydro power production of the country.

During the Maha Season of 2016 / 2017 124 Gwh electricity was added to the National Grid by the Mahaweli Systems. Figure 1 indicates the trends prevailed in electricity generation during the Maha Season of 2016 / 2017.

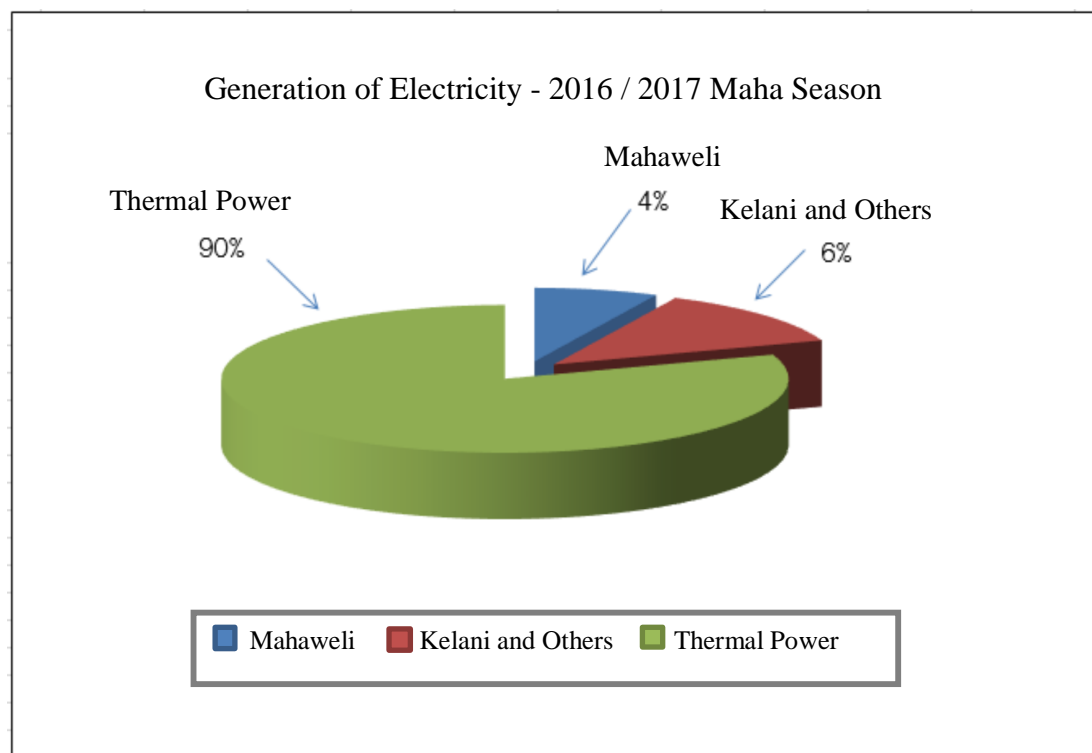


Figure 1

Figure 2 indicates Paddy Cultivation Plans and its progress during the 2016 / 2017 Maha Season at the systems that come under the purview of the Water Management Committee.

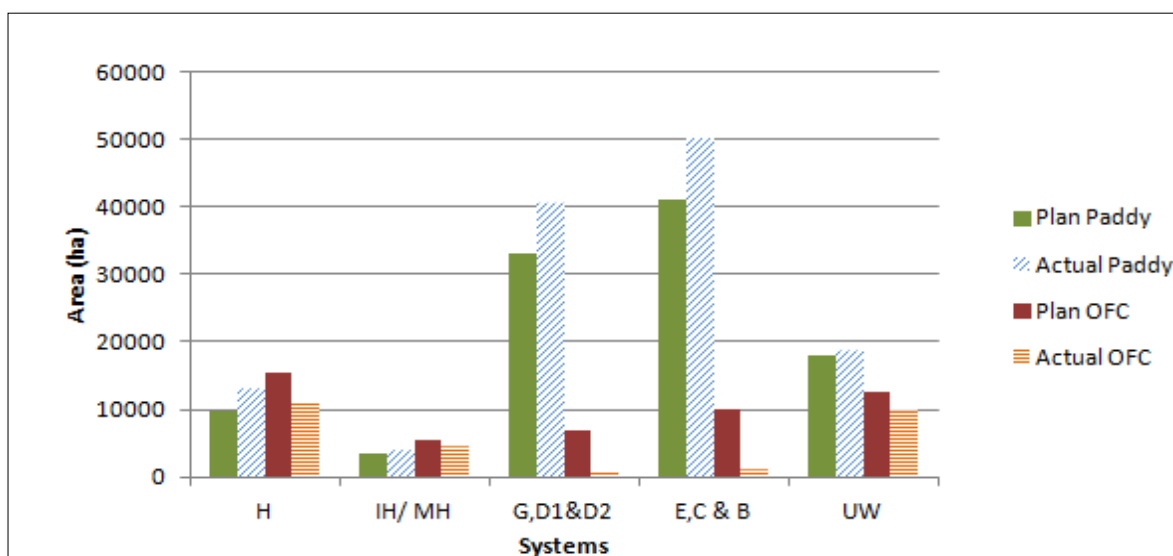


Figure 2

2.4.2 Yala Season 2017 (April 1st, 2017 - September 2017)

The Mahaweli Water Management Committee meeting for the 2017 Yala Season was held on 12th April 2017 at the Plants and Genetic Resources Center, Gannoruwa, Peradeniya. By that time, water levels at Kotmale, Maduruoya, Kalawewa and Huruluwewa remained relatively at low levels- 48.9%, 49.9%, 45% and 6.1% respectively. Water levels at Parakrama Samudra remained at almost at the maximum level.

Therefore, a maximum cultivation of 60% was expected and it was proposed to carry out 100% cultivation at Parakrama Samudra, Girithale, Allai, and Rajangana areas. Accordingly, during the 2017 Yala season the total land extent cultivated was 139, 472 hectares and it remained approximately 73% of the total crop cultivated.

During this season, 522 Gwh electricity was generated by the Mahaweli system. The Figure below indicates the sources of electricity generation during the 2017 Yala Season.

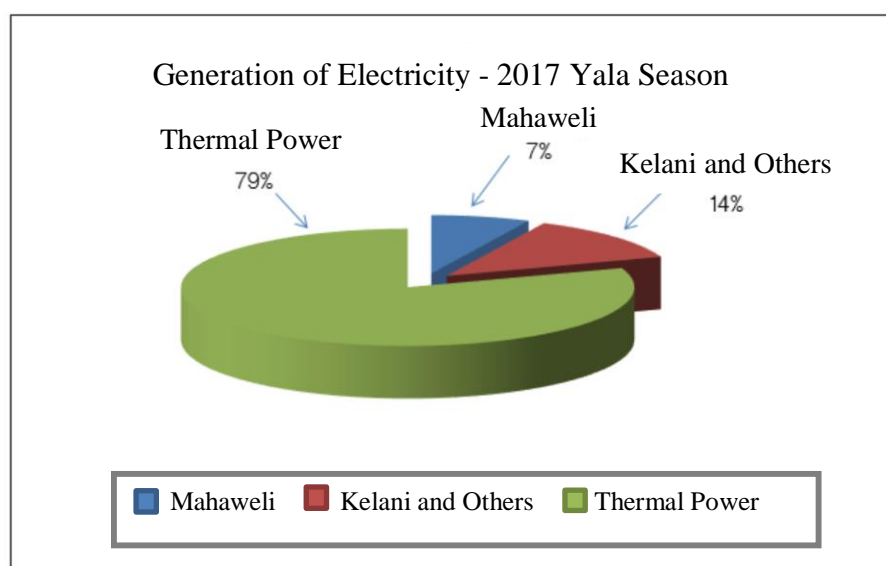


Figure 3

The progress achieved in crop cultivation during the 2017 Yala Season in the Systems that come under the purview of the Water Management Committee is indicated in Figure 4.

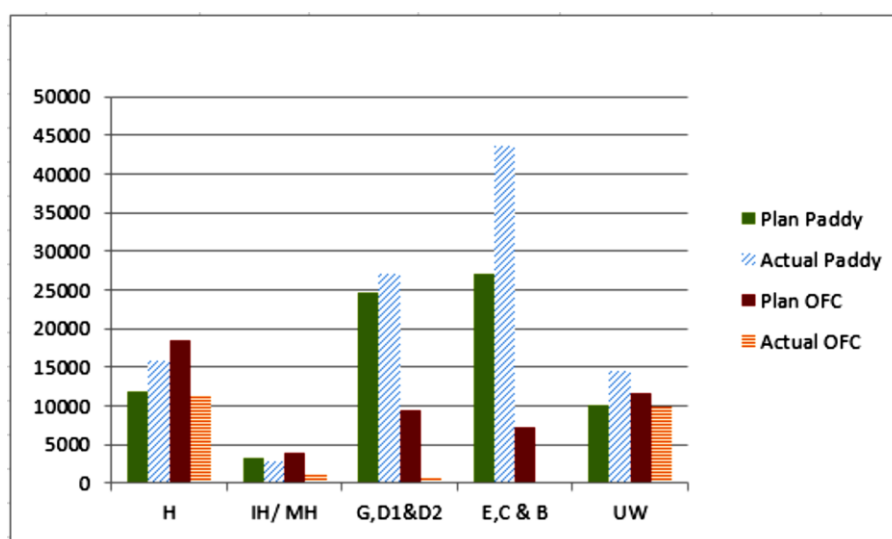


Figure 4

2.4.3 Maha Season 2017 / 2018 (October 1st, 2017 – December 2017)

The Mahaweli Water Management Committee meeting for the 2017 / 2018 Maha Season was held on 4th October 2017 at the Plants and Genetic Resources Center Gannoruwa, Peradeniya. By that time, water levels at Kotmale, Victoria, Walawe, Huruluwewa, and Maduruoya remained at 36%, 9.5%, 7.5% and 11.2% levels, respectively.

Since, the inter monsoonal rains and North – East monsoonal rains were not received by that time at the expected areas, it was informed that there would be a delay in the release of water. Accordingly, the release of water was delayed till 15th December 2017, in respect of the Systems G, D01. Because of that situation the total extent cultivated during the 2017 / 18 Maha Season remained 127,466 hectares and it was 71% of the total extent. Meanwhile, a 100% crop was proposed in respect of Parakrama Samudra, Girithale, Allai, and Rajangana areas.

In addition to that, construction of the anicut, gates and the electricity generation plants of the Moragahakanda reservoirs which was newly added to the Mahaweli System, was almost completed. Water from monsoonal rains and diversions was used to fill the Moragahakanda reservoir in order carry out tests on the newly constructed dam, anicut and the power generation plants. The water level of the Moragahakanda reservoir as at 29th December 2017 remained at 98.7%.

During this season 390 Gwh electricity was generated by the Mahaweli System. The details of electricity generated during 2017 / 2018 Maha Season are given in the following Figure.

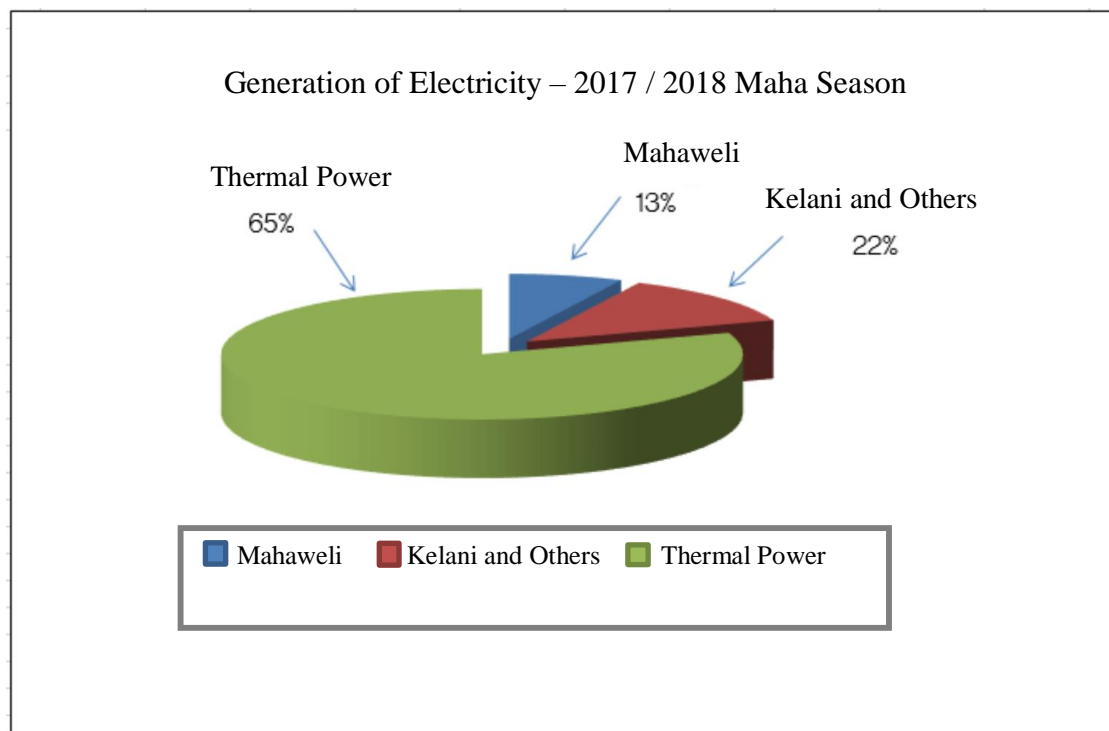


Figure 5

Crop planning and progress during the 2017 / 2018 Maha Season at the systems that come under the purview of the Water Management Committee.

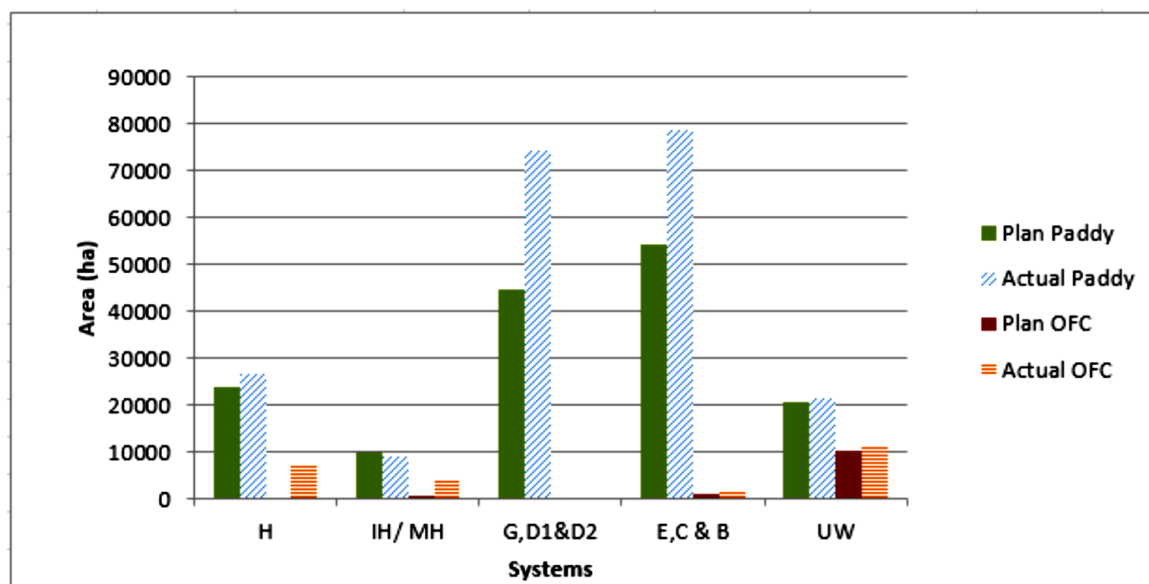
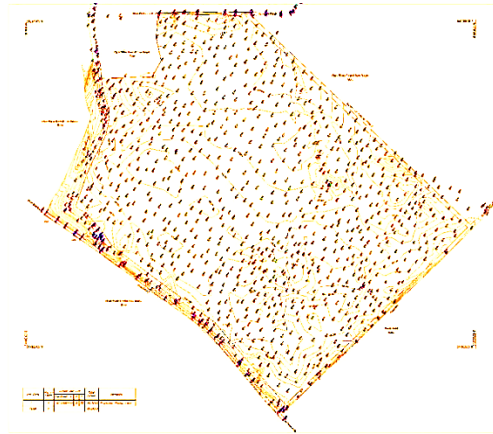


Figure 6

2.5.2 Preparing of Contour Line Maps

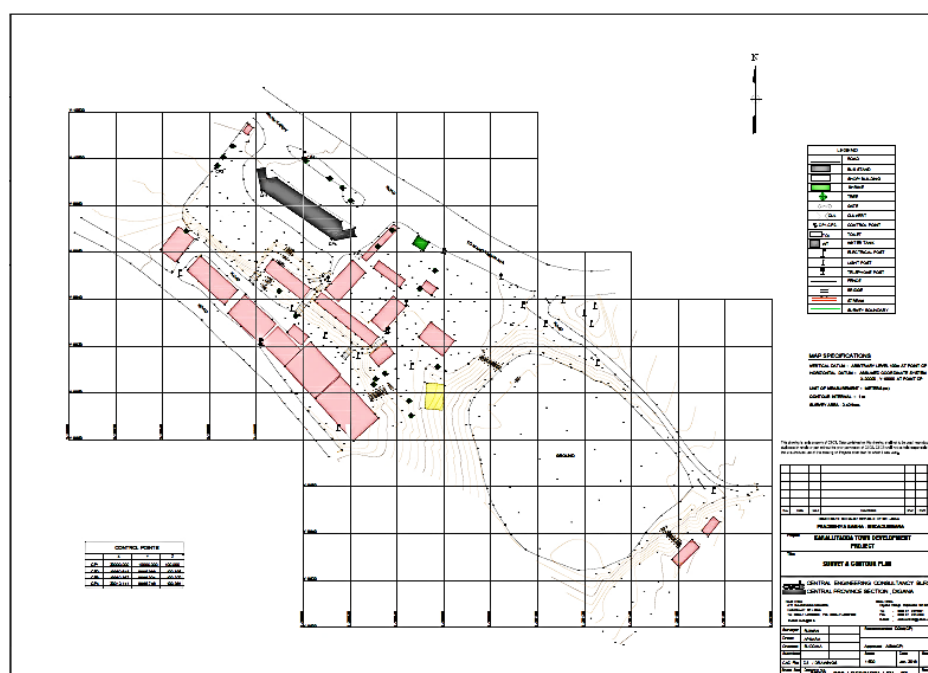
In order to identify lands that could be surveyed as irrigable lands, but for which irrigation water cannot be supplied, in the Halabayaya area of the Suriyapura Block in System D, a contour line map has been prepared. Accordingly, the relevant plans have been completed in respect of lands that considered as irrigated land.



2.5.3 Preparation of Location Surveys

In respect of Huruluwewa System, as of now, the hard copies of all settlement maps and village maps have been converted into soft copies. Arrangements have also been completed to prepare an Electronic Data System in respect of these maps.

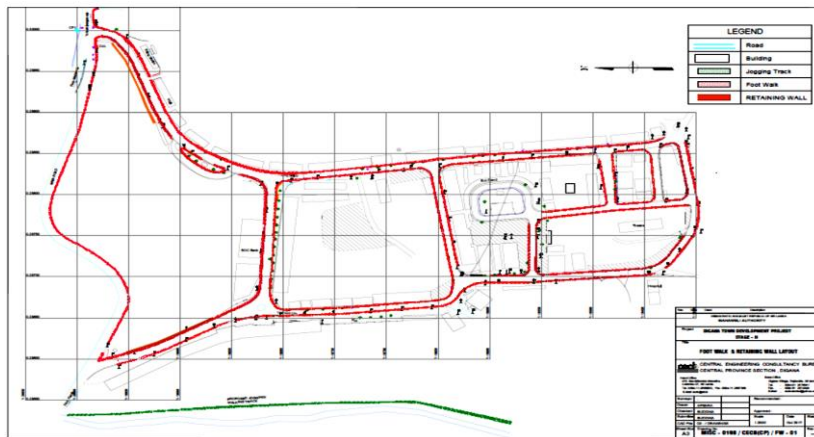
Further, in order to provide land rights to 85 families of the Bogasgama village in Dabulhalmilawa, Giranegama area, a Land Blocks Plan has been prepared according to plan regulations. A location survey plan has also been prepared so as to indicate the present settlement patterns in that area.



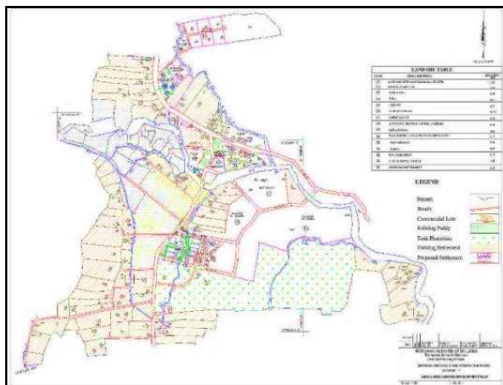
2.5.4 Preparation of Strategic Plans in respect of Towns

A field study was conducted in order to update the town plan of Teldeniya and based on information obtained through that study, a new plan was prepared. Strategic projects were identified through that plan and arrangements were made to include such projects in to the Town Planning.

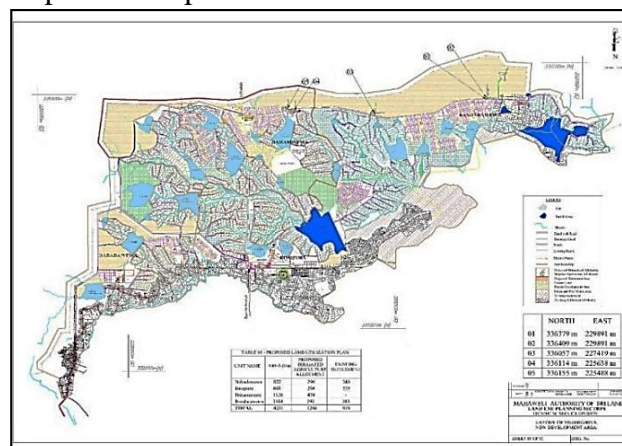
Similarly, in respect of implementing projects identified for Digana Town and Abakotte Town, activities such as construction of the waste water drains and laying of Walking Lanes have been completed.



The Ambana Town Plan was prepared within the Moragahakanda System, and as of now, updating of the relevant Plan has been completed in order to install service facilities within this area.



In respect Madirigiriya Development Plan, activities such as updating of the Settlement Plans and preparation of relevant plans to improve the service facilities have been already completed.



Arrangements were made in order to provide recommendations in respect of physical plans since the mid part of 2017 and the relevant figures are given below.

From 01.07.2017 to 31.12 .2017

System / Reservations	No. of Letters Referred	No. of Total Places Referred	Recommende d Volume	Not Reccomended	No.of Referrals in order to get further information	No.of places where mineral excavations were carried out in respect of Projects implemented by MASL
System B	25	54	53	-	1	60
System C	13	14	12	-	02 In order to get the recommendation of the Deputy Director General (Tecnhical Services) (01 Report)	12
System D	16	21	19	1	One report has been referred to Project Director - D	3
System G	33	35	35	-	-	-
System H	29	38	34	1	After obtaining the recommendation of the Director -Lands 03 reports have been referred	9
System L	9	10	10	-	-	8
Walawe	94	601 (including 463 land allotees)	594	-	4 (After obtaining the recommendation of the Director - Lands 03 reports have been referred)	2
Rambakan Oya	18	20	20	-	-	8
Victoria	17	30	22	-	08 reports have been referred to the Director of Wild Life Conservation	-
Huruluwewa	19	23	21	1	1	-
Rivers and Reservoirs	21	24	6	5	13	
Total	294	870	826	08	36	102

2.6 Environment and Forest Conservation Division

The Mahaweli Master Plan was implemented in such a manner to offer large number of social and economic benefits to Sri Lanka. Under the Accelerated Mahaweli Development Program, it was initially planned to take ahead Mahaweli development activities under a Sustainable Environmental Conservation Plan. The objective of this plan was to minimize the environmental impact resulting from each proposed development activity.

Accordingly, the basic functions delegated to the Environment and Forestry Division included: Conservation and improvements of the downstream areas which have been developed as farmer settlements, as well as the upstream catchment areas of the Mahaweli System, proper planning, management and maintenance of the natural resources.

2.6.1 Functions

1. Activities related to the conservation of Upper Mahaweli catchment areas.
2. Implementation of environmental programs in the Mahaweli downstream areas and other Mahaweli systems and implementation of environmental programs in the Integrated Projects.
3. Fulfilling the conditions indicated in the Environment Clearance Certificates in respect of environmental conservation aspects of large scale projects implemented by the MASL and follow-up activities; Representing in the Technical Committees, Operations Committees and Standing Committees of the projects proposed to be implemented by the Ministry of Mahaweli Development and Environment and the MASL.
4. Administration and follow-up activities in respect of Environmental Impact Assessments, as the approving authority of projects under the National Environmental Act.
5. Representing in the Technical Committees of the Development Projects implemented by the line state institutions, representing the Authority in the meetings and workshops related to the environmental activities proposed to be implemented at national level.

2.6.2 Allocation of Funds and Progress - 2017

Number	Division/System	Initial Financial Allocation (Rs. m)	Revised Financial Allocation (Rs. m)	Financial Progress (Rs. m)	Percentage
01	Environment and Forestry Division, Kotmale	38.00	30.12	30.23	100%
02	B, C, D, Walawe, Huruluwewa and Victoria	28.00	22.07	22.63	100%
03	01. Mahaweli Consolidated Project. 02. Rambakkanoya Development Project. 03. System B Right Bank Development Project (Malwanna, Walithanne)	32.43	21.98	20.33	92.51%
Total		98.43	74.17	73.19	98.14%

2.6.3 Capital Expenditures

Budgetary Code	Division	Revised Estimate Amount (Rs. m)	Expenditure (Rs. m)	Percentage
2965	Natural Recourses Conseravation Division	9.834	9.841	100.07%
2965	Environmental Education and Training Division	4.965	4.869	98.08%
2965	Hydrology Study Division	2.877	2.967	102%
	Water Quality Study	0.5	0.487	
2965	Tissue Culture Division	5.023	5.094	101.43%
2705/2113	Acquiring of Fixed Assets	0.35	0.338	96.64%
2383	Maintenance and Repairs of Vehicles	2.33	2.455	105.37%
2385	Buildings Maintenance Division	4.145	4.117	99.33%
2386	Repairing of Office Equipment	0.1	0.106	106.76%
Total		30.124	30.277	100.51%

2.6.4 Activities – 2017

1. Off -Farm Soil Conservation Program (Conservation of *Diyakaduru* trees).
2. Seed Production - Nawadivita Central Nursery.
3. Tree Planting Programs.
4. Program to enhance the quality of climatic conditions of the catchment areas.
5. Green Village Program.
6. Tissue Culture Manufacturing Division.
7. Experimenting of other crops within the Lab Research and Development – Bamboo Production :
 - I. *Bambusa ventricosa* “Kemi”
 - II. *Bambusaatra*
8. Establishment of Environmental Promotion Centers.
9. Number of plants produced and maintained by the Plant Center.

2.6.5 Environment and Forestry Program implemented within the Mahaweli Systems - 2017

1. Provision of Plants for the Programs.
2. Other special activities carried out by the Environment and Forestry Conservation Division.

CHAPTER THREE

DEVELOPMENT DIVISION

The Development Division is comprised of the following five main Divisions:

01. Land Division
02. Agricultural Development Division
03. Livestock Development Division
04. Institutional Development Division
05. Business Development Division

3.1 Land Division

The main functions performed by this Division include: Organisation of land related duties at all Systems of the MASL as per powers vested in the Authority by legislations such as Land Development Ordinance, Crown Lands Ordinance, Re-acquisition of lands Act and Forest Ordinance, conducting of Land Kachcheries and inspection of encroachments, taking steps to obtain the approval of Director General for the applications referred from the Systems and informing of such approvals, issuing of required instructions to monitor these activities.

3.1.2 Activities implemented during the Year – 2017

1. Accelerated Program to provide 100, 000 land deeds to the farmers of the Mahaweli areas.
2. Handing over of the ownership under the Crown Lands Ordinance – 2017
3. Providing long-term leases under the Crown Lands Ordinance – 2017
4. Provision of the Viharasthana Grants under the Crown Lands Ordinance -2017

01. Accelerated Program to provide 100, 000 land deeds to the farmers of the Mahaweli areas

System	Target	Progress as at 31.12.2017 Permits, Grants, Long – Term Leases
B	25,600	25,533
C	17,700	26,360
D	2,800	444
H	12,500	8,729
L	8,600	7,816
Moragahakanda	3,600	3,522
Victoria	2,800	3,299
Huruluwewa	4,100	2,119
Walawe	18,500	19,683
Rambakkanoya	3,800	2,568
Total	100,000	100,073

02. Handing over of the ownership under the Crown Lands Ordinance – 2017

System	Target	Progress
B	870	596
C	30	19
Moragahakanda	204	182
H	400	365
L	-	-
Udawalawe	30	22
Victori, Kothmale	200	167
Madirigiriya	4	1
Huruluwawe	-	-
Rambakanoya	15	9
Total	1,753	1,361

03. Long-term Leases – 2017

System	Target	Progress
B	10	7
C	10	1
Moragahakanda	4	3
H	20	3
L	-	-
Udawalawe	20	2
Victoria, Kotmale	30	7
Madirigiriya	-	-
Huruluwawe	5	4
Rambakkanoya	-	-
Total	99	27

04. Provision of the Viharasthna Grants under the Crown Lands Ordinance -2017

System	Target	Progress
B	25	14
C	30	24
Moragahakanda	14	5
H	18	14
L	3	-
Udawalawe	33	22
Victori, Kothmale	202	182
Madirigiriya	4	2
Huruluwawe	7	3
Rambakanoya	4	-
Total	340	266

06 . Allocation of Lands for the Government Institutions -2017

System	Transfer Orders		Handing over of Lands	
	Target	Progress	Target	Progress
B	10	4	50	47
C	15	13	-	-
Moragahakanda	-	-	2	1
H	5	1	3	1
L	7	5	50	47
Udawalawe	-	-	-	-
Victoria, Kotmale	-	-	10	6
Madirigiriya	-	-	-	-
Huruluwawe	2	1	5	3
Rambakkanoya	-	-	-	-
Total	39	24	120	105

3.2 Agriculture Development Division

3.2.1 Functions

- Introduction and expansion of environment - friendly Agro-technological Systems in order to enhance the economic conditions of the farmers living in the areas that comes under the purview of Mahaweli Authority of Sri Lanka.
- Preparation of annual targets in respect of crop cultivation, animal husbandry and agricultural enterprises in the irrigated and non – irrigated lands coming under the Mahaweli areas, in line with the national food production targets.
- Preparation of expansion targets and plans based on the annual allocations made in order to achieve annual crop production target, organizing at system level, implementation, follow-up, monitoring and reporting.
- Coordination among the Ministry of Mahaweli Development and Environment, Ministry of Agriculture, Department of Agriculture, Department of Minor Export Crops, other Government Organizations and Private Sector Institutions with regard to agricultural development activities.

3.2.2 Programs Implemented

With the objective of achieving the above targets the following programs were implemented in the entire Mahaweli Systems during the year 2017. The progress of such programs are given below:

Program	Unit	Target	Progress
Promotion of Paddy Cultivation			
Model Paddy Fields Program	Number	100	94
Harvesting Surveys*	Surveys	300	289
New Technological Models	Program	100	125
Program	Unit	Target	Progress
Farmer training for efficient use of fertilizers	Farmers	11,965	9,530
Number of Parachute Plates distributed	Number	70,000	68,300
Provision of Planting machines	Number	25	24
Program	Unit	Target	Progress
Training Clinics for Crops / Field Days	Number	900	899
Use of Colour Leaf Displays	Hectare	2,000	1,853
Organic Fertilizer Use	Hectare	10,000	11,140
Other Field Crops			
Farmer Training/ Field Days/ Crop Clinics	Programs	280	286
Model Cultivation	Programs	500	534
Big Onion Cultivation	Kg	150,000	143,226
Supply of Micro Water Supply Systems	Number	80	83
Rain Covers	Number	250	253
Agriculturals Wells	Number	100	120
Developement of Horticulture			
Mango Tree Re-habilitation Programs	Number	115	110
Fruit Pest Control Program	Number	57	53
Farmer Training/ Field Days/ Crop Clinics	Programs	260	241
Bee Honey Production Programs	Bee Colonies	640	626

Mushroom Production Program	Number	50	53
Model Home Gardening Program	Home Gardens	4,000	4,110
Farmer Trainings	Programs	350	355
Program to increase the use of Organic Fertilizer			
Program	Unit	Target	Progress
Farmer Training	Programs	240	228
Compost Manufacturing Models	Programs	2300	2355
Paddy Production Models	Programs	50	65
Agricultural Extention Activities			
Implementation of 3 Year Plan	Programs	500	492
Crop Competitions and Exhibitions	Programs	12	13
Officer Training			
Pre – Season Training	Programs	12	12
Special Training	Programs	41	48

3.2.3 Financial Progress

Under the provisions made available for the Mahaweli Authority of Sri Lanka during the year 2017 for Development Projects, Rs. 160 million was received by this Division for the implementation of the planned programs. An amount of Rs. 157.65 million was spent for the program implemented during the year and it indicated a 99% utilization.

	Program	Provisions Rs. Million	Expenditure Rs. Million
1	Productivity improvement of the Paddy Production	3.78	3.7
2	Crop Diversification	24.84	24.9
3	Horticulture Development	2.04	2
4	Home Economics, Home Garden Development	6.06	6.2
5	Promotion of use/ production of organic materials	0.96	0.95
6	Extension Activities of Agricultural Technology	6.94	6.9
7	Officer Training	2.28	2.3
8	Communication Facilities	0.87	0.8
9	Farm Development	94.57	92
10	Nurseries and Tissue Culture Plant Production	9.35	9.45
11	Program to adapt to the climatical change	240	0.26
12	Poverty Alleviation Programs	4.24	4.35
13	Management Expenditures	3.85	3.84
	Total	160	157.65

3.2.4 Financial Progress at Mahaweli System Level

System	Provisions (Rs. million)	Progress (Rs. million)	%
B	33.4	30.4	91%
C	17.6	17.7	100%
D	3.5	3.5	100%
G	7.3	7.3	100%
H	45.4	46.7	1.3%
Huruluwewa	7.0	6.6	94%
Walawe	42.0	42.0	100%
Victoria	2.0	0.8	90%
Head Office	1.7	1.6	98%
Total	160.0	* 157.6	99%

3.2.5 Progress of Agricultural Production in 2017

01. Progress – Maha Season 2016 -2017

Crop	Target (Hectare)	Progress (Hectare)
Paddy	93,471	56,310
Maize	3,036	2,555
Chillies	717	405
Cowpea	997	383
Green Gram	1,028	331
Black Gram	350	881
Gound Nuts	610	416
Kurakkan	329	283
Soya	660	2,151
Vegetables	4,209	4,152
Big Onions (seed)	25	9
Fruits	12,984	12,984
Others	7,000	7,589
Total	125,416	88,449

3.2.6 Yala Season 2017 – Progress

Crop	Target (Hectare)	Progress (Hectare)
Paddy	35,481	42,621
Maize	3,344	814
Chillies	424	183
Cowpea	761	209
Green Gram	1,275	370
Black Gram	520	690
Gound Nuts	766	213
Kurakkan	328	156
Soya	4,847	3,809
Vegetables	3,786	3,191
Big Onions (seed)	1,992	1,195
Fruits	13,767	13,130
Others	7,127	6,857
Total	74,418	73,438

3.2.7 Contribution made by the Mahaweli Areas for the National Food Production – 2017

Seasonal Crops

Crops	Mahaweli Areas (Extent)	Mahaweli Production (Metric Ton)	National Production (Metric Ton)	Mahaweli Contribution
Paddy	98,931	507,828	2,383,000	21%
Maize	3,369	14,012	195,744	7%
Green Gram	702	1,157	9,392	12%
Cowpea	593	708	8,576	8%
Soya	5,960	13,703	14,363	95%
Green Chillies	588	4,481	51,827	9%
Ground Nuts	629	1,203	22,475	5%
Black Gram	1,572	2,300	7,329	31%
Gingerly	64	49	7,754	1%
Kurakkan	439	792	5,574	14%
Big Onions	1,204	24,066	53,603	45%

3.2.8

Number of programs was implemented in the entire Mahaweli areas with the objective of finding solution to the food shortage that resulted from the inclement climatic conditions prevailed in the country during the year 2017 and to obtain maximum productivity from the land and minimum water resources.

1. Soya Seed Production
2. Home garden – Potted Plants
3. Crop cultivation under agricultural well



Soya Seed Production



Chilli production in pots – system



Preparation of agriculture wells

4. Steps to be taken to protect the standing plantain crop from the prevailing drought.



Walawe System – Plantain Crops



System C – Bee Keeping



Training Program Mushroom
Production

5. Home Economics and Establishment of productive Home garden

6. Contribution to the production of poison tree

- Training farmers to minimise the use of chemical fertilizers and pesticides.
- Promotion of production and use of organic fertilizer.
- Promotion of organic crops in the home gardens.



System H – Production of Organic Fertilizer and chaff charcoal



System C – Production of Chaff charcoal

7. Conducting of Clinics for Perennial Crops.

8. Program to produce seeds and planting materials

i) Mahaweli Nurseries

a) Mahaweli System B – Central Nursery, Walikanda Nursery

b) System C – Dehiyaththakandiya Central Nursery, Giradurukotte Nursery

c) Moragahakanda System – Bakamuna Nursery

d) System H – Thelhiriyawa Nursery, Neeraviya Farm Nursery

e) Walawe – Embilipitiya

f) Huruluwewa – Nursery

3.2.9 Progress in Nurseries – 2017

System	Nursery	Expenditure (Recurrent/ Capital)	Income Rs.	Profit Rs.
B	Central	1,230,225.45	2,402,880.00	1,172,654.55
	Walikanda	1,813,097.95	538,655.00	1,274,442.95
C	Dehiyaththakandiya	884,1180.00	1,881,835.00	997,355.00
	Giradurukotte			
G	Bakamuna	1,680,305.25	2,539,000.00	858,694.75
H	Thelhiriyawa	1,414,634.90	2,703,940.00	1,287,305.10
	Niraviya	3,316,227.90	362,938.00	49,310.07
Huruluwewa	Pal Wehara	497,570.00	360,852.00	136,718.00
Udawalawe	Embilipitiya	2,519,157.00	3,658,876.40	1,139,719.40
Total		523,770.00	10,187,888.48	14,449,776.40



Nurseries in Bakamuna System

3.2.10 Paddy and Supplementary Crops Seed Production Program – 2017

Paddy and Supplementary Crops Seed Production Programs are being conducted during each season with the involvement of the farmers in order to address the needs of the Mahaweli farmers as well as the national requirements for seeds.

Except Victoria / Kotmale System, almost in all other Mahaweli Systems, crops are being cultivated at the irrigated and rain fed lands. Particularly, during the Maha Season paddy remains the major crop. Meanwhile, during the Yala Season in addition to paddy, supplementary food crops also being cultivated. The seeds requirements of these cultivations are being produced within the Mahaweli Systems and the demand of the rest of the country for seeds is also being met by the Mahaweli Systems.

The Seed Production Programs include, Self-Seed Production, Commercial Seed Production Program implemented jointly with the Department of Agriculture and Seed Production Programs implemented by the private sector organizations within the Mahaweli Systems. Through this program steps are being taken to familiarise the new varieties of seeds produced by the Department of Agriculture among the farmers.

Crop	Production (metric tons)	
	Maha 2016 / 17	Yala 2017
Paddy	5616	3172
Green Gram	-	30
Cowpea	-	12
Black Gram	12.5	43
Chillies	15.8	-
Soya	4221	175
Maize	-	8.6
Big Onions	-	0.85
Kurakkan	10.8	28.5
Others	4	7

3.2.11 Mahaweli Farm Development Program – 2017

Basic Objectives of the Model Farm Development Program

1. Maintaining as an experimental centre for new varieties and new methodologies required for the area.
2. Contributing to address the needs for seeds and planting materials of the System.

3. Maintaining as a Centre that expands the good governance agricultural methodologies among the farmer community.
4. Maintaining as an Environment - friendly local tourist resort
5. Converting it as an economic unit that earns highest profits as a commercial venture.

3.2.12 Data of Farms established under the Mahaweli Authority of Sri Lanka

System	Farm	Extent of the Farm (Hectares)
B	Aralaganwila Farm	200
C	Agricultural Management Training Center	268
G	Aththanakadawala Farm	4
H	Kalankuttiya Farm	6.8
H	Nochchiyangama Model Farm	19.2
H	Neeraviya Farm	140
L	Sampathnuwara Model Farm	8.4
Rambakkanoya	Rambakkanoya Farm	20
Udawalawe	Kachchigalara Farm	1.5
Udawalawe	Kattakaduwa Farm	6
Udawalawe	Seda Farm	19
Udawalawe	Maha Farm	21.7
Udawalawe	Sooriyawala Development Center	2.8
Udawalawe	Gurugodalla Farm	12
Udawalawe	Mahagama Farm	28
Total		770.9

3.2.13 Farm Income Expenditure Report – 2017

As indicated in Table 1, the amount expected to be utilised for the entire Farm Development Program for the year 2017 is Rs. 87.33 million. However, it has been able to achieve only 83% financial progress in this regard.

System	Farm	Extent of the Farm (Hectare)	2017		Expenditure Income/ Percentage
			Income Received	Expenditure incurred during the year 2017 for farm development activities	
Udawalawe	Sooriyawewa Development Centrel	2.8	1,667,252.90	1,585,813.00	105%
	Gurugodalla	12	1,833,499.00	2,551,113.00	72%
	Kattakaduwa	6	681,893.50	2,454,129.04	28%
	Mahagama	28	4,387,466.80	3,660,763.25	120%
	Sedha	19	2,337,189.50	3,863,000.70	61%
	Maha	21.7	2,743,928.00	3,830,082.61	72%
	Kachchigalara	1.5	1,457,281.00	3,228,413.53	45%
B	Aralagangwila Farm	200	28,038,814.80	22,057,519.05	127%
C	Management Training Center	268	25,369,593.35	3,231,389.44	785%
G	Aththanakada wala Farm	4	1,169,999.00	1,471,236.45	80%
H	Nochiyagama Model Farm	19.2	333,168.88	610,585.00	55%
	Kalankuttiya Farm	6.8	1,939,306.90	1,415,681.40	137%
	Neerawiya Farm	140	17,943,670.91	17,549,061.79	102%
L	Sampathnuwara Model Farm	8.4	1,782,875.00	1,534,985.00	116%
Rambakkano ya	Rambakkanoya Farm	20	2,895,005.00	3,550,297.50	81.54%
Total			94,580,944.54	72,594,070.76	130%

Meanwhile the expected income for the year 2017 was Rs. 116.21 million and income earned was Rs. 94.58 million – income percentage 89.31%.

3.2.14 Progress of the Agricultural Production of the Farms – 2017

Agriculture Production	Volume (metric ton)	Income Earned (Rs. million)
Paddy / Rice / Seed Paddy	220	28.89
Fruits (Mango,Dragon Fruit, Plantain)	132	13.83
Pulses (Maize, Gingerly)	12	1.08
Vegetables	22	0.83
Coconut (Nuts)	13,085	0.63
Plant Varieties (Number of Plants)	326,725	4.58
Seeds	0.42	0.63
Fruit and Allied Products (Bottles)	1,784	0.29
Subsidiary Food Crops	1.6	0.06
Animal Production (Chicken/ Eggs/ Milk)	-	15.97
Other Lease Income	-	26.81
Loans		0.98
Total Income (Rs. million)		94.58



3.3 Fisheries and Livestock Development Division

Introduction

Approximately 46,018 small and medium scale dairy farmers are engaged in dairy related activities in the Mahaweli areas and heads of buffaloes and cows remain 360,091. Liquid milk production recorded during the year 2017 was 29.4 million litres. On daily basis approximately 000, 75 million litre liquid milk is being produced. Meanwhile, the organisations which purchase milk pay average price of Rs. 65 per litre. Accordingly, the farmers of Mahaweli areas are capable of earning Rs 1191 million annually, through milk production. It is envisaged to produce 33 million litres of liquid milk in the year 2020 and thus contribution to the national milk production would be increased from 8% to 10%.

Including 10 major Mahaweli reservoirs 324 reservoirs are found within the Mahaweli region. Approximately 5450 persons are engaged in fishing in these areas and their annual fresh fish production is 15,102 metric ton. Accordingly, per kilo of fish fetches an average price of Rs. 200 and fisherman community of the Mahaweli areas was able to earn an income of 320 million during the year 2017 through sales of their produce. It is expected to increase the annual fresh fish production by 18, 000 metric tons by 2020 and to increase the Mahaweli contribution to the national fresh fish production from 2% to 25%.

Steps are being taken to popularise fresh water prawns in Mahaweli reservoirs and through that it is expected to produce 10 metric tons of fresh water prawns annually. Release of stocks for exports and the markets identified within the country would be carried out by the Fisheries Cooperative Societies. As of now, the producers are able to sell 1kg of prawn at higher price of Rs. 800 - Rs. 1500. It is expected to increase this production up to 20 metric tons during the year 2020.

In the Mahaweli area approximately 95070 farmers are engaged in home based poultry production and also for the purpose of produce eggs and chicken. Annual egg production remains around 50 million and chicken production is calculated at 16, 610 metric tons. The village eggs fetch a price of Rs. 18 – 22 and a normal egg is sold at Rs. 16. Average price of per kilo gram of live chicken is Rs. 280 and in the market the average price of chicken remains around Rs. 440 per kg.

In the Mahaweli areas about 840 farmers are engaged in ornamental fish production and they have been able to produce ornamental fish to the value of Rs 13.4 million for the local and foreign market during the year 2017. Steps have been taken to generate an income of Rs. 300 million for the Mahaweli settlers through this production. It is expected to produce 20 million ornamental fish in the year 2020.

During the year 2017, 15 remote schools were selected in order to popularise the consumption of liquid milk among school children and in coordination with Dairy Farmers Societies, liquid milk was provided to children for 2- 3 days during a school week. Training programs were also conducted for the school children in order to educate them in this regard.

Making arrangements to send 50 school leavers annually to dairy farming families and provide them guidance so as to enable them to have self-employment opportunities in the dairy sector.

Financial Progress – 2017

System	Approved Allocation (Rs Million)	Finacial Progress as at 31. 12. 2017 (Rs. '000)	Percentage (%)
B	17.5	17.5	100
C	6.63	6.12	92
D	5.0	5.1	102
G	3.2	3.0	94
H	8.02	8.19	102
L	6.1	5.55	91
Huruluwewa	5.06	3.11	73
Walawe	11.89	11.89	100
Rambakkanoya	0.74	0.69	95
Ridimaliyadde	7.27	4.08	56
Victoria	2.28	2.19	96
Head Office	0.45	0.44	98
MCP	1.3	1.3	100
Total	75.41	56.49	75

Physical Progress – 2017

S. No.	Activity	Unit	Total	
			Target	Progress
	Annual Production	No.		
I	Production of Liquid Milk (litre/ production)	No. of liters	31	29.4
	Farmers engaged in cattle farming	No.	1670	18460
	Population of cows	No.	0	81400
	Population of Buffaloes	No.	0	28020
II	Reservoirs	No.	324	117
	Number of Fisherman	No.	0	3666
	Fresh water Fish Production (metric ton)	Mt.	17000	15102
	Fresh water Prawns Production	Volume	14500	8580
III	Ornamental Fish Farms		0	840
	Ornamental Fish Production (Ml million)	No. of Fish	20	13.4
IV	Number of Poultry Farms		0	16940
	Egg Production (million)	No. of Eggs	60	50
	Chicken Production (Metric ton)	Mt.	20000	16614
V	Goat Farming	No.	0	1280
	Goat Farming	No.	0	15360
	Mutton Production	Mt.	112	96

3.4 Institutional Development Division

Programs implemented by the Institutional Development Division during the year 2017:

- Institutional Development Activities } Promotion of Farmers Organizations
Community Participatory Irrigation System Management
- Community Development Activities
- Women Development Activities
- Settler Training

The Role:

1. Promotion of Farmers Organisation
2. Community Participatory Irrigation System Management
3. Community Development
4. Capacity Development and Vocational Training for the Settlers
6. Training for women

Allocations made available for the year 2017

Expenditure Head	Activities	Amount Allocated
2802	Intitutional Development Activities	46.6
2815	Community Development Activity	22.5
2841	Women Development Activities	2.8
2941	Settler Training	8.2
	Total	80.25
	From other projects	46.2
	Total	126.5

Financial Allocations made for the year 2017 and the Progress

System	Allocations made for 2017 (Rs. million)	Progress as at 31. 12. 2017 (Rs. million)	2017 Progress Percentage (%)	Amount Allocated for the year 2018 (Rs. million)
System B	14.94	14.94	100%	15
	3.3 Projects	1.735	52.6%	04
System C	17.14	15.723	92%	22
System D	2.22	2.22	100%	4.9
System H	12.02	12.02	100%	12.5
System L	5.99	5.72	95%	6
	23.208 Projects	21.765	94%	15
Moragahakanda	4.11	4.11	100%	6.5
Rambakkanoya	7.69 Rambakkanoya Project	6.74	87%	5
	12.049 Ridimaliyadde Project	10.338	86%	7
Walawe	13.4	12.88	95%	13.5
Huruluwewa	3.38	3.27	97%	6.45
Victoria	2.47	2.47	100%	3.02
Head Office	4.584	4.584	100%	15
Total	126.501	118.52	94%	111.4

Funds allocated for the year 2017 – Participatory Irrigation System Management Programs

System	Number of Field Canals Rehabilitated	Amount Spent (Rs. million)	Value of Labour (Rs. million)	Value of the Output (Rs. million)
Walawe	17	7.33	4.8	13
H	09	3.89	0.58	4.47
Moragahakanda	02	0.97	0.52	1.5
Huruluwewa	02	0.94	0.49	1.43
B	22	9.68	8.44	18.12
C	16	6.75	3.31	10.06
L	02	0.58	0.73	1.3
Total	70	30.14	18.87	49.01

Program	Number of Programs conducted at System Level
Sujatha Daruwo Anti - Drug Programs	151
Kidney Clinics and other Medical Clinics	346
Training for the Audit Officers of the Farmers Organisation	03
Strengthening of the Farmers Organisation, Training of the Officers and Awareness	1,028
Conducting of Women Development Programs	278
Conducting of Educational Programs	318
Construction of Latrins for the families who do not have Latrins	320
Total	2,444

Programs implemented in the year 2017

Poverty Alleviation National Program

System	Number of Persons Trained	Amount Spent (Rs. m.)	Number of persons who have obtained employment by now
Providing vocational training for the youth of the families which earn less than Rs. 30,000 per month and enabling them to engage in employment so as to increase their family income.	1620	12.4	934
Total	1620	12.4	934

3.3.6 Training Courses

- Carpentry
- Tailor
- Masson
- Beauty culture
- Heavy Vehicle Training
- Repairing of mobile phones

3.5 Business Development Division

The Role of the Business Development Division

- Allocation of Lands and recovering a lease income from the investment projects such as dairy farming, ornamental fish culture, coconut cultivation, other crops and fruits.
- Granting permission to conduct tourist boat services at the reservoirs, in order to expand environment - friendly tourism opportunities and collecting annual lease income.
- Re-furbishing of the existing Circuit Bangalows at the very attractive locations in the Mahaweli areas so as to open them for the local and foreign tourist for income generation.
- Earning lease income from the lands allocated for Solar Power Systems, Bio-mass Energy Projects and Hydro Power Projects. Earnings profits by commencing joint ventures.
- Supplying water for the projects that directly contribute to the regional economic development and earning an income through that activity.
- Providing investment opportunities at the Mahaweli reservoirs to install Floating Solar Power Systems on such reservoirs.
- Earning lease income as well as royalties by distribution of land for the projects such as Sugar Factories to produce sugar to address the local demand and distributing land among the farmers of the area.
- Recovering lease income from the lands provided for minerals (Dolomite, Apatite, Mica, Limestone) related industries on the basis of cubes of such minerals excavated.
- Strengthening the regional economy by maintaining Industrial Parks.
- Encouraging small and medium scale entrepreneurs to commence projects to produce fresh water fish like Thalapiya in the cages kept at the reservoirs and earning foreign exchange income through such ventures.
- Providing loans in collaboration with the state banks under concessionary interest rates in order to encourage small and medium scale entrepreneurs.

3.5.1 Programs implemented by the Business Development Division during the year 2017

- A project to refurbish the Circuit Bangalows owned by the Mahaweli Authority of Sri Lanka.
- “Moragahakanda Athwala” Loan Scheme and “Mahaweli Saviya” Loan Scheme.
- “Mahaweli Hela Bujun Hala” Project.
- Collecting information through conducting surveys about Investment Projects.
- Commencing Boat Services at the Mahaweli reservoirs.
- Programs implemented by the Business Development Division along with the “Mahaweli Sathiya” program.

Project to Refurbish the Circuit Bangalows Owned by the Mahaweli Authority of Sri Lanka

Circuit Bangalows Owned by the Mahaweli Authority of Sri Lanka

S. No	System	Name of the Circuit Bungalow		Number of Circuit Bungalows	Nearest Town	Number of Rooms
01	B	Ruhunuketha		1	Walikanda	10
		Pimburaththawa		2	Aralaganwila	4
		Pimburathawa (Mard)		3	Aralaganwila	4
		Hansaya Palama		4	Aralaganwila	4
02	C	Dehiyaththkandiya i		5	Dehiyaththakandiya	10
		Dehiyaththakandiya ii		6	Dehiyaththakandiya	5
		Dehiyaththakandiya iii		7	Dehiyaththakandiya	3
		Giradurukotte Training Center	VIP		Giradurukotte	1
			Normal		Giradurukotte	3
			A Grade		Giradurukotte	20
			B Grade		Giradurukotte	8
		Ulhithiya/ Rathkidha	I		Madagama	2
			II		Madagama	3
03	D	Sooriyapura		10	Kanthale	6
		Bisopura (New)		11	Madirigiriya	6
04	G	Moragahakanda Special Project		12	Moragahakanda	4
		Bakamuna		13	Bakamuna	6
05	H	Kalawewa	VIP		Kalawewa	2
			Normal		Kalawewa	3
06	L	Thabuththegama		15	Thabuththegama	4
		Nochchiyagama		16	Nochchiyagama	6
		Neerawiya		17	Thabuththegama	4
07	Victoria	222 Resident Project Office Circuit Bungalow		19	Digana	4
		Nuwereliya (New Construction)		20	Nuwereliya	6
		Kotmale 119	02	21	Kotmale	3
		Boowelikada		22	Kandy	3
08	Walawe	Udawalawe		23	Embilipitiya	4
		Embilipitiya		24	Embilipitiya	8
		Mayurapura		25	Sooriyawewa	5
09	Rambaka noya	Maha Oya		26	Maha Oya	4
		Badulla		27	Badulla	6
10	HOA	Polgolla		28	Kandy	4
		Kotmale 119	01	29	Kotmale	4
		Randenigala	VIP 1	30	Mahiyangana	3
		Randenigala (Old)	02		Mahiyangana	4
		Bowathanna		31	Naula	3
		Maduruoya		32	Aralaganwila	4
Total						187

All Circuit Bungalows were brought under the purview of the Director (Business Development) in order to convert them as income generating ventures with effect from 3rd April 2017. Such Circuit Bungalows are being managed by the Operations Division established within the Business Development Division and an Assistant Director (Business Development) has been appointed for this purpose.

3.4.1.2 Refurbished Circuit Bungalows – 2017

S. No.	Circuit Bungalow	Refurbishing work carried out	Expenditure Incurred (Rs. million)
01	Kalawewa	Complete Repairs	52.3
02	Dehiyaththakandiya	Complete Repairs, Furnitures and Fittings	64 + VAT
03	Nuwereliya	Complete Repairs, Furnitures and Fittings	15.5
04	Kotmale	Repairs to the Building and Furniture and Fittings	9.0
05	Bakamuna	Repairs to the Building, Furniture and Fittings	0.9
06	Nochiyagama	Repairs to the Building	0.4

Dehiyaththakandiya Circuit Bungalow - Before Repairs



During the Refurbishing Period



The refurbishing activities of Kalawewa, Nuwaraeliya, Bakamuna and Nochchiyagama Circuit Bungalows are in progress.

3.4.2 Online Reservations of Circuit Bungalows (e- service)

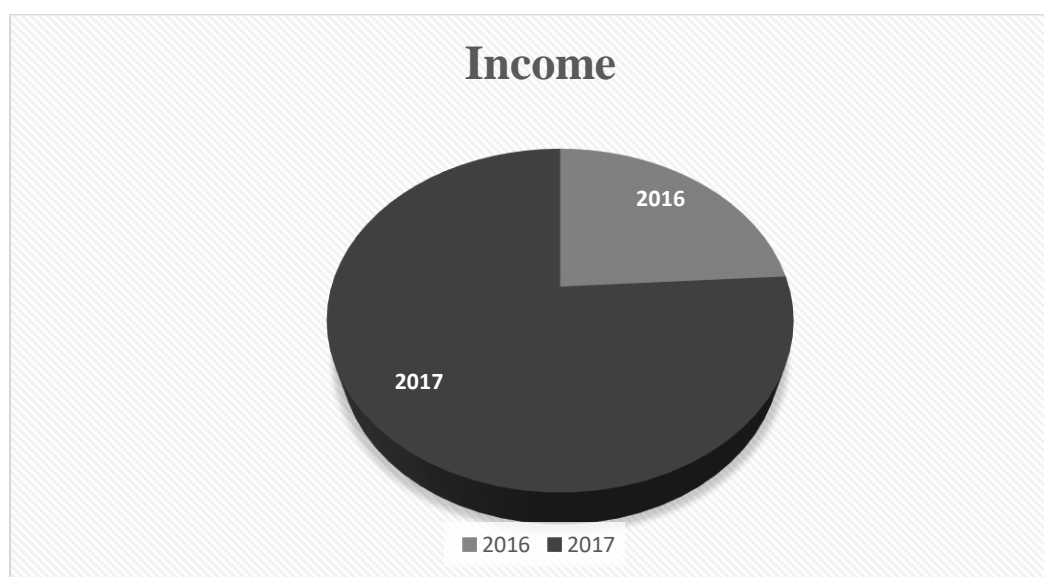
Online Reservation of Circuit Bungalows can be considered a main program introduced by the Business Development Division during the year 2017. An Online Reservation System for the Circuit Bungalows was introduced on 2nd September 2017 so as to convert the Circuit Bungalows of the Mahaweli Authority of Sri Lanka, as an income generating project. This project was launched by his Excellency the President at Ruhunuketha Circuit Bungalow in System B, by making a symbolic reservation.



3.4.3 Income Generation from the Circuit Bungalows during the year

Along with the conversion of the Circuit Bungalows into an income generating Project in 2017, the income of these Circuit Bungalows have increased to Rs. 3.6 million compared to the figure recorded for the year 2016.

Year	Income (Rs.)
2016	1,661,000.00
2017	5,260,450.00



3.4.4 “Mahweli Saviya” Loan Scheme (Up to December 2017)

System	Number of Beneficiary Farmers	Loan amount (Rs.)
H	10	2,000,000.00
C	14	2,800,000.00
G	43	8,050,000.00
Walawe	114	22,800,000.00
Total	181	35,831,000.00

3.4.5 “Moragahakanda Athwela” Loan Scheme

The persons who lost their lands because of the Moragahakanda - Kaluganga Development Project were re – settled in Wallewela and Guruwela Blocks of the Moragahakanda zone. A revolving Credit Program was implemented in order to assist these persons with the following objectives: Providing required capital to develop small scale enterprises in order to enhance the living conditions of the settlers/ their next generations and enable them to earn additional income, introduction of agriculture related value added products in order to commence agriculture – based enterprises by deviating from primary cultivation activities, functioning as a Revolving Credit Scheme in order to provide initial capital to commence non – agricultural commercial ventures and services. Under this credit scheme Rs. 25 million is being distributed among the beneficiaries. The maximum amount of loan issued to an individual is Rs. 300, 000 and these loans are granted under 7% concessionary annual interest. Repayment period of this loan is 36 months. The Regional Development Bank was selected in order to implement this Credit Scheme since it is considered a bank that maintains a cordial relation with the community and also it provides post – sanction follow - up services

Moragahakanda Athwela Loan Scheme		
System	Number of Beneficiaries	Amount of Loans Released
Moragakanda	22	6.5 million

Survey of the Investment Projects of the Mahaweli Authority of Sri Lanka

Summary up to 31st January 2018

Total		System										Total
		B	C	D	H	L	Victoria	Moragahakanda	Rambakkanoya	Huruluwewa	Wala we	
Number of Investments		325	55	12	36	38	32	3	8	14	41	563
No. of Investments in different Sectors	Crop Cultivation and Forestry	157	11	9	7	7	0	0	1	0		192
	Animal Husbandry and Ornamental Fish Culture	21	8	0	0	0	0	0	2	1	2	34
	Animal Husbandry and Crop Cultivation	33	2	2	0	30	0	0	1	1	11	80
	Garment Industry	1	12		3		3	2	1	1	5	28
	Tourism Industry	2	0	0	2	0	2	0	1	1	3	11
	Others	111	22	1	24	1	27	1	2	10	19	218
Employment Creation	Permanent	610	426	37	1,642	96	1,845	1,435	16	920	3,811	10,838
	Temporary	1,640	233	12	209	56	263	341	23	92	336	3,205

(In respect of only the Walawe System, the survey information for the year 2016 has been included)



3.4.8 Commencement of Boat Services on the Mahaweli Reservoirs

01	Victoria	Victoria Leisure (Private Limited) 339/6, Negombo Road, Peliyagoda	2016.01.06 to 2021.01.05	100,000.00	For the first two years 75,000 per year – Subsequently 5% annual increase
02	Polgolla	Mahaweli Reach Hotel 35, P. B. A. Weerakoon Mawatha, Kandy (Motor Boats)	2016.02.09 to 2019.02.08	100,000.00	181,912.50
		Cinnamon Citadel No 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2	2016.02.09 to 2019.02.08	100,000.00	181,912.50
		Mahaweli Reach Hotel 35, P. B. A. Weerakoon Mawatha, Kandy	2016.08.02 to 2018.08.02	100,000.00	300,000.00
03	Dambuluoya	D. P. Thalagala Pleasure Island, Reservoir Road, Dambulla	01 year	100,000.00	330,000.00
04	Randiniwewa (Huruluwewa System)	S. P. Lakith Kanchana, Village Safari Tours	01 year	25,000.00	25,000.00
05	Mahaweli Ganga	L. L. Dimuthu Dayananda	01 year	25,000.00	25,000.00



Progress of Programs implemented within the Mahaweli Systems during the Mahaweli Week

S. no.	System	Number of Programs	Expenditure (Rs.)	Number of Beneficiaries
01	B	06	318,725.00	645
02	C	05	813,010.00	216
03	D	01	19,990.00	85
04	G	06	522,032.00	152
05	Rambakkanoya	02	700,000.00	16
06	Huruluwewa	04	752,000.00	49
07	L	03	335,710.00	112
08	Walawe	04	667,740.00	72
09	Head Office	01	192,900.00	220
10	Total	32	4,322,107.00	1567

Photos of “The Entrepreneurs Meet” conducted by the Head Office



CHAPTER FOUR

Human Resources and Financial Management Division

Personnel & Administration Division

4.1 Human Resources Management Division

All activities related to the Human Resources Management of the Mahaweli Authority of Sri Lanka are being carried out by the Personnel and Administration Division.

The Personnel and Administration Division of the Mahaweli Authority of Sri Lanka remains one of the main divisions of the Authority and large number of functions have been entrusted entrusted to that Division.

The Functions allocated to the Personnel and Administration Division include:

- Identification of the Cadre
- Planning of the Cadre
- Revising the Cadre
- Obtaining the approval of the Management Services Department and placement of employees.

- Absorbing of Human Resources
 - * Calling for applications in order to fill the vacancies
 - * Conducting of Examination / Interviews
 - * Selection of suitable persons

- Human Resources Training and Development
 - *Orientation Programs
 - * Conducting of Training Programs
 - * Providing of local and overseas Scholarships
 - * Promotions and Increments
 - * Confirmation of Service

- Human Resources Motivation and Development of Attitudes
- Transfers
- Retirements
- Termination
- Release of gratuity payments and other benefits
- Functions related to the EPF / ETF
- Disciplinary Procedures

- Motivation
- Evaluation of the Performance
- Supervision and Monitoring of the Staff
- Operation and Organizations
 - *Administration
 - * Transport
 - * Planning Operation
 - * Security
 - * Land Division
 - * Legal Division
 - * Coordination
- Public Relations
 - *Activities Related to the Official Functions
 - * Parliamentary Select Committee on Administrative Functions
 - * Public Petitions Committee
 - *Providing answers to the oral questions sent from the Parliament, Participation and Coordination with other Divisions.
- Preparation of Annual Estimates related to the Administration Division.
- Implementation of the Office Systems.
- Evaluation and introduction of new methodologies.

4.1.1 Targets and Progress during the year 2017

Target

The key target of the Personnel and Administration Division in the year 2017 was the identification of vacancies and filling such vacancies expeditiously.

4.1.2 Targets of 2017

- By observing the needs and the issues prevailing within the Organization revising the existing recruitment procedure accordingly and obtaining approval for same.
- Identification of vacancies that exist in each Division and making arrangements for calling for application to fill such vacancies.
- Implementation of the Annual Staff Transfer Policy.
- Making arrangements to call for applications for promotions.
- Taking steps to implement the Revised Recruitment Scheme revised by the Supreme Court.

Progress:

The Personnel and Administration Division has recorded a remarkable progress during the year 2017 by carrying out new recruitments.

The information related to the promotions/ new recruitments for the year 2017 with regard to the vacancies prevailed within the Mahaweli Authority of Sri Lanka.

S. No.	Position	Internal No.	External No.
1	Deputy Director General (Technical Services)	1	
2	Director (Agriculture)	1	
3	Director (Downstream Development)	1	
4	Director (Headworks, Administration, Operation and Maintenance)	1	
5	Hydrologist	2	
6	Assistant Director (Administration)		1
7	Assistant Director (Administration)	1	
8	Assistant Director (Agriculture)	2	
9	Assistant Director (Business Development)	1	
10	Assistant Director (Institutional Development)	3	
11	Assistant Director (Land use and Planning)	1	
12	Deputy Resident Project Manager (Administration)	5	
13	Engineer (Civil)	1	34
14	Engineer (Electrical)	-	7
15	Engineer (Mechanical)	-	4
16	Accountant	5	
17	Accounts Officer	2	
18	Internal Auditor	1	
19	Water Quality Officer		2
20	Tissue Culture Officer	2	
21	Special Studies Officer (Technical Services)	1	
22	Security Officer	8	
23	Technical Engineer (Civil)	4	
24	Technical Engineer (Mechanical)	2	
25	Environment Officer	2	
26	Farm Manager	5	
27	Physical Planner	-	2

S. No.	Position	Internal No.	External No.
28	Internal Audit Officer	3	
29	Institutional Development Officer	10	
30	Business Development Officer	2	
31	Progress Monitoring Officer	4	
32	Agriclutural Officer	18	
33	Unit Manager	32	22
34	Development Asssitant	5	13
35	Tissue Culture Technician	-	1
36	Dairy Resources Development Assistant	4	
37	Network Technologist	1	2
38	Engineer Assistant (Civil)	35	28
39	Engineering Assistant (Mechanical)	-	15
40	Engineering Assistant (Electrical)	1	2
42	Management Assistant	6	59
43	Environment Development Assistant	3	
44	Feild Assistant	10	11
45	Foreman	3	
46	Driver	9	24
47	Tarctor Operator	4	
48	Plumber	1	
49	Motor Mechanic	6	
50	Electrician (Ordinary/ Vehicles)	3	
51	Security Guard		3
52	Irrigation Worker		17
Total		212	268

Officer Training and Progress 2017

S. No.	Date	Name of the Program	No. of Participants	No. of Hours (For each Officer)			No. of Hours (In respect of all Officers participated for the Program)	Expenditure (Rs)
				Day	Hour	Total Hours		
1	2017/2/7 to 9	Institutionalizing of new Unit Managers	28	3	10	30	840	123300.00
2	2017/02/12 to 16	Skills Development Program for MSO Officers – Phase VI	50	5	10	50	2500	227100.00
3	2017/03/19 to 26	Skills Development Program for MSO Officers – Phase VII	50	5	10	50	2500	572200.00
4	2017/04/22 to 28	Skills Development Program for MSO Officers – Phase VIII	50	5	10	50	2500	576800.00
5	2017/5/5 to 7	Training Workshop for the Higher Management of the MASL	40	1	4	4	160	346,500.00
6			40	1	15	15	600	
7			40	1	9	9	360	
8	2017/05/19 to 25	Skills Development Program for MSO Officers – Phase IX	50	5	10	50	2500	576800.00
10	2017/ 6/18 to 20	Training Workshop for the Middle Level Managers – Expanding the Activities of MASL	72	1	4	4	288	329,153.00
11			72	1	15	15	1080	
12			72	1	9	9	648	
13	2017/7/8 to 9	Training Workshop for the Circuit Bungalow Care Takers	25	2	8	16	400	129000
14	2017/7/5 to 9	Skills Development Program for MSO Officers – Phase X	50	5	10	50	2500	563800.00
15	2017/7/13 to 14	Skills Development Workshop DA / MA Mahaweli Center	45	2	8	16	720	88300 .00
16	2017/07/20 to 21	Training Workshop for Higher Productivity (Staff Assistant)	25	2	9	18	450	63500.00

S. No.	Date	Name of the Program	No. of Participants	No. of Hours (For each Officer)			No. of Hours (In respect of all Officers participated for the Program)	Expenditure (Rs)
				Day	Hour	Total Hours		
17	2017/ 07/29 to 31	Training Workshop for Middle Level Managers (Galgamuwa)	70	1	4	4	280	278,500.00
18			70	1	15	15	1050	
19			70	1	9	9	630	
20	2017/08/13 to 19	Skills Development Program for MSO Officers – Phase XI	50	5	10	50	2500	576800.00
21	2017/9/11 to 15	Awareness Workshop on Mahaweli Restructuring Program				0	0	17880.00
22	2017/03/16 to 17	Workshop on Planning and Operations (Girandurukotte)	40	1	8	8	320	77,620.00
23			40	1	8	8	320	
24	2017.3.7	Workshop on Procurement Process – Mahaweli Center	60	1	9	9	540	24120.00
25	2017/10/13 to 15	Skills Development Program for MSO Officers – Phase XII	50	5	10	50	2500	576800.00
26	2017/10/29 to 2017/11/4	Skills Development Program for MSO Officers – Phase XIII	50	5	10	50	2500	576800.00
27	9/22/2017	Awareness Training Workshop on Mahaweli Week	90	1	5	5	450	32500.00
28	9/27/2017	Training Workshop conducted for the National Food Program	70	1	6	6	420	18875.00
29	8/8/2017	GPS Training Workshop	30	2	8	16	480	109421.00
30	8/24/2017	Workshop on Productivity	70	1	5	5	350	34630.00
	Total		1469				30386	5832099.00

4.2 Legal Division

As per the MASL Act No. 23 of 1979 and the other 23 Incidental Acts, the following main functions have been delegated to this Division : Planning of legal actions, preparation and implementation of various legal contracts between different organizations and persons, co-ordination with constituent bodies such as Parliamentary Advisory Committees, Petition Committees, Parliamentary Commissioner for Administration, Arbitration, Labour Tribunals and Human Rights Commission with regard to the complaints submitted in respect of Employer/Employee issues.

4.2.1 Activities implemented during the year 2017

1. Agreements related to the Boat Services
 - i. Agreement related to the non- mechanical boat service within the routes marked in Huruluwewa, Randeniyawewa.
 - ii. Agreement related to the mechanical boat service within the routes marked in the Dambuluoya Ibbankatuwa reservoir.
 - iii. Agreement related to the non- mechanical air boat service for tourist activities within the routes marked in the Mahaweli Ganga.
 - iv. Agreement related to the mechanical boat service for tourist activities within the route marked at the Vitoria reservoir.
 - v. Randenigala Boat Service.
2. Agreement related to leasing out of lands owned by the Mahaweli Authority of Sri Lanka in order to install Telephone Towers.
3. Agreement related to landing of floating air crafts at the reservoirs owned by the Mahaweli Authority.
4. Agreement with regard to the cultivation of *Giniseeriya* Plant within the Mahaweli Authority area.
5. Agreement between the Mahaweli Authority of Sri Lanka and the Ministry of Primary Industries with regard to obtaining of Pineapple Tissue Culture Plants.

4.3 Finance Division

The main functions delegated to the Finance Division include: Preparation of estimates according to the Corporate and Annual Plans of the Organization, preparation of Budgetary proposals in order to obtain allocations made for the Mahaweli Authority of Sri Lanka under the National Budget, forecasting of monthly fund requirements and receipt of funds from the Treasury, preparation of annual estimates for National and Foreign Projects, payment of staff salaries and other payments, management of physical assets, furnishing information to the Audit Queries, and queries sent by the Parliamentary Committee on Public Enterprises (COPE).

Report on Financial Performance for the year ended on 31/12/2017

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED on 31.12.2017						
Group	Authority			Group	Authority	
Rs'000	Rs'000			Rs'000	Rs'000	
2016	2016		Schedule	2017	2017	
		Income	(1)			
270,109	270,109	Taxes		197,530		197,530
290,752	290,752	Royalties		159,984		159,984
43,355	-	Contract Services		32,367		8
6,267	-	Farm Product Sales		5,012		-
1,448	1,448	Revolving Income		206		206
6,651	120	Investment Income (MCB, NRMS & Venture Capital)		9,098		-
76,050	75,366	Other Income		214,967		214,876
694,632	637,795	Generated Income		619,164		572,604
2,680,000	2,680,000	Treasury Grants - Recurrent		2,630,010		2,630,010
2,300,694	2,300,694	-Capital		2,345,477		2,345,477
5,675,326	5,618,489			5,594,651		5,548,091
		Less Expenditures	(2)			

2,558,421	2,531,241	Personnel Emoluments			2,502,206	2,474,372
39,470	39,234	Travelling & Subsistence Allowances			42,932	42,606
164,663	160,251	Supplies / Transportation			129,398	126,347
95,980	94,531	Maintenance Expenses			60,504	58,706
108,095	107,188	Contractual Services			122,924	121,705
276	276	Insurance			293	293
69,979	54,922	Other Expenses			80,311	69,278
471,953	468,608	Depreciation			502,703	499,339
-	-	Write-off of Income			-	-
2,227,532	2,227,532	Rehabilitation, Constructions, Other Maintenance,	(3)		2,557,832	2,557,832
		Community Development & Other Settler Services			-	-
12,520	12,520	Loss - Circuit Bangloes			13,810	13,810
	-	Loss - Mechanical Workshop			9,168	9,168
29	29	Loss - Development Training Center			8,469	8,469
-	-	Loss - Drinking Water Project			2,267	2,267
101	101	Loss - Nurseries	(4)		9,779	9,779
(40,118)	(40,118)	Farm Losses	(5)		(349)	(349)
5,708,901	5,656,315	Total Operating Expenses			6,042,247	5,993,622
(33,575)	(37,826)	Surplus (Deficit) from Operating Activities			(447,596)	(445,531)
(25)	(25)	Add: Profit / (Loss) on Sale of Assets	(6)		1,685	11,685
(1,000)		Less: Taxes			1,569	-
(34,600)	(37,851)	Surplus (Deficit) after Tax			(437,480)	(433,846)
		Dividends				
(23,283,130)	(22,965,195)	Balance B/F as at 01.01.2017			23,317,730	23,003,046
(23,317,730)	(23,003,046)	B/F Net Surplus/ (Deficit)			(23,755,210)	(23,436,892)

Cash Flow Statement for the year ended 31/12/2017

			Group	Authority
			('Rs '000)	('Rs '000)
Cash Flows from Operating Activities			(447,594)	(445,531)
	Payment of Taxes		(1,569)	
With adjustments with regard to the previous year				
Non- cash Transactions				
	Depreciation		530,614	526,604
	Provision for Gratuity Payments		(101,187)	(102,313)
	Earnings from increased assets		(32,226)	(31,034)
	Transfer of Assets		(145,568)	(145,682)
	Increase/decrease in Expenditure		52,913	52,981
Operational Activities				
	Increase/decrease in payables		495,940	434,577
	Increase/decrease in Stocks		(9,968)	(10,909)
	Increase in Other Receivables		(298,322)	(230,892)
Net Cash flow from Operational Activities			43,033	47,801
Cash flow from Investment Activities				
	Movements in Properties, Machineries & Equipment		(332,309)	(331,101)
	By sales of assets		36,218	36,218
	Increase in Investments & Work in Progress		(46,226)	(40,670)
Net Cash flow from Investment Activities			(342,317)	(335,553)
Cash flow from Financial Activities				
	Capital Grants		329,845	331,101
Net cash flow from Financial Activities			329,845	331,101
Net increase/decrease in Cash & Cash Equivalents			30,562	43,348
Balance of Cash & Cash Equivalents as at 01.01.2017			312,750	282,264
Balance of Cash & Cash Equivalents as at 31.12.2017			343,312	325,612

Statement of Changes in Equities

		Group		Rs.'000
	Consolidated Fund	Reserves	Retained Earnings	Total
		-		
Balance as at 1. 1 2016	23,715,096	4,072,587	(23,334,844)	4,452,839
During the year	361,063	(14,384)	17,114	363,793
Balance as at 31.12.2016	24,076,159	4,058,203	(23,317,730)	4,816,632
Balance as at 1.1.2017	24,076,159	4,058,203	(23,317,730)	4,816,632
During the year	331,101	(1,256)	(437,478)	(107,633)
Balance as at 31.12.2017	24,407,260	4,056,947	(23,755,208)	4,708,999
Statement on Changes in Equities		Mahaweli Authority		Rs.' 000
	Consolidated Fund	Reserves	Retained Earnings	Total
		-		
Balance as at 01.01.2016	23,712,092	4,019,027	(23,033,762)	4,697,357
During the year	361,063	(12,945)	30,714	378,832
Balance as at 31.12.2016	24,073,155	4,006,082	(23,003,048)	5,076,189
Balance as at 01.01.2017	24,073,155	4,006,082	(23,003,048)	5,076,189
During the year	331,101	-	(433,846)	(102,745)
Balance as at 31.12.2017	24,404,256	4,006,082	(23,436,894)	4,973,444

4.4 Mahaweli Security Corps

The Mahaweli Security Corps was established in the mid part of 1985 in order to provide security to the main constructions, building complexes and properties of the Mahaweli Authority of Sri Lanka and, as well as, provide security to the Officers/employees of MASL and the settlers.

At that time the Security functions of the Mahaweli Economic Agency and the Mahaweli Engineering and Construction Agency, were handled by few Security Officers attached to that respective Agencies and it comprised a small group of Security Personnel. The Security Officers attached to the Mahaweli Economic Agency and Mahaweli Engineering and Construction Agency were absorbed in to the Mahaweli Security Corps in 1989 with the objective of de- centralizing the Security functions of the MASL and stream line the security operations.

4.4.1 Progress in the year 2017

1. Essential 8 Restructuring Training Workshops related to the Security Division was completed.
2. Filling of the vacancies in the Officer Grade and promotions.

4.5 Mahaweli Centre

Administration Division

All Administrative Functions and Office Systems entrusted by the Director of the Office are being implemented by this Division.

The Administrative Officer functions as the Supervising Officer of this Division.

- Number of employees attached to the Mahaweli Center during the year 2017 - 32.
- Number of employees who came on transfers during the year 2017 – 5.
- The funds allocated for the Administration Division for the purchase of Office Equipment and Fixed Assets – Rs. 6. 452 million.
- During the year 2017 office equipment was obtained for the use of the employees of the Mahaweli Center.

Sports Division

Sports Activities are conducted with the coordination of all Mahaweli Systems. The Sports Division was established in the middle part of 2016 and during the remaining part of 2016 as well as during the year 2017, the Mahaweli Sports Festivals were conducted with the support of a limited number of staff. This can be referred as an achievement of this Division.

Sports Programs – 2017

- Establishment of Sports Clubs / Organizations.
- Mahaweli Games 2017 – Inter Systems Competitions
 - Volley Ball (Male/ Female) Competition
 - Netball (Female/ Female Officers) Competition
 - Kabadi (Male/ Female) Competition
 - Marathon (Male / Female) Competition
 - Cricket (Male/ Female) Officers, Competition
 - Elle (Male/ Female) Competition

- Mahaweli Sports Festival was held at the National Stadium, Polonnaruwa on 9th and 10th September 2017
Athletics (Male/ Female) Competition
- Cycle Race (Male/ Female) Competition

Summary of the Progress - 2017

	Amount Allocated	Amount Spent	Balance	Description
Mahaweli Prathiba Cultural Program	Rs. 4,200,000,00	Rs. 5,885,730,00	No funds	Excess of funds have been spent
Vesak Bathigee	Rs. 77,000,00	Rs. 77,000,00	-	No funds
Ama Rasa Gee	Rs. 140,000,00	Rs. 140,000,00	-	No funds
For Cultural Corps	Rs. 1,000,000,00	This amount has been spent for Mahaweli Prathiba Cultural Program		
Mahaweli Sports and Cultural Activities	Rs. 500,000,00			
Announcer Training Program	Rs. 500,000,00	Rs. 500,000,00	-	No funds

Summary of the Physical Progress of the Cultural Division –2017

Mahaweli Prathiba Cultural Program	It was held successfully at Nelumpokuna Stadium, Colombo on 27/04/2017. This event which was held under the distinguished presence of His Excellency the President, provided an opportunity for the sons and daughters of Mahaweli settlers representing all Mahaweli Systems to showcase their talents. They were able to exhibit their varied talents and skills for a national level audience. Competitions were held in dancing, singing and music sections at inter Block level and inter Systems level and the troops which won at inter Block level and inter Systems level competitions, performed at the national level.
Vesak Bathigee “Meth Sarani”	A Vesak Bathigee program was held at the Head Office premises on the Vesak Poya Day (09/05/2017) with view to contributing the spiritual development of the Mahaweli Officers and aslo to promote religious coexistence.
Ama Rasa Gee	A Musical program titled ‘Ama Rasa Gee’ was held on 10/03/2017 for the benefit of the Mahaweli Staff and the Retired Mahaweli Officers.

Announcer Training Workshop	This program was conducted in order to enhance the announcement skills of the children of the farmers representing all Mahaweli Systems, to provide opportunities to showcase their talents and enable them to obtain job opportunities based on their practical skills. This Training Workshop was conducted in 2 parts and the 1st Workshop was conducted on 26 th , 27 th and 28 th March. The 2 nd Workshop was held on 27 th , 28 th and 29 th October.
For the Cultural Corps Mahaweli Sports and Cultural activities	A cultural program was held for the Cultural Corps, simultaneously with the 2017 Mahaweli Games and all expenditures for these activities were borne by the respective Systems. The provisions made available for these activities were spent for Mahaweli Prathiba Cultural Program.

Publications Division

1) Amount Allocated for <i>Diyawara</i> Magazine	Rs. 400,000.00
Expenditure incurred for the Magazine	Rs. 316,250.00
2) For the <i>Helawari Purawatha</i> Publication	Rs. 500,000.00
Expenditure incurred for the Publication	Rs. 424,060.00

Audio Visual Division

All Audio Visual recordings of the Mahaweli Center are being carried out at the Gamini Disanayake Auditorium in the Mahaweli Center. This auditorium is being rented out to the state and external organizations. The activities of this Division is being conducted under the supervision of the Senior Audio Visual Officer.

Hydrology Museum

It is expected to recruit personnel from outside to conduct the activities of this museum.

An Institutional Development Officer has been deployed to undertake the activities carried out by this Division.

Activities implemented by this Division during the year 2017 included involving school students in Workshops on irrigation and irrigation technology.

2017.08.28

A Training Program was conducted for a group of 12 students of the Jayawardhanapura University.

2017.09.29

A lecture was delivered on Irrigation History for the school students of Colombo area.

Number of Participants 200.

Date 2017.10.20

Financial Expenditure: - Rs. 91,170.00

Number of Participants:- 200 (School Students)

Date 23.11.2017

A workshop was organized simultaneously with the Empowerment Program of the Environment Corps.

A workshop on the Traditional Studies on Environment.

Number of Participants 200 (Under graduates)

Financial Expenditure Rs. 99,255,00

The purpose of conducting this program was to educate the future generation on the Irrigation History and Technology. Approximately, 400 school students and university students participated in these programs.

4.5 Transport Division

The basic functions allocated to the Transport Division include: Responsibility in respect of all vehicles of the Mahaweli Authority of Sri Lanka, repair and maintenance of all vehicles, updating Revenue Licenses and Insurance Certificates, allocation of vehicles to the Officers attached to the Head Office, preparation and updating annual estimates for the maintenance and fuel of the vehicles, providing fuel to the vehicles, maintain records and perusing running charts, preparation of a list of vehicles owned by the Authority, taking necessary steps when the vehicles are involved in accidents, obtaining insurance compensation and coordination work related to the relevant subject.

Accordingly, during the year 2017 the following activities have been carried out by the Transport Division: 798 vehicles have been allocated to the Head Office and the Zonal Offices. 73 vehicles are attached to the Head Office and 71 drivers are in the service.

An amount of Rs. 16 million was allocated as Capital Expenditure for the year 2017 and approximately Rs. 10 million was spent during this period. It indicates a progress of 61.9%.

During the year, services were conducted for 122 vehicles; and 320 repairs were carried out.

Allocation of pool vehicles for the day to day work of the Authority and organizing vehicles for field tours are being carried out by this Division. During the year 679 field tours have been organized. In respect of that tours, an expenditure of Rs. 5,064,889.50 was incurred and the amount paid for the drivers as subsistence and overtime payments was Rs. 2,485,600.00.

In respect of the vehicles attached to the Head Office 14 vehicles have been fully insured and 3rd party insurance covers have been obtained for the other vehicles. An expenditure of Rs. 1,214,099.84 was incurred for insurance cover; The expenditure incurred for the revenue licenses was Rs. 341,584.00.

During the year investigations with regard to 12 vehicle accidents were completed and 43 vehicles were disposed of.

The activities of the Transport Division are handled by a 16 member staff which includes Assistant Director (Transport), Chief Mechanical Engineer, Engineering Assistant and Administrative Assistant.

Chapter Five

5.1 Companies established under the Mahaweli Authority of Sri Lanka

Management of some of the business activities carried out by the MASL has been handed over to the following Companies, under the Companies Act:

1. Mahaweli Livestock & Agro Enterprises (Pvt) Ltd

2. Mahaweli Consultancy Bureau (Pvt) Ltd

3. Natural Resources Management Services (Pvt) Ltd

Board of Directors of the Companies established under the Mahaweli Authority of Sri Lanka – 2017

S. No.	Company	Chairman	Board of Directors	Head Office Address
01	Mahaweli Dairy Resources and Agricultural Enterprises (Private) Limited		1.Mr. Parakrama Abeywardana 2.Mr. Edward De Mel (Director) 3.Mr. Osman De Silva (Director)	No 260/20, Baseline Road, Colombo 09
02	Mahaweli Consultancy Services Bureau Limited	Dr. Harsha Samaraweera	1. Mr. K. L. S Sahabandu 2. Eng. Mr. L. R. H Perera	No 11, Jawatha Road, Colombo05

Performance of the Companies during the year 2017

S. No.	Company	Functions performed during the year/Status
01	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd	<ul style="list-style-type: none"> ❖ Collection of milk from the farmers of the area and provision of services ❖ Activities related to the products of milk ❖ Supply of pullets to the farmers under the Village Poultry Project ❖ Supply of buffaloes to the Department of Animal Production and Health to be used as studs ❖ Production and marketing of high quality broilers
02	Venture Capital Company (Pvt) Ltd	Remains closed
03	Mahaweli Consultancy Bureau (Pvt) Ltd	Operational income has been generated during the year 2017 by Feasibility Studies and Contracts.
04	Natural Resources Management Services (Pvt) Ltd	<p>Operational income was generated during the year 2014, through the following activities:</p> <ul style="list-style-type: none"> • Surveying of lands and preparation of plans in the Victoria and Kotmale systems – Rs. 213,800.00 • Soil Research Project – Rs. 1,018,479.01 • H – Q measurement of Nanuoya & Coledoniya gauging station – Rs. 437,472.00 • Organic Farm Project in Puwakpitiya and Ilukkumbura in the Matale district – Rs. 200,000.00 • Hatale Plantation Project – Rs. 160,000.00 • Preparation of the Initial Environmental Impact Report – Amara Leisure Hotel – Rs 300,000.00

Annual Accounts

Part II

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The Mahaweli Authority of Sri Lanka (MASL) was established under the Act No. 23 of 1979. The functions of the Mahaweli Authority of Sri Lanka are set out in Section 12 of that Act and are entrusted with the task of implementing the Mahaweli Development Program. According to the Mahaweli Act, the functions of the Authority in, or in relation to, any Special Area shall be:

- (a) To plan and implement the Mahaweli Ganga Development Scheme including the construction and operation of reservoirs, irrigation distribution systems and installation of plants for the generation and supply of electrical energy. Provided, however, that the function relating to the distribution of electrical energy may be discharged by any authority competent to do so under any other written law.
- (b) To foster and secure the full and integrated development of any Special Area.
- (c) To optimize agricultural productivity and employment potential and to generate and secure economic and agricultural development within any Special Area.
- (d) To conserve and maintain the physical environment within any Special Area.
- (e) To further the general welfare and cultural progress of the community within any Special Area and to administer the affairs of such area.
- (f) To promote and secure the participation of private capital, both internal and external, in the economic and agricultural development of any Special Area.
- (g) To promote and secure the co-operation of Government Departments, state institutions, local authorities, public corporations and other persons, whether private or public, in the planning and implementation of Mahaweli Ganga Development Scheme and in the development of any Special Area. The Mahaweli Authority of Sri Lanka comprises four Subsidiary Companies and one Associate Company. They include: Mahaweli Venture Capital Company (Pvt) Ltd., Natural Resources Management Services (Pvt) Ltd., Mahaweli Livestock and Agro Enterprises (Pvt) Ltd., Mahaweli Consultancy Company (Pvt) Ltd., and Mahaweli Livestock Enterprises Company (Pvt) Ltd.

All the above companies have been incorporated under Companies Act No.07 of 2007 and carry out the following principal activities:

Principle Activities of Mahaweli Companies

Subsidiary Companies

A) Natural Resources Management Services (Pvt) Ltd.

- i] Provision of professional advice and services in the field of Natural Resources Management such as designing constructions, conducting training, hydrological monitoring, land use mapping, catchment area conservation and forestry etc.
- ii] Provision of information and data and preparation of Feasibility Studies, Environmental Impact Assessments (EIA), Initial Environmental Evaluation Reports, etc.

B) Mahaweli Livestock and Agro Enterprises (Pvt) Ltd.

- i] To make available high quality animals to Mahaweli farmers.
- ii] Production and marketing of dairy and meat products.

C) Mahaweli Consultancy Bureau (Pvt) Ltd.

- i] Provision of consultancy services in the fields of construction of buildings, irrigation works, land drainage and roads.
- ii] Undertake of construction contracts in the fields of construction of buildings, Irrigation works, land drainage and roads.

Associate Company

A) Mahaweli Livestock Enterprises Ltd.

- i] Broiler production and marketing.
- ii] Broiler buy back arrangements with producer Mahaweli farmers.

However, the Board of Directors has decided in 2012 to liquidate Mahaweli Venture Capital (pvt) Ltd. Therefore, the accounts of this Company was included in Consolidated Accounts and disclosed through Assets & Liabilities Note as at 31. 12. 2017.

2. Basis of Accounting

2.1 Statement of Compliance:

The Financial Statements comprise the Statement of Financial Position, Statement of Operations, and Statement of Changes in Net Assets/Equity, Cash Flow Statements and Notes to the Financial Statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The Accounting Policies adopted are consistent with those used in the previous financial year.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the disclosures of property, plant and equipment.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees. All Financial Information presented in Rupees has been rounded to the nearest Thousand.

2.4 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and result may differ from these judgements and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to Accounting Estimates are recognized in the period in which the estimates are revised, if the revision affects only that period.

2.5 Changes in Accounting Policies

The Accounting Policies followed during the previous year were continued in the same manner during the current year, as well.

3. Significant Accounting Policies

The Accounting Policies set out below have been applied consistently to all periods presented in those Financial Statement.

3.1 Basis of Consolidation

3.1.1 The Consolidated financial statements are prepared by consistent application of consolidated procedures, which include amalgamation of the financial statements of the Authority and subsidiaries. Thus, the consolidated financial statements present financial information about the Mahaweli Authority of Sri Lanka, as a single economic entity.

3.2 Property and Equipment

3.2.1 The purchase price of assets or costs of constructions and any attributural cost of bringing the asset for working condition for its intended use are considered as, cost of the assets, and all other assets, other than motor vehicles and furniture, were revalued in 2015 and taken into account.

- 3.2.2 The provision of depreciation is calculated on the cost of revaluation of all properties, plant and equipment other than free hold land, on a straight line basis such that the cost of the asset is amortized over the period appropriate to the estimated life of the type of asset.

		per annum
1]	Buildings – Office	2-1/2 %
	-Others	5%
2]	Motor Vehicles	20%
3]	Machinery and Equipment – Office Equipment and Welfare Items	15%
4]	Machinery and Equipment – Generators	15%
5]	Machinery and Equipment – Construction	15%
6]	Machinery and Equipment – General	15%
7]	Furniture and Fittings	10%
8]	Computer and Accessories	20%

3.3 Investments

3.3.1 Investment in Associate Company

Investment in the Associate Company is accounted for at cost and is classified as a long term investment in the Balance Sheet. Since the Authority has no significant influence in the financial and operating policy decisions of the investing company, the adoption of the equity method is inappropriate.

3.3.2 Other Investments

Other investments are treated as long term investments in Balance Sheet and stated at cost.

3.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision has been made where necessary for slow moving, defective and obsolete stocks.

3.5 Trade and Other Receivables

Trade and other receivables are stated at the values estimated to be realized net of provision for bad and doubtful receivables.

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank overdrafts that are repayable on demand and form an integral part of the MASL cash management. They are included as a component of cash for the purpose of the Statement of Cash Flows.

3.8 Liabilities and Provisions

Liabilities classified as Current Liabilities on the Balance Sheet are those obligations payable on demand and within one year from the Balance Sheet date. Items classified as Non-current Liabilities are those obligations which exist beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the financial statements.

3.10 Retiring Benefit Plan

Provision has been made for payment of retirement gratuities for all employees. The computation of the provision is based on half month's qualifying Salary at the end of the financial year, for each year of service commencing from the first year of service.

3.11 Income Statement

3.11.1 The MASL revenue comprises of grant received from the General Treasury, lease rental income from state land under administration of MASL, royalties from quarters and income from investments and interest.

3.11.2 Revenue are recognized to the extent that it is probable that economic benefits will flow to MASL and that it can be reliably measured. Lease rentals, other rents, royalties and interest income is recognized on an accrual basis.

3.12 Expenditure

All expenses incurred in a day to day operation of the organization and maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit / loss for the year; provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant and equipment.

3.13 Post Balance Sheet Events

All material events occurring after the date of Balance Sheet were adjusted where necessary.

3.14 Contingencies

The contingent liability as at 31.12.2017 on various litigations filed against the Mahaweli Authority of Sri Lanka was Rs.43.775 million.

Statement on the Consolidated Financial Position as at 31. 12. 2017

		Group		Authority	
		Rs' 000	Rs' 000	Rs' 000	Rs' 000
	Note	2017	2016	2017	2016
ASSETS					
Noncurrent Assets					
Machinery and Equipment	(1)	4,116,187	4,193,457	4,045,083	4,119,436
Investment	(2)	187,531	178,556	526,316	522,897
Work in progress		78,552	41,301	78,552	41,301
Total Non-Current Assets		4,382,270	4,413,314	4,649,951	4,683,634
Current Assets - Capital		134,578	102,353	127,444	96,410
Proposed Write -offs		859	859		
Current Assets					
Inventories / stocks	(3)	184,815	168,092	181,521	164,408
Other Assets -Trade		15,875	22,630	14,791	20,995
Trade and Other Receivables	(4)	2,084,069	1,782,898	1,962,173	1,726,422
Prepayments		3,896	8,754	3,896	8,754
Bank Guarantees		6,164	4,153		-
Cash and Cash Equivalents	(5)	343,312	312,750	325,612	282,264
Total Current Assets		2,638,131	2,299,277	2,487,993	2,202,843
Total Assets		7,155,838	6,815,803	7,265,388	6,982,887
LIABILITIES					
Current Liabilities					
Payable to the creditors	(6)	879,967	378,262	766,474	331,898
Lease – Alliance Fin. Co.		2,153	3,080		
Accrued Expenses	(7)	175,733	122,820	148,950	95,969
Total Current Liabilities		1,057,853	504,162	915,424	427,867
Non-Current Liabilities					
Provision for Gratuity	(8)	1,388,101	1,489,288	1,376,517	1,478,830
Bank Loans		-	2,455	-	
leases		271	2,653	-	
Deferred Tax		612	612	-	
Total Non-Current Liabilities		1,388,984	1,495,008	1,376,517	1,478,830
Total Liabilities		2,446,837	1,999,170	2,291,941	1,906,697
Total Net Assets		4,709,001	4,816,633	4,973,447	5,076,190
Net Assets/Equity					
Consolidated Fund	(9)	24,407,260	24,076,159	24,404,526	24,073,155
Reserves- B/F Balance of Income and Expenditure A/C		23,755,208)	(23,317,730)	(23,436,894)	(23,003,048)
Income Reserves - Companies		50,865	52,121	-	-
Revaluation Profits		4,006,082	4,006,082	4,006,082	4,006,082
Total Net Assets /Equity		4,708,999	4,816,632	4,973,714	5,076,189

Cash Flow Statement for the year ended 31/12/2017

			Group	Authority
			(Rs '000)	(Rs '000)
Cash Flows from Operating Activities			447,594)	(445,531)
	Payment of Taxes		(1,569)	
With adjustments with regard to the previous year				
Non- cash Transactions				
	Depreciation		530,614	526,604
	Provision for Gratuity Payments		(101,187)	(102,313)
	Earnings from increased assets		(32,226)	(31,034)
	Transfer of Assets		(145,568)	(145,682)
	Increase/decrease in Expenditure		52,913	52,981
Operational Activities				
	Increase/decrease in payables		495,940	434,577
	Increase/decrease in Stocks		(9,968)	(10,909)
	Increase in Other Receivables		(298,322)	(230,892)
Net Cash flow from Operational Activities			43,033	47,801
Cash flow from Investment Activities				
	Movements in Properties, Machineries & Equipment		(332,309)	(331,101)
	By sales of assets		36,218	36,218
	Increase in Investments & Work in Progress		(46,226)	(40,670)
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Cash flow from Financial Activities				
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Net cash flow from Financial Activities			329,845	331,101
Net increase/decrease in Cash & Cash Equivalents			30,562	43,348
Balance of Cash & Cash Equivalents as at 01.01.2017			312,750	282,264
Balance of Cash & Cash Equivalents as at 31.12.2017			343,312	325,612

Report on Financial Performance for the year ended on 31/12/2017

Group	Authority			Group	Authority
Rs'000	Rs'000			Rs'000	Rs'000
2016	2016		Schedule	2017	2017
		Income	(1)		
270,109	270,109	Taxes		197,530	197,530
290,752	290,752	Royalties		159,984	159,984
43,355	-	Contract Services		32,367	8
6,267	-	Farm Product Sales		5,012	-
1,448	1,448	Revolving Income		206	206
6,651	120	Investment Income (MCB, NRMS & Venture Capital)		9,098	-
76,050	75,366	Other Income		214,967	214,876
694,632	637,795	Generated Income		619,164	572,604
2,680,000	2,680,000	Treasury Grants - Recurrent		2,630,010	2,630,010
2,300,694	2,300,694	-Capital		2,345,477	2,345,477
5,675,326	5,618,489			5,594,651	5,548,091
		Less : Expenditures	(2)		
2,558,421	2,531,241	Personnel Emoluments		2,502,206	2,474,372
39,470	39,234	Travelling & Subsistence Allowances		42,932	42,606
164,663	160,251	Supplies / Transportation		129,398	126,347
95,980	94,531	Maintenance Expenses		60,504	58,706
108,095	107,188	Contractual Services		122,924	121,705
276	276	Insurance		293	293
69,979	54,922	Other Expenses		80,311	69,278
471,953	468,608	Depreciation		502,703	499,339

-	-	Write-off of Income		-	-
2,227,532	2,227,532	Rehabilitation, Constructions, Other Maintenance,	(3)	2,557,832	2,557,832
		Community Development & Other Settler Services		-	-
12,520	12,520	Loss - Circuit Bangloes		13,810	13,810
	-	Loss - Mechanical Workshop		9,168	9,168
29	29	Loss - Development Training Center		8,469	8,469
-	-	Loss - Drinking Water Project		2,267	2,267
101	101	Loss - Nurseries	(4)	9,779	9,779
(40,118)	(40,118)	Farm Losses	(5)	(349)	(349)
5,708,901	5,656,315	Total Operating Expenses		6,042,247	5,993,622
(33,575)	(37,826)	Surplus (Deficit) from Operating Activities		(447,596)	(445,531)
(25)	(25)	Add: Profit / (Loss) on Sale of Assets	(6)	1,685	11,685
(1,000)		Less: Taxes		1,569	-
(34,600)	(37,851)	Surplus / (Deficit) after Tax		(437,480)	(433,846)
		Dividends			
(23,283,130)	(22,965,195)	Balance B/F as at 01.01.2017		(23,317,730)	(23,003,046)
(23,317,730)	(23,003,046)	B/F Net Surplus/ (Deficit)		(23,755,210)	(23,436,892)

Statement of Changes in Equities

		Group		Rs.'000
	Consolidated Fund	Reserves	Retained Earnings	Total
		-		
Balance as at 1. 1 2016	23,715,096	4,072,587	(23,334,844)	4,452,839
During the year	361,063	(14,384)	17,114	363,793
Balance as at 31.12.2016	24,076,159	4,058,203	(23,317,730)	4,816,632
Balance as at 1.1.2017	24,076,159	4,058,203	(23,317,730)	4,816,632
During the year	331,101	(1,256)	(437,478)	(107,633)
Balance as at 31.12.2017	24,407,260	4,056,947	(23,755,208)	4,708,999
Statement on Changes in Equities		Mahaweli Authority		Rs.' 000
	Consolidated Fund	Reserves	Retained Earnings	Total
		-		
Balance as at 01.01.2016	23,712,092	4,019,027	(23,033,762)	4,697,357
During the year	361,063	(12,945)	30,714	378,832
Balance as at 31.12.2016	24,073,155	4,006,082	(23,003,048)	5,076,189
Balance as at 01.01.2017	24,073,155	4,006,082	(23,003,048)	5,076,189
During the year	331,101	-	(433,846)	(102,745)
Balance as at 31.12.2017	24,404,256	4,006,082	(23,436,894)	4,973,444

Report of the Auditor General

Part III



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

IEN/B/MASL/01/17/57

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

06 January 2019

Director General

Mahaweli Authority of Sri Lanka

Report of the Auditor General on the Consolidated Financial Statements of the Mahaweli Authority of Sri Lanka and its Subsidiaries for the year ended 31 December 2017 in terms of Section 14(2c) of the Finance Act, No.38 of 1971

The audit of consolidated financial statements of the Mahaweli Authority of Sri Lanka and its subsidiaries for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information 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 read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act, appear in this report.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraphs 2.2 and 2.3 of this report.

2. Financial Statements

2.1 Qualified Opinion - Group

In my opinion, except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the financial statements give a true and fair view of the financial position of the Mahaweli Authority of Sri Lanka and its subsidiaries as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards and Sri Lanka Accounting Standard for Small and Medium-sized Entities.

Qualified Opinion – Authority

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Mahaweli Authority of Sri Lanka as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements - Group

2.2.1 Amalgamation of Financial Statements

The following observations are made.

(a) The consolidated financial statements had been prepared by amalgamating the Authority and its 03 subsidiaries with full ownership while one Company was being liquidated. Out of them, assets and liabilities valued at Rs.15,550,577 and Rs.394,657 respectively of the Mahaweli Venture Capital Company (Pvt.) Ltd. of which winding up activities were being carried out by settling the creditors, had not been included in the consolidated financial statements.

(b) Even though the Authority had followed the Sri Lanka Public Sector Accounting Standards and its subsidiaries had followed the Sri Lanka Accounting Standard for

Small and Medium-sized Entities, the basis followed by the Company had not been disclosed in the financial statements.

2.2.2 Sri Lanka Accounting Standard for Small and Medium – sized Entities

The following observations are made.

- (a) In terms of Section 17.19 of Chapter 17 of the Standard, the useful life of non-current assets of Mahaweli Consultancy Bureau (Pvt) Ltd. and Mahaweli Livestock and Agro Enterprises (Pvt) Ltd., had not been annually reviewed. As such, fixed assets costing Rs.3,035,306 and Rs.7,313,171 respectively had been fully depreciated. However, they had still been in use. Action had not been taken to revise the estimated error occurred, accordingly.
- (b) The Natural Resources Management Services (Pvt) Ltd. should record fixed deposits of Rs.5,802,607 matured in six months as current assets in terms of Section 4.5 of Chapter 04 of the Standard. However, they had been shown under non-current assets.
- (c) In terms of Section 28.18 of Chapter 28 of the Standard, in making provisions for gratuity, the Projected Unit Credit Method or a method similar to that should be followed. However, gratuity had been allocated by the Mahaweli Consultancy Bureau (Pvt) Ltd. and Mahaweli Livestock and Agro Enterprises (Pvt) Ltd., based on the salary obtained for the last time by the employees and the service period. Moreover, the provisions for gratuity made relating to the year under review as well had been understated respectively by Rs.1,609,568 and Rs.1,216,096 in the financial statements.

2.3 Comments on Financial Statements- Authority

2.3.1 Sri Lanka Public Sector Accounting Standards

In terms of Sri Lanka Public Sector Accounting Standard 1, the manner in which the value of stock of agro and livestock included in the consolidated financial statements valued at Rs.134,578,000 had been assessed, had not been disclosed by a note.

2.3.2 Accounting Policies

The Authority had not introduced an accounting policy in respect of accounting capital grants and as such, capital grants had not been identified as deferred income under a systematic basis. As a result, the balance of the Capital Grants Account as at the end of the year under review had been Rs.24,404 million.

2.3.3 Accounting Deficiencies

The following observations are made.

- (a) The fair value of 03 blocks of land costing Rs.67,440,853 purchased by the Authority during the period from 1984 to 1989, had not been valued and brought to account while 02 blocks of land out of those had been used by external parties without paying any charges. However, no charges had been recovered therefor.
- (b) Capital expenditure amounting to Rs.7,305,230 incurred in the year under review in the Niraviya Farm and Mahaweli B and H Systems, had been shown as recurrent expenditure.
- (c) The cash balance in transit included in the consolidated financial statements, comprised of other receivable balances of Rs.38,251,826.
- (d) The Authority owns 3 houses, 2 bed chambers, a holiday resort and a building belonging to the Udawalawa System and the value thereof had not been assessed and brought to account.
- (e) A part of the fixed assets costing Rs.671,503,748 vested in the Authority by the Dams Safety and Water Resource Planning Project had been revalued at Rs.180,131,037 and brought to account. However, the remaining assets had been omitted from accounts.
- (f) The stock of 24,750 kilogrammes of fertilizer valued at Rs.1,161,780 remained at the end of the year in the Niraviya Farm, had not been brought to account as the closing stock.

- (g) Action had not been taken to properly vest or to assess the value and bring to account 12 motor cycles, 02 multi chopper machines, a milk transport lorry, 03 tractors, 04 buildings for poultry farming, 02 items of electronic weighing equipment and the Bailing machine provided to the Niraviya Farm during the period from 2010-2016 by the Moragahakanda Project and the River Basin Management Office.
- (h) The value of 7,588 library books in the Victoria System, had not been computed and included in the financial statements.
- (i) The income from outstanding lease rent amounting to Rs.12,620,622 received in the year under review for the preceding years, had been shown in the financial statements as income in the year under review. Moreover, in the rectification in the year under review, income from outstanding lease rent of Rs.20,960,226 of the year 2015 taken to the income in the year 2016, had been credited to the accumulated loss erroneously and debited the Receivable Lease Rent Account. As such, the accumulated loss and the receivable lease rent had been understated and overstated by Rs.41,920,452 respectively.
- (j) The land usage fee of Rs.37,970,500 receivable for 75,941 cubes of sand obtained in the year under review by a company from the lands of Mahaweli System B, had not been brought to account.
- (k) Savings deposits of Rs.2,602,908 included in cash and cash equivalents, fixed deposits of Rs.727,481 and interest on short term deposits of Rs.1,000,000 had not been identified and brought to account.
- (l) The sum of Rs.50,000,000 deposited in the Lankaputhra Sanvardhana Bank received from the Treasury in the year 2006 for a loan scheme and the interest amounting to Rs.16,196,761 relating thereto had not been shown in the financial statements of the Authority.

2.3.4 Unexplained Differences

The following observations are made.

- (a) Depreciation on property, plant and equipment shown in the financial statements of the year under review and the value of investments of the Mahaweli Livestock and Agro Enterprises (Pvt) Ltd. totalled Rs.945,474,952. Moreover, the said value had been shown as Rs.915,514,765 in the relevant subsidiary books, thus observing a difference of Rs.29,960,187.
- (b) In transferring fixed assets among Systems, receipts and issue of fixed assets to and from the systems should balance in the amalgamation of accounts. However, assets received from the systems and sent to the systems had been shown as Rs.409,983,931 and Rs.266,936,487 respectively, thus observing a difference of Rs.143,047,444.

2.3.5 Suspense Accounts

Action had not been taken to settle the Suspense Account of Rs.14,117,550 included in the financial statements of a subsidiary of the Authority. Moreover, it had been shown as debtors under current assets in the consolidated financial statements.

2.3.6 Lack of Evidence for Audit

The evidence shown against the following balances of accounts were not made available for Audit.



Item of Account	Description	Value	Evidence not made available
-----	-----	-----	-----
		Rs.	
Investments -	Mahaweli Livestock Enterprises Ltd.	10,000,000	Share certificates
Mahaweli Authority of Sri Lanka	Mahaweli Venture Capital Company (Pvt) Ltd.	10,398,000	
	Mahaweli Consultancy Bureau (Pvt) Ltd.	64,000	
	Natural Resources Management Services (Pvt) Ltd.	15,000	
Assets	Savings Account	2,632,908	Confirmation of Balances and Bank Pass Book
	Fixed Deposits	727,481	Deposit certificates and confirmation of balances
Income	Lease rent income from Systems H, Udawalawa and Victoria	518,363,565	Registers on outstanding lease rent

2.4 Accounts Receivable and Payable

The following observations are made.

- (a) An income from lease rent amounting to Rs.712,249,000 was receivable as at the end of the year under review and sums of Rs.24,776,000 and Rs.10,463,000 out of that, had lapsed for periods of 05 years and from 03 years to 05 years respectively. A methodology had not been introduced to collect lease income from leasing out of lands owned by the Authority. Moreover, the non – implementation of terms

and conditions relevant to collection of lease income had resulted in the annual increase in outstanding lease income.

- (b) Mobilization advances amounted to Rs.535,226,000 as at the end of the year under review and even though a sum of Rs.3,466,000 out of the said sum had lapsed for over 05 years, action had not been taken to recover same.
- (c) Buildings owned by the Authority had been given out to external parties on the basis of reimbursement of expenditure for electricity, water and cleaning services and an expenditure of Rs.4,030,119 had not been reimbursed from 05 parties for over a period of 04 years. Moreover, buildings valued at Rs.104,394,675 owned by the Authority were being used by 13 external parties. However, the Authority had failed to recover a rent therefor even by 31 December 2017.
- (d) The value of accounts payable by the end of the year under review amounted to Rs.766,474,000 and out of that, a sum of Rs.23,779,000 had lapsed for over 05 years. Action had not been taken to settle retention money by verifying the completion of works of contract relating to cash retained in hand amounting to Rs.9,857,000 included in the said balances.
- (e) An extent of 25 acres of the Kalankuttiya Farm owned by the Authority had not been properly leased out to a Livestock Business Company owned by another Ministry in the year 2010 and the lease rent recoverable from the year 2010 up to the year under review had been Rs.10,035,000.

2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance with Laws, Rules, Regulations and Management Decisions were observed.



Reference to Laws, Rules, Regulations
and Management Decisions

Non-compliance

-
-
- (a) Section 10 (b) as amended by the Valued Added (Amendment) Tax Act, No.17 of 2013
- If the total value of supplies of goods and services exceeds Rs.12 million within a period of 12 months, registration should be made for the Value Added Tax in terms of the Act. Even though the Authority had collected an income of Rs.87 million and Rs.93 million in the preceding year and the year under review respectively from relevant income sources, action had not been taken to register for the Value Added Tax.
- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- (i) Financial Regulation 104 (4)
- Reports relating to 12 motor vehicle accidents had not been presented to Audit in terms of Financial Regulations. As such, it could not be verified whether action had been taken to identify the value of loss and the officers responsible therefor and to recover the said loss.
- (ii) Financial Regulation 757
- Reports on Boards of Survey for fixed assets relating to 08 systems of the Authority had not been submitted to Audit.
- (c) Public Finance Circular No.02/2015 dated 10 July 2015
- The income received from disposal of motor vehicles should be credited to the



Consolidated Fund in terms of the Circular. However, a sum of Rs.36,521,474 received from disposal of motor vehicles in the year under review had been retained by the Authority, without approval.

- (d) Paragraphs 3.2 and 2.3.3 of Salaries amounting to Rs.4,282,668 had Management Services Circular been paid by the Authority without approval Nos.33 dated 05 April 2007 and for the period deployed in service for 03 1/2016 dated 24 March 2016 officers released for projects contrary to the provisions of the Circular.
- (e) Section 1.5.1 of the Financial Even though the advances should be settled Procedure of the Authority and within 07 days from the completion of the Section 05 of the Circular purpose for which it was obtained, the No.02/2012 dated 15 March 2012 unsettled supply advances older than one of the Director General. year relating to 10 systems and two sections amounted to Rs.156,851,005.

3. Financial Review

3.1 Financial Results

According to the consolidated financial statements presented, financial results of the Group, and the Authority for the year under review had been a deficit of Rs.437,478,000 and Rs.433,846,000 respectively as compared with the corresponding deficit of Rs.34,600,000 and Rs.37,851,000 respectively for the preceding year, thus indicating an increase in the deficit by Rs.402,878,000 and Rs.395,995,000 respectively of the financial results for the year under review as compared with the preceding year. The increase in expenditure of the Authority by Rs.337,305,000 had been the main reason for the increase in the deficit.

An analysis of the financial results of the year under review and 05 preceding years revealed that the deficit of Rs.350,271,000 of the Authority in the year 2012 had decreased in the years 2013, 2015 and 2016 and increased in the year 2014. In readjusting employees remuneration, depreciation for non-current assets and taxes to the financial result, the contribution of the Authority of Rs.1,876,561,000 for the year 2012 had continuously increased in the years 2013, 2014 and 2015 and it was decreasing in the year 2016 and in the year under review.

3.2 Legal Action instituted against the Authority

Eighteen cases had been filed against the Authority by external institutions and persons relating to recovery of possession of houses and non-payment of gratuity and the financial commitment thereof had been Rs.43.775 million.

3.3 Analytical Financial Review

The following observations are made.

- (a) Royalty and income from rent of houses/lands had been received less by Rs.203,347,000 in the year under review as compared with the year 2016 due to shortcomings in collection of income.
- (b) Expenditure on rehabilitation, development and maintenance of colonists had increased by Rs.330,300,000 in the year under review as compared with the year 2016 and the implementation of the integrated development project of System B in the years 2016/2017 had been the reason therefor.

4. Operating Review

4.1 Performance

4.1.1 Planning

As the businesses of Public Entities should be managed with a short term and long term vision, it is the full responsibility of the Board of Directors to direct the business so as to achieve the proposed targets according to a Corporate Plan prepared for at least for a period of three years in terms of Section 5.1.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003. Nevertheless, the Mahaweli Authority of Sri Lanka had not prepared the Corporate Plan as such and presented it for the approval of the Board of Directors. Moreover, the revised Action Plan prepared in accordance with the performance relating to the year 2017 had been approved by the Board of Directors on 21 December 2017. Progress reports of the Authority prepared according to the Action Plan, had not been presented to Audit even by 31 September 2018.

4.1.2 Function and Review

The following observations are made.

- (a) According to the Mahaweli Master Plan, supply of water for production of electricity and irrigation purposes had been planned by a quantity of 6,900 million cubic metres of water of the Mahaweli River. Moreover, according to the Master Plan, it had been proposed to supply irrigation facilities for 365,853 hectares of land of 13 Mahaweli Systems. Irrigation facilities had been supplied for 85,252 hectares of land as at the end of the year under review while hydro-electricity had been produced from only 06 reservoirs out of 11 reservoirs, to be used for the production of electricity.
- (b) Even though 13,550 Land Permits 2,530 Land Permits and 580 Land Permits had been planned to be distributed respectively for home-steads, irrigable rain-fed activities under the Land Development Ordinance by the Lands Division, only 12,093 Land Permits, 2,032 Land Permits and 426 Land Permits had been

distributed respectively. Even though 10,260 Land Permits, 3,525 Land Permits and 3,070 Land Permits had been planned to be distributed respectively, only 8,668 Land Permits, 2,876 Land Permits and 2,568 Land Permits had been distributed for home-steads, irrigable rain-fed activities respectively. It had been targeted to collect a sum of Rs.216,789,000 by giving out commercial activities, investment projects and houses on lease basis. However, only a sum of Rs.189,084,000 had been collected.

(c) The details on targeted and actual progress achieved in the Fisheries and Livestock Division implemented under the Authority are given below.

- (i) Even though it had been expected to distribute 37,716 chicks by allocating provisions of Rs.3,065,000 for distribution of chicks among colonists on a 50 per cent contribution by the Authority, only 29,012 chicks had been distributed by spending a sum of Rs.2,679,000.
- (ii) Provisions of Rs.191,000 had been made for insurance of 158 animals of Mahaweli dairy farmers. However, only 50 animals had been insured by spending a sum of Rs.36,000.
- (iii) Even though provisions of Rs.1,970,000 had been made for establishment of 20 breeding units for breeding of ornamental fish, only 8 units had been established by spending a sum of Rs.474,000.

(d) Business Development Division – Providing Lands for Projects

(i). According to the information of 06 Systems made available to Audit, out of 418 leasing out of lands on long term, 153 investors were successfully running businesses and out of them, the recovery of lease rent amounting to Rs.21,194,183 receivable as at 31 December 2017 from 28 investors, had failed.

(ii) The number of undeveloped lands stood at 158 and it represented 38 per cent of the total extent of lands leased out. Outstanding balances of

Rs.6,891,708 were recoverable for 38 businesses out of those and action had not been taken to recover the said lease rent or to vest the relevant lands in the Authority again.

- (iii) Out of 60 businesses, owned by others, carrying out unauthorized businesses, closed down, discontinued, not commenced businesses and businesses under development, the outstanding lease rent recoverable from 20 businesses had been Rs.1,509,893.
- (iv) Out of 3,489.19 acres of land granted for investment projects of Systems D and B, the extent of lands developed was 1,334.09 acres representing 38.23 per cent of the total lands granted. However, the reasons therefor had not been looked into and necessary action taken accordingly.
- (v) Even though an extent of lands as large as 755 acres in the System L had been granted to 30 investors in the years 2013 and 2014, no development activities whatsoever had been carried out even by 31 October 2018, the date of Audit. Lands of a large extent had been granted for removal of timber and for carrying out development activities. Nevertheless, it was confirmed according to reports that the cultivations on the lands of investors had been destroyed by wild elephants. As suitable lands had not been selected before granting lands for businesses, damages to cultivations from wild animals could not be avoided and as such, the purpose of granting lands had not been achieved and it was observed that the environmental damage as well caused thereby had been severe.

(e) Credit Programmes implemented by the Business Development Division

According to the Memorandum of Understanding entered into by the Authority with the Regional Development Bank for granting loans to colonists for the “Mahaweli Saviya” credit programme, the Authority had granted a sum of Rs.72,750,000 in the year 2010. An interest equal to that of savings should be received to the Authority for funds not used for issue of loans. However, no interest whatsoever had been obtained by the end of the year under review for



a value totalling Rs.335,850,255 of cash balances remaining in each year from the year 2011 up to the year 2017 and those balances had not been shown in the financial statements of the Authority. Moreover, loans of Rs.650,000 had been granted as well to three employees of the Authority contrary to Clause 04 of the Memorandum of Understanding.

According to the Memorandum of Understanding entered into on 07 January 2013 with the People's Bank, the "Mahaweli Aruna" loan scheme had been implemented for granting loans for development of entrepreneurship for colonists and the difference between the interest paid by the debtor and the stated interest, is borne by the Authority. A loan of Rs.600,000 had been granted to three employees of the Authority contrary to clause 02 of the Memorandum of Understanding. Follow up action had not been taken on whether the loans have been utilized in the targeted objective, whether due benefits had been obtained and the progress in repayment of loans.

According to the Memorandum of Understanding entered into by the Mahaweli Authority of Sri Lanka in the year 2015 with the Regional Development Bank, a sum of Rs.15,435,000 had been released only to 02 Systems for uplifting the living condition of the members of Farmers' Organizations in each System under the "Mahaweli Diriya" Loan Scheme. However, this programme had not been implemented in 08 Systems.

Loans of Rs.1,250,000 had been granted without approval by a Farmers' Organization of System H which was one of the said Systems, to three colonists exceeding the maximum credit limit of Rs.200,000 granted to debtors.

According to the Memorandum of Understanding entered into by the Authority with the Regional Development Bank, the sum of Rs.25 million received from the Moragahakanda Development Project on 04 August 2016 for the "Vyaparika Athwela" Loan Scheme of the Moragahakanda System implemented from the year 2017, had been retained in a current account by the Authority without utilizing for the relevant purpose. Even though it had been subsequently deposited in the bank in the year 2017, it had not been shown in the financial statements of the Authority. According to the Memorandum of

Understanding, an interest equal to that of normal savings accounts should be received to the Authority for moneys for which loans are not issued. However, action had not been taken to obtain an interest on the balance amounting to Rs.6,368,400 of the Fund as at the end of the year 2017.

4.2 Management Activities

The following observations are made.

- (a) According to proposals of investors, there were 46 small scale hydro-electric power stations operated by using water from the main tributaries of the Mahaweli River of the upper catchment areas of Mahaweli and 24 hydro-electric power stations, for which approval had been granted for operation. Nevertheless, in terms of Sections 3(1), 12 and 13 of the Authority Act, no arrangement had been made for the recovery of royalty. Moreover, despite of a lease rent of Rs.25,733,500 recoverable as a nominal value in terms of agreements on lands granted to investors for the construction of 3 small scale hydroelectric power stations in the year 2013, the Authority had sent Letters of Demand for the recovery of Rs.3,681,600 out of the said lease rent according to the undeveloped value of the land. However, even that amount had not been recovered up to now.
- (b) Buildings valued at Rs.76,580,000 had been constructed on lands located in Jawatte area, not owned by the Authority. Moreover, action had not been taken even by 31 December 2017 to vest the ownership of those lands in the Authority.
- (c) No benefits whatsoever had been received for investments of Rs.439,000,000 made in 05 subsidiaries by the Authority.

4.3 Operating Activities

The following observations are made.

- (a) In terms of the Internal Circular of the Authority, a sum of Rs.1,000 had to be recovered per cube for 1,943 cubes of metal removed from 03 quarries located in the Mahaweli System C. However, income had been collected less by Rs.1,065,750 due to recovery of Rs.300 per cube. Even though the Geological Survey and Mines Bureau had recovered royalty for 20,934 cubes, the Authority had recovered charges considering as only 1,943 cubes had been excavated. As such, income had been collected less by Rs.20,206,750.
- (b) The electricity bills of houses of the housing scheme in the Sinhapura Division of the Mahaweli System B had been outstanding. As such, the power supply had been disconnected and action had not been taken to identify the house owners by whom outstanding electricity bills were payable and to recover relevant moneys.
- (c) Lands of approximately 26 acres in extent belonging to the Niraviya Farm of the Authority had been leased out to the Mahaweli Livestock Enterprises Ltd. in the year 1989 for a period of 30 years by Lease Agreement No.එල් /4/කබු/6/102 by the Land Registry of Anuradhapura. Action had not been taken to regularize this lease out carried out by the external party and to recover rents to the Authority.
- (d) The approval of the Board of Directors had been granted on 25 June 2013 for leasing out 12 blocks of land of 589.8 acres in extent belonging to the Sinhapura and Aselapura Divisions in the Welikanda System for the cultivation of sandalwood and coconut to 12 persons on a 30 year lease basis.

The following matters were observed in this connection.

- (i) It was observed during the field inspection carried out on 9 August 2018 that these lands were located in a forest area close to Carson Lake and the canal of the left bank of Maduru Oya which is a frequent haunt of wild elephants and the project had not been implemented in compliance with

the approval and orders of the Environmental Authority and the Department of Wildlife.

- (ii) According to the Report on the field inspection carried out in the year 2015 by the Physical Planning Officer, Environment Officer and Project Development Officers of the System, it had been indicated that action will be taken to cultivate sandalwood on a land of 10 hectares in extent under Land No.2137. Nevertheless, cultivations had not been carried out up to the year 2018. It was observed at the physical audit verification that no cultivation whatsoever had been carried out on another 40 hectares of land in extent.
 - (iii) Even though the lessees had used the water of the Carson Lake and canal of the left bank of Maduru Oya, neither charges had been recovered nor any other measures taken therefor in terms of Internal Circular No. MASL/DDG (Dev)/15 of 17 July 2014.
 - (iv) Loans amounting to Rs.780,000,000 had been obtained by mortgaging 12 lease agreements to a commercial bank and according to the conditions of the long term lease, the Director General of the Authority had not been informed of the mortgage within 21 days from the date of mortgage.
- (e) The Authority and the Department of National Community Water Supply had entered into an agreement on 11 September 2015 for the implementation of a project valued at Rs.80 million with the motive of supply, construction, fixing, supply of facilities incidental thereto, maintenance for a period of ten years and ensure supply of water of specific standard relating to 30 Reverse Osmosis Plants for Mahaweli Systems B and L.

The following observations are made.

- (i) As provisions therefor had not been made from the budget of the year 2015, provisions of Rs.80 million had been obtained from two projects of two Systems. The Total Cost Estimate had not been approved. In terms of Guideline 2.14.1 of the Procurement Guidelines and Supplement 33, the

supplier should be selected under the Open Competitive Biddings up to Rs.100 million. However, a supplier had been selected on the direct contracting system for supply, fixing and maintenance of equipment such as Reverse Osmosis Plants. Advance Payment Guarantee and Performance Securities that should be obtained in terms of Guidelines 5.4.4 and 5.4.8 of the Procurement Guidelines, had not been obtained as well.

- (ii) Even though the period of contract had expired as at 30 November 2015, the agreed purpose had not been completed by that date. However, the conditions so as to recover liquidated damages, had not been included in the contract.
- (iii) The Reverse Osmosis Plants/ Plant Yard that had completed works and relevant accessories should be taken over by the Authority from the Department of National Community Water Supply and administrative affairs should be handed over to Farmers Organizations through formal agreements. Nevertheless, action had not been taken relating to plants that had completed works.
- (iv) In terms of the agreement, the Mahaweli Authority had failed in the supervision and regulation of building tube wells as the water source and the maintenance of reports and supervision of electricity charges, expenditure on employees to be incurred on behalf of Farmers Organizations and income from sale of water for the Reverse Osmosis Plant Yard.
- (v) In terms of the agreement, the Department of National Community Water Supply had failed to carry out supply and fixing of Reverse Osmosis Plants with warranty, certifying the quality of filtered water once a month and presenting those test reports monthly to the Resident Business Management Office, essential maintenance, supply of services and spare parts and maintenance of spare parts and Reverse Osmosis Plants for a period of 10 years.



- (vi) Despite the lapse of nearly three years after spending a sum of Rs.80 million for supply of pure drinking water to Mahaweli colonists suffering from kidney ailment, the Authority had not taken follow up action to check whether the benefits of the said invested money had been received by the colonists of the relevant villages and the level of progress thereof. However, 03 out of 12 Reverse Osmosis Plants fixed in the Weli Oya System had become inoperative and it had not been monthly examined whether the water issued from 09 Reverse Osmosis Plants had been up to standard. Out of 18 Reverse Osmosis Plants constructed in the Welikanda System, 14 Reverse Osmosis Plants had been inoperative.
- (f) A number of 247 buildings and houses in the Mahaweli H, C and Walawe Systems and the Headworks Administration Operation and Maintenance Division of the Authority had not been formally given out to external parties. As such, the Authority had been deprived of a receivable income.
- (g) A building, 03 training halls, 24 official quarters valued at Rs.26,030,780 belonging to the Mahaweli Security Corps had been handed over to the Kotmale International Training Institute on temporary basis from 24 December 2012. However, no charges whatsoever had been recovered therefor from the date of hand over.
- (h) Even though the responsibility of collecting lease rent from lands had been assigned to the Director (Lands) and Deputy/Assistant Director (Lands), that responsibility had not been delegated to Resident Business Managers in charge of each System and relevant officers of the System and included in their duty lists. Moreover, the responsibilities of collecting of revenue which could be earned from other sources of income had not been included in the duty lists of any officer. As a result, the progress of estimated collection of revenue in the year under review by System C, System H, Victoria System, Head Office and Forests and Environment Division had taken a minimum value of 37 per cent to 66 per cent.

4.4 Transactions of Contentious Nature

The following observations are made.

(a) Examination of the Sand Mining Site

(i) According to the request of the Resident Business Manager of System C, the Director General of Wildlife had granted approval subsequently for 50 places not recommended by the joint field inspection conducted by the Authority, Geological Survey and Mines Bureau, Department of Wildlife Conservation and Central Environmental Authority in the years 2015 and 2016 for recommending places suitable for commencing new mining sites of the Mahaweli River in the area of authority of Mahaweli. Mining of sand had been carried out by obtaining mining licences on the said approval.

(ii) The Authority had not taken proper and continuous follow up action in this connection as the landowner and as such, it was observed during the course of Audit that in operating sites of 16 sand mining sites in that System, the conditions imposed by the Central Environmental Authority and the Department of Wildlife Conservation had been violated.

(iii) Sand mining had been carried out for a period of 12 months by paying only the land usage fee relating to a month. However, the Resident Business Management Office of System C had not taken action to recover a sum of Rs.509,861,400 as land usage fees for 807,194 cubes of sand mined with 386 mining licences for the remaining 11 months in terms of provisions in the Internal Circular No. DL/1/1 of 24 August 2015 of the Mahaweli Authority. Had follow up action been taken thereon, necessary measures may have been taken by identifying this matter.

(b) Three lands of 3.593 hectares in extent had been leased out by the Victoria Kotmale System in the year 2013 to three persons for removal of limestone. They had paid the royalty for 31,684 cubes of limestone removed from the year 2013 to the year 2016 to the Geological Survey and Mines Bureau. Accordingly, a sum of



Rs.3,937,500 should have been paid to the Authority at the rate of Rs.300 per cube in terms of the Internal Circular of 24 August 2015 of the Authority. However, only a sum of Rs.1,004,580 had been paid. Even though a Letter of Demand had been sent to one lessee for the amount of Rs.3,937,500 outstanding from 31 December 2016, payments had not been made therefor and further legal action had not been taken as well.

- (c) Even though the installation of cable systems is a task to be carried out by the Electricity Board, an investor had incurred a cost of Rs.150,000,000 to install a new cable system for increasing the capacity of Maduru Oya 1 and 2 power stations. It had been recommended by a Committee appointed therefor that this expenditure should be divided between the investor and the Authority at 65.8 : 34.2, the ratio at which royalty is divided. Moreover, the Board of Directors had made a decision that a tripartite agreement should be entered into between the Mahaweli Authority, Electricity Board and the investor for setting off the royalty received from the investor to the Authority against the amount payable by the Authority to the investor. The relevant parties had not entered into a tripartite agreement as such and according to the recommendation of the aforesaid Committee, a sum of Rs.51,300,000 of the expenditure incurred by the investor should be borne by the Authority. However, contrary to that, a sum of Rs.75,000,000 had been deducted from the royalty received to the Authority.
- (d) A number of 383 animals valued at Rs.7,347,608 of the Niraviya Farm belonging to the Thambuththegama Resident Business Management Office had been handed over to the National Livestock and Development Board in the year under review. As there was no agreement between the two parties on the recovery of the value of animals, the value of livestock could not be recovered as at the end of the year under review and it had not even been shown in the financial statements as an amount recoverable.
- (e) The land of 17.942 hectares in extent with the Eppawala Phosphate Deposit belonging to the Thambuththegama Resident Business Management Office had been leased out to the State Geological Survey and Development Corporation for a period of 30 years in terms of the agreement dated 09 April 1992. The lease out

of the land had been carried out through the Provincial Land Commissioner and in terms of agreements, the lease rent should have been payable to the Provincial Land Commissioner. As such, no lease rent whatsoever had been recovered to the Mahaweli Authority from the year 1992 to the end of the year 2017. Subsequently, the Authority had entered into an agreement with Lanka Phosphate Limited for recovery of charges in two instances from 01 January 2016 to 31 December 2017 and agreed to recover a service charge of Rs.300 for a cube of Apatite mined. The following matters were observed in this connection.

- (i) A sum of Rs.1,809,738 had been recovered for 6,011 cubes mined in the year 2017 based only on the information made available by the Company.
- (ii) In making payments by the Company to the contractor and the Geological Survey and Mines Bureau, the weight of Apatite mined was based and in the payment to the Authority, it was observed that the Authority had to sustain a financial loss due to the basis of the number of cubes of Apatite.
- (iii) According to the Letter No. LUS/SYS-H/PP/1-VOL-1-2015 dated 23 November 2015 of the Director General of the Mahaweli Authority of Sri Lanka, a sum of Rs.300 had been recovered per 01 cube of Apatite only until a methodology and prices are prepared for the recovery of relevant service charges. Nevertheless, a proper methodology had not been prepared relating to recovery of service charges as mentioned.

4.5 Underutilization of Funds

A sum of Rs.48 million had been invested in the Uva Development Bank and the Rajarata Development Bank with the motive of setting up a Revolving Fund for implementing loan programmes in the year 2002. However, action had not been taken according to conditions in the agreement entered into with those banks. Moreover, the deposit value amounted to Rs.84.5 million as at the end of the year under review and in terms of agreements, retention of these funds for a long period at an interest rate of 4 per cent less than the normal interest on savings had been an uneconomic activity.

Further, the purpose expected from the Revolving Fund had not been carried out even up to the year 2018.

4.6 Idle and Underutilized Assets

The following observations are made.

- (a) According to the undated report No.MA/Asset/Build/Gen/01 of September 2017 of the Finance Division, 1,055 buildings relating to 10 Systems and 02 Divisions of the Authority were being used by external parties by the year 2017. Moreover, it was observed that 551 buildings and 293 buildings remain idle and in unusable condition respectively.
- (b) Two lorries, 03 tractors and a trailer, a bowser and a motor cycle parked in the Niraviya Farm and 15 houses, 03 buildings, 12 hen pens, 05 pig sties and a goat shed in the said farm remained idle and a proper arrangement had not been implemented to dispose of the said assets or to make use of them.
- (c) The Geographical Information Systems Division located in Polgolla had been shifted to the Environment and Forest Conservation Division in Kotmale in the year 2007. As such, 02 computers, a Laptop, 02 units of UPS, 03 GPS devices, 03 printers, a digital camera, a digital safe and a scanner had remained idle.
- (d) As water pumps were not supplied to the 02 water pump houses constructed in the Niraviya Farm, the operations of the pump house could not be implemented.

4.7 Resources of the Authority given to other Institutions

The following observations are made.

- (a) Forty four Assistant Security Supervisors and Security Guides attached to the Mahaweli Security Corps had been released to external Government Institutions in the year 2015 and salaries of Rs.49,974,569 and overtime and travelling



expenditure of Rs.21,571,442 paid by the Authority from the date of release up to the year under review had not been reimbursed.

- (b) Even though 18 motor vehicles belonging to the Authority had been given to other Ministries and Departments, such approval granted had not been presented to Audit and the existence of these motor vehicles had not been confirmed by a physical verification. Moreover, one motor vehicle given temporarily to the Presidential Secretariat had been kept with the Mahaweli Security Corps at Jawatte from 06 April 2017 without undergoing repairs after meeting with an accident.
- (c) Salaries amounting to Rs.17,936,683 and salaries, overtime and travelling expenses amounting to Rs.19,106,596 paid to 09 officers and employees released full time to various projects from the year 2015 and to 18 officers and employees released to the line Ministry and other Government Institutions respectively had not been reimbursed.

4.8 Staff Administration

The following observations are made.

- (a) Fourteen posts of Senior Management Level, 159 posts of Middle Management Level and 509 posts of Primary Level had been vacant and a staff of 195 was in excess in the Authority as at 31 December 2017. Moreover, 83 persons had been recruited to posts not included in the approved cadre.
- (b) Action had not been taken to recruit suitable officers permanently by adhering to the recruitment procedures, in terms of the Scheme of Recruitment of the Deputy Director General (Development), Director (Lands), Director (Personnel and Administration), Director (Fisheries and Livestock), Director (Development) and Deputy Resident Business Managers of System C, System B, Huruluwewa System, Rambakenoya System and System G of the Authority. As duties are covered by persons recruited on contract basis and secondary basis in certain vacant posts, the long term service obtained from officers recruited to the

Authority on permanent basis with prescribed qualifications as well as the opportunity of achieving high performance, had been lost.

4.9 Utilization of Motor Vehicles

The Deputy Director General (Control and Finance) and Deputy Director General (Technical Services) had been informed by Letters of the Director, Headworks Administration Operation dated 09 March 2010 and 22 January 2014 to dispose of and sell by Tender 10 motor vehicles that remained idle in the Headworks Administration Operation and Maintenance Division since the year 2008. However, taking such action by the end of the year under review had failed.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Every Government Institution should act in terms of the Year 2030 “Agenda” of the United Nations on Sustainable Development and the Authority had not been aware of the manner in performing the functions that come under its scope relating to the year under review. As such, sustainable development goals relating to the functions thereof, targets and the focal points in achieving those targets and the indicators in evaluating the performance in achieving those targets had not been identified.

6. Accountability and Good Governance

6.1 Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements and the draft Annual Report should be presented to Audit within 60 days after the closure of the financial year. Even though the financial statements for the year under review had been presented to Audit on 28 September 2018 with a delay of 06 months, the draft Annual Report had not been presented along with them.

6.2 Internal Audit

The post of Director (Internal Audit) of the Authority had been vacant from the year 2011 up to the end of the year under review and the Chief Internal Auditor had been appointed for the performance of duties thereof without taking action to appoint a qualified Director for the said post.

6.3 Procurement and Contract Process

6.3.1 Deficiencies in Contract Administration

The following observations are made.

(a) A contract of Rs.1,922,818 had been awarded for the construction of the guard room and toilets of the Works Division belonging to the Resident Business Management Office of Welikanda and the Stores of the Aralaganwila Seed Farm and the works should have been commenced on 07 November 2017 and completed in 90 days. The contract period had been extended in 03 instances and the third extension was from 22 May 2018 to 02 June 2018. However, works had not been completed even by 07 August 2018, the date of Audit. Moreover, neither the contract period had been extended therefor nor relevant liquidated damages of Rs.34,610 had been recovered. Further, in construction, the estimate had been revised for laying of a concrete slab instead of building the roof with timber and asbestos and fixing Aluminum doors and windows instead of wooden doors and windows. Nevertheless, action had not been taken even by 30 September 2018 to approve the revised estimate.

(b) A contract had been awarded to a value of Rs.1,884,610 for constructing the surrounding fence and the main gate of the Ruhunuketha Circuit Bungalow and a fence surrounding the circuit bungalow had been constructed by spending a sum of Rs.549,822 by 07 August 2018, the date of Audit. However, it had been destroyed due to damages caused by wild elephants. This area is a frequent haunt of wild elephants and a strong electric fence should have been installed before

fixing the fence and it was observed that the amount spent in fixing the wire fence had been a fruitless expenditure without installing the electric fence.

- (c) Activities of 03 contracts of the Thambuththegama System for which the contract period had expired, had not been completed even by 18 July 2018, the date of Audit. Extensions of periods had not been applied for these contracts of which works had not been completed and action had not been taken to recover liquidated damages of Rs.1,025,776 in terms of agreements of contractors failed to be duly completed.

6.4 Budgetary Control

The following observations are made.

- (a) Expenditure had been actually incurred exceeding the limit of budgetary provisions ranging from 81 per cent to 38,445 per cent relating to 6 Items.
- (b) A sum of Rs.27,968,000 had been spent for 04 activities for which provisions had not been made for the year under review and no expenditure whatsoever had been incurred for 08 activities for which provisions of Rs.32,497,000 had been made.

6.5 Tabling of Annual Reports

The Annual Reports of the Authority relating to the years 2015 and 2016 had not been tabled in Parliament even by 30 October 2018.

6.7 Unresolved Audit Paragraphs

The following observations are made.

- (a) About 50 per cent of Sri Lanka's total hydro-electric power is produced by the Ceylon Electricity Board through hydropower stations constructed beside Mahaweli reservoirs and it was observed that electricity charges for electric bulbs



on the dams of the Polgolla, Victoria and Kotmale reservoirs are paid to the Electricity Board by the Authority. As the maintenance of reservoirs and a payment of charges is not made for the water used by the Electricity Board, the Authority should have paid attention to obtain requirement of electricity of these main dams free of charge.

(b) It was revealed that 655 encroachers were residing in the reserved lands beside the Polgolla, Kotmale, Bowatenna, Mapakada, Maduro Oya and Victoria reservoirs and the Authority had failed to evict these encroachers and to prevent the arrival of encroachers on reoccupying.

(c) According to the Decision at the Cabinet meeting held on 08 July 1992 and the Decisions at the Cabinet meeting held on 14 October 1992, approval had been granted to a Company of the United States of America for leasing out the land and building complex of the Authority located in Digana for a period of 50 years subjected to a long term percentage for a value of 06 per cent and for a value not less than 10 per cent at the maximum of the assessed value of the Chief Valuer for the construction of a film complex and a film location. According to the Memorandum of Understanding entered into on 21 May 1993 with the Company, the building complex and land had been valued for a sum of Rs.20 million. However, it had not been included in the lease agreements. Moreover, according to computations in Audit, the rent recoverable as at 31 December 2016 had been Rs.28,800,000 and the rent recoverable for 11 houses given out in terms of agreements had been Rs.4,542,500. Even though court measures had been taken in the recovery of possession of these assets, a final decision could not be taken.

(d) In the supply of soil required for the Southern Expressway, the officers of the Walawe Resident Business Management Office had not granted lands according to a proper plan. As such, soil had been dug exceeding the approved limit and according to measuring reports, the quantity of soil removed from the two places provided for digging soil, was 157,719 cubes. However, land usage fees of Rs.2,800,000 had been received to the Authority for only 5,000 cubes of soil. The sum of Rs.85,522,640 receivable for 152,719 cubes of soil removed in excess had not been recovered. The recovery of these moneys had delayed, thus taking legal

action required for the recovery of same had been doubtful. Taking disciplinary action against the relevant officers had been at a sluggish level.

- (e) The value of buildings of the Waterfield Technologies (Pvt) Ltd. vested in the Victoria System in the year 2016, had not been valued and shown in the financial statements of the year under review.

7. Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Director General of the Authority from time to time. Special attention is needed in respect of the following areas.

Areas of Systems and Controls	Observations
(a) Fixed Assets Management	Even though assets had been verified annually to confirm the existence of assets, non-presentation of relevant reports and failure in taking proper action relating to idle and underutilized assets.
(b) Utilization of Lands and buildings	Making use of buildings without paying rent by external parties, buildings in Systems remaining idle and action not taken to earn income by proper management of lands with mineral resources.
(c) Accounting	No accurate methodology was available for collection of tax income and outstanding tax income and terms and conditions relating to collection of tax had not been effected.



- (d) Granting and settlement of Advances obtained had not been settled in advances terms of Financial Regulations.
- (e) Contract Administration Selecting of contractors had not been carried out through a Departmental Procurement Board and duties had been allocated without any basis whatsoever, in a manner of obtaining approval by the Regional Procurement Board.
- (f) Administration of various projects Failure in obtaining approval from other relevant institutions for implementation of projects and obtaining environment evaluation reports
- (g) Staff Management Fourteen vacancies in senior management level and an excess staff of 195 in other categories of employees
- (h) Control over Motor Vehicles Failure in regaining motor vehicles belonging to external parties and in conducting Annual Boards of Survey on motor vehicles

H.M. Gamini Wijesinghe

Auditor General

Comments of the Director
General on the Report of the Auditor
General

Part IV

Report of the Auditor General in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971 on the Consolidated Financial Statements of the Mahaweli Authority of Sri Lanka and its Subsidiary Companies for the Year ended on 31st December 2017

I herewith submit my comments with regard to the Report of the Auditor General referred to me under No. IEN/B/MASL/01/17/57 and dated 06.01.2019, in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971.

2.2. Comments on the Financial Statements- Group

2.2.1. Consolidation of Financial Statements

- a) Since Mahaweli Venture Capital (Pvt) Ltd is in the final stages of liquidation, the information of the said company was submitted through an "Accounting Note" and in the year 2018, it has been noted to act according to your observations.
- b) Companies have been instructed to make relevant disclosures with the Financial Statements of the year 2018.

2.2.2 Accounting Standards of Sri Lanka on Small and Medium Scale Enterprises

- (a) The relevant companies have been instructed to revalue its fixed assets and adjust the respective accounts with the Financial Statements of the year 2018.
- (b) Said companies have been instructed to make relevant corrections in respect of the Financial Statements for the year 2018.
- (c) Said companies have been instructed to make relevant corrections in respect of the Financial Statements for the year 2018.

2.3 Comments on the Financial Statements- Authority

2.3.1 Sri Lankan State Sector Accounting Standards

- (a) Accepted. The Valuation report was prepared on the publication of the Fruits and Floriculture Crops Entrepreneur's Manual issued by the Socio Economic Planning Center of the Department of Agriculture in the assessment of agricultural stocks. (Source: Crop Enterprise Budget of "Fruits & Floriculture Crops, Socio Economic and Planning Center Department of Agriculture at Peradeniya- August -2012). Action has been taken according to the procedure (circular) followed by the National Livestock Development Board in assessing the stock value of livestock.

2.3.2 Accounting Principles

I would like to inform that the Financial Statements of the year 2018 will act to identify the regularly generated income through the fixed assets purchased using the capital grants based on the effective life of the assets.

2.3.3 Accounting Discrepancies

- (a) I acknowledge that the valuation of the three plots of land mentioned in the inspection purchased by the Head Office is not included in the Financial Statements.

These lands have been shown to the Purchasing Value (Purchasing Price) of the Financial Statements and submitted to the Department of Valuation to assess the present value. The Department of Valuation has assessed and sent the present value of the land at No. 260/20, Baseline Road, Dematagoda as of Rs. 296,000,000.00. Action has been taken to include the said valuation in the the Fixed Assets Register and the Financial Statements of the year 2018.

Even though the remaining two lands, namely, land at Head Office, TB Jaya Mawatha, Colombo 10 and land at TB Jaya Mawatha, 493,493 / 1, have been forwarded to the Department of Valuation to obtain the appraisal value, it has not been received so far, and I would like to inform that upon receipt of the said reports, it will be included in the Financial Statements.

A Cabinet Memorandum has been submitted to the Cabinet of Ministers for the approval of the relinquishment of the land at Dematagoda for the construction of the Head Office of the Department of Coastal Conservation and Coastal Resources Management and the construction of the Head Office of the Marine Environment Pollution Prevention Authority under long term lease license on a policy decision taken by the Minister in charge of the respective subject.

The Foreign aid Project called "Water Security Investment Programme" which operates under the purview of the Line Ministry, and contributes heavily to the activities of the

Mahaweli Authority of Sri Lanka is placed in the building located at the land No. 493 and 493/1, TB Jayah Mawatha.

- (b) It has been noted to rectify the relevant errors in the Financial Statements of the year 2018.
- (c) It has been instructed to properly account these items in future.
- (d) The Chief Valuer, Department of Valuation has been informed through my letter No. MA/ASSET/2019/9 and dated 31/01/2019 to assess the value of those buildings. Upon receipt of that assessment, I will proceed to adjust the accounts.
- (e) * Even though it has been informed to transfer those fixed assets to the Mahaweli Authority of Sri Lanka at the end of the first phase of the Dams Safety and Water Resources Planning Project, the depreciation had not been calculated and the relevant adjustments had not been made from the date of purchase of the said fixed assets to the date of their delivery.

Therefore, those fixed assets should be revaluated, and for this purpose they have been handed over to the Department of Valuation with relevant documents. The relevant valuations are being received by now and the Regional Assessors of each system are presenting the valuation reports, and also, the fixed assets belonging to the Bowatenna and the Kala Oya River Basins Office have been assessed and the relevant accounts have been received and accounted by now. Steps would be taken to collect all the relevant valuation reports from the Department of Valuation in an expeditious manner and to account the valuation of such fixed assets.

- (f) Steps would be taken to physically verify and adjust accounts in the year 2018.
- (g) I would like to inform that these fixed assets will be formally taken over and accounted after valuation.
- (h) The value of these library books has been calculated and included in the Financial Statements of the year 2018.
- (i) It has been noted to correctly identify and account the tax revenue for the year under review from the year 2018.
- (j) This amount is an outstanding balance remained due to misappropriation of the relevant circular instructions, and since this amount is not a fee charged by the license holders

when issuing the license, it cannot be payed by the Geological Survey and Mines Bureau, and because this balance can never be recovered, I will also inform the Committee on Public Enterprises thereof.

- (k) Noted to peruse this matter and rectify it.
- (l) The necessary adjustments have been made in the Financial Statements of the year 2018.

2.3.4 Unexplained Changes

- (a) Steps have been taken to rectify this error in the Financial Statements of the year 2018.
- (b) I would peruse this matter and take action to rectify this error in the Financial Statements of the year 2018.

2.3.5 Suspense Account

The Mahaweli Agricultural & Livestock (Pvt) Ltd has been informed in writing to immediately clear the Suspense Account of Rs. 14,117,550.00 in the Financial Statements of the the said company.

2.3.6 Lack of Evidence for Auditing

Investment Assets	<div style="display: inline-block; vertical-align: middle;"> <div style="font-size: 3em; vertical-align: middle;">}</div> </div>	Mahaweli Authority of Sri Lanka	<div style="display: inline-block; vertical-align: middle;"> <div style="font-size: 3em; vertical-align: middle;">}</div> </div>	I will look into this matter and submit it in the future.
Revenue		-Short Tax Documents -		Relevant documents have been prepared. Can be submitted as needed.

2.4 Accounts Receivable and Account Payable

- (a) Accepted.

Recovery of lease income from lands is being carried out under the Crown Lands Ordinance. Accordingly, these lease incomes are categorised as lease of residential land, lease of commercial land lease from investment projects, as per the Land Manual. However, during the initial periods land alienationhas been carried out without any Government Valuation procedures under the Accelerated Mahaweli Programme.

During that period very low amounts were fixed as annual leases, based on a simple assessment. This situation has arisen because inordinate delays were experienced in obtaining the Valuation Reports from Government, and by the time such reports are received lease holders were required to pay huge arrears amounts, which they could not afford.

- (b) Out of the pre-work advance which exceeded 05 years, Rs. 22,31,000.00 of the value Rs. 22,31,000.00 is the balance of pre-work advance exceeding 05 years of the System B. Residential Project Manager of the System B has informed that legal action has been taken to recover this amount. Furthermore, these pre-work advances were carried out by the Accounts Division of the Project Director's Office which was under the purview of the Saudi Development Fund in the System B, and after the closure of the said Office, only this final balance is mentioned in the Financial Statements of the System B.

It has been noted to take necessary action after inquiring into the remaining balance of pre-work advance.

- (c) It was informed on several occasions by my letters No. MASL/FIN/EDB/16/01 and dated 21-03-2018, 22-05-2018 to reimburse the expenditure incurred by the Mahaweli Authority of Sri Lanka for the buildings in Jawatte premises.

Amongst these institutions, following are the institutions established for the purpose of preparation of feasibility study reports and other activities of the projects implemented by the Mahaweli Authority of Sri Lanka. Those institutions have already completed the said works and have been closed.

1. Office of the Projari Consultancy Service
2. Project Offices of the North Central Province
3. Project Offices of the North Western Province

As these institutions are not functioning at present, action is being taken to submit for the approval of the Board of Directors for the consideration of deduction of arrears due from such institutions.

Also, I would like to inform that amidst of the existing institutions, the rent money is reimbursed accordingly from the Ministry of Irrigation and Water Resources Management and Mahaweli Advisory Services Bureau (Pvt) Ltd, and even though the

other parties have been informed to pay the arrears promptly, the reimbursement has not yet been made so far.

To obtain the Valuation of the buildings located in the premises, they have been referred to the Department of Valuation and the Valuation of the said buildings has been received by now. Accordingly, the said institutions have been informed by letters to pay the relevant rent of the buildings.

- (d) I acknowledge that the balance of accounts payable over 5 years is Rs. 23,779,000. Please note that action has been taken as follows with regard to the retention fees therein.

i) Mahaweli Consolidated Project - System B

A retention fee of Rs. 6,349,689 has been released as follows in the year 2018.

* A sum of Rs.561,092.80 has been released on the completion of contract works.

* A retention fee of Rs. 1,347,356.00 has been identified as income since it has not been required for a long time.

* The relevant contractors have been informed in writing to release the retention fee of Rs. 438,453.00 before the identification of them as income.

In addition, there are legal issues relating to the release of detention fees of Rs.3,750,596.00 and action is to be taken to settle after receiving legal advice in respect of releasing those.

In addition, kindly inform that the "retention money" presented through the query for the Rambaken Oya System, System B and Basic Work Control Operations and Maintenance Division has been identified as income and recorded to account.

System B - Rs.7,544,874.00

The District Secretary of Polonnaruwa was granted a sum of Rs. 5 Mn from the supply advance of the System B for the construction of a traditional restaurant (Hela Bojunhala) in Manampitiya in the year 2016. Due to delays in the construction work, the advance could not be paid, and since the work continued during the year 2018 as well, the advance has been paid by now even if it could not be paid in the year 2017.

Hayleys Agro Company has been awarded another Rs. 1,802,500.00 in the year 2016, and the said amount was granted for the purchase of parachute cubes. The advance could not be settled due to not receiving 50% of the farmers' contribution on time, however, only a sum of Rs.126, 542.50 has been left as of December 2018, and action is being taken to recover the said amount from the farmers.

- (e) Discussions were held with the officials of the Authority and the Mahaweli Livestock Business Company and the National Livestock Development Board on 11.04.2019 and action will be taken to resolve the said issue accordingly.

2.5 Non Compliance with Laws, Rules, Regulations and Management Decisions

- (a) Preliminary work has been completed and the registration for VAT will be expedited.
- (b) (i) (ii) The relevant reports have been prepared. I would like to inform that they can be submitted as needed.

(c) <u>Year 2017</u>	<u>Government Grant (Rs.)</u>	<u>Project (Rs.)</u>
Estimate	1575.410	1810.000
Receiving Funds	1422.850	1253.730
Capital Expenditure	1555.097	1496.442

I would like to inform that the General Treasury has released only a sum of Rs. 1253.730 Mm for the State Grants and Rs. 1422.850 Mm for the Projects, even though it has been estimated Rs. 1575.41 Mm for the State Grants and Rs. 1810.00 for the Projects in the year 2017.

I would like to inform that the money received from the sale of these vehicles was utilized for the unpostponable capital works (such as renovation of canal systems) due to the prevailing distress situation in the country, and if money was not paid on time for some capital works that will result in paying fines, and in accordance with the Action Plan at the beginning of the year 2017, Agreements were signed upon the relevant capital works with external parties, and the completion of such activities by the end of the year under such Agreements was realized. (Accordingly, only a sum of Rs. 1,253.730 Mm was received as grants from the Treasury in the year 2017, and the capital expenditure on public grants was Rs. 1,555.097Mm including the expenditure on the works commenced by then.

- (d) I would like to present the following facts with respect to the three officers who have been released for the project.
-)i) The salaries of the Management Assistant, who has been released to the Project Activities from 1st of June 2012 have been released to the project on payment basis from the Mahaweli Authority of Sri Lanka and the Allowance Project. I would like to inform that action will be taken to reimburse the said amount as the five-year full-time release period has exceeded by 31st May .2017

(ii) The Computer Programmer, who was released to the project, has been attached to the project from 21st April 2010. Accordingly, action has been taken to pay salaries from this authority as no formal settlement has been made. I would like to inform that actions will be taken not to make such transfers in future.

(iii) The Senior Accountant who had been released for the Project activities was assigned to the Project on 04.08.2008 to be able to perform the duties of the Mahaweli Center for two days per week. Accordingly, there is no necessity to reimburse the salary, and it has been informed by the Section 2.3.3 (b) of the M.A.S.C No. 01/2016 of the payment of salaries for the period of release from 02.05.2016. Hence, I would like to inform that the salary should not be reimbursed for the period from August 2013 to May 2016.

- (e) Most of these advances have been settled by now. Steps have been taken to settle the balance amount also as soon as possible. It has been informed through an internal circular with due diligence to pay the advances given in future within 07 days.

3 Financial Review

3.1 Accepted.

3.2 Accepted.

3.3 (a) I acknowledge that the receipts of State Royalty and lease income of houses has been decreased in the year under review compared to the year 2016. However, revenue related to royalty is a variable income and it depends on the amount of permits issued during the said year for the removal of minerals such as sand, stone, limestone, soil and the quantity of minerals thus removed. Accordingly, there may be ups/downs in respect of annual royalty receipts.

(b) Accepted.

4. Operational Review

4.1 Performance.

4.1.1 Accepted.

The Corporate Plan for the period 2014-2018 has been prepared and after receiving the approval of the Board of Directors, copies thereof have been submitted to the relevant institution in terms of the Circulars. The Corporate Plan for the period 2019-2023 has been prepared in accordance with the guidance issued by the Department of Public Enterprises to achieve the 2030 Sustainable Development Goals.

In accordance with the Action Plan of the year 2017, the prepared Performance Report (Progress Control Report) has been submitted to the Auditor General on 02.11.2018.

4.1.2 Performance and Review

- (a) Accepted.
- (b) It was targeted to award 16,855 grants under the Land Development Ordinance during the year 2017 and the progress achieved by the end of the year is as follows.

System	Target	Progress	Percentage %
B	2110	1758	83
C	5800	4984	85
D	205	149	72
H	550	369	67
L	1000	593	59
Victoria	410	335	81
Huruluwewa	400	334	83
Moragahakanda	750	650	86
Walawa	5500	4943	89
Rambakanoya	130	107	82
Total	16855	14222	84

In order to obtain a Grant under the Land Development Ordinance, the land recipients should have developed the land properly and after the confirmation of the Field Officers that the land has been thus developed, a measured survey drawing of the land is undertaken.

In order to prepare a Grant for a land, both the above requirements must be met, and although most of the drawings of lands were received under the Survey Program, there are only 14,222 Grants which could be prepared during the year 2017 due to the lack of sufficient maps received to achieve the desired target. Overall, however, the progress could have been made up to 84%.

Under the Crown Lands Ordinance, 340 long term leases have been targeted to grant and 266 leases thereof have been issued.

In order to grant a long term lease, a measured survey drawing of the land should be undertaken after obtaining the approval of the Minister in charge of the subject, and after that, the valuation should be obtained by the Department of Valuation.

It takes at least two months to obtain a measured survey drawing from the Survey Department after surveying a leased land, and once the said drawing is received, a request is being made to the Valuation Department for the valuation of the supposed land. Most of the time it takes about six months to obtain the Valuation report from the Valuation Department.

Accordingly, in the process of forming a lease, strenuous efforts have to be made to maintain frequent contacts with the relevant institutions for the preration of leases, since it takes at least eight months for the activities of the institutions outside this Authority. Therefore, it has been difficult to achieve the expected targets of the year 2017. However, the overall progress of the preparation of leases and free grants could be made up to 78%.

After receiving the approval to grant a land on lease under the Crowns Lands Ordinance, an annual permit has been issued on simple valuation, and lease amount has been calculated after the receipt of the Valuation from the Department of Valuation.

In many instances, the simple valuation has been calculated to be much lower than the valuation provided by the Department of Valuation, and even if the taxpayers are informed to pay the tax according to Valuation received from the Department of Valuation, they often avoid paying taxes claiming that the amount is high.

As a remedy to this, annual permits have been suspended from the year 2016 on simple Valuation, and long term leases are issued on the Valuation of the Department of Valuation.

In addition to this, the maximum efforts are being taken to collect lease income by conducting various programmes such as weeks for lease at the System level and the following progress could be reported in the year 2017.

Subject Matter	Target (Rs)	Progress (Rs)	Percentage %
Tax revenue of the current year	136,797,010.00	119,049,600.00	87
Arrears of lease income	79,998,110.00	70,034,690.00	88

Accordingly, it has been possible to collect 87% of the tax revenue and 88% of the arrears of tax revenue for the year 2017.

(c) (i).

Serial No	System	Target	Number of calves granted	Financial Target Rs. "000"	Financial Progress Rs."000"	Reasons for lack of physical progress
1.	System B	12000	12000	1500	1500	-
2.	System C	4786	4539	225	180.08	Issued of calves produced in the farm
3.	System D	2800	2628	295	281.04	-
4.	System G	3000	3000	105	100	-
5.	System H	3000	771	240	205.05	Due to the inactivation of hatchery and the reintroduction of animals to the mother generation, the production of calves has been reduced.
6.	Huruluwewa	4000	1600	-	-	
7.	Walawa	2000	2120	550	318	-
8.	Victoria	6430	2354	150	95.14	Since the purchase is done outside, the offsprings have to be obtained according to the priority list
	Total	37716	29012	3065	2679	

- (ii). The Director (Agriculture) has confirmed that reasons affected for this situation are the practical problems arisen in coordinating the selected insurance company, the reduction of the farmers' livestock insurance, and unspent of the provision since the respective farmers themselves conducted the insurance for the animals given with the Mahaweli Contribution.
- (iii). Director (Agriculture) has informed that he will guide to set up a formal plan to further develop the selected farms for breeding, and reasons affected for this situation are the delay in the development plan of the selected farms, implementation of development in only one farm in some Systems, and even if the funds have been allocated for the construction activities of the ornamental fish breeding and collection center, a sufficient amount of funds was not received to be paid thereof in the relevant year, and the said amount had to be settled in the year 2018.

(d) Allocation of Lands for projects in the Business Development Sector

1,2,3,4 & 5.

Accepted

In the year 2016, I appointed an Internal Committee chaired by the Deputy Director General (Administration and Finance) to examine the lands granted on long term lease for investment purposes and to make recommendations therein. It has further been suggested to obtain recommendations regarding the undeveloped lands, lands with arrears of lease from the said Committee, and to take legal action in accordance with those recommendations, and to proceed under the Crown Lands Ordinance in future.

The said Committee carried out a survey of all investment projects, and according to those survey reports, action was taken to cancel the undeveloped lands, and lands of which the leases were not paid. In addition, according to the field inspections carried out in all Systems during the year 2018, a list of investment projects has been prepared for re-cancellation. An awareness program was also held at the Mahaweli Center, summoning all the investors whose lands were undeveloped and leases unpaid.

In addition to this, I would like to inform that the investors whose lands were undeveloped and leases unpaid are summoned by my directions at the Systems level, and they are being apprised of paying the arrears of lease, development of undeveloped lands and to hand over the lands to the Mahaweli Authority of Sri Lanka with the arrears of lease, if they do not find the necessity of the lands any further.

(e) Loan Programmes implemented by Business Development Division

"Mahaweli Saviya" Loan Programme

The Regional Development Bank has given written notice to allow the Mahaweli Authority of Sri Lanka to have an interest similar to the one given in the General Savings Accounts for the funds not utilized for granting loans in terms of the Memorandum of Understanding.

In terms of the Memorandum of Understanding, loans will be granted to Mahaweli settlers who belonged to non-farmer class and women entrepreneurs on the recommendation of the Unit Manager, Division Manager and Resident Project Manager of the Mahaweli Authority of Sri Lanka. Accordingly, the Director (Business Development) has informed that these loans have been given to the employees of the Mahaweli Authority of Sri Lanka mentioned in the report as they are settlers in the Mahaweli Systems.

"Mahaweli Aruna" Loan Programme

The Regional Development Bank has given written notice to allow the Mahaweli Authority of Sri Lanka to have an interest similar to the one given in the General Savings Accounts for the funds not utilized for granting loans in terms of the Memorandum of Understanding.

Business Development Officers in the respective systems are monitoring the progress of the programmes through which the loans issued to entrepreneurial settlers in each system. However, I would like to inform you that in the recent past, the follow-ups have not taken place properly due to the lack of Business Development Officers in certain areas.

“Mahaweli Diriya” Loan Programme

The target group for this loan programme is the Farmer Organizations in all Mahaweli Systems. Accordingly, the Farmer Organizations in each system are given wholesale loans according to the qualifications they must meet. Hence, suitable Farmer Organizations are selected according to standard and accepted criteria.

The Bank provides a wholesale loan to the Farmer Organization for this loan programme and the Farmer Organization provides sub-loans to the projects. The maximum amount of loan to be given here is Rs. 200,000.00, and there seems to have been an avoidance of responsibility in lending by Farmer Organisations.

“Business Guidance (Viyaparika Athvala)” Loan Programme

I would like to inform that the resettlement of the affected people due to Moragahakanda Kalu Ganga New Development Project could not be carried out on time as planned, and thus, the delays occurred in lending money to the said settlers.

4.2 Management Activities

- (a) When perusing this matter, it has been reported that the land in which these Small Scale Hydro Power Plants are located is also owned by the Divisional Secretary of the said division, and thus, the respective investors are paying a tax to the Divisional Secretary as well. However, the Deputy Director General (Technical Services) has been instructed to peruse the situation and to make the suitable arrangements since our Authority must further charge a fee for the use of Mahaweli Water from the respective investors. At present, the relevant parties have met and are conducting the preliminary work.
- (b) The Divisional Secretary, Thimbirigasyaya - Land Commissioner - Land Commissioner's Office has been requested to transfer the ownership of these lands to the Mahaweli Authority by the letters No. of Director General of Mahaweli Authority of Sri Lanka and dated 22/01/2007/, 05/03/2007, and 13/03/2007. No response has been received so far at the institutional level, and the acquisition of this land by the Mahaweli Authority of Sri Lanka has been temporarily suspended due to the recommendation of The Cabinet Sub-Committee to provide the said land to the utilization of the Ministry of Foreign Affairs in accordance with the letter No. EA/AD/MU/07/12 and dated 20.11.2017 of the Secretary of the Ministry of Foreign Affairs.
- (c) When considering the investments made in all the subsidiaries of MASL, amongst those subsidiaries except Mahaweli Advisory Bureau (Pvt) Ltd have reported losses in the recent past. Therefore, the Mahaweli Authority of Sri Lanka had not received any dividend from such companies. A sum of Rs. 120,000.00 and Rs. 585,000.00 had been received by the MASL from the Advisory Bureau (Pvt) Ltd as dividends for the years 2015/2016 and 2016/2017 respectively.

4.3 Operational Activities

- (a) Noted to peruse the matters mentioned in the inquiry and carry out further activities.
- (b) These Official Quarters were built 30 years ago, and due to the war situation prevailed in the area in the past, people who were living in these Quarters had not paid electricity bills for the relevant period, thereby causing this arrears. Therefore, the electricity supply in the said Quarters has been disconnected. However, the parties responsible for these unpaid electricity bills cannot be clearly identified due to the war situation (border villages) prevailed. Nevertheless, the relevant parties have been informed to apprise the CEB of the situation and to take further action.
- (c) The relevant land was leased to the Mahaweli Livestock Company in 1989 for a long time and the said thirty year period has now ended. However, since this company is currently under the purview of National Livestock Development Board, the heads of the Mahaweli Authority of Sri Lanka, the National Livestock Board and the Mahaweli Livestock Development Company were summoned for a discussion under my patronage to rectify the shortcomings in the process. Therefore, I would like to inform that the discussion will be held at length in this regard, and continued further to solve this issue institutionally.
- (d)
 - I. Less than 50 acres per person will be granted from these lands, and if one person has more than 50 acres of land, an Environmental Assessment report will be obtained from the Central Environment Authority. Coconut and White Sandals are cultivated in those lands, and they are both agricultural and eco-friendly crops. Approval is obtained from the Head Office of the Land Use Planning Division for the grant of Gazetted Lands for the Investment Projects in the Mahaweli areas, and no land will be granted outside of the initial configuration plan and I would like to inform that these lands are not designated as forest reserves.
 - II. The relevant leaseholders have been informed by letters No: BL / TX / SLO / 11/16 / AS / 05, 06, 07 and dated 06.11.2018 to develop the said plots.
 - III. All Divisional Managers have been informed not to obtain unnecessary water for the relevant lands, and if such water is obtained, they have been informed to charge according to MASL / DDG / (DEV) 15 Circular.

IV. The leaseholders have been informed by letters No: B/E /2/2 /A/23, 24, 25, 26 and No: B/ E/2/2/ SN / 70, 71, 72 and dated 26.02.2016 to apprise the Resident Project Manager within 21 days of the date of the mortgage of the relevant leaseholds, and thereafter, the relevant leaseholders has once again been informed by 12 letters No: BL/TX/SLO/11/16/AS/04,05,06,07 and NO: BL/TX /SLO/11/16/ SI/03,04,05,06,07 and dated 06.11.2018 to submit the registered copy of the mortgage deeds.

(e) From I to VI

The Department of National Community Water Supply in collaboration with the Mahaweli Authority of Sri Lanka has completed the work on the 30 Reformed Water Treatment Plants which were due to install in the Mahaweli System B and Mahaweli System L, and after examining the proper functioning thereof, the Director of the Department of National Community Water Supply handedover to the MASL by the letter No: DNCWS/PD/09/02/-iii and dated 15.02.2019.

(f) Further action is being taken in accordance with the recommendations of the report received from the Internal Committee which was set up comprising the Deputy Director (Civil) of Head Work Control Operations and Maintenance Division with the intension of perusing and reporting information on the buildings and houses of the said Division which were handed over to the outside parties, the person to whom they were handed over, the person who is currently residing there, and the lease paid therefor. The relevant parties have been informed to likewise take further action in other Systems as well.

(g) It has been informed by the letter of Director General of the National Budget Department No. BD/EE198/9/1 and dated 05.02.2018 to act according to the Treasury Circular No. 269 and dated 31.08.1989 which can be made applicable to the transfer of the ownership of the buildings in Kotmale owned by the Mahaweli Defense Force in which the International Training Institute of the Irrigation Department is currently conducted to the Department of Irrigation without payment Accordingly, action has been taken to proceed with the said transfer as per the said circular.

(h) Action is being taken to prepare the respective duty lists.

4.4 Controversial Deals

(a) Surveying of Soil Excavation

- (i) During the inspection of Sand Mines conducted with the integration of the Mahaweli Authority of Sri Lanka, the Geological Survey and Mines Bureau, the Environment Authority and the Department of Wildlife Conservation in the years 2015 and 2016, at the joint inspection stage of granting the sand mines of the persons mentioned in the document submitted by the Resident Project Manager of System C was recommended by the Mahaweli Authority of Sri Lanka, the Geological Survey and Mines Bureau and the Central Environment Authority, and the said mines are not given the recommendation only because not receiving the recommendation of the Officers representing the Department of Wildlife Conservation due to temporary circumstances caused during the inspection of Sand Mines. At that time, each ferry owner was given conditions that should be rectified, and the Resident Project Manager (System C) has informed that those conditions are mentioned in the Joint Field Inspection Report.

Accordingly, after the Joint Field Inspection, the mine owners who have met those conditions had complained to the Resident Project Manager (System C) about the disapproval of their sand mines, and the approval of the sand mines which were very close to theirs or besides theirs under the same conditions of wildlife and environment conservation, and Sand Mines Owners Association has made requests thereof from the Resident Project Manager. Hence, the Resident Project Manager has informed that advice has been given to take the recommendation of the Department of Wildlife Conservation and Central Environment Authority separately for the sand mines of these applicants who have participated to this Joint Field Inspection

Accordingly, the Assistant Director of the Department of Wildlife Conservation (System Office, Rantambe) has been inquired about the opposition or consensus of the possibility of running sand mines at these locations from all parties separately. In the letter prepared for the said agreement, referred as "it is recommended to maintain the relevant site as a Sand Ferry" means that the relevant plot of land was recommended to allocate for the Sand Mine by our Authority, and the second paragraph of the said letter clearly expresses it has been inquired whether there is any objection or consent to the maintenance of the Sand Mine, and since the previous section of the said letter has been identified as giving false information by your report, the relevant officers have been

advised to take extra care in preparing such a letter in future. The Resident Project Manager (System C) has informed that it has been emphasized that no further action has been taken to grant excavation permits only to those who recommended that there be no objections from the Assistant Director (Central System) of the Department of Wildlife.

Recommendations of the Assistant Director (Central System) of the Department of Wildlife Conservation have been obtained and at our request, the observations of the Girandurukotte Wildlife Site Security have been called regarding all the mines, and the Resident Project Manager (System C) has informed that those proposed sites do not belong to the Wildlife Reserve or the Induction System, and that the recommendation clearly states there is no objection to issuing sand mining permits.

(ii) The Geological Survey and Mines Bureau has the greater responsibility of monitoring any violation of licenses while operating the Sand Mines by the relevant license holders in Welikada, and the Mahaweli Authority of Sri Lanka is mainly involved in the granting of the plot of land for Sand Mining. Accordingly, as the landlord, steps have been taken to stop these sand minings when the said institutions have informed us of the violation of conditions by the ferry owners.

In line with the World Environment Day Programme, a programme to plant 1000 Tissue Planting Bamboo plants in the sand ferry of Mahaweli River in Girandurukotte Division was carried out with the participation of the members of the Sand Miners Association, officials of Sri Lanka Police, Geological Survey and Mines Bureau and Central Environmental Authority on 06.06.2017, and steps have been taken to conserve the banks of the Mahaweli River.

The report regarding the owners of sand mines has been referred to the Geological Survey and Mines Bureau and the Central Environmental Authority, and those institutions have been informed to take action to cancel the licenses of those who have violated the conditions of excavation permits and the conditions of environmental or wildlife.

There is a shortage of Field Officers in the System C of the Mahaweli Authority of Sri Lanka, and it is a difficult task for a number of Field Officers employed in the Girandurukotte Division to conduct regular follow-up of nearly 500 sand mines located in the area. In addition to the activities relating to the land sector, these officers have

been entrusted with the duties of the Technical Services Division, Agriculture Division, Human and Institutional Development Division of our Authority. Nevertheless, relevant officials have been instructed to carry out regular follow-up action on sand mines.

(iii) According to the Internal Circular No. DL / 1/1 and dated 24-08-2015 regarding the charge for minerals removed from lands in Mahaweli jurisdiction issued by the Mahaweli Authority of Sri Lanka, when recovering the land-use fee, an annual license holder of 210 cubes must pay a land-use fee of Rs. 1,512,000.00 for 2,250 cubes per year

With the exception of a handful of sand miners, the majority of them are not wealthy businessmen, but rather maintain the sand mines as a means of self-employment. Meanwhile, the Resident Project Manager (System C) has observed that low income Samurdhi recipients faced the following difficulties.

- After participating in a Joint Inspection and submitting recommendations of the Department of Forest, Central Environmental Authority and finalizing the preparation of all the official documents, they have to face inconvenience caused by unexpectedly having to pay a large sum of Rs. 1,512,000.00 when referring to the Geological Survey and Mines Bureau for the grant of the final recommendation licenses by the Mahaweli Authority of Sri Lanka.
- The applicants have spent their money from the time of applying for the sand mine to the period of issuing of the final recommendation from the Mahaweli Authority of Sri Lanka, and accordingly, they find it difficult to earn money due to the large amount of money that has to be paid before any income is generated.
- The Geological Survey and Mines Bureau also charged a large sum of money from the owners of the mines as the royalty.
- Accordingly, after the completion of the Joint Investigation, to issue permits the Sri Lanka Mahaweli Authority delayed referring the final recommendations for about three to four months, and depending on the tension and the demand of the applicants of the mines, from the first instance of the participation of the MASL in the Joint Inspection, the relevant recommendations were given temporarily charging the fee for only one month until the relevant amendments are made, and after recovering the relevant monthly fee and after referring the recommendations to the Geological Survey and Bureau, action is taken to renew the monthly excavation permit.

Accordingly, the Resident Project Manager (System C) has informed me that since 2013, the Director of Geological Survey and Mines Bureau, Excavation Engineer of Provincial Office - Badulla of Geological Survey and Mines Bureau have been continuously informed thereof. Even if every time the applicants of sand mines submit the recommendations mentioning of these charges, Provincial Office (Badulla) of the Geological Survey and Mines Bureau has issued licenses to the applicants throughout the year respectively.

After completing the final inspection, the same procedure has been carried out to recover the fees from the applicants of sand mines, and the Resident Project Manager (System C) has informed that granting recommendations for the renewal of any sand mining licence has been temporarily suspended by MASL after the year 2017 until the total land use fee is paid since a permanent solution to this problem has not yet been received. By the end of 2018, all the sand mining licenses will be expired and only about 60 out of the total 443 sand mining license holders are active, informed the Resident Project Manager (System C).

- (b) Excavated Cube quantity is correct and through the letter of Director General dated 30-06-2011 has informed that Rs. 300.00 service fee has to be charged per one Cube. Accordingly, the outstanding service fee is Rs. 9,505,200.00. Already Rs. 2,854,580.00 of the said amount has been recovered, and the balance to be recovered is Rs. 6,650,620.00. The necessary documents have been submitted to the Attorney General's Department for the prosecution.

(c) In this regard, I offer the following facts:

(I) Rs. 75 million at the expense of the investor for the Electrical Wiring System has been borne by the Authority in accordance with the Board Decision No. 2013/247/3688 taken at the meeting held on 25-10-2013.

(II) In terms of the three party agreement amongst the Mahaweli Authority, the Investor and the Ceylon Electricity Board, the CEB has agreed to pay Rs. 75 million to the Investor from the amount receivable by the Mahaweli Authority for generating electricity.

(III) The Electricity generation of a Hydropower Plant depends on the height of the stem and the capacity of the water being released. The annual revenue of Rs. 131,157,653.00 mentioned in the Committee Report is an amount estimated by the circumstances of the previous years during this period. However, due to the physical conditions such as reduction of water release during the period, generation of electricity has gone down and as a result of that the revenue has been changed to Rs. 62,865,408.00.

(IV) The Ceylon Electricity Board has been requested to pay the receivable amount of Rs. 4, 128,992.00 for the less calculated electricity units due to a fault of the electric meter at the Maduru Oya-01 Power Plant, for the period between 12 December 2015 to 6 January 2016, and steps will be taken to send a reminder and recover the said amount.

- (d) It is confirmed by the letter of the General Manager of the National Livestock Development Board No. NLDB / GM / 21 and dated 31.05.2019 that this stock of animal has been taken to the said institution with the consent of both parties, and has been included to their stores' documents. Accordingly, a memorandum has been proposed to submit to the Board of Directors for the initial approval to remove the value of these animals from the biological assets documents and the books of accounts.
- (e) The State Mining and Mineral Development Corporation has leased out 17.942 hectare of the lot No. 68 of the Final Village Plan bearing No. 377 for a period of 30 years by an agreement signed on April 9, 1992, and a phosphate manufacturing plant is being carried out in the said land. Also, the said phosphate company is carrying out the apatite excavation in the plot of land 09 hectare of the lot No. 67 of the Final Village Plan bearing No. 377.

I would like to inform that the ownership of the above lands has been transferred to the Mahaweli Authority of Sri Lanka but they have not been properly implemented until the year 2015.

The Divisional Secretary has granted the long term lease deed No. 410/14/88 and dated 09.04.1992 and has recovered lease form the above land of lot No. 68 of the Final Village Plan bearing 377 where a phosphate manufacturing plant is being carried out. Since the Mahaweli Authority has been informed of this, the Resident Project Manager has transferred the ownership of the land to the Mahaweli Authority and has requested the Provincial Land Commissioner to vest the power to the Authority to lease the land.

In response, due a long-term lease signed by His Excellency the President is prevalent in this regard, the Provincial Land Commissioner has been informed to submit an agreement that can surpass the above. However, the following actions have now been taken.

- I. I shall take future action receiving legal advice with regard to recovering lease from the above land.
- II. Rs. 1,803,300.00 and Rs. 1,809,738.00 have been paid as Land use fees for 2016 and 2017 respectively.
- III. A formal agreement will be drawn up in this regard and both parties are expected to sign it.
- IV. IV. Excavation permit has been renewed on 11-09-2018.
- V. The relevant approval has been obtained from the Central Environmental Authority and the Department of Archeology.
- VI. Land has already been surveyed to transfer the ownership properly. I would like to inform that after receiving the maps, valuation reports can be obtained and a formal long term lease deed can be granted.

4.5 Under-utilization of Funds

The approval has been received at the 304th meeting of the Board of Directors on 31st January 2019 to return the current balance of Rs. 88.00 million to MASL of the amount Rs. 44.00 million given to Uva Development Bank and the Rajarata Development Bank in the year 2002. The General Manager of the Regional Development Bank has been informed through my letter No. MASL/ENT.DEV/71 and dated 29.03.2017 to release the money to the Mahaweli Authority of Sri Lanka, and discussions are currently being undertaken between the both parties.

4.6 Idle and Under Utilised Assets

- (b) I acknowledge that there were 551 unused buildings in the Systems/Divisional Offices of the Mahaweli Authority of Sri Lanka. The main reason for this is the voluntary resignation of about 800 employees after receiving compensation under the Restructuring Programme of the Mahaweli Authority of Sri Lanka in 1998.

At a meeting held at the Head Office of the Mahaweli Authority on 03.07.2017, His Excellency the President as the In Charge of the subject instructed to make a formal

arrangement in this regard since a large number of Quarters and Buildings are idling as such. Accordingly, a program titled "Release the usable but unused Quarters and Buildings to the Government Institutions" has been launched with the intension of providing the usable but unused Quarters and Buildings in the Systems/Divisions/Project Offices of the Mahaweli Authority of Sri Lanka for the purposes of Central Government or Provincial Government Institutions. Information on usable but unused quarters and buildings has been summoned under my instructions from all Systems/Divisions and Project Offices on 27.09.2017 with relevant to this programme.

Accordingly, all the Government Agents (Kandy / Kurunegala / Ratnapura / Ampara / Polonnaruwa / Anuradhapura) who were present at the District Secretaries' Seminar held in June 2017 have been orally informed of the above programme and letters were sent to all these Government Agents on 27.11.2017/17.

Furthermore, based on the information gathered, letters raising the awareness of the above programme were forwarded to the following institutions on 19.03.2018 and 10.05.2018.

1. Provincial Director of Education - Sabaragamuwa Province, Ratnapura / Eastern Province, Trincomalee / North Central Province, Anuradhapura
2. Provincial Director of Health - Sabaragamuwa Province, Ratnapura / Eastern Province, Trincomalee / North Central Province, Anuradhapura

According to the above notifications, the responses were received from several institutions and since those responses were inadequate, all the Government Agents and Provincial Directors of Health and Directors of Education have been reminded again on 09.01.2019. There, they have been informed to submit their requests before 28/01/2019 if there is any further need for Quarters and Buildings.

Following are the responses received from those institutions.

	The institution that requested unused quarters	The number requested
1	Divisional Chief Secretariat (16 + 2)	18
2	Regional Director of Health Services (2 + 63)	65
3	Office of the Provincial Director of Education	12
4	Department of National Community Water Supply	1
5	Bureau of the Commissioner General of Rehabilitation	1
6	Ministry of Primary Industries and Social Empowerment	1
7	Farmer Organisations	1
	Total	99

Some of these Quarters and Buildings have been already given to the following institutions.

- 01.** Approval has been granted to transfer the ownership of one building of the Girandurukotte Division in the System C to the Department of Civil Defense.
- 02.** Preliminary activities of transfer have been made in accordance with the approval of the Decision No. 2018/292/4352 of the 292nd Board Meeting which was held on 26.01.2018 to transfer the ownership of MRTC Center of Aralaganwila at Welikanda, System B to the Department of Police in order to set up a Police Training Institute.

Since the requests received from the Government Institutions regarding the programme initiated under the theme “Transferring Usable but Unused Official Quarters and Buildings to Government Institutions” is limited, a Board Paper has been submitted to the 305th Board Meeting held on 11.03.2019 requesting the approval to transfer the ownership of the relevant official quarters and buildings to the requested government institutions and further transfer the remaining official quarters and buildings to the MASL to lease to the private sector with the purpose of income generation. The decision thereof was (Decision No. 2019/305/4575) to further inform the following institutions in this regard. Accordingly, letters were sent to the following institutions on 19.03.2017 and 25.09.2017.

1. Department of Irrigation
2. Ministry of Health, Nutrition and Indigenous Medicine
3. Department of Agriculture
4. Department of Agrarian Development
5. Ministry of Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Fisheries and Aquatic Resources Development

His Excellency the President as the Minister in charge of the subject has instructed to expeditiously demolish the usable but unused buildings at the Progress Review Meeting of the Ministry of Mahaweli Development and Environment held at the Presidential Secretariat on 27.05.2011 under His Excellency's patronage. Accordingly, with that matter, as the relevant government institutions has been informed to request the above mentioned buildings through submitting a Board Paper to the 308th Board Meeting of the Authority held on 16.06.2019 and they have been given further opportunity to submit applications thereof within the next three months, a decision has been taken to properly demolish the still unrequested buildings by then following proper disposal and storage practices. Therefore, I would like to inform that action will be taken on the progress thereof.

As 293 buildings used by the Mahaweli Authority are currently at an unusable condition and as it is expensive to repair those, the buildings of the following Systems/Divisional Offices were demolished with the approval of the Board of Directors. Some of those buildings that could have been renovated and used have been given to outside institutions and persons.

I acknowledge that a low lease amount is recovered from the institutions for the leased houses and buildings rented out of the Systems specified in the query. This lease amount is charged as per the Internal Circulars issued by the Mahaweli Authority of Sri Lanka. Quaters / Buildings have already been referred to the Department of Valuation for evaluation from the Chief Valuer. I would like to inform that as soon as those valuation reports received, the lease amount of such quarters/buildings will be amended.

- (b) Details of vehicles proposed to be removed from the Mahaweli Authority of Sri Lanka are being prepared by the Assistant Director (Transport) for the year 2018 and the

vehicles belonged to the Farm in Niraviya and mentioned in the Inquiry are also included therein. Accordingly, action will be taken to dispose of such vehicles through the ongoing disposal process. Steps are being taken to provide electricity for poultry farms. Thereafter, arrangements have been made to restart the animal products utilizing those.

This has been caused by the removal of pigs, goats and poultry animals. I would like to inform that steps have been taken to reobtain high quality animals equal to the value of animals obtained by The National Livestock Development Board (NLDB), and after that the above premises of the building will be reused.

- (c) Essential instructions have been given to identify the usable items out of these items and issue them productively to the relevant Divisions/Systems, and dispose the unusable items following a proper disposal method, and it is in effect now.
- (d) Two Water Pumping Stations built at the Farm in Niraviya remain inactive due to not providing water pumps. The Ceylon Electricity Board (CEB) has taken steps to set up the electric wiring required to provide electricity to the Pumping Stations. Approximately Rs.10 million is needed to buy the electric water pumps, PVC pipes and fittings in the market, and due to the lack of adequate funds in the year 2018, the water pumps could not be installed.

4.7 Resources of the authority given to the other State Institutions

- (a) The relevant institutions have been informed to reimburse salaries, overtime pay, composite allowances and travel expenses from the date of release of each officer. And those institutions have been continuously informed to refund the money. Money allocated for the overtime pay and composite allowances of the seven employees who have been released to the Ministry of Defense has already been reimbursed.

I would like to inform that it was noted to inform the relevant institutions to reimburse salaries, overtime pay, composite allowances and travel expenses from the date of release of each officer, and accordingly release them, and to act properly in such releases in future.

- (b) The ownership of the vehicles transferred to outside institutions have been taken back. Since a request is made to transfer the ownership of the vehicles attached to the Ministry of Agriculture bearing numbers 65-2516 and 65-2514 to the Secretary of the said Ministry, further action is being taken accordingly.
- (c) I would like to inform that the payment of salary from March 2015 to July 2018 made to the 03 Geological Resources Engineers and 03 Drivers who have been released to the Climate Resilience Improvement Project (CRIP) in full-time has been reimbursed by the checks No. 567248 and 567261 and dated 09.11.2018 and 11.12 respectively along with the letter of Project Director (CRIP) No. CRIP/FIN/MASL/ and dated 13.11.2018.

I would like to inform that as there is no financial provision for reimbursement of the money allocated for the payment of salaries for the years 2015, 2016 and 2016 of the Officers who have been released to the Upper Canal Project, it has been informed by the letter of Program Director's No. MMDE/MWSIP/PMU/ACC/69 and dated 12.09.2018 that the said amount will be reimbursed by the provisions allocated in the year 2019, and the amount of money paid for the salaries from January 2018 to July 2018 has been reimbursed by the checks No. 439994 and 547504.

The relevant institutions have been constantly informed in writing to reimburse the money spent on salaries, overtime pay and travel expenses of the Officers and employees released to the Line Ministry and other government institutions

4.8 Personnel Administration

- (a) As at 31.12.2017, the Management Level vacancies of the Mahaweli Authority were as follows.

Additional Director General

Director (Personnel and Administration)

Director (Internal Audit)

Director (Mahaweli Centre)

Director (Fisheries and Livestock)

Director (Land)

Director (Planning and Monitoring)

Resident Project Manager (Huruluwewa)

Resident Project Manager (System C)

Resident Project Manager (System B)

Resident Project Manager (System D)

Resident Project Manager (System Walawa)

Resident Project Manager (System Maragahakanda)

Resident Project Manager (System Rambakanoya)

Accordingly, when there are vacancies for the posts of Director and Resident Project Manager belonged to the Service Grade HM 1-1 of the Mahaweli Authority of Sri Lanka, applications were called for and these vacancies were remained vacant due to nonsubmission of applications from the qualified officers.

According to the Recruitment Procedure of the Mahaweli Authority of Sri Lanka dated 12.06.2013, amendments were submitted from time to time thereto, and the Recruitment Procedure was amended again as per the instructions given by the

Department of Management Services on 31.10.2013, and due to the time taken for the consideration and reference to the Department of Management Services for the approval of the requests made by the employees regarding the educational qualifications and professional experience that are to be met for the recruitment of the post of Director (Fisheries & Livestock), these vacancies could not be filled as delays in recruitment to the above posts occurred. For this reason, in order to continue the internal administrative activities, action has been taken to assign officers and cover up the duties of the said posts through the internal officers on secondary basis in terms with the provisions of the Recruitment Procedure.

As at 31.12.2017, there were 347 actual employees in the Medium Managerial Level (MM (1-1 category, and 321 in the Junior Managerial Level (JM (1-1 category in the Mahaweli Authority of Sri Lanka. Accordingly, the total staff strength of these service categories is 668 and there are 141 vacancies in these categories. When filling vacancies of Middle Management Level (MM (1-1, most officers (Designations such as Engineer, Statistician, Geologist, Sociologist, Surveyor, Veterinary) are required to be recruited externally at the professional level and due to the difficulties of keeping them attached to this Authority (Due to inadequate salary and allowances) the ability to fill vacancies has been reduced. However, I would like to inform that action has been taken in several occasions to recruit internally and externally to fill these vacancies.

Also, provisions have been included in the approved recruitment procedure dated 31.10.2013 to act as a percentage for internal and external recruitment of Junior Management service category (JM 1-1). Furthermore, recruitment should be done only by publishing newspaper advertisements, as many posts are designated as external recruitment (Geographical Information System Officers, Water Quality Officers, Tissue Craft Technicians, Special Studies Officers, Town and Village Planning Designers). Promotions are also limited to internal employees due to their lack of ability to reach Junior Management Level since most other officers were recruited on the basis of the recruitment qualifications of the Old Recruitment Procedure which was prevailed before the approval of the New Recruitment Procedure, and they had not meet the degree or relevant professional qualifications specified in the New Recruitment Procedure, and thus, only based on the service period they can get promotions. Moreover, as Junior Management Level officers are promoted to positions of

Management (MM 1-1) Level, it is natural to vacate the posts they serve at every time an internal promotion is carried out.

As at 31.12.2017, the approved Primary Level Staff (from MA 3 to PL- (1 is 4017 and the Actual Staff is 3708. Accordingly, the number of vacancies is 309. Many difficulties have to be faced when recruiting to this position as National Vocational Qualification (NVQ) was indicated as the qualification for recruitment to most of the positions in these service categories, and the Tertiary Education Commission had not accredited courses of the said Level. There have been delays in filling the vacancies specially when recruiting to the posts of Designer, Bookkeeper, Tissue Craft Technician and Sports Assistant, as the promotions and recruitments of the said posts are carried out only after making frequent references to obtain consultations and agreements from the Department of Management Services due to the absence of courses in NVQ Level. I would like to inform that at present, the Department of Management Services has given instructions to solve this situation, and steps have been taken to act accordingly.

- (b) The reasons given under the Section "A" are also influenced and, considering the service requirements of the institution to continue the duties of such posts, action has been taken to perform the relevant functions through the assigned officers on the secondary basis and of the posts such as Director (Internal Audit), Director (Fisheries and Livestock), Director (Institutional Development) through the Internal Senior officers. Internal applications have already been called for Deputy Director General (Development), Director (Land), Director (Personnel & Administration), Director (Institutional Development) and steps have been taken for further action. Steps have also been taken to call internal applications for the posts of Director (Internal Auditor) and Director (Fisheries and Livestock) and, conduct formal interview to recruit suitable candidates for the said post.

Also, there were no internal officers who were qualified for the post of Deputy Director General (Development) when the revised Recruitment Procedure for the said post was approved on 09.03.2016.

However, the role of Deputy Director General (Development) includes all functions of the fields of land, agriculture, business development and institutional development and, appointment of an officer to carry out the said functions is a must. Accordingly, the officer who served as the Director (Business Development) was recruited after his retirement of the said post to the post of Deputy Director General (Development) under the approval of the Board of Directors based on his years of experience and field experience as a Director of Business Development to conduct target oriented programmes to grant land title certificates to all settlers settled in Mahaweli Systems under the purview of His Excellency the President especially as the Minister in charge of the Ministry of Mahaweli Development and Environment, and introduce new technological methods to the field of agriculture to increase Mahaweli contribution to the national production, and improve the social, economic condition of the settlers.

However, at present the said officer has moved from the supposed position and is attached to a special project.

I would like to inform that due to this reason, action has been taken to proceed further calling applications from the internal officers for the vacant post.

Internal and External Applications are called from time to time to fill vacancies in Resident Project Management positions. However, qualified officials have not applied therefor. Also, three Resident Project Managers were interdicted during the year under review, and are conducting formal disciplinary inquiries for them. Accordingly, these three positions cannot be filled and, internal Senior Officers are assigned as acting to perform the essential functions such as land, irrigation, agriculture, and institutional development activities in the System Offices without causing any inconvenience to the settlers. Also, I would like to inform that on the secondary basis, two officers have been assigned to Mahaweli System B and C to perform the duties of the post of Resident Project Manager as opportunities have been given to island wide officers by the provisions of the revised Scheme of Recruitment.

4.9 Use of Vehicles

Amongst the vehicles referred by the Basic Work Control Operations and Maintenance Unit, vehicles bearing the Nos. 50-2641, 36-3573 and 42-0889 have been disposed in the year 2017. Other vehicles could not be disposed in the year 2017 due to incompatibility with registration rights and registration details. Those vehicles are registered under the names of institutions that provided consultancy services IAZAMATODA - SKANSKA. At present, those institutions are not available in Sri Lanka. Therefore, I would like to inform that the action will be taken to dispose the said vehicles through the the Comptroller General's Office established in the Ministry of Finance.

5.1 Sustainable Development

Although all government institutions should work on the United Nations year 2030 Agenda for Sustainable Development, the relevant institutions have not taken steps to properly inform the Mahaweli Authority of Sri Lanka thereof. As such, I would like to inform that the Mahaweli Authority of Sri Lanka was aware of this through the internet. Accordingly, the relevant questionnaire quiz could not be answered.

Although a questionnaire was presented to summon information regarding the implementation of the United Nations Year 2030 Agenda for Sustainable Development through the letter No. PED/2017/SDG/05 and dated March 12, 2018, and as stated in the above (1), even though the answers could not be provided in due time due to the absence of information therein, we prepared answers discussing with the relevant divisions after receiving the questionnaire on 5th October 2018.

After being informed through the website of Mahaweli Authority of Sri Lanka about the 2030 Agenda, we have formulated the Sustainable Development Goals and Indicators to suit our Authority and the relevant institutions have been informed accordingly.

The Action Plan for the year 2019 has been prepared including the financial provisions necessary for the activities relating to set the Sustainable Development Goals and accomplish those.

6. Accounting Procedures and Good Governance

6.1 Presentation of Financial Statements.

Accepted.

The preparation and submission of the consolidated accounts were delayed because of the preparation of the Final Account of MASL utilizing a Manual System without a computerized accounting system under a decentralized accounting system in two main divisions of 10 System Offices and several other divisions, and it had to rectify the accounting errors which occurred in the relevant Divisions/Systems and Companies when merging the accounts of Mahaweli Companies under the MASL, and also upon completion of depreciation of fixing the furniture in the balance sheet, it had to make adjustments to account books revaluating those in the year 2018.

6.2 Internal Audit

By now, an officer has been appointed on permanent basis to the post of Director (Internal Audit).

6.3 Procurement and Contract Process.

- (a) After the extension of the deadline of the contract which falls on July 2, 2018, the contracting party has not requested an extension of the time, and thus, according to the letters submitted along with the bills confirming the completion of contract activities on 15.08.2018, a late fee of Rs.103,336.31 has been recovered in the first and final bill from the time of the extension of the deadline to 15th of August 2018.

In the preparation of the Estimate, the relevant items have been included to construct the security guard checkpoint on the ground and the approval has been obtained accordingly. However, the Deputy Resident Project Manager (Technical Services) has confirmed that a revised estimate was prepared adding new items to the approved estimate as requestes were made by the officers employed at the security division of the said place to construct the security guard checkpoint at a higher location for their security because of the frequent presence of wild elephants in recent times.

Action has been taken to submit a revised estimate to the Head Office and obtain the approval. And in the preparation of the Estimate, the relevant items have been included to construct the security guard checkpoint on the ground and the approval has been obtained accordingly. However, a revised estimate was prepared adding new items to the approved estimate as requestes were made by the officers employed at the security division of the said place to construct the security guard checkpoint at a higher location because of the frequent presence of elephants in recent times, and the absence of elephant guns provided fro them. Moreover, due to the vacancies of technical officers in the Systems and the said staff is working with minimal facilities it sometimes fails to submit for approval on time. In many cases, the Deputy Resident Project Manager (Engineer) had to engage in field surveys with the officers, which is considered an essential duty to make the necessary progress.

Quality Control Activities for all the constructions have already been implemented, and Resident Project Manager (System B) has informed that Resident Project Manager (Technical Services) has confirmed to pay more attention to minimize faults in the construction sector.

- (b) At the time of the construction of the Ruhunuketha Circuit Bungalow, an ordinary fence has been erected since no reports on elephant depredation have been received. Since the Officials in this area have a good experience about the elephant depredation, if there were any sightings of elephants' arrival, they would be able to find remedies therefor. However, it is advisable to educate all parties concerned to ensure that such situations do not continue.
- (c) SYH/FD/37 Ihala Thalava Wewa Diversion Cannal-

This contract was awarded on 13-10-2017 and the contract period is 90 days and the performance bond has expired on 23-02-2018. However, by that time, water was being

released for the 2017/2018 Maha season. The Resident Project Manager (System H) has informed that even though 07-day water guard or 08 day water guard was carried out during the period of release of irrigation water in System H, the water management of the Ihalathalawa tank is mainly done by the Farmer Associations related to the tank. Often these four-day water guards are received and the three-day water guards are not issued. However, this was not exactly implemented, and due to some changes, the contract could not be completed on time. Requests were made to extend the time through the letters of contractor dated 26-02-2018, 25-09-2018 and 01-10-2018. It has been informed that the performance bond period has been submitted up to 30-09-2019, and letters have been submitted to the Bank of Ceylon to extend the time of the performance bond once again up to 31-10-2018. Resident Project Manager (System H) has further informed that this contract was merely delayed due to the constant water supply in the Diversion Cannal.

- **Nochchiyagama Pahala Millewa Tank -**

It is true that the performance bond of this is due to expire on February 20, 2018. The Resident Project Manager (System H) has confirmed that the construction work of this was temporarily halted due to the release of water for the 2017/2018 Maha Season, and the release of water for the 2017/2018 Maha Season continued till the end of March, and also due to the heavy rainfall throughout the whole Yala Season in April and May, the construction has not been carried out. Construction work was also delayed due to the release of water for Yala Season in May 2018. The construction work of this contract was completed in August 2018, and these factors are sufficient to extend the contract period up to this period. The contractor has yet to complete the final bill and the performance bond must be submitted before the final bill is received.

Palugama Cannal -

The performance bond for this contract is completed on 26-05-2018, and by that time, the construction progress of the contract was over 90% and all major items had been completed. By then, only left was to clean the back filling of the creations and the waste materials of the construction. Accordingly, steps have been taken to grant a certificate for the completion of the above contract adequately by 26-05-2018.

Based on the above factors, the Resident Project Manager (System H) has informed that no action has taken to charge fees for the delay due to the reasonableness of the extension of the contract.

6.4 Budgetary Control

- (a) Accepted.
Heads of all Departments have been instructed to work within the limit of allocated budget provisions under each expenditure subject, and it was noted to work within the limit of allocated provisions in the year 2019.
- (b) Accepted.
When raising the awareness of the Systems / Divisions of the allocation of provisions of the year 2018, Heads of all Departments have been informed in writing not to incur any expenditure without allocating provisions. All Heads of Departments have been instructed to work within the limits of allocated budget provisions under each expenditure subject, and it has been noted to work within the limit of allocated provisions in the year 2018 and as well as year 2019.

Kindly note that no expenses have been incurred as funds for this item were not received from the Treasury.

6.5 Annual reports tabled

I acknowledge that there has been a delay. I would like to inform that this situation will be rectified in future.

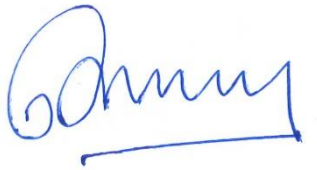
6.7 Unresolved Audit Issues

- (a)(b) It was noted to take further action in this regard.
- (c) Court proceedings in this regard have not been finalized. I will proceed further in accordance with the court ruling.
- (d) Three officers involved in this incident have been suspended and formal disciplinary inquiries are currently underway in this regard. This has been referred for the legal action by now.

- (e) The value of these buildings has to be assessed before they can be taken into the books of accounts. The relevant valuation will be taken to the books immediately after the relevant assessment is received.

7. Systems and Controls

It was noted to pay special attention to the matters presented from (a) to (d).



Dr. D.M.S. Dissanayake,
Director General,
Mahaweli Authority of Sri Lanka.

Copies -

Secretary – Ministry of Mahaweli development & Environment	- F.N.I.
Secretary- Ministry of Finance & Mass Media	- F.N.I..
Director- (Internal Audit)	- F.N.I. and F.N.A

Performance Report
2017
Part V

1. Development Activities carried out in year 2017

1.1 Cumulative Financial Progress

The total capital budget for the financial year 2017 was SLRM 3,385.40. The financial progress up to end 2017 is given below.

Rs. Million

Description	Budget Provision	Amount Released (Up to end of December 2017)	Expenditure (Up to end of December 2017)
Mahaweli Projects	1,810.00	1,422.85	1,422.85
Mahaweli Consolidated Project (CF)	500.00	433.00	433.00
System B Maduru oya RB Development project (CF)	150.00	109.00	109.00
Redeemaliyadda Integrated Development Project (CF)	110.00	79.90	79.90
Rambakenoya Integrated Development Project (CF)	115.00	92.68	92.68
Welioya Integrated Development Project -System L (CF)	400.00	316.42	316.42
Implementing a mechanism to protect river bank of Mahaweli – Gatambe (CF)	16.50	15.50	15.50
Rehabilitation of Major and Medium Irrigation Schemes including emergency infrastructure rehabilitation works (CF)	273.50	180.67	180.67
Agriculture & Livestock Development Project (CF)	220.00	179.55	179.55
Kiuloya Development Project (CF)	25.00	16.13	16.13
Administration and Maintenance (CF)	1,575.40	1,560.77	1,339.00
Total	3,385.40	2,983.62	2,761.85

1.2 Mahaweli Projects

1.2.1 Mahaweli Consolidated Project

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 4,910 (Revised Budget)
Project Period : 2007-2018

Mahaweli Consolidated Project has been commenced with the objective of increasing income levels of rural communities settled in the Maduru Oya Left Bank area assuring irrigation water supply for their agriculture. Project activities include rehabilitation of irrigation network that was built during 1982- 1986. (a) Maduru Oya Left Bank for improving water management including 52km of main channels, 65km of branch channels, 459km of distributary channels, 1,138km of field channel, 54km of drainage channels, 80km of operation and maintenance of rural roads, and small tanks (b) Improve selected water supply schemes built under the Village Self-Help Project, (c) Supporting agricultural development and strengthening farmer organizations (d) Implementation of appropriate environmental conservation programmes.

Financial allocation for the year 2017 SLRM 500 out of which only SLRM 433 has been released by the treasury and its fully utilized during January – December 2017. Further SLRM 61.57 remained as liabilities.

No.	Description	Physical Progress as at 31.12.2017
01	Construction/Rehabilitation of Distrubutory Canal	13 km
02	Construction/Rehabilitation of Field Canal	103 km
03	Improvement of Village Tanks	05 Nos.
04	Rehabilitation of Branch Canal Road (LBR1)	2.5 km
05	Construction/Improvement of Drainage canal	42 km
06	Laying of interlocking Paving at Aralaganwila new Hospital ward complex Road	0.14 km
07	Renovation of buildings	10 Nos.
08	Repairing of Fish Pond at Aralaganwila Seed Farm	01 Nos.



1.2.2 System B Maduru Oya RB Development Project (Malwenna and Mahawelithanna)

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 935.49
Project Period : 2014-2018

The Mahawelithanna and Malwenna Mahaweli system Units are falls within the upper part of the Singhapura Block of the Mahaweli System B covering Polonnaruwa and Batticaloa administrative Districts are being developed under the Project. Due to the internal conflict situation during last few decades within this area, most of the settlers were internally displaced. As a result, there were approximately 1200 families left for their original native places from the settlement areas.

Once the conflict was being over, resettlement & rehabilitation work of the area has once again commenced under this special project in 2014. It is proposed to develop 859 homesteads and 859 irrigated land plots within the area of Mahawelithanna and Malwenna Units in Singhapura Block. Major activities of the project are, (a) Resettle 859 displaced families in Singhapura block and reestablishment of the settlements (b) Develop 521 ha of existing underutilize lands for irrigated agriculture purpose and 174 ha of homesteads (c) Construction of Mahawelithenna Tank and related irrigation channels.

Financial allocation for the year 2017 (Revised) was SLRM 150 out of which only SLRM 109 has been released by treasury and its fully during the year. Further SLRM 28.04 remain as liabilities.

No.	Description	Physical Progress as at 31.12.2017
01	Construction/Rehabilitation of Distributary Canal	1.5 km
02	Construction/Rehabilitation of Field Canal	7.7 km
03	Construction of Market & Hamlet Road	2.62 km
04	Laying of interlocking Paving for Village Roads	1.16 km
05	Rehabilitation of access road to Causeway	111 m
06	Improvement/Excavation of Drainage canal	7.5 km
07	Construction of Culvert for Village Road	12 Nos.



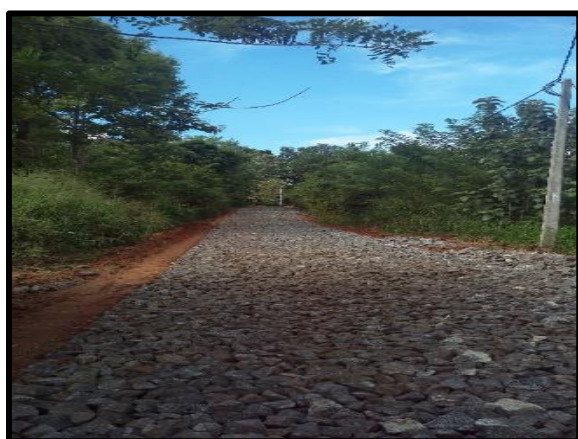
1.2.3 Redeemaliyadda Integrated Development Project

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 1,100
Project Period : 2012-2018

Redeemaliyadda Divisional Secretary's Division in the Badulla Administrative District has been identified as one of the most remote and poorest DS division's in the country as per the Household Income and Expenditure Survey of the Department and Census and Statistics. Therefore, five-year investment plan has been prepared to development this DS area by the Mahaweli Authority. Main objectives of this project are to develop infrastructure facilities and to open up agriculture based production and sustainable income avenues for the families in the area. Thus this project mainly focuses on (a) Development of commercial crop production (b) Livestock development and (c) Entrepreneurship development.

Allocation for the year 2017 was SLRM 110 and SLRM 79.90 released by the treasury and its fully utilized during the year 2017. Further SLRM 14.48 remain as liabilities.

No.	Description	Physical Progresses as at 31.12.2017
01	Rehabilitation of Roads	2.7 km
02	Rehabilitation of irrigation system	3 km
03	Construction of Agro wells	19 Nos
04	Construction of drinking wells	65 Nos
05	Training Programmes	11 Nos



1.2.4 Rambakenoya Integrated Development Project

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 1,086

Project Period : 2012-2019

Rambaken Oya integrated Development Project is implemented within the Ampara District covering Mahaoya and Padiyathalawa DS Division focusing of reservoir and irrigation development in the area. Main objectives of the project are (a) Rehabilitation of small and medium tanks and anicut (b) Rehabilitation of 70 km of village roads (c) Increased agriculture production of the project area by 50% (d) Provision of Drinking water through construction of wells and (e) Sanitary healthcare improvement programme (Construction of toilets)

Allocation for the year 2017 was SLRM 115 and out of which SLRM 92.68 released by the treasury and its fully utilized during January to December – 2017. Further SLRM 22.32 remain as liabilities.

No.	Description	Physical Progresses as at 31.12.2017
01	Rehabilitation of Roads	1.65 km
02	Rehabilitation of bund and tanks	3 Nos
03	Construction of Agro wells	5 Nos
04	Construction of drinking wells	33 Nos
05	Provision of sanitary facilities	121 Nos
06	Construction of elephant fence	2 Km



1.2.5 Welioya Integrated Development Project -System L

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 3,957
Project Period : 2012-2018

This project is implemented focusing the development in Mahaweli system “L” covering administrative districts of Anuradhapura, Vavunia, Mullative and Tricomalee. This project is aimed to provide homestead, irrigated lands and necessary physical and social economic infrastructure for 6,788 displaced families.

Major project activities are (a) Resettle 6,788 farmer families within 11 villagers (b) Development of 4,187 ha. of agriculture lands (c) Construction and improvement of market and hamlet road network and (d) Improvement of social infrastructure facilities.

Financial allocation for the year 2017 was SLRM 400 out of which SLRM 316.42 released by the treasury and its utilized by 100% during January – December 2017. Further SLRM 28.50 remain as liabilities.

No.	Description	Physical Progresses as at 31.12.2017
01	Land Marking and survey	2040 lots
01	Rehabilitation of irrigation canals	3.5 km
02	Construction of toilet	300 Nos
03	Construction of roads	25 Km
04	Construction of tube wells	41 Nos
05	Ornament fish production	15 tanks
06	Construction of building	8 Nos



Welioya Integrated Development Project -System L

1.2.6 Implementing a mechanism to protect river bank of Mahaweli – Gatambe

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 698.97 (Revised)
Project Period : 2013-2017

This project has been commenced since 2013 for the construction of 499 m long gabion retaining wall with the height of 15 m along the Mahaweli River Bank beginning from the premises near Department of Animal production and Health up to Mahinda Rajapaksha ICT Center premises in Gatambe, Peradeniya in the Administrative District of Kandy due to severe erosion of the river banks in geological section.

Financial allocation for the year 2017 (Revised) was SLRM 16.5 of which SLRM 15.50 released by the treasury and it's all fully utilized by end of the year 2017. Further SLRM 1.00 remain as liabilities. Construction works in temporary hold due to the environment issue occurred the project and currently IEE in progress.

1.2.7 Rehabilitation of Major and Medium Irrigation Schemes including emergency Infrastructure Rehabilitation Works

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 825
Project Period : 2015-2018

The project focuses for (a) Repair and maintenance of major head works and reservoirs, (b) Rehabilitation of irrigation infrastructure and (c) Construction and rehabilitation of roads along the irrigation distribution channels in Mahaweli Systems B, C, H, L, Huruluwewa, Udawalawa and EIC units under Head works and Maintenance Division of MASL. Financial allocation for the year 2017 (Revised) is SLRM 273.5 of which SLRM 181 released by the treasury and all the funds were fully utilized during this year. Further SLRM 80.09 remain as liabilities.

No.	Description	Physical Progresses as at 31.12.2017
01	Rehabilitation works of major reservoirs related infrastructure works	95% of 8 major reservoirs
01	Rehabilitation of downstream irrigation related infrastructure for the year 2017	90%

1.2.8 Agriculture & Livestock Development Project

Source of Funds	: Domestic Funds
Total Estimated Investment	: SLRM 220
Project Period	: Annual (01.01.2017 – 31.12.2017)

The project has been initiated to entire enhancement of local food crop cultivation and livestock production which will lead to reduce agricultural imports to the country thus establishing country's food security in line with National Food Production Programme.

Agriculture priorities in 2017 are, Crop diversification, Identification of chili varieties suitable for the Mahaweli L Zone, Programs for producing quality seeds, Rehabilitation programs for fruit trees, increasing use of organic fertilizers, Construction and renovation of agricultural wells in face of drought weather, Programme for domestic economic development and Program to increase water efficiency. Awareness programmes and workshops were held on improved Dairy production, poultry production, inland and ornamental fish production activities were conducted under the livestock development programme.

Financial allocation for the year 2017 was SLRM 220 out of which SLRM 179.55 released by the treasury and its 100% utilized during the end of year 2017. Further SLRM 33.52 remain as liabilities.

Agricultural Crop Cultivation

Extent of paddy cultivation in Mahaweli areas recorded 56,310 ha with production of 290,597 mt of paddy production were recorded in 2016/2017 Maha season. The average yield in terms of paddy was 5.13 mt/ha in Mahaweli areas (According to the crop cutting survey results by departments of census and statistic). The extent of paddy cultivation in 2017 Yala season were 42,621 ha with the production of paddy were recorded as 217,011 Mt. The total paddy production for 2016/2017 Maha and 2017 Yala were 507,608 Metric Tons.

The extent of Other Crop Cultivation (Other Field Crops, Fruits, Vegetables and Perennial crops) were approximately 43,414 ha consist 5,960 ha of Soya Bean, 3,369 ha of Maize, 1,204 ha of Big Onion, 588 ha of Chili, 1,572 ha of Black Gram, 593 ha of Cowpea, 629 ha of Ground Nuts. Further 13,130 ha of Fruits and 6,322 ha of Perennial Crops were also cultivated.

According to the Department of Agriculture data, MASL plays an active role in local agriculture production and development of the country while it accounts to 20% of Paddy, 78 % of Soya bean, 51 % of Big Onion and 24% of Black gram production during this period.

Dairy Development Programme

Dairy farming is promoted in Mahaweli areas as an additional income generation source and supported to provide high nutrient level among Mahaweli settler community. Livestock Development Division of MASL is responsible for the implementation and monitoring of dairy development programmes in the Mahaweli systems.

It was recorded as 110,950 Cattle population in the Mahaweli areas while produced 28.4 million liters of milk during the year 2017.

During the period, 157 cattle sheds were built and upgrade while 23 breeding centers were established to upgrade genetic potential of dairy cattle population in the systems., 22 mobile milking machines were distributed for the demonstrate farms and further 66 animal clinics and vaccination programs were held.

To promote the fresh milk consumption 21 “Milk Week “ programmes were held during this year and under the capacity building programme 82 training programmes were held among school children, farmers and officers to uplift their capacity.

Inland Fisheries and Ornamental Fish Culture

Inland Fishery Development within Mahaweli reservoirs was a key initiative implemented which helped farmers to increase the income levels and to upgrade the nutrition consumption level among Mahaweli Settlers. 158,000 Metric Tons of inland fish production reported during the year 2017. In order to improve the fish production, 657,000 of fingerlings were stocked, 4 breeding centers were constructed further 75 fishing gears were established.

In order to improve the ornamental fish production 82 mud ponds and 18 cement tanks were constructed during the period. Furthermore, to strengthen the fishery communities 7 Fisheries Societies were established during January – December 2017.

1.3 Maintenance and Development

Mahaweli Authority of Sri Lanka responsible for the Operation and Maintenance of approximately 10,925 km. of irrigation channel network, 449 large, medium and minor tanks and reservoirs to ensure the efficient irrigation water management and supply for 106,876 ha. of agriculture land area in its 10 Systems for the purpose of agriculture enhancement in line with the country's National Food Production Programme. Maintenance and rehabilitation of road network and other infrastructure facilities in the Mahaweli areas coming directly under the purview of MASL for the benefit of approximately 300,000 families.

Further, effective land management, entrepreneurship development, environment conservation and institutional development and facilitation of cultural and sports development activities in Mahaweli settlement areas for the benefit of current and future generations of Settlers areas also

key activities of MASL. The budget allocation for the year 2017 is SLRM 1,575.40 of which SLRM 1,339 (85%) effectively utilized during this year.

1.3.1 Irrigation System Maintenance

Secondary growth clearing, de-silting, repairs and improvement of irrigation systems and structures, graveling roads etc. are coming under Mahaweli irrigation systems maintenance tasks. The allocation in the year 2017 is SLRM 370.81, of which SLRM 285.054 (77%) effectively utilized to perform above activities successfully during January – December.

1,014 registered farmer organizations are operating in the Mahaweli areas and operation and maintenance of distribution channel network has already been handed over among 10 highly efficient farmer organizations during the year 2017. Further, upgrading 10 farmer organizations to the commercial level during the year 2017 under the guidance of Institutional development division.

1.3.2 Land Alienation

Progress of 1,000,000 land deed programme

System	Target	Progress up to 2017.12.31 Grants/Permit/Long term lease
B	25,600	25,533
C	17,700	26,360
D	2,800	444
H	12,500	8,729
L	8,600	7,816
Moragahakanda	3,600	3,522
Victoria	2,800	3,299
Huruluwew	4,100	2,119
Walawa	18,500	19,683
Rambakenoya	3,800	2,568
Total	100,000	100,073

1.3.3 Institutional Development

Upgrading socio – economic conditions of Mahaweli settlers through providing entrepreneurship opportunities, capacity building, institutional strengthening, women empowerment, social and cultural development were major initiatives implemented as post settlement programme of MASL. Accordingly, Institutional Development Division of MASL has organized series of programmes and workshops covering above subject areas for the betterment of second and third generations of Mahaweli settlers.

It was able to conduct 4,406 institutional development programmes, 572 Community development programmes and 82 programmes related to women development during January – December 2017.

1.3.4 Forest & Environment

Forest & Environment Conservation

Environment Division continues to manage and coordinate all environmental activities within Mahaweli areas. Assigning priorities for the “Punurudhaya (පුනරුදය)” the three-year action plan under the national environment programme with the Environment Ministry for the implementation of green concepts practically in all Mahaweli areas.

Annual allocation for the forest & environment conservation activities was SLRM 30.12 of which SLRM 30.2 (100%) utilized during January to December - 2017.

Under the natural resource conservation for the soil conservation 1400 m of on farm soil conservation were completed. During the period, 485,765 plants were produced under the nursery management and plant production programme while 106,736 of trees were plants to increase the tree density of the area. In order to measure and improve the quality of water 19 water quality measurement points and 7 sedimentary measurement points were established during this year.

Furthermore 87 nos of Environmental Education and Awareness programmes were conducted with the participation of school children and to control and manage the intensive alien species programme was in carried out in 22 tanks in Mahaweli areas. To control the human elephant conflicts of the Mahaweli areas 31Km of elephant fence were constructed and 75Km of elephant fence were maintained during the year 2017.

Renewable Energy Production Enhancement (Mini Hydro Power Projects)

Letters of intents have been issued for the construction of 20 mini hydropower stations in Mahaweli areas with a total capacity of 53.93 MW of hydropower. Environmental approval has been given for 16 projects of which 11 projects have been already commenced for commercial operation up to end of 2017 with the capacity of 33.4 MW.

1.3.5 Business Development

Renovation of 07 circuit bungalows with modern furniture has already been completed and 14 bungalows were already available on online booking.



Kothmale



Ruhunuketha



Polgolla

Investments opportunities for Private Sector in Mahaweli Areas

Approvals were granted to 20 new Investment and other development projects in Mahaweli lands during January - December 2017.

<i>Investment Projects</i>	13
<i>Renewable Energy Projects (Solar/ Dendro)</i>	7

Promotion of Small and Medium Scale Enterprises (SME's)

SME programmes organized with the support of Regional Development Bank (RDB) were able to assist 181 entrepreneurs in Mahaweli areas amounting to SLRM 35.65 under the “Mahaweli Saviya (මහවැලි සවිය)” special loan programme. Under the “Mahaweli Diriya (මහවැලි දිරිය)” special loan programme it was able to assist 11 farmer organizations for their business development accounted SLRM 15.4 during the year 2017.

1.3.6 Facilitate the Convenient Working Environment

i. Human Resource Development / New Recruitments / Staff Promotions

To provide efficient and effective service the authority was able to complete most of its carder recruitments in line with revised SOR.

Approved Carder	4,624
No of vacancies up to 31.12.2017	434
New recruitments in 2017	268
Internal promotion in 2017	212

ii. Training

To improve the strengthen of the employee while bringing them to the higher level of skills and knowledge several training programmes were conducted under varies subject by the training division of the authority.

	No of participants
Training Programmes relevant to various subjects (21)	87

1.3.7 Legal Enforcement

During the year 2017, 93 court cases were follow up by the legal division under the guidance of Attorney General Department while the head works division involved in 14 case hearings, 03 legal discussions were conducted to solve some of the pending legal cases of MASL. Furthermore 04 new cases have been filed and 2 cases have been completed.

1.3.8 Water Management

The Water Management Secretariat (WMS) ensured the efficient utilization of the water resources of Mahaweli reservoirs. While coordinating with CEB, Water Board, Dept. Irrigation, and Metrology Dept. to meet the countries' Agriculture, Hydro energy, Drinking and water requirements. WMS also provided information and recommendations to the Water Management Panel to assist it in reaching its operational policy decisions.

Water Storage Capacity of MASL Reservoirs

Reservoirs	Maximum Capacity Level (MCM) 2017
Kothmale	139
Polgolla	
Victoria	551.3
Randenigala	680.9
Rantambe	5.2
Bowatenna	11
Uda Walawa	233.3
Dambulu Oya	10.3
Kandalama	23.2
Kalawewa	78.6
Ulhitiya/ Rathkinda	130.3
Maduru Oya	371.7
Total	2,234.8

1.3.9 Internal Audit

To ensure the effectiveness of the functions of the authority under the Internal Audit division issued 17 audit reports and 21 investigation reports during this year.

2. Power Generation Capacity of Mahaweli Reservoirs

Reservoir	Total Capacity (Approximately) (MCM)	Maximum Power Capacity (MW)	Power Generation 2016 (GWh)	Power Generation 2017 Jan. – December (GWh)
Kothmale	174	201	280.45	300.48
Polgolla	4	-	-	
Victoria	722	210	589.37	287.952
Randenigala	860	126	324.15	141.713
Rantambe	7	49	142.80	84.20189
Ulhitiya/Rathkinda	146	-	-	
Maduruoya	596	-	-	
Bowathanna	23	40	42.39	66.093
Udawalawa	268	6	15.54	3.23712
Ukuwela (Power Station Only)		40	158.17	154.782
Total	2,800	672	1,552.87	1,038.46

3. Cabinet Memorandums forwarded in 2017

Cabinet Paper no and date forwarded		Title	Cabinet decision
No	Date		
24/11/2017	No.043/704/2494/17	To enhance infrastructure facilities under the karalliyadda Urban Development plan, Kandy District	It was decided to grant approval to the recommendations (3.1),(3.2) and (3.3) in paragraph 3 of the Memorandum.
	No2017/40 :	Declaration of Mahaweli system 'E' as a special Area of Mahaweli Authority of Sri Lanka.	
05/07/2017	No.-009/704/1298/17I	Supply of metal,sand,soil and gravel required for the development activities of Government form the lands controlled by the institutions coming under the purview of the ministry of Mahaweli Development and Environment	<p>i. To Grant Approval to Temporarily Suspend the Implementation of the Cabinet Decision Dated 2017/03/31 On Cp NO.17/0530/704/009, Until Such Time the Technical Services Institute of the Geological Survey and Mines Bureau Is Fully Equipped to Handle the Relevant Activities as Indicated in The Memorandum; And</p> <p>to direct the secretary, ministry of Mahaweli Development and Environment , to take necessary action to make the relevant authorities and other parties aware of the decision at (i) above.</p>