

ANNUAL REPORT 2021



MARINE ENVIRONMENT PROTECTION AUTHORITY
Ministry of Urban Development and Housing

Concept, Creation, Design and Plan

Finance Division and Information Technology Team

Marine Environment Protection Authority

Head Office

Colombo

ANNUAL REPORT

2021

MARINE ENVIRONMENT PROTECTION AUTHORITY

Ministry of Urban Development and Housing

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The Marine Environment Protection Authority established as per the Marine Pollution Prevention Act No. 59 of 1981. That Act was replaced with the new Marine Pollution Prevention Act No. 35 of 2008, which came into effect on 1st January 2009, in order to strengthen the legal powers vested in the Authority to prevent, mitigate and control marine pollution and to implement the Conventions on Marine pollution pertaining to the Government of Sri Lanka.

Corporate Information

Name of the Authority: Marine Environment Protection Authority

Legal Personality: A regulatory institution established under the Marine Pollution Prevention Act No. 35 of 2008.

Registered Address and Head Office: Marine Environment Protection Authority, No. 177 Nawala Road, Narahenpita, Colombo 05.

Telephone Nos.: 011-2554006; 011-2554373

Fax No.: 011-2556505

Email Address: info@mepa.gov.lk

Website: www.mepa.gov.lk

Board of Directors

Chairperson: Ms. Darshani Lahandapura (Member appointed by the Minister)

Directors:

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

Mr. Sunil Senarathna, Additional Secretary, Ministry of Fisheries

Mr. A.W. Senevirathna, Director General, Department of Merchant Shipping

Mr. Sachith Fernando, Deputy Director, Department of External Resources

Rear Admiral P.S. Mahavithana, Representative appointed by the Navy Commander

Mr. Ahamed Javed, Representative of the Secretary to the Ministry of Foreign Affairs

Mr. Ashokalal Kodithuwakku, Member appointed by the Minister

Mr. Prasanna Gunasekara, Member appointed by the Minister

Dr. P.B. Terney Pradeep Kumara, General Manager (From January 2021 to August 2021)

Mr. A.J.M. Gunasekara, General Manager, (Acting) (From August 2021)

Provincial and District Offices of Marine Environment Protection Authority

<p>1. Western and North-Western Provincial Office and Colombo District Office No. 177 Nawala Road, Narahenpita, Colombo 05. Telephone: 011-4078 * 071-3462298 Fax: 011-2556505 * 011-2554173</p>	<p>8. District Office – Jaffna District Marine Environment Protection Authority District Secretariat, Jaffna. Telephone/ Fax: 021-2212663</p>
<p>2. District Office - Kalutara District Marine Environment Protection Authority No. 28 Gangabada Road, Kalutara. Telephone: 034-2221790 * 071-2666456 Fax: 034-2221790</p>	<p>9. District Office – Puttalam District Marine Environment Protection Authority Nuga Sevana B, North-Western Provincial Administrative Building, Pambala, Kakapalliya. Telephone: 031-2222865 * 071-8099899 Fax: 032-2222865</p>
<p>3. Southern Provincial Office and Galle District Office Marine Environment Protection Authority No. 426/B Colombo Road, Dadalla, Galle. Telephone: 091-2233549 * 071-8214184 Fax: 091-2233549 * 091-2233547</p>	<p>10. District Office – Gampaha District Marine Environment Protection Authority 704/9 Second Kurana, Colombo Road, Negombo. Telephone: 031-2228606 * 071-8325678 Fax: 031-2228606</p>
<p>4. District Office – Matara District Marine Environment Protection Authority 18 Wilmot Balasuriya Mawatha, Nupe, Matara. Telephone: 041-2234250 * 071-4926849 Fax: 041-2234250</p>	<p>11. District Office – Mannar District Marine Environment Protection Authority District Secretariat, Mannar. Telephone: 023-2251758 * 071-760546 Fax: 023-2251758</p>
<p>5. District Office – Hambantota District Marine Environment Protection Authority No. 46 Second Floor, Administrative Complex, Siribopura, Hambantota. Telephone: 047-2256372 * 071-3624651 Fax: 047-2256372</p>	<p>12. District Office – Batticaloa District Marine Environment Protection Authority No. 03 Pillayar Kovil Road, First Cross Street, Kallady, Batticaloa. Telephone/ Fax: 065-2224979</p>
<p>6. District Office – Ampara District Marine Environment Protection Authority Pradeshiya Sabha Building, Village Council Road, Tambiluville. Telephone/ Fax: 067-2265416</p>	<p>13. District Office – Kilinochchi District Marine Environment Protection Authority No. 05 Kilinochchi Station Road, Kilinochchi Telephone/ Fax: 021-2282101 * 070-6768694</p>
<p>7. Eastern Provincial Office and Trincomalee District Office – Marine Environment Protection Authority 4th Mile Post, Trincomalee. Telephone: 026-2050805 * 071-8383363 Fax: 026-2050805</p>	

Board of Management of the Authority

Chair:

Ms. Darshani Lahandapura (Attorney-at-Law)

General Manager:

**Dr. P.B. Terney Pradeep Kumara, BSc Special (Zoology), PhD
(Till 03.08.2021)**

General Manager [Acting]:

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

Deputy General Manager (Operations):

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

Senior Managers

Manager – Legal: Miss A. Kariyawasam, L.L.B., MSc

Middle Managers

Accountant: Mr. D.R.C. Jayawardhana, BCom Special, MBus (Accounting), LICA

**Deputy Manager (Western and North-Western Provinces): Ms. T.S. Ranasinghe, BSc Special
(Honours), MSc (NRM)**

Deputy Manager (Southern Province): Mrs. R.P. Ranaweera, BSc Special (Honours), MSc (NRM)

Assistant Manager (Province): Mr. H.T.N.I. Piyadasa, BSc, MSc (NRM), MSc (Maritime Affairs)

Assistant Manager (Ship Survey): Mr. R.N. Priyadarshana, BSc, NDES

MESSAGE FROM THE CHAIR



It gives me pleasure to give a message to the Annual Report of the Marine Environment Protection Authority for the year 2021.

The Marine Environment Protection Authority, which has been established under the Marine Pollution Prevention Act No. 35 of 2008, is the regulatory authority to prevent, mitigate and control marine pollution within the marine zone of Sri Lanka.

In addition to being the organization to enforce the provisions specified by the Act while enhancing national, regional and international cooperation towards the maintenance of a clean and healthy coastal and marine environment, it undertakes the initiatives for enlightening people on prevention and mitigation of pollution associated with ships and land, and on conservation of coastal and marine environments.

In addition to the performance of functions assigned by the Act, the Medium-Term Plan of the Authority was formulated under 09 policies based on 14 Sustainable Development Goals of the United Nations while taking into consideration Chapters 5, 6, 7 and 8 in the Vistas of Prosperity and Splendour in accordance with the national priorities identified by Gazette Extraordinary 2187/27.

Even amidst the COVID-19 pandemic situation that had been prevailing in the country, beach cleaning activities and salvaging of containers and removal of debris were conducted continuously in order to mitigate the effects of the catastrophe that occurred due to the MV X-Press Pearl ship incident and reimbursement of operational expenses was also done. In addition, pathological tests on animals killed by the accident were carried out and water samples were tested through local and foreign organizations while the Committee of Experts prepared an interim damage assessment report. Similarly, the Authority managed the oil slicks from the ships MV Viswa Ekata, MV Vinalines Brave, MV Eurosun and MV Xpress Yamuna as well as the oil seepage at the Sapugaskanda Oil Refinery.

The Authority was able to perform the tasks assigned to it successfully in the year 2021 and I would like to thank Hon. Mahinda Rajapaksa, Prime Minister, for the leadership and guidance given to us, the instructions given by the Secretary to the Ministry and the cooperation on the part of the Board of Directors of the Authority.

[signed]

**Darshanee Lahandapura
Chair**

MESSAGE FROM THE GENERAL MANAGER



Sri Lanka is located in an economic nerve centre on the shipping route between the orient and the occident and a region prone to ship accidents. Therefore, the Marine Environment Protection Authority is tasked with a mission of implementing a strategy of national as well as international cooperation towards protecting marine environment while using marine resources in a sustainable manner. As such, the Authority formulated the course of action for the establishment of the mechanism necessary to implement the marine environment protection activities in a more methodical and streamlined manner while overcoming the challenges which came before the Authority during the year 2021.

The year 2021 became an actually challenging period for the Authority and it had to perform a significant task in responding to the biggest ship accident within the seas of Sri Lanka in her whole history. Part of the year saw activities being hampered by the global COVID-19 pandemic.

Initial work has been commenced for integrating the provisions of international conventions to which Sri Lanka has become a party into the Marine Pollution Prevention Act No. 35 of 2008 and measures have been taken for the restoration of marine ecosystems and for the protection of life under water from the damage caused to the marine environment by the environmental changes that are caused by global temperature changes under Sustainable Development Goal No. 14.

Provisions amounting to 35.8 million rupees (79%) was received out of the capital provision of 45 million rupees approved because of the pandemic situation and the economic situation prevailing in the country during the year 2021 and the Authority managed to reach a physical progress of 80% by utilizing the whole of the provision received. In addition, I appreciate the commitment on the part of the staff of the Authority in managing the immense catastrophe caused by the MV X-Press Pearl incident and I must bring back to mind that an income of 385 million rupees could be earned as against an income target of 38.41 million rupees set for the year 2021.

Necessary action is taken to enhance the contribution from marine resources towards the national economy while saving the marine environment for posterity by getting the involvement of the private sector, voluntary groups and national and international organizations and our expectation is to become an authority reliant on self-generated funds.

[signed]

A.J.M. Gunasekara
General Manager / Chief Executive Officer

VISION

“A WHOLESOME COASTAL AND MARINE ENVIRONMENT FOR POSTERITY”

MISSION

“Functioning as the custodian of the coastal and marine environment through awareness-raising, research, people’s participation, regional and international cooperation, rapid action and enforcement”

01

BACKGROUND

1.1 Introduction

As an island, Sri Lanka is situated in a strategically important location in the Indian Ocean. According to international laws, Sri Lanka is entitled to harness resources in a marine region eight times the size of its land area. The nautical routes linking the orient and the occident run through the ocean region belonging to our country. The marine region belonging to our country is replete with a plethora of natural resources, which gradually get polluted due to human activities conducted on land and due to nautical transportation.

As such, the Marine Pollution Prevention Authority had been established under the Marine Pollution Prevention Act No. 59 of 1981 in order to maintain the ocean of ours free of marine pollution. The then existing Act was replaced with the new Marine Pollution Prevention Act No. 35 of 2008 with a view to strengthening the legal powers vested in the Authority for the purpose of preventing and mitigating marine pollution and implementing international conventions applicable to the Government of Sri Lanka and the new Act was brought into force with effect from 1st January 2009. According to this new Act, the Authority was renamed “Marine Environment Protection Authority”.

Under the Vision of the government newly elected in the year 2015, developing Sri Lanka as a nautical hub was one of the main objectives. With this objective, construction of new ports and upgrading of existing ports are carried out. In addition, programmes are being formulated for the utilization of oceanic resources. Therefore, this Authority should contribute towards maintaining the sustainability of the industries that are associated with it and mitigating marine pollution.

As such, the Marine Environment Protection Authority has been implementing a myriad of activities as the organization tasked with prevention, control and mitigation of pollution to marine natural resources.

1.2 Responsibilities and Functions of the Authority

1.2.1 Functions of the Authority

- a) Administration and implementation of the provisions of the Act and the Orders made under the Act in an effective and efficient manner.
- b) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship-based activity and shore-based maritime-related activities in the territorial waters of Sri Lanka or any other maritime zone, its foreshore and the coastal zone of Sri Lanka.
- c) To conduct research in collaboration with other departments, agencies and institutions in both government and private sector for the purpose of prevention, mitigation, control and management of pollution arising from any ship-based activity or shore-based maritime-related activity in the territorial waters of Sri Lanka or in any other maritime zone, its foreshore and the coastal zone of Sri Lanka
- d) To avoid the pollution of and manage, secure and protect the territorial waters of Sri Lanka or any other maritime zone, its foreshore and the coastal zone of Sri Lanka by oil or any other pollutants
- e) To provide adequate and appropriate reception facilities for oils, harmful substances or any other pollutants
- f) To recognize and recommend adherence to all international conventions and relevant protocols dealing with marine pollution which the government of Sri Lanka has ratified, accepted, acceded to or approved or may ratify, accept, accede or approve
- g) To formulate and implement a national oil spill contingency plan
- h) To oversee, regulate and monitor the conduct of persons conducting exploration of natural resources associated with petroleum or related activities and contractors, service sub-contractors and other persons engaged in related activities
- i) To create awareness amongst various community groups on the need to preserve the marine environment
- j) To do all such other acts or things as may be necessary for the discharge of all or any of the above-mentioned functions.

1.2.2 Powers of the Authority

- a) To effectively safeguard and preserve the territorial waters of Sri Lanka or any other maritime zone, its foreshore or the coastal zone from any pollution arising out of any ship-based activity or shore-based maritime-related activity
- b) To conduct investigations and inquiries and to institute legal action in relation to any pollution, arising out of any ship-based activity or shore-based maritime-related activity
- c) To oversee all transport of oil and bunkering operations that are carried out in the territorial waters of Sri Lanka or any other maritime zone, its foreshore or the coastal zone for the purpose of prevention of pollution
- d) To hold, obtain or give on lease or rent, mortgage, pledge or sell or dispose of in any other manner any movable or immovable property,

- e) To employ any officers or employees who may be necessary in performing the functions of the Authority
- f) To enter into all the contracts necessary for the performance of the function of the Authority all by itself or by way of any officer or agent authorized by the Authority for the purpose
- g) To appoint any person by name or office for the purpose of delegating all or any of the powers conferred on the Authority under the Act to
- h) To open, operate and maintain accounts in any bank or financial institution approved by the Board
- i) To borrow such sums of money as may be necessary for the purpose of discharging the functions of the Authority
- j) To accept and receive grants, donations and bequests, of property both movable and immovable, from sources in Sri Lanka and abroad and utilize them for the purpose of discharging the functions of the Authority
- k) To make rules in respect of the management of the affairs of the Authority
- l) To make rules in respect of the management of the affairs of the Authority
- m) To charge fees for any services provided by the Authority from any person or body of persons
- n) To collect fees or charges in respect of the services provided by the Authority from all ships arriving at Sri Lankan ports
- o) To do all such other acts or things as are necessary for the proper discharge of the functions of the Authority or are incidental to any of the powers specified in this Act or conferred on or assigned to the Authority.

02

POLLUTION OF MARINE ENVIRONMENT IN SRI LANKA

2.1 ECOLOGICAL SYSTEMS

As an island nation, the importance of the marine environment in Sri Lanka is not at all inferior to that of geographical environment. Immense is the value, environmental as well as economic, inherent in the coastal belt of approximately 1700 kilometres and its sandy beaches, rocky outcrops, mangroves, coral reefs, sea-grasses, estuaries, lagoons, brine swamps and islets etc.

2.1.1 Sandy Beaches System

This is an abundant ecosystem found on the coastal belt of Sri Lanka. It is of utmost importance to tourism and fishing industry. It is significant to notice that the sandy beach that gets expanded due to sand that accumulates during one part of the year gets eroded in another. Animals such as birds and arthropods are found in abundance in this ecosystem while screw pines and ground lotus dominate the flora. Sandy beach can also be used to attract tourists while it is an ecosystem that is particularly vulnerable to pollution because of tourism.

2.1.2 Mangrove Ecosystem

This ecosystem, which can be seen only within the inter-tidal zone, consists of plants that have adapted well to environmental challenges such as swamps low in subterranean air and high mineral concentration in the soil. The plants grown in this ecosystem are collectively called mangroves. In Sri Lanka, 25 real mangrove plants and 15 associated mangrove plants have been identified. Similarly, there are animals that have adapted themselves to the unique conditions of this environment. They include reptiles, fishes, arthropods and mollusks. The main ecological services provided by these ecosystems are functioning as breeding sites for fish and safe havens for fries and fingerlings, protection from coastal erosion, and retaining polluted water and filtering out the pollutants. At the same time, these ecosystems are directly important for fishing and tourism. Mangroves are found in estuaries in Puttalam and Kalpitiya areas and coastal belts in the southern and north-western parts of Sri Lanka.

2.1.3 Coral Reef Ecosystems

Coral reefs, which are rich in biodiversity, are picturesque environmental systems. Many ornamental fish varieties live in these areas, which are important as breeding grounds for such species. This is also a very sensitive ecosystem, whose environmental factors get devastated with the slightest stimuli. Therefore, these ecosystems are highly endangered. It is important for fishing industry and tourism while such ecosystems face threats because coral reefs are damaged or destroyed during the process of catching ornamental fish and because of activities of tourists. Coral reefs are found in coastal waters in the north-western, eastern, south-western and south-eastern Sri Lanka.

2.1.4 Sea Grasslands

These exist as underwater grasslands and provide habitats for animal species such as sea turtles. These ecosystems can be found in association with lagoons and estuaries in Puttalam and Negombo.

2.2 MARINE POLLUTION IN SRI LANKA

Marine pollution is one of the biggest threats posed to the ocean. The factors contributing to marine pollution exist in the ocean itself as well as on terrestrial environment. As revealed during research into marine pollution, 90 % of the human activities leading to marine pollution take place on land.

2.2.1 Land Activities Leading to Marine Pollution

a) Agriculture

The chemical fertilizers and other agro-chemicals used in agriculture seeps into the ocean through watercourses. As a result, the extent of soluble nitrogen and phosphorus in the ocean water goes up and cause the algae proliferation to be excessive, resulting in an over nutritious state. Because of this, the soluble oxygen goes down in extent leading them to deteriorate into faecal zones, posing adverse effects on fishing industry.

b) Urbanization

Urbanization pushes population density up and increases the release of domestic waste to the environment. As the waste is released to the environment without purification, they enter the ocean through watercourses and thereby causes marine pollution. Because of the untrammelled flow of domestic faecal waste into the ocean, the marine pollution may aggravate into situations where faecal zones emerge. Similarly, non-decaying wastes such as plastic, polythene etc affect the marine environment causing marine pollution.

c) Industrialization

Because of the infiltration of wastewater and waste matter discharged by factories into the environment, they enter the ocean through water courses. It is impossible to prevent the pollution caused to ecosystems by such solid and liquid wastes referred to above leading to destruction of ecosystems concerned.

2.2.2 Activities Conducted in the Sea Leading to Marine Pollution

a) Shipping Accidents

Recent history has recorded several oil spill events caused by shipping accidents in the ocean around Sri Lanka. As Sri Lanka is situated on the shipping route linking the east to the west, the Sri Lankan waters has a high potential for marine pollution caused by ship accidents, of which an incident involving an oil transporter has a high potential to add a large quantity of oil into the ocean. It is not only oil that can intrude into the ocean, but even chemicals and other materials transported by ships may lead to marine pollution during shipping accidents.

b) Exploration of Petroleum in the Ocean

Exploration of oil in the ocean has been carried out around Sri Lanka in the recent times. During the process of exploration, accidents may cause oil spills. At the same time, mining brings about a lot of residue in water, leading to decrease of water quality. Similarly, the sonic waves used during geological surveys during this process may adversely affect animal species such as dolphins.

c) Infiltration of Waste Generated During Shipping Movements into the Sea

The shipping of heavy fuel oil, human faeces and other wastes generated during ship transportation are released to the ocean without treating thereby causing marine pollution. As a country close to a main shipping route and as one having busy ports, Sri Lanka is also affected by this situation.

2.3 CONTROL OF MARINE POLLUTION IN SRI LANKA

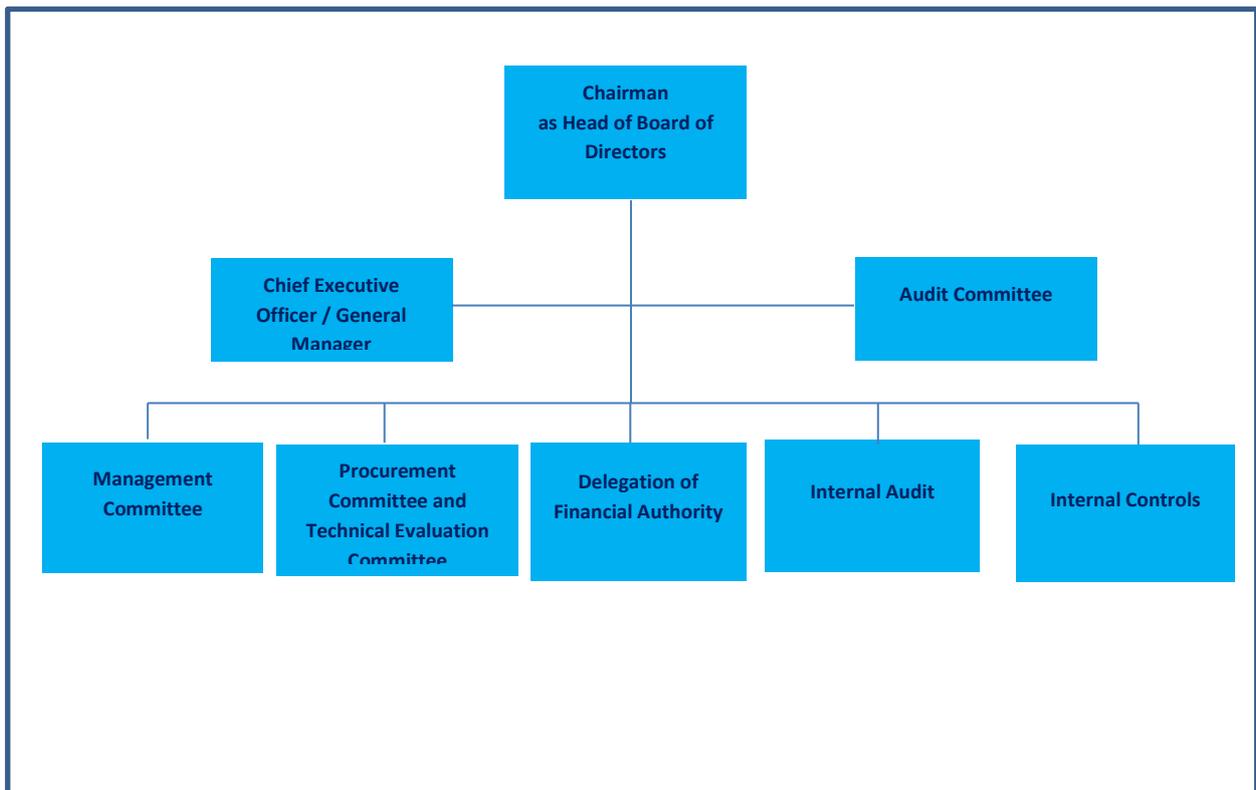
The authority to prevent, control and manage marine pollution in Sri Lanka rests with the Marine Environment Protection Authority. This Authority works to safeguard the marine environment in accordance with the Marine Pollution Prevention Act No. 35 of 2008 and regulations made under the Act. As enforcement of laws alone is not enough for this task, the Marine Environment Protection Authority takes action to raise the awareness, conduct research and collate data, as well as implement various projects with contributions from government, non-governmental and private institutions.

03

CORPORATE REPORT OF THE MARINE ENVIRONMENT PROTECTION AUTHORITY

Proper corporate governance provides a strong basis for the achievement of the strategic objectives of the Authority and for safeguarding the value of stakeholders and resources of the Authority. The review by the Committee on Public Enterprises and the interest shown by people regarding the operations and other activities of the Authority are main factors influencing the maintenance of proper corporate governance. At the same time, keeping to proper governance combined with a healthy level of compliance ensure corporate good governance.

3.1 Governance Framework



3.2 BOARD OF DIRECTORS OF THE AUTHORITY

The Board of Directors is the driving force behind the Authority's success. It consists of members possessing high qualifications and long experience. The Board of Directors is invariably committed to making right decisions with regard to matters affecting the strategies of the Authority and its financial state and reputation as well as the lives of all the citizens of the country. In this endeavour, the Board of Directors uses its collective capacities and works to ensure high-level corporate governance in line with the powers and functions laid down in the Marine Pollution Prevention Act No. 35 of 2008.

It is also important in this connection to determine the functions and responsibilities of the Board of Directors and the specific composition of their roles as well as the terms of office of its members. The members to the Board of Directors are appointed by the State Minister of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation and include representatives from the Treasury, Ministry of Environment, Ministry of Foreign Affairs, Ministry of Fisheries and the Navy Commander as well as the representative of the Director General of the Department of Coast Conservation appointed ex-officio. The Chairman of the Board of Directors and the General Manager are members of the Executive Board and other members are non-executive members.

3.3 Participation of Members at the Meetings of the Board of Directors

Meetings of the Board of Directors are held on monthly basis and special meetings of the Board of Directors are held as and when needed. Staff officers attend meetings of the Board of Directors whenever their presence is needed especially for clarification of matters and for providing extra information on the recommendation of the Directors. These meetings are conducted according to a formal agenda and the management furnishes Board of Directors with detailed background information and Board Papers before the meetings. Ten meetings of the Board of Directors were held during the year and the participation by Directors is shown in the table below:

Information Regarding Meetings of Board of Directors

	Name	Position Held in the Board of Directors	Number of Board Meetings Attended
01	Darshani Lahandapura	Chair (Member Appointed by the Minister) – Executive Director	14/14
02	Dr. P.B Terney Pradeep Kumara	General Manager/ Executive Director	06/14
03	A.J.M. Gunasekara	General Manager - Acting	08/14
04	R.A.R.R. Rupasinghe	Non-Executive Director	08/14
05	Sunil Senarathna	Non-Executive Director	12/14
06	Ahmed Javed	Non-Executive Director	02/14
07	A.W. Senevirathna	Non-Executive Director	01/14
08	Sachith Fernando	Non-Executive Director	11/14
09	Rear Admiral P.S. Mahavithana	Non-Executive Director	11/14
10	Ashokalal Kodithuwakku	Non-Executive Director	12/14
11	Prasanna Gunasekara	Non-Executive Director	10/14

Dr. P.B. Terney Pradeep Kumara, who held the post of General Manager/ Executive Director of this Authority, left the post after a continuous service of seven years and Mr. Jagath Gunasekara, who functions as the present Deputy General Manager (operations), was appointed as the General Manager on covering-of-duties basis on the approval of the Board of Directors. Mr. Ahmed Javed, who was appointed as the ex-officio Member of the Board of Directors representing the Ministry of Foreign Affairs, retired in February 2021 and arrangements are being made to fill the vacancy he left.

3.4 Independence of Directors

As per the Marine Pollution Prevention Act No. 35 of 2008, the term of office of Directors is limited to three years, with eligibility for re-appointment. Before making decisions, the Board of Directors may obtain relevant advice and information if necessary from the management or external professionals and the management of the Authority is bound to provide such information and advice as are required by the Board of Directors. The management has the responsibility to furnish the Board of Directors with information necessary for the efficient discharge of their duties. The Board of Directors is responsible for achieving the objectives of the Authority. The Board of Directors works towards the implementation of an effective system of internal controls through the formulation of policies and ensuring the effective implementation of such policies. The Audit and Management Committee of the Board of Directors reviews the administrative and operational activities of the Authority together with internal and external auditors as well as all the members at the senior management level.

The responsibility of attaining the Vision of the Authority rests with the Board of Directors. In performing this responsibility, the Board of Directors bears the final responsibility for adopting the strategy of the Authority, monitoring the operational performance and financial outcomes of the Authority, and ensuring compliance with the corporate governance framework of the Authority. Further, compliance with the statutory requirements and ethical standards is also their responsibility.

In addition to the aspects referred to above, the Board of Directors holds responsibility for reviewing and approving the Annual Financial Statements, the Annual Budget, Administration Reports and Action Plans and regular monitoring of financial performance. At the same time, giving approval for appointment and promotion to major positions is also a function of the Board of Directors.

Granting approval for capital expenditure and investments are also conducted under the supervision of the Board of Directors.

3.5 OTHER COMMITTEES

The Audit and Management Committees performs a major function as a sub-committee of the Board of Directors with regard to its main functions.

3.6 AUDIT COMMITTEE

The Audit Committee reports to the Board of Directors as an independent body. It covers all kinds of controls including the Authority's internal controls system, risk management, financial operations and compliance governance. The internal control methodology and the remaining framework are managed within a domain bearable to the Authority. As such, the internal audit of the Authority can only present a fair but absolute certificate regarding the management, financial information, substantial errors, and financial losses and frauds.

The Internal Audit Division is tasked with reviewing all the internal control procedures and the effectiveness of their quantitative state and presenting recommendations regarding improvements to internal controls of the Authority.

3.7 PROCUREMENT COMMITTEE AND TECHNICAL EVALUATION COMMITTEE

The National Procurement Agency has issued a series of guidelines for the purchase of products, goods, services and works. The Technical Evaluation Committees implement the guidelines issued by the National Procurement Agency for the purpose of obtaining the most financially beneficial and

quality services and supplies for the Authority and ensuring transparency and minimizing delays. The Technical Evaluation Committee focuses on the technical aspects of the purchases while the Procurement Committee focuses on other aspects of the purchases. The Procurement Committee of the Marine Environment Protection Authority is classified according to values as follows:

1. Departmental Procurement Committee

1.1 Departmental Procurement Committee – Major

1.2 Departmental Procurement Committee - Minor

3.8 MANAGEMENT COMMITTEE

The Management Committee consists of the Chairperson, the Chief Executive Officer, the Deputy General Managers or heads of departments and one of them functions as the chair. The head of the Committee also attends meetings. The Committee met as and when required.

Coordination with Other Government Agencies

The operational continuity of the Authority relies on working with all its stakeholders in a cordial and meaningful manner. The Authority has understood the importance of promoting mutual understanding with its stakeholders and according to the opinion of the Directors, the final governing body of the Authority is the Government of Sri Lanka. The Authority works closely with the State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation and the Treasury for managing its operations.

The Treasury provides funds, instructions and guidance for major projects and programmes. The communication is carried out both verbally and in writing while the Chairperson/ General Manager functions as the main coordination officers in dealing with organizations. The Authority provides the government with information legally necessary and relevant as expeditiously as possible.

3.9 INTERNAL CONTROLS

The efficient functioning of the Authority warrants an effective internal control system. The objectives of implementing internal controls are to protect the assets of the Authority, maintaining proper records and ensuring the supply of reliable information.

3.10 Internal Audit

The Internal Audit Division is handled by a professionally qualified accountant. There are audit plans prepared by the Audit Committee for assessing the internal controls, identifying risk universe and ensuring the completeness of the transactions. In addition, they are tasked with conducting special investigations with a view to presenting observations and recommendations to the management.

The other tasks performed by the Internal Audit Division are identifying risks associated with the expenses and incomes of the Authority, subjecting the Report of the Auditor General with the replies to audit queries, and reviewing from time to time the actual activities carried out compared to the audit plans.

3.11 CORPORATE GOVERNANCE

The regular affairs of the Authority are guided by the Chairperson or General Manager of the Authority based on the strategic direction approved by the Board of Directors as opportune, and the established policies and procedures of the Authority. The Authority has divided operational and administration activities into two main parts— as operations of the Head Office and the operations of the Regional Offices. District Marine Environment Officers lead regional operations and are amply supported by the Deputy Managers or Assistant Managers of the respective provinces. For better management, the Head Office has been divided to several departments and each Department is headed by a Deputy General Manager or a Manager. The departments assist the Chairperson and the General Manager in carrying out day-to-day affairs. The Managers of the Authority are professionals possessing the necessary skills, experience and professional qualifications in the respective fields.

3.12 COMPLIANCE AND TRANSPARENCY

Compliance with all the laws, regulations, standards, norms and practices is essential for the success and sustainability of the Authority. The corporate governance of the Authority is structured according to the guidelines declared in the Code of Standard Practice on Corporate Governance for Good Governance issued by the Department of Public Enterprises and the Chartered Institute of Accountants in Sri Lanka in the year 2003. The Board of Directors is bound to act in compliance with the requirements for the purpose of safeguarding strong corporate governance practices.

The Authority is bound to maintain transparency in all its affairs. The Authority follows accounting standards of Sri Lanka [Sri Lanka Public Sector Accounting Standards (SLPSAS)/ Sri Lanka Financial Reporting Standard (SLFRS)/ Sri Lanka Accounting Standards (LKAS)] and functions in accordance with the regulations relevant for ensuring accountability. The provisions of the Finance Act No. 38 of 1971, the Financial Regulations and the Establishments Code are used in the daily operations of the Authority. Financial Statements are published annually and tabled in Parliament while the Auditor General conducts the external audit functions.

04

Directors' Report

The Marine Environment Protection Authority is a regulatory authority of the government incorporated under the Marine Pollution Prevention Act No. 35 of 2008. It is governed by a Board of Directors.

The registered office of the Authority is located at No. 177 Nawala Road, Narahenpita, Colombo 05.

The audited Financial Statements included in this Annual Report have been formulated and presented in accordance with the Sri Lanka Public Sector Accounting Standards (SLPAASs) issued by the Chartered Institute of Accountants in Sri Lanka and provisions of Treasury Circulars.

4.1 CORE ACTIVITIES

The main activities of the Marine Environment Protection Authority are enforcing the Marine Pollution Prevention Act No. 35 of 2008 and the regulations issued under the Act, implementing the relevant international conventions, coordination and enforcement other resources and stakeholders, managing the oceanic environment and prevention, control and management of marine pollution in Sri Lanka for the future as well as present generation.

4.2 AUDITED FINANCIAL STATEMENTS

The Auditor General has audited the Financial Statements prepared for the year ended 31st December 2021, duly signed by the Accountant of the Authority and approved by the Board of Directors of the Marine Environment Protection Authority. The Report of the Auditor General is given in Chapter 7.

4.3 RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORTING

The Board of Directors shall bear the responsibility for the preparation the Financial Statements of the Authority, which shall depict a true and fair situation regarding the present condition of the Authority. The Board of Directors is of the opinion that the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Accounting Policies have been prepared according to the Notes shown from pages 74 to 103, as per the Sri Lanka Public Sector Accounting Standards.

4.4 SIGNIFICANT ACCOUNTING POLICIES AND MATERIAL CHANGES

During the year under review, Accounting Policies adopted have shown no deviation from the last year's policies, as directed by Sri Lanka Public Sector Accounting Standard 01 pertaining to the presentation of Financial Statements.

4.5 INCOME AND SURPLUS / DEFICIT

The summary of financial outcome of the Authority for the year that ended on 31st December 2021 are given below together with the comparative figures:

Item	2021	2022
Total Income	438,795,121.00	264,089,071.65
Total expenditure	537,009,745.00	214,089,054.64
Surplus/ (Deficit)	(98,304,624,00)	50,000,017.02

4.6 PROPERTY, PLANT AND EQUIPMENT

The details of the properties, plant and equipment of the Marine Environment Protection Authority are given in Note 8 to Financial Statements on page 87.

4.7 DIRECTORS' REMUNERATION

The allowances paid to Directors in the years 2021 and 2022 are as follows:

2021	2020
282,000.00	204,000.00

The payment of these salaries and wages has been carried out according to the Provisions of the Public Enterprise Circular No. 01 of 2015.

4.8 CONTRACTS OF DIRECTORS WITH THE AUTHORITY

There were no actions on the part of Directors to enter into any agreement with the Authority directly or indirectly.

4.9 RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The overall responsibility of managing risks rests with the Board of Directors. The Board of Directors has established a detailed and broad system of internal controls for this purpose.

4.10 HUMAN RESOURCES

The Authority has identified the importance of the role played by the Authority's human resources in making the operational mission and vision of the Authority a reality. As such, several steps were taken in order to enhance the human resource capital of the Authority with a view to obtaining their contribution for achieving the corporate objectives and goals in an optimum level. The human resources policy of the Authority provides ample opportunities to enable officers of all categories of posts to enhance their knowledge and skills through local and foreign training. Developing the human capital of the Authority in order to ensure that the human resources of the Authority possess a high level of technical and management capacity has become one of the foremost goals of the Authority. The human capital profile of the Authority is contained in pages 46 to 52 in this report.

Recurrent Expenditure had to be limited during the COVID-19 pandemic situation that prevailed in the year 2021.

4.11 OBLIGATIONS THAT HAVE TO BE FULFILLED

No lawsuit had been filed against the Authority as at the date of the Financial Statements. As such, the Financial Statements will not cause a material impact on the Authority's financial stability or future operations.

4.12 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Authority had not been engaged in any affair that breaches any laws, rules or regulations.

4.13 STATUTORY PAYMENTS

Board of Directors are satisfied to the best of their knowledge and belief that all the required statutory payments have been paid in time using the financial resources available, as stipulated by the regulatory and statutory authorities.

4.14 Events after the Publication of Financial Statements

No event of material importance that necessitates changes to Financial Statements has occurred after the date of the Financial Statements.

4.15 PERPETUAL EXISTENCE

The Board of Directors has prepared the Corporate Plan / Action Plan in order to ensure that the Vision, the Mission and the objectives of the Authority will be achieved, its operations will be enhanced and the marine environment will be protected for the benefit of posterity. As such, the Financial Statements have been prepared on the basis of the concept of perpetual existence.

4.16 Remuneration of Auditors

The Authority has set aside Rs. 1,239,600.00 as audit fees for the year that ended on 31st December 2021 to be paid to the Auditor General' Department. As observed by the Board of Directors, the Auditor General does not have any other relationship or obligation in respect of contracts with the Authority.

4.17 STATEMENTS BY DIRECTORS REGARDING CORPORATE GOVERNANCE

The Board of Directors gives the following assurances:

1. The Authority complies with all the relevant laws, rules and regulations in carrying out its operations, and has not engaged in any activity contravening any laws, rules and regulations.
2. In agreements with the Authority, the Directors have always declared all material relationships.
3. The Board of Directors has reviewed the corporate plans/ action plans of the Authority on the premise of assisting the operations of the Authority to continue and is satisfied that the

Authority has adequate resources to continue with its operations in the future. As such, the Financial Statements of the Authority are prepared on the concept of perpetual existence.

4. The Directors have conducted a review on internal controls of the Authority covering the financial, operational and compliance controls and risk management and obtained a fair assurance about its efficiency and effective compliance.
5. The procedures and practices that comply with the corporate governance laws and rules are described in the Corporate Governance Report given in pages 46 to 52 of this Report.

4.18 Accepting the Content of the Report

The Board of Directors hereby accepts the contents of this Annual Report. The Annual Report is endorsed on behalf of the Board of Directors by—

Signed/

Darshani Lahandapura
Chairperson

05

Report on Meetings of Audit and Management Committees

The Audit and Management Committee comprises three non-executive Directors. The Chair is held by Mr. K.B.S.S. Fernando, who represents the Treasury, while the other two members of the Committee are Mr. R.A.R.R. Rupasinghe, Additional Secretary of the Ministry of Environment, and Mr. Sunil Senarathna, Additional Secretary of the Ministry of Fisheries and Aquatic Resources. In addition, the Audit Superintendent in charge of the Marine Environment Protection Authority at the National Audit Office and the Chief Internal Auditor of the line Ministry attended the meetings of the Committee as observers. The Internal Auditor of the Authority functioned as the convener. The Deputy Auditor General of the National Audit Office attended the meetings of the Audit and Management Committee as a special observer on 28.12.2021. Upon the summoning by the Audit and Management Committee, the General Manager and other officers holding positions of relevance appeared before the Committee as and when necessary and gave clarifications and explanations.

An assessment was made on the deficiencies existing in the internal controls and weaknesses pointed out by the audit queries posed by the National Audit Office.

Discussions were held with the management regarding the internal audit reports and measures were adopted to make necessary corrections. The audit was designed and conducted to get an assurance that the affairs of the Authority are conducted in accordance with the internal Circulars of the Authority, the Financial Regulations, the Establishments Code and other regulations. All the financial, administrative and operational activities of the Authority including the preparation of Financial Statements, protection and maintenance of the assets, and maintaining adequate liquidity were subjected to audit. The Audit and Management Committee inspected the financial progress reports prepared and presented by the Accountant and gave necessary recommendations to the chairperson and the General Manager in respect of the measures that should be taken regarding the findings.

The Audit and Management Committee worked in collaboration with the Auditor General's Department of the government subjected the observations, conclusions and recommendations of the Department to discussion at the proceedings of the Audit and Management Committee. In addition, the Audit and Management Committee subjected the matters unveiled from the internal audit reports and the effectiveness of the auditing methods and gave instructions and guidelines necessary to minimize deficiencies to the top management of the Authority. Management Audit Department Circular No. DMA/AMC/M/2021/2 has lifted the requirement of conducting 4 meetings per year in view of the COVID-19 Pandemic situation prevailing in the country and informed that it is adequate to conduct one meeting of the Audit and Management Committee for the 4th Quarter of 2021. Nevertheless, the Authority conducted meetings of the Audit and Management Committee on 22.01.2021, 07.04.2021 and 28.12.2021.

Meetings of the Audit and Management Committee of the Marine Environment Protection Authority
in the Year 2021

Composition of the Audit and Management Committee			Number of Meetings Attended
	Name	Position	
01	Mr. K.B.S.S. Fernando	Chairman (Deputy Director, Department of External Resources)	03/03
02	Mr. R.A.R.R. Rupasinghe	Member (Additional Secretary – Administration, Ministry of Environment)	03/03
03	Mr. Sunil Senarathna	Member (Additional Secretary – Administration, Human Resources Development and Finance)	03/03
04	Ms. D.V. Chandralatha	Special Observer (Deputy Auditor General, National Audit Office)	01/03
05	Mr. K.K.S. Jayakody	Observer (Audit Superintendent, National Audit Office)	01/03
06	Ms. S.S. Kodippili	Observer (Audit Superintendent, National Audit Office)	02/03
07	Mr. E.L.A.P. Kumara	Observer (Chief Internal Auditor, State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation Affairs) from 09.08.2020 to 06.07.2021	02/03
08	Mr. N. Jeyaganesh	Observer (Chief Internal Auditor, State Ministry of Coast Conservation and Low-Lying Land Development) since 01.11.2021	01/03
09	Mr. W.A.P. Udana	Convener (Internal Auditor, Marine Environment Protection Authority)	03/03

06

HUMAN CAPITAL REPORT

BUILDING EMPLOYEE RELATIONS AND INCREASING EMPLOYEE PARTICIPATION

We recognize with ease that employee relations and employment are both crucial for the success of the operations of the Authority. As such, we are fully committed to building strong relationships with our people on terms based on trust and mutual respect and we always strive to maintain open, transparent uninterrupted and communication and promote relations with our employees regularly.

The Human Resources Department plays a major role in maintaining employee relations. One of the main factors in this endeavour is the human resources plan of the Department for the development of the skills and proficiency of the staff and building of the trust in the Authority aimed at achieving the overall objectives of the Authority. The Human Resources Development Policy of the Authority develops an approach based on a multi-layered principle to ensure that we possess the best mix of persons at every level. We plan to give our employees an equal access to resources and opportunities, make every employee part of the team and get them to use their maximum potential in contributing. For this, we place trust on a culture of high performance. We expect every member of the team to take it upon themselves to tune their objectives to align with those of the Authority and move towards attainment of those objectives.

New Recruitments — 2021

Age and Gender (GRI 401-1)

Age Group	Male	Female	Total
18-20	-	-	-
21-30	08	15	23
31-40	04	03	07
41-50	02	-	02
Over 50	-	-	-
Total	14	18	32
Percentage	43.75 %	56.25 %	100 %

Employee Turnover — 2021

Age and Gender (GRI 401-1)

Age Group	Male	Female	Total
18-20	-	-	-
21-30	-	-	-
31-40	05	03	08
41-50	-	-	-
Over 50	02	01	03
Total	07	04	11
Percentage	63.63 %	36.36 %	100 %

Employee Relations

Reporting for Duty Again and Remaining (Maternity Leave) (GRI 401 – 3)

Description	2021	2020
Number of employees eligible for maternity leave	7	30
Number of employees who obtained maternity leave	6	8
Number of employees who returned to work after the maternity leave	4	5
Number of employees who remained home for 12 months after the maternity leave	6	5
Percentage of those who returned to work	66.66%	62.50%
The percentage of employee who remained in service	100%	62.50%

Number of Employees 2021 (GRI 405 – 1)

Age Group	Senior Management		Middle Management		Junior Management		Assistant Marine Environment Officer		Management Assistant		Other	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-20	-	-	-	-	-	-	-	-	-	-	-	-
21-30	-	-	-	-	-	01	04	06	07	13	20	03
31-40	-	-	02	01	08	02	09	08	04	13	19	-
41-50	01	01	05	-	03	02	01	01	06	01	39	-
Over 50	-	01	01	-	-	02	-	-	-	-	16	-
Total	01	02	08	01	11	07	14	15	17	27	94	03
%	33.33%	66.66%	88.88%	11.11%	61.11%	38.88%	48.27%	51.72%	38.63%	61.36%	96.90%	3.09%

Nature of the Job (GRI 102 – 8)

Nature of the Job	2021			2020		
	Male	Female	Total	Male	Female	Total
Fixed Contract	-	01	01	00	00	00
Permanent	142	58	200	97	37	134
Probationary	13	17	30	35	04	39
Skilled	-	08	08	02	08	10
Total	155	84	239	134	49	183

Employee Details on Provincial Basis (GRI 102 – 8)

Province	No. of Branches	2021			2020		
		Male	Female	Total	Male	Female	Total
South	03	39	09	48	35	08	43
West	03	56	42	98	53	26	79
North-West	01	07	03	10	08	04	12
North	03	143	57	200	131	43	174
East	03	25	03	28	20	02	22
Total	13	143	57	200	131	43	174

Employee Capacities

We invest continuously in our employees for the purpose of developing their capacities and building a lively work force for taking the Authority forward. As such, training was provided during the financial year as follows:

Serial No.	Name	Designation	Duration	Programme (Workshop)	Country
01	Ms. S.M.D. Athukorala	Assistant Marine Environment Officer	07 September 2020 to 31 October 2021	Msc in Maritime Affairs in world Maritime University	Sweden

Local Training 2021					
Serial No.	Name	Designation	Course	Duration	Venue
01	45 Officers	-	Awareness workshop on SDGs	18 January 2021	Head Office
02	Mr. D.R.C. Jayawardhana	Accountant	The Training Seminar on Leadership and Management	22 April 2021	State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Sanitation Affairs
03	Ms. W.H.A.S.K. Hitibandara	Assistant Manager (Human Resources Development)			
04	Ms. G.P. Nilanjani	Administrative Officer			
05	Ms. U.L.J.A. Priyanganee	Finance Officer			
06	Ms. S.D.G.P. Samarajeewa	Management Assistant (Grade II)			

07	Mr. S.P.S. Bandara	Management Assistant (Grade II)			
08	Mr. H.A.I. Suranga	Secretary			
09	Ms. K.G.D.K. Dissanayake	Management Assistant			
10	Ms. M.T.R.J. Kumarasiri	Management Assistant			
11	Miss A.G.I.T. Abeyrathna	Management Assistant			
12	Mr. CDW Senevirathna	Marine Environment Officer	Training course on Environmental Impact Assessment (EIA)	20-23 September 2021	Central Environmental Authority
13	Mr. S. Sivakumar	Marine Environment Officer			
14	Mr. Y.P. Kumara	Assistant Marine Environment Officer			
15	Mr. W.A.P. Udana	Internal Auditor	Postgraduate Degree in Business Administration	02 years	Rajarata University of Sri Lanka
16	Mr. U.A.L.D. Rupasinghe	Assistant Marine Environment Officer	Fetch Consultants	26 July 2021	Fetch Consultants
17	D.T.A.H.S.P. Dissanayake	Assistant Marine Environment Officer	Orientation Programme for Officers Newly-Recruited to the Authority	12 & 13 November 2021	Head Office
18	S.L.A.I.M. Liyanaarachchi	Assistant Marine Environment Officer			
19	H.N.S. Wijetunga	Assistant Marine Environment Officer			
20	Mr. P. SathishKumar	Assistant Marine Environment Officer			
21	Ms. I.H.L. Fernando	Assistant Marine Environment Officer			
22	Ms. A.P. Weerakoon	Assistant Marine Environment Officer			
23	Mr. A.R.H. Mohedeen	Assistant Marine Environment Officer			
24	Mr. W.A.P.P. Rathnayake	Assistant Marine Environment Officer			
25	Ms. O.V. Handapangoda	Assistant Marine Environment Officer			
26	Ms. M.S.N. Gunasekara	Assistant Marine Environment Officer			
27	Mr. B. Antolyn	Assistant Marine Environment Officer			
28	Mr. R.P.T. Ravinath	Management Assistant			

29	Mr. S.R. Wijerathne	Management Assistant			
30	Mr. N. Muzathik	Management Assistant			
31	Miss S.T.P.A.U. Perera	Management Assistant			
32	Miss H.M.U. Sandamali	Management Assistant			
33	Mr. T.B.D. Sandaruwan	Management Assistant			
34	Ms. A.A. Inoka Hansamali	Management Assistant			
35	Mr. K.K.M. Kumara	Management Assistant			
36	Ms. U.N.D.I. Shashiprabhaa	Management Assistant			
37	Ms. N.K.A.S.K. Wijesiri	Management Assistant			
38	Mr. L.S.R. Hon. Vasudeva Nanayakkara	Management Assistant			
39	Miss A.I.D. Perera	Management Assistant			
40	Miss M.W. Chandrakumara	Management Assistant			
41	Ms. H.N.K. Perera	Management Assistant			
42	Miss M.D.J.C. Sewwandi	Management Assistant			
43	Miss A.H.B.R. Udeshika	Management Assistant			
44	Ms. E.A.U.T. Edirisinghe	Management Assistant			
45	Miss W.M.S.S.G. Kumari	Management Assistant			
46	Mr. R.M.P.D. Bandara	Management Assistant			
47	Mr. K.G.D.G. Dhanapala	Management Assistant			
48	Mr. B. Antolyn	Assistant Marine Environment Officer	Training Course on Diving	19-21 December 2021	Southern Divers - Unawatuna
49	Mr. D.D.S. Dissanayake	Marine Pollution Prevention Field Assistant			

50	Mr. K. Kapilan	Marine Pollution Prevention Field Assistant			
51	Mr. S. Nawaneepan	Marine Pollution Prevention Field Assistant			
52	Mr. R. Prasanth	Marine Pollution Prevention Field Assistant			
53	Mr. S. Janakaran	Marine Pollution Prevention Field Assistant			
54	Mr. K.P.W.L. Asanka	Marine Pollution Prevention Field Assistant			
55	Mr. M.M.B. Sameera Bandara	Marine Pollution Prevention Field Assistant			

07

Review of Operational Activities

7.1 IMPROVING THE METHODS OF COMBATING MARINE POLLUTION CAUSED BY SHIPS

7.1.1 Waste Reception Service — 2021

Applications were called through advertisements placed in the newspapers—Dinamina, The Daily News, Thinakaran—for providing reception services for waste generated by ships. After that, an interview was conducted before a panel headed by the Chairperson and the General Manager of the Authority to verify whether the applicants have the attributes approved by the Authority. Thereafter, a viewing of the waste reception facilities of service providers was carried out by officers of the Authority. After ascertaining the specified standards, the Marine Environment Protection Authority registered 25 service providers for providing ship waste reception service.

Details of the Service Providers Registered for the Year 2021

Organizations providing services, having been registered under the categories of heavy fuel oil, solid waste and faecal waste and providing services at all seaports:

1. H.T. Senu Cargo and Shipping Service (Private) Limited
2. N & Y Marine Service (Private) Limited
3. Prabala Traders Marine Services (Private) Limited
4. Marino Lanka Holdings (Private) Limited
5. New Colombo Harbour Suppliers (Private) Limited
6. Galaxy Marine Services (Private) Limited

Organizations providing services having been registered under heavy fuel oil and solid waste categories for all ports

1. Shanika Marine Company (Private) Limited
2. G.M. Line (Private) Limited
3. K.L.S. Marine Service (Private) Limited
4. N.G.N. Ranjith Marine (Private) Limited
5. Ceylon Logistics and Supply Services (Private) Limited
6. Vismitha Marine Enterprises (Private) Limited
7. D.S. Marine (Private) Limited
8. Sudesh Enterprises and Export (Private) Limited
9. Jaya Marine Services (Private) Limited
10. S.H. Wilson (Private) Limited

Organizations providing services, having been registered under the heavy fuel oil category for all ports

1. Supreme Petro Lanka (Private) Limited

Organizations providing services, having been registered under the categories of heavy fuel oil, solid waste and faecal waste and providing services at Colombo, Galle and Hambantota ports:

1. Malsha Globe Shipping Services (Private) Limited

Organizations, having been registered under the categories of heavy fuel oil and solid waste, providing services, at the Colombo port:

1. Colombo Dockyard *p/c*

Organizations registered under the solid waste category and providing services at all ports

1. Sudha Shipping (Private) Limited
2. Sisily Hanaro Encare (Private) Limited

Organizations registered under solid waste category and providing services at the Colombo port

1. Insi Ecocycle Lanka (Private) Limited
2. Sudha Shipping (Private) Limited

Organization registered under solid waste category and providing services at the Galle and Hambantota Ports

1. K.L. Gunasiri and Sons (Private) Limited
2. Lahiru Traders Marine Service (Private) Limited

Organizations registered under solid waste category and providing services at the Trincomalee port

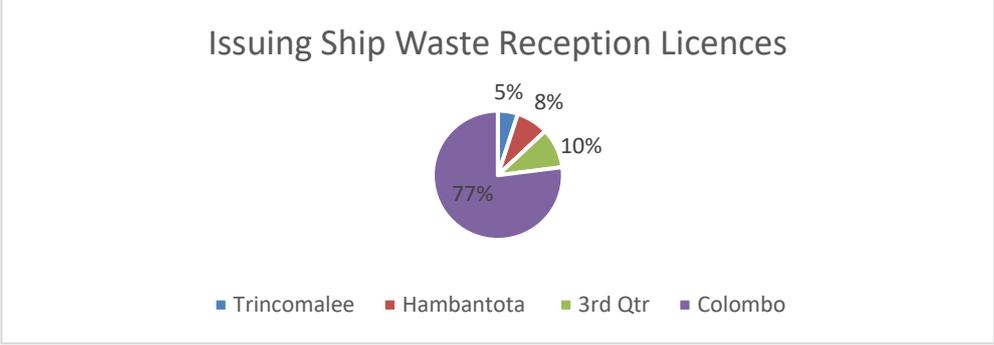
1. Asha Marine Trincomalee (Private) Limited

Issuing of Ship Waste Reception Service Licences

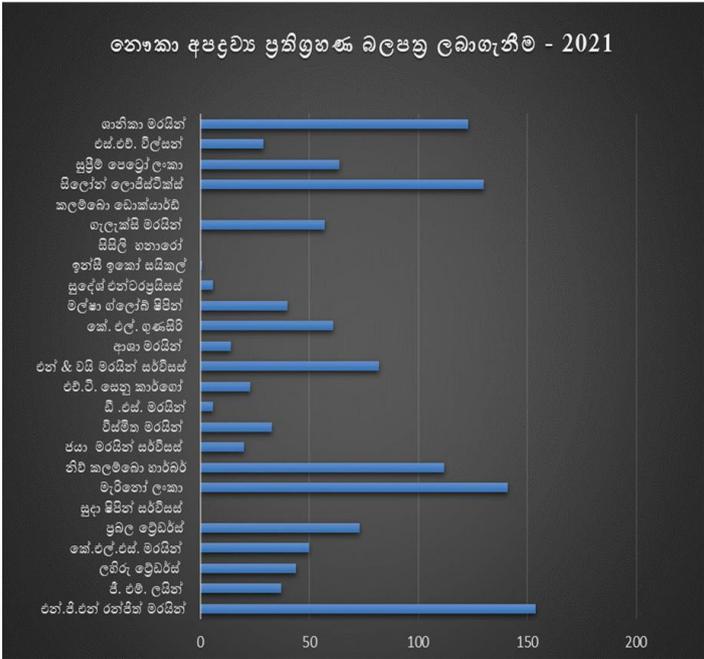
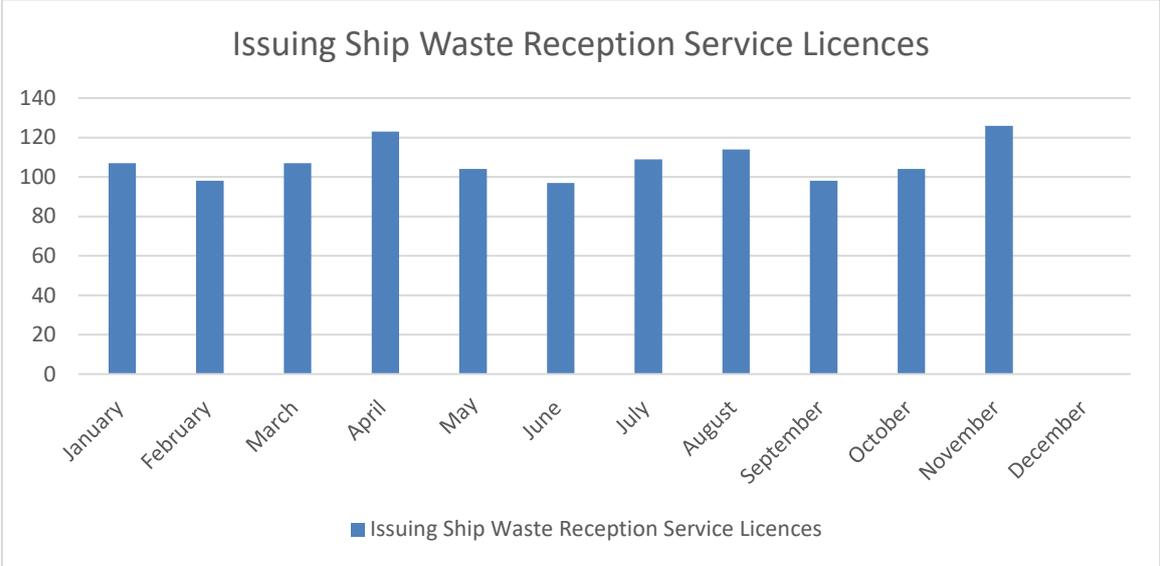
In the year 2021, 1308 waste reception service licences were issued. Compared to the year 2020, this shows an increase of 130 licences. The highest number of licences had been issued for ships arriving at Colombo Port and its number is 1006. The number of licences issued for Galle, Hambantota and Trincomalee ports are 131, 105 and 66 respectively.

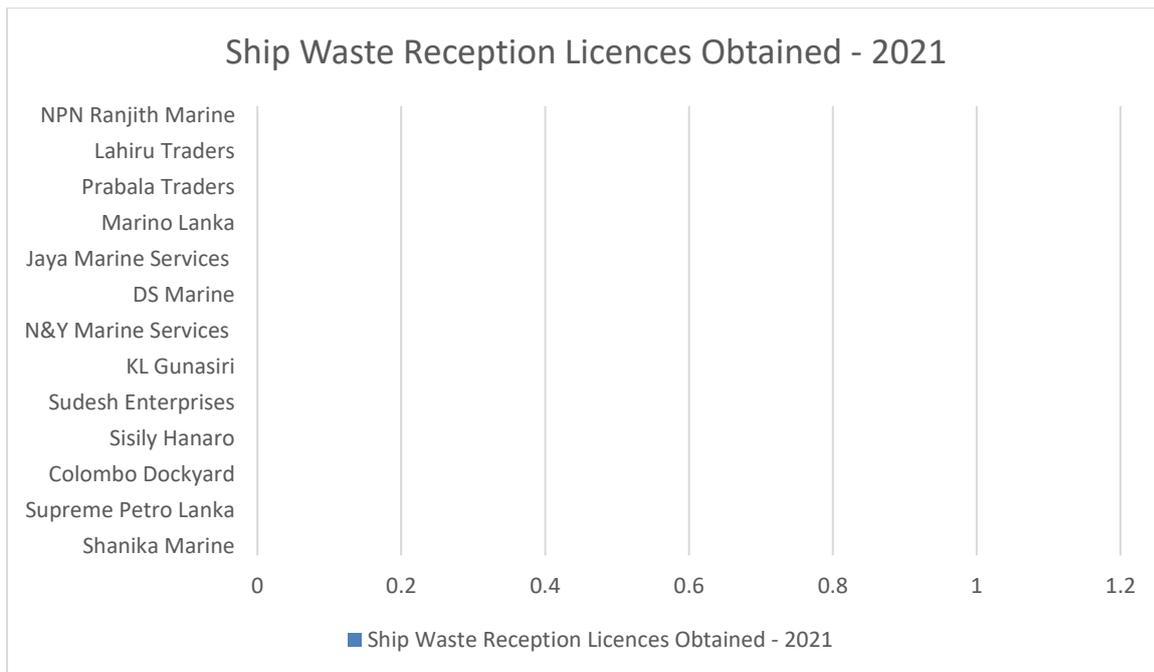
Details of the licences issued in the year 2021

Port	Number of Licences
Colombo	1006
Galle	131
Hambantota	105
Trincomalee	66
Total Number of Licences	1308



Number of Waste Reception Service Licences Issued in Each Month in the year 2021





Annual Income

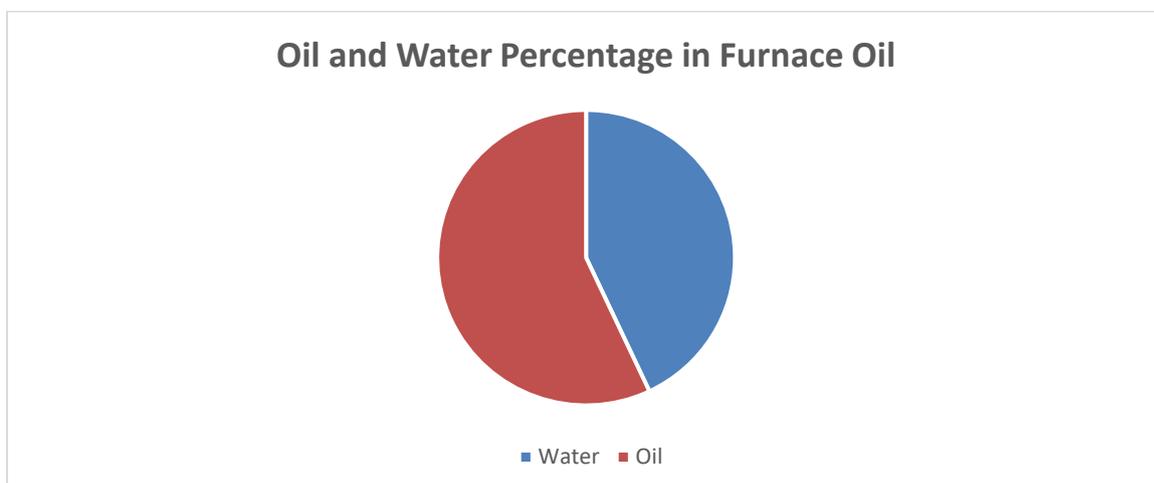
An income of 25.203 million rupees has been earned through the waste reception service in the year 2021. Details are shown below;

Annual registration fees	- Rs. 3,510,500.00
Issuing licences for ships	- Rs. 6,540,000.00
Fees on oil waste	- Rs.15,152,984.50
Total income in the year 2021	- Rs.25,203,484.50

Details of Waste Removed

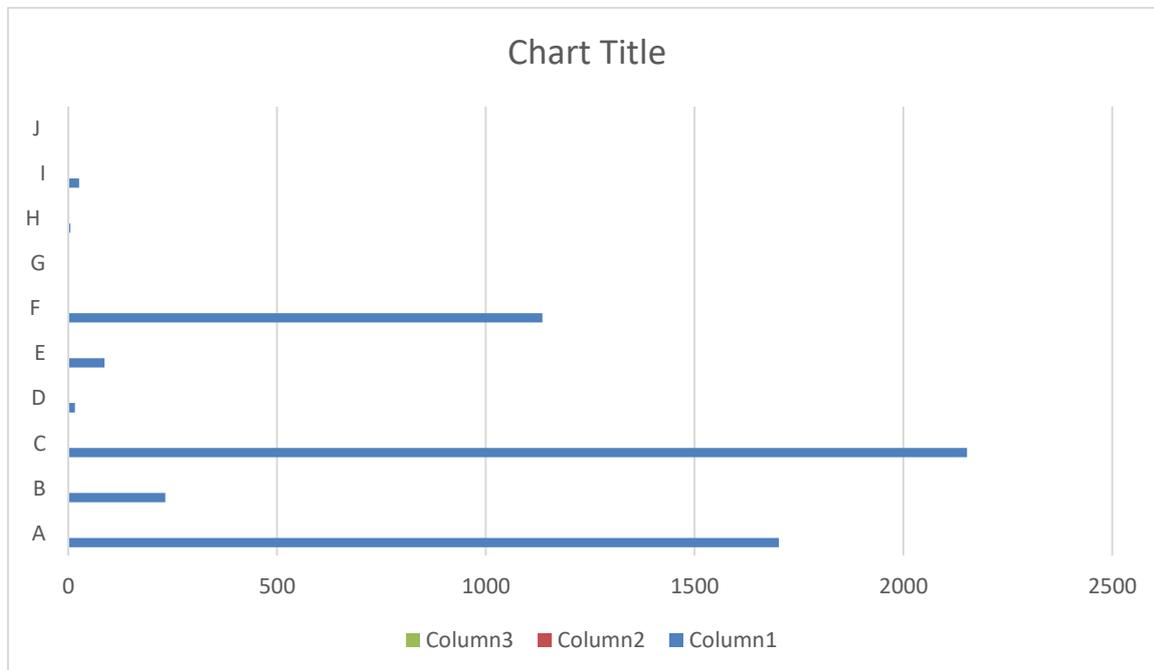
Oil Waste —

The overall heavy fuel oil removed from ships in the year 2021 was 29,888.51 m³. According to sample analyses, 57% of the waste contained heavy fuel oil and 43% water.



Solid waste —

The total quantity of solid waste removed from ships in the year 2021 is 5483.34 m³. In addition, 640m³ of faecal waste was also removed. Details are as follows:



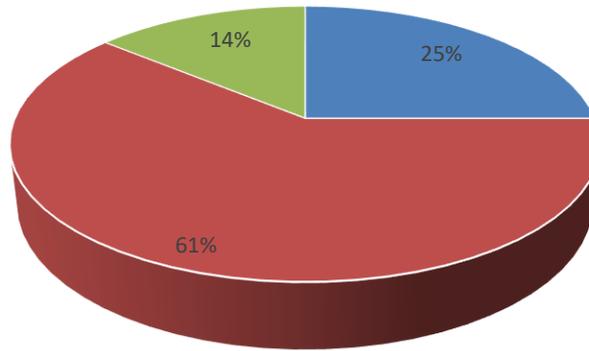
	Type of Waste	Quantity (m ³)
A.	Plastic	1701.90
B.	Food waste	232.56
C.	Domestic waste	2152.32
D.	Cooking Oil	15.51
E.	Burner ashes	86.71
F.	Operational wastes	1135.57
G.	Carcasses of dead animals	0.72
H.	Fishing gear	4.91
I.	Electronic waste	26.21
J.	Waste of shipping goods	126.73
K.	Non-hazardous wastes	0.20

Summary Of Wastes Removed From Ships During The Year 2021

Solid waste	- 5,483.34 m ³
Oil waste	- 29,888.51 m ³
Faecal waste	- 640.00 m ³

Income from the Reception Service in the year 2021

Income from Waste Reception Service in 2021



■ Licence income ■ Furnace oil income ■ Income from registration

Monthly Income from the Licences Issued for Waste Reception Service

Month	Number of Licences Issued	Income Generated from Licences (Rs.)	Income Received from Heavy fuel oil (Rs.)	Total Monthly Income (Rs.)
January	107	535,000.00	1,788,524.00	2,323,524.00
February	98	490,000.00	951,055.00	1,441,055
March	107	535,000.00	858,308.00	1,393,308.00
April	123	615,000.00	1,027,806.00	1,642,806.00
May	104	520,000.00	1,268,487.50	1,788,487.50
June	97	485,000.00	849,675.00	1,334,675.00
July	109	545,000.00	1,144,292.00	1,689,292.00
August	114	570,000.00	931,204.00	1,501,204.00
September	98	490,000.00	1,163,047.00	1,653,047.00
October	104	520,000.00	2,621,315.50	3,141,315.50
November	126	630,000.00	980,661.00	1,610,661.00
December	121	605,000.00	2,008,843.00	2,613,843.00

Monthly Income from Ship Waste Reception Service - 2021



S.N o.	Registration No.	Name of Organization	Name of Ship	Registration Fee (Rs.)
1	2021/BUN/01	Lanka IOC <i>plc</i>	MT Kandy	152,000.00
2	2021/BUN/02	Lanka Maritime Services Private Limited	LMS Lakshapana	152,000.00
3	2021/BUN/03	Lanka Marine Services Private Limited	Lanka Marine Nilwala	152,000.00
4	2021/BUN/04	Lanka Marine Services Private Limited	Lanka Marine Nilwala	152,000.00
5	2021/BUN/05	Lanka Marine Services Private Limited	MT Kumana	152,000.00
6	2021/BUN/06	Inter Ocean Energy Private Limited	MT Ocean Trinco	152,000.00
8	2021/BUN/08	Inter Ocean Energy Private Limited	MT Ocean Lanka	152,000.00
9	2021/BUN/09	Sea Horse Shipping Private Limited	MT Yala	152,000.00
10	2021/BUN/10	Sinopec Fuel Oil Lanka Private Limited	Hi Pin Shi Lu	152,000.00
11	2021/BUN/11	Lanka Maritime Services Private Limited	MT Kumana	152,000.00
12	2021/BUN/13	Lanka Marine Services Private Limited	Hi Pin Shi Lu	152,000.00
13	2021/BUN/14	Inter Ocean Energy Private Limited	MT Global Dominance	152,000.00
Total Income Received from Bunkering Licences				1,976,000.00
E. Bunkering Licences for Tank Farms				
14	2021/BUN/TF/01	Lanka IOC <i>plc</i>	Trincomalee Tank Farms	32,000.00
15	2021/BUN/TF—02			HIPG Private Limited
Total Income from Issuing Licences for Bunker Oil Stores Complexes				
Roadside Tanker Clearance Certificates				
16	2021/RT/01	Jayasundara Motors	7 Bowsers	37,000.00
17	2021/RT/02	Inter Ocean Energy Private Limited	3 Bowsers	16,500.00
18	2021/RT/02	Nihal Gunasekara and Company Private Limited	4 Bowsers	22,000.00
18	Total Income from Issuing Clearance Certificates to Supply Bunker Oil for Bowser Tank Trucks			75,500.00
The Total Income for the Year through Bunkering Licences				2,115,500.00

7.2 IMPLEMENTING THE NATIONAL OIL SPILL CONTINGENCY PLAN MORE EFFICIENTLY AND EFFECTIVELY

7.2.1. MT New Diamond Ship Accident

The MT New Diamond is a Japanese crude oil carrier ship manufactured in 2000 in Japan and owned by Porto Emporios Shipping Inc. and sailed under Panamanian Flag. It had a gross tare weight of 160.079 tons and was 330 metres long and 60 metres wide.

Around 9.30 a.m. on 3rd October, the MT New Diamond had a fire in its engine room while it was about 38 nautical miles east of the Sangaman Hill in Sri Lanka. It was carrying 270,000 metric tonnes of crude oil at the time and travelling from Kuwait to the Paradeep Refinery in India. The ship also had 1,700 metric tonnes of bunker oil and a 24-member crew. After catching fire, the captain, first engineer and the second engineer remained on the ship and the remaining 20 members of the crew were evacuated from her.



The oil spill and the subsequent fire occurred in a biologically sensitive sea area, where five animal species red-listed by the IUCN International Association are found. As a result of the oil spill lasting for three days, complemented by the continuous motion, the fire intensified and triggered off short and medium term as well as long-term environmental and socio-economic impacts.

Although the staff of the ship worked towards preventing the catastrophe about to happen, vast amounts of heavy fuel oil, waste oil and lubricants infiltrated into the environment.



According to the National Oil Spill Contingency Operational Plan, units were established for planning, supply, finance, administration and operations were presented and action plans prepared accordingly. It was also proposed to get the assistance of the P&I Insurance Company and get foreign help to collect the oil and prevent its further spread. Sri Lanka Ports Authority (SLPA) sent 5000 litres of oil dispersants to the Colombo Port and the Hambantota Port while the Authority supplied anti oil-spill equipment to the ports at Trincomalee and Hambantota. The Authority also dispersed oil mechanically using machines.

As the state agency responsible for managing sudden oil spills, the Authority issued legal directives to the ship's owner, P & I Club Insurance and the Captain of the ship to take all the measures necessary to mitigate the pollution.

As per the instructions of the Attorney General, cases were filed against the Captain of the ship for criminal liability under section 26 of the Marine Pollution Prevention Act No. 35 of 2008 and civil liability under section 38 of the Act.

A comprehensive damage assessment was commissioned in order to obtain claims under the provisions of the Marine Pollution Prevention Act No. 35 of 2008 pertaining to civil liability. A Committee of Specialists conducted an assessment on the cost of the hampered fishing industry, other impacts on fishing and effects on the marine biodiversity which includes marine mammals, sea turtles and other species.

The claim for the environmental damage caused by the MT New Diamond ship accident was presented to the Attorney General in the form of an environmental damage assessment report on 25th September 2020 under section 34 that deals with civil liability in the Marine Pollution Prevention Act No. 35 of 2008. At the same time, the legal dialogues associated with it have been going on at present.



7.2.2. MV X-Press Pearl Ship Accident

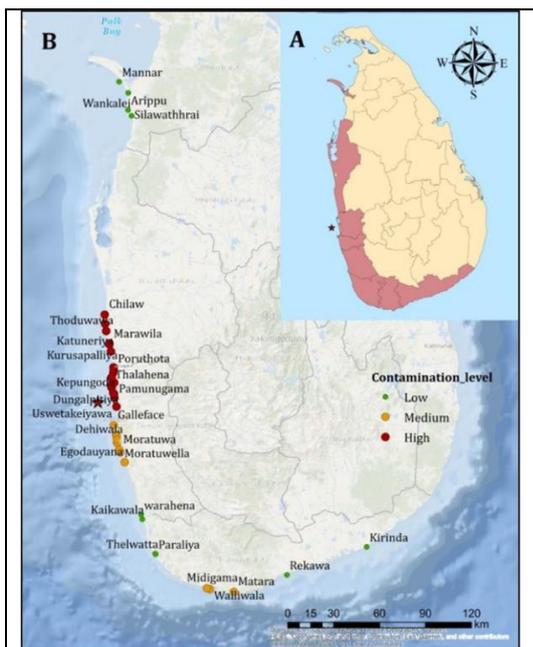
Ship named MV X-Press Pearl is a container carrier of Super Eco 2700 type flying a Singaporean Flag. It was 186 metres long and weighed 31,629 gross tons and 36,149 dead weight tons. It was transporting 1486 containers filled with nitric acid, sodium hydroxide, caustic soda, sodium methoxide, methanol and cosmetic substances. In addition, it contained 278 metric tons of bunker oil and 50 metric tonnes of marine gas oil



On 21st May 2021 an explosion and a fire occurred on the ship around 2.00 early morning and all the members of the crew were evacuated. As a result of the explosion that occurred on the ship on 25th May 2021, a number of containers holding plastic nurdles fell into the sea.

Several firefighter boats of Sri Lanka as well as Indian coast guard corps were deployed to extinguish the fire. The Government of Sri Lanka took emergency measures to prevent the fire from spreading and mitigate the fire with the assistance of firefighters, the Sri Lanka Navy, the Sri Lanka Army and the Sri Lanka Ports Authority. The Marine Environment Protection Authority, as the agency responsible for the establishment of the National Oil Spill Contingency Operational Plan and as the entity legally empowered to implement it, established an incident management team (IMT) and activated the National Oil Spill Contingency Operational Plan to respond to any oil spill.

Owing the explosion a large number of containers fell to the sea and an immeasurable number of tiny plastic nurdles were released to the sea. These nurdles spread to the coastal areas in the Gampaha District. Accordingly, it mainly caused impacts along a coastal belt of about 750 kilometres from Kirinda to Mannar.



Cleaning Operations

Parts of the ship that went on fire, burnt plastic nurdles, oil-steeped debris, damaged containers, marine plant and animal species affected (turtles, fish, marine algae species and sea grass) etc washed ashore. According to an inspection, plastic nurdles had caused drastic damage to the coastal belt. The coastal areas were classified as non-polluted areas, slightly polluted areas, moderately polluted areas and extremely polluted areas based on the nurdle concentration.

Accordingly, this classification identified Puttalam, Gampaha Colombo Districts as extremely polluted areas (1.85 km), Matara and Kalutara as moderately polluted areas (34.3 km) and Galle Mannar and Hambantota as slightly polluted areas (201.55 km). Those identified as non-polluted areas were Ampara, Batticaloa, Trincomalee, Mulativu, Kilinochchi and Jaffna.

The progress of the beach cleaning activities that are being conducted are as follows:

- Number of beach cleaning sites – 1,482
- Number of man-days of beach cleaning – 48,155
- Total number of bags of refuse that was collected – 60,303
- Quantity of waste that was collected – 1,508 metric tonnes
- Length of the coastline within which cleaning was carried out – 511 km

At the same time, the coordination and supervision of the beach cleaning activities were carried out through an organizational structure in order to streamline its mechanism.

The beach cleaning activities in the Puttalam, Colombo, Kalutara, Galle and Matara Districts were conducted according to this structure and the beach cleaning activities continue in the selected coastal belts in the Districts of Puttalam, Gampaha and Colombo.

Removing the Containers from the Sea Bed

Waste including containers scattered from the ship were removed by an American Company named Resolve Marine. Their operations were continuously monitored by the officers of the Marine Environment Protection Authority from the ship named 'MMA Prestige'.

The operations for removing waste from the sea bed were commenced in October 2021 and have been continuing to this day. With a view to monitoring these operations and preventing any marine pollution that may occur, several teams of officers of the Authority had been engaged in surveillance duties from the ship 'MMA Prestige', which had been engaged in activities for removing waste from the sea bed. It involved reporting special phenomena that transpire during the operations, obtaining of water and biological samples and giving instructions to the teams engaged in operations on the prevention of marine pollution.

Presenting the Environmental Damage Assessment Report

The Marine Environment Protection Authority has presented the First Interim Report on the MV X-Press Pearl Ship Incident and the Second Interim Report on the MV X-Press Pearl Ship Incident.

Report	Date of Presentation
First Interim Report	06.12.2021

7.2.3 Steps Taken by the Marine Environment Protection Authority Regarding the Eurosun Ship Accident and Details of the Ship

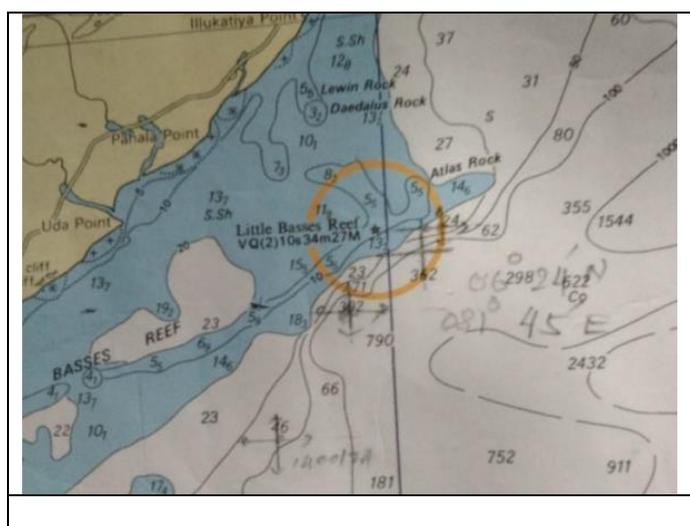
The Marine Environment Protection Authority was informed about the Eurosun ship accident around 2.00 in the afternoon of 23rd. Accordingly, the Authority obtained information pertaining to the ship accident over the telephone from the Navy and the ship.

It was learned that the ship concerned was carrying cement clinker to the Tokyo Cement Factory and also contained 700 tons of bunker oil and 62 tons of diesel.

As such, the Incident Management Team established at institutional level to put into action the National Oil Spill Contingency Plan was informed to be ready to activate the National Oil Spill Contingency Operational Plan as there is a likelihood of an emergency situation, as it is important to prevent the environmental damage that may be caused to the coral environmental system in the area and the coastal zone adjoining the Yala Wild Life Reserve if an oil spill occurs.

In addition, the Attorney General's Office and all other relevant institutions were briefed. The shipping agency was also directed to make arrangements necessary to prevent a sudden oil spill. On Saturday, i.e. 23rd, a request was made to the Navy to provide a ship of the Navy to dispatch a team of officers of the Authority to inspect the condition of the ship concerned as well as the area around it as it was necessary to look into the details of the ship and the risk involved.

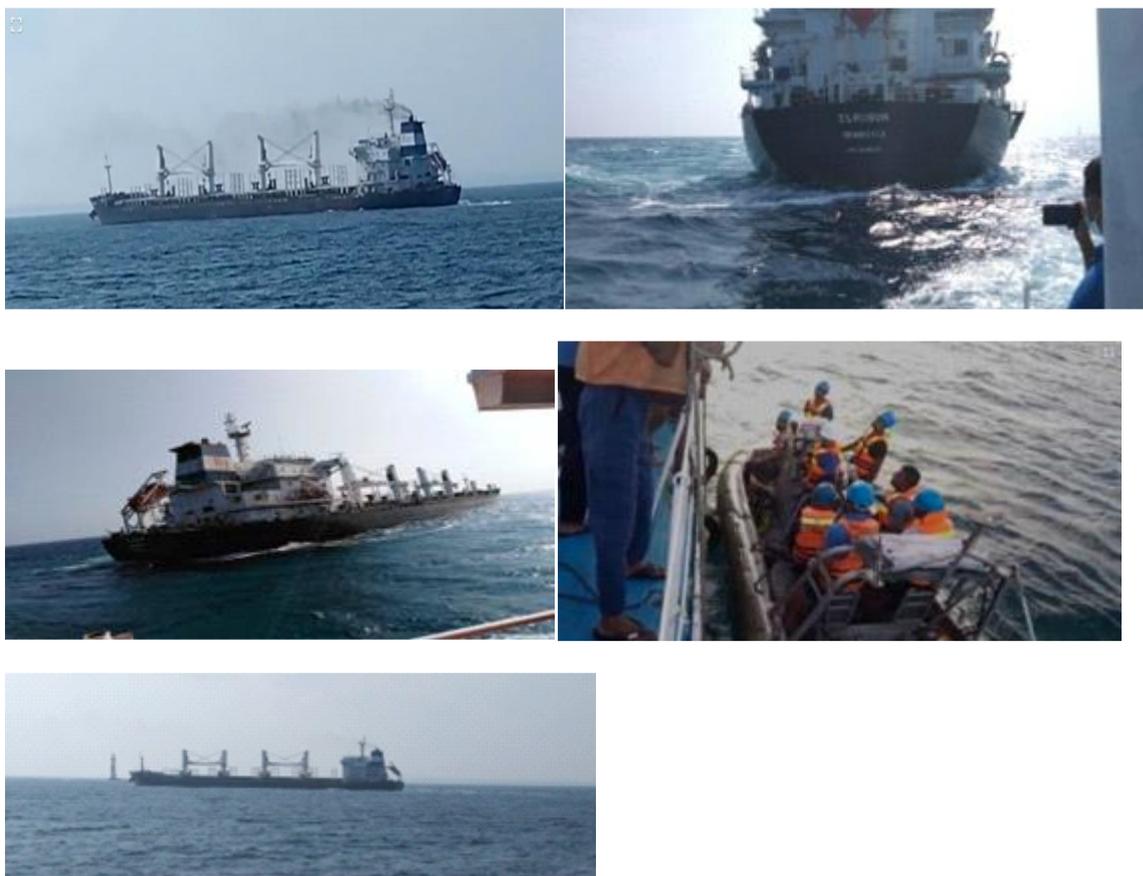
As such, the consent was expressed to make available the ship on 24th January and a team five officers of the Authority including its General Manager were sent to Hambantota on 25th in order to approach the site using the ship so provided. These officers left the Hambantota Navy Camp and reached the site where the ship was distressed by 2.00 p.m. on that day. Our team found on physical inspection that the ship had not sustained any serious damage and no oil or clinker had entered the marine environment.



The officers of our Authority collected water samples from around the ship and communicated with the officers of the ship over phone. As there had not been serious damage, the Captain of the ship said that action would be taken to start the ship's engine and to take the ship away from that place. In addition, the ship was moved from its place and anchored at a new place about 3 nautical miles away while the officers of the Authority were still in the vicinity of the ship.

Thereafter, the officers of the Authority made an effort to ascertain whether any damage had been caused to the environment or coral reefs by friction, with the ship with the assistance of divers of the Navy. However, it was not possible because the condition of the sea was not clement. Later when the sea was calmer, the inspection of the coral reefs was conducted. It confirmed that no coral reef in the area had been damaged by the ship.

The snapshots below show the condition of the ship:



Subsequently discussions were held with the Merchant Shipping Division as well, who checked whether the ship's condition was secure and whether she could be taken to her destination—Trincomalee—and made their decision.

7.2.4 Oil Seepage at Hambantota Port

The ship called VISHWA EKTA owned by the Shipping Corporation of India Private Limited moored at Hambantota commercial port (HIPG) was reported having an oil seepage on 11.07.2021.

A team of officers at the Regional Office of the Authority in Hambantota inspected the site on that same day and observed a film of oil around the hull of the ship at its starboard side. As a result of

valves failing during bunkering activity, approximately 400 litres of heavy fuel oil (HFO) had seeped to the sea.

The HIPG Staff at the Hambantota Commercial Port controlled the spread of heavy fuel oil (HFO) which had seeped by using booms. The detention order was prepared on 14.07.2021 for the purpose of detaining the ship until agreeing to pay a fine under the Marine Pollution Prevention Act No. 35 of 2008. However, the ship's owners agreed to pay the Authority 15 million rupees in fines.



7.2.5 Coal Barge Accident in Norochcholai

The craft named MV Vigneshwar owned by an Indian Company and obtained on contract basis by Ceylon Shipping Lines faced an accident at the Ilanthadiya coastal belt while transporting coal to the Lakvijaya Power Station on the night of 26th September due to turbulent weather. On 6th October 2021 the Navy removed all the fuel on the craft under the supervision of the Marine Environment Protection Authority and thus prevented a huge environmental damage that was about to occur. It was possible to conclude the operation to rescue the barge conducted under the total supervision of the Marine Environment Protection Authority on the night of the 1st October 2021.

7.3 IMPROVING METHODS TO CONTROL MARINE POLLUTION CAUSED BY ACTIVITIES ON LAND

7.3.1 Programme to Test the Quality of Sea Water

The coastal zone of Sri Lanka is one of the major tourist destinations and it directly contributes to uplifting of Sri Lanka's economy. Water quality of the coastal water is an important factor in providing a quality service to tourists attracted to coastal belts. The Marine Environment Protection Authority has identified this as a key task and has been carrying out water quality tests at bathing spots continuously since 2011 with that objective.

The suitability of water for various human needs can be measured from the chemical, physical and biological characteristics of the water. The Marine Environment Protection Authority carried out studies on water quality and classified quality of water in 13 coastal Districts in the year 2021.

Sites in which Water Quality Tests were Conducted in the year 2021

Area District Places of Tests on Water Quality		
B 1	Colombo	Mount Lavinia, Wellawatta and Harbour Beaches
B 2	Gampaha	Negombo Beach Park
B 3	Puttalam	Chilaw Coastal Park, Wennappuwa Coastal Park, Kudawa Beach
B 4	Trincomalee	Marble Beach, Pigeon Island, Coral Island, Trincomalee, Nilaweli, Irakkandi Beaches
B 5	Ampara	Arugambe, Kottukal Beaches
	Jaffna	Charti Beach, Casurina Beach, Thondamanaru, kankasanturai Beaches
B 6	Batticaloa	Pasikuda Beach
B 7	Hambantota	Parevi Wella Beach, Kochchama Beach
B 8	Galle	Unawatuna, Galle Fort, Hikkaduwa, Balapitiya Beaches
B 9	Mannar	Beaches of Keeri Beach, Pesalai, Talai Mannar Pier and Adam's Bridge
B 10	Kilinochchi	Kavtharimunai Beach
B11	Matara	Polhena, Mirissa, Bathigama Beaches
B12	Kalutara	Moragolla Beach

<p>Map</p>	<p><i>Nilaveli Beach</i></p> <p><i>Marble Beach</i></p>

When our Authority conducts water quality studies, physical qualities such as temperature, turbidity and conductivity, chemical qualities such as acidity, basicity, nitrate content and phosphate content, physio-chemical qualities such as level of oxygen dissolved in water, bio-chemical oxygen demand, chemical oxygen demand and oxygen demand, and microbial content of coliforms in water and faecal materials are tested on monthly basis.

The testing of water samples for the above-mentioned parameters involves studying short-term water quality changes while testing for fecal coliform for measuring pollution of water by fecal material. Existence of faecal coliform is a clear indicator of existence of disease-causing bacteria.

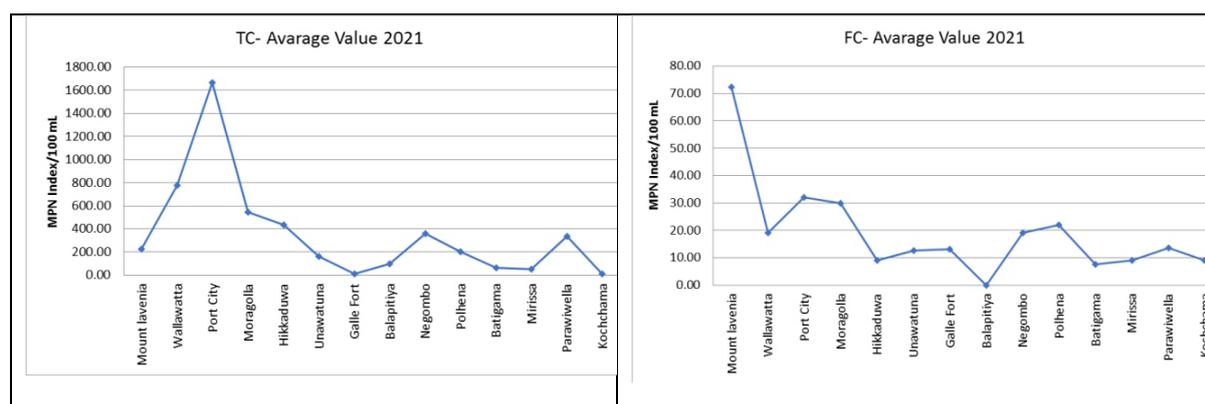
The data obtained from the water quality tests mentioned above are useful in identifying the places where the quality of water should be improved in improving public health. At the same time, the quality of bathing spots are classified as Excellent, Good, Moderate and Poor based on this data.

Every year, we use the findings of these studies to update the common indicators on quality of water in bathing spots.

Water Quality Classification	Standard Parameters for Classification
Excellent	Contains 10 or less than 10 faecal coliforms per 100 mili litres.
Good	Contains 100 or less than 100 faecal coliforms per 100 mili litres.
Moderate	Contains 500 or less than 500 faecal coliforms per 100 mili litres.
Poor	Shows a value more than 500 faecal coliforms per 100 mili litres.

Factors such as rainfall impact the quality of the water tested using microbe parameters at times.

During the year 2021 no total coliform tests or faecal coliform tests were conducted in the Marble Beach, Casurina Beach, Keeri Beach, Charti Beach and in the beaches of Trincomalee, Nilaveli, Kottukul, Arugambe, Irakkakandy, Pesalai, Kottukul, Kankesanturai and Thondamanaru.

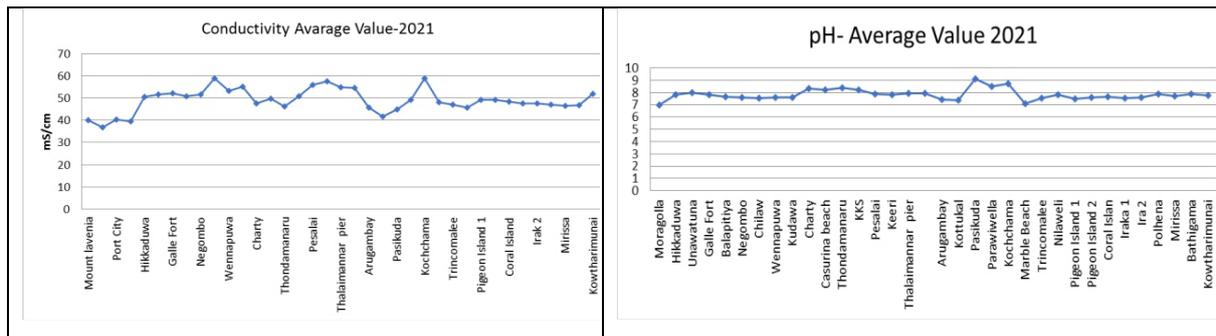


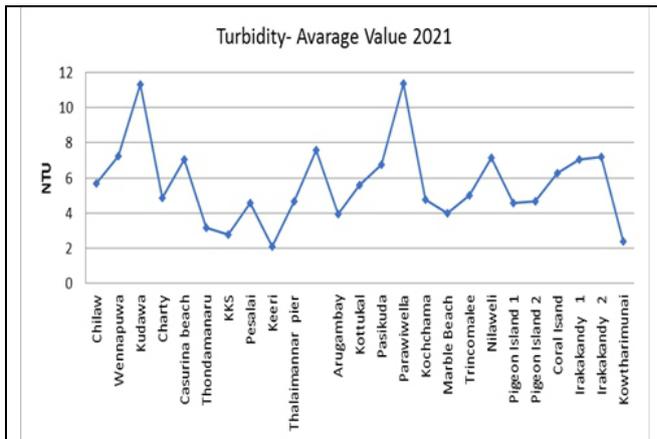
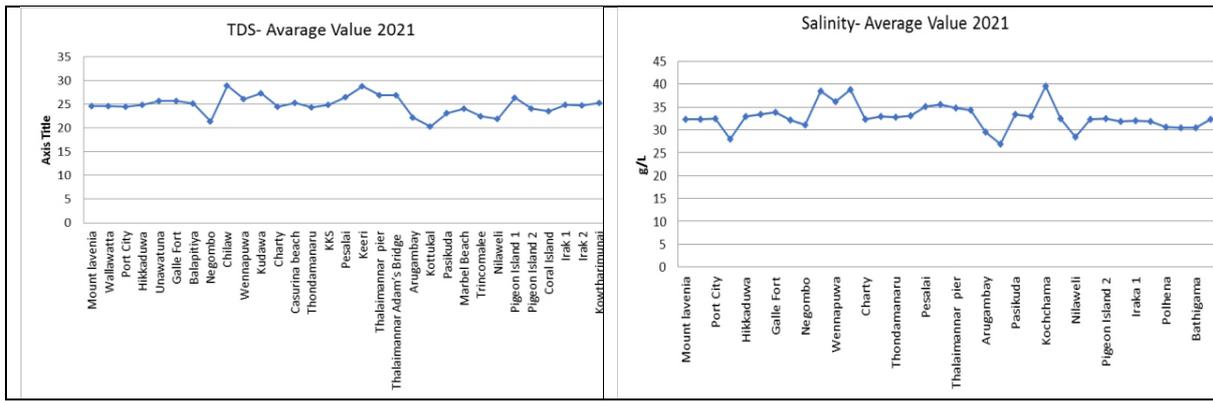


Total & Faecal Coliform Test

Based on the data of the tests conducted from 2018 to 2021, beaches can be classified as follows:

Classification of Water Quality			
Excellent	Good	Moderate	Poor
Mirissa coastal belt	Balapitiya coastal belt	Chilaw	Wellawatta coastal belt
Kochchama coastal belt	Mt Lavinia coastal belt	Polhena coastal belt	
Galle Fort coastal belt	Negombo coastal belt	Hikkaduwa coastal belt	
Batigama coastal belt	Moragolla coastal belt	Pareviwella coastal belt	
	Unawatuna coastal belt		





According to the findings of the above-mentioned water quality tests, the values of temperatures in bathing spots subjected to study did not show vast differences and the average value has been recorded as 29.1 °C. PH values were in a range of 6.9 to 9.1 and the lowest pH value of 6.9 was reported from Moragolla coastal belt. Conductivity values were in a range of 36 to 59 mS while the salinity values were between 27 and 39 psu. Residivity value varied vastly and the total dissolved solids (TDS) remained within a range of 27 to 29 ppt. Its highest value was recorded from the Puttalam coastal belt while the lowest value was recorded from the Negombo coastal belt.

Recommendations

- ✘ The Faecal coliform level takes a high value in the Wellawatta coastal belt due to release of faeces mixed wastes released by the Colombo Municipal Council using long tubes. Quick steps have to be taken to rectify this situation.
- ✘ At the same time, bathing spots should be improved by placing sign boards to raise awareness and establishing waste management systems, where necessary.
- ✘ Although beach cleaning activities are conducted by the Marine Environment Protection Authority to a great extent, further activism is necessary on the part of the coastal communities and beach users and action should be taken to enhance the quality of the bathing spots by properly empowering the coast management teams.

7.3.2 Programme to Keep Fishery Harbours Clean and Prevent them from Getting Polluted

Fishery harbours both cause marine pollution and get polluted by marine pollution in turn.

Therefore, the Marine Environment Protection Authority conducted the following programmes to minimize the effects of marine pollution through fishing industry:

District	Location
Jaffna	Myelity Fishery Harbour (Kankesanturai) cleaning and surveillance
Hambantota	Kirinda Fishery Harbour cleaning and surveillance
Kalutara	Beruwal Fishery Harbour monitoring, cleaning and surveillance
Matara	Waste management processes have been planned and implemented at Nilwalla, Suduwalla, Puranawalla and Mirissa Fishery Harbours.
Puttalam	Supervising of waste management procedures at Chilaw and Kalpitty Fishery Harbours
Trincomalee	Supervising of waste management procedures at Cod Bay Fishery Harbour
Batticaloa	Supervising of waste management procedures at Walachchanai Fishery Harbour



7.3.3 Issuing Licences for Disposing of Waste in the Sea

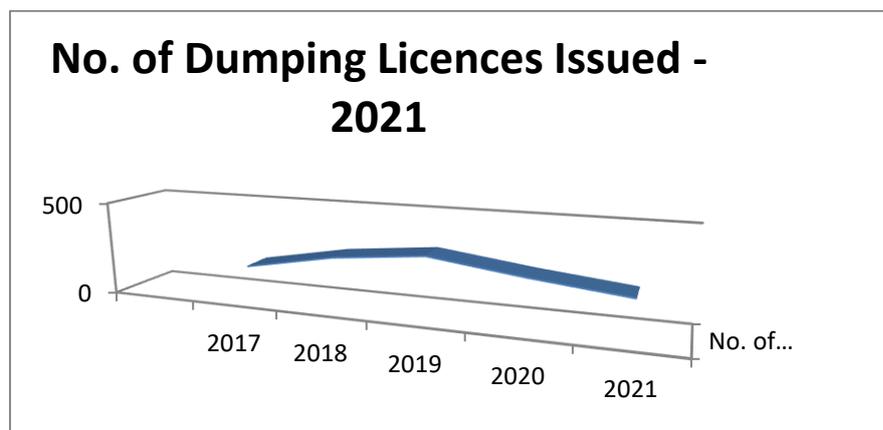
Sea Dumping Permits are issued to hotels and factories located on coastal zones in order to control the disposal of untreated waste in the sea and the coastal region. This contributes towards controlling the dumping of waste on the sea and thereby prevents environmental pollution in the coastal region.

In the year 2021 a total of 201 dumping licences were issued. Compared to the year 2020, it was a decrease of 20.24 %. The main reason for this decrease is the collapse in tourism due to COVID-19 Pandemic. As a result, 194 hotels were closed down temporarily during the year.

Table 01: Summary of Dumping Licences Issued in the Past 5 Years

Year	Number of Dumping Licences Issued
2017	177
2018	266
2019	315
2020	252
2021	201

Graph 02: Number of Dumping Licences Issued

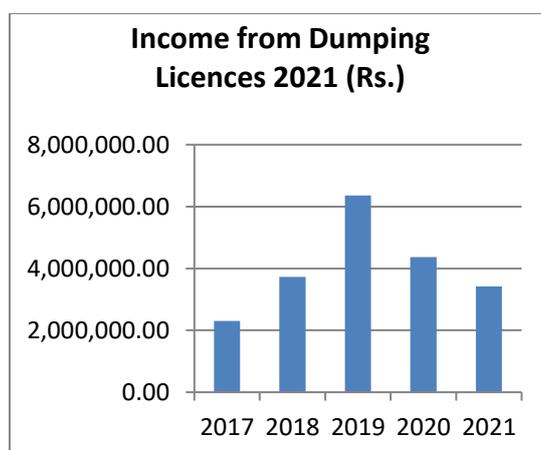


In the year 2021, an income of Rs. 3,418,226.27 was earned through issuing of dumping licences. It shows a 21.69 % decrease compared to the previous year. This has been caused by the closure of hotels due to the COVID-19 Pandemic.

Table 02: Income from Dumping Licences

Year	Income (Rs.)
2017	2,303,452.05
2018	3,725,654.33
2019	6,357,660.74
2020	4,364,902.05
2021	3,418,226.18

Graph 03: Income Received from Issuing Dumping Licence in the year 2021



7.3.4 Survey on Micro-Plastic Waste Using OSPAR Guidelines to Inspect Marine Waste Existing in coastal belts

The Marine Environment Protection Authority successfully conducted a programme in the year 2021 to inspect marine waste existing in the coastal belt around Sri Lanka using OSPAR Guidelines to improve the understanding and information available on waste gathering in the marine environment every day. Under this programme, the Regional Offices of the Marine Environment Protection Authority conducted a coastal survey programme in the year 2021 in the coastal areas in Galle, Matara, Hambantota, Ampara, Kalutara, Negombo, Trincomalee, Jaffna, Mannar, Chilaw, Batticaloa and Colombo.



Survey Activities in the Hambantota District



Survey Activities in the Colombo District

7.3.5 Programme for the Placement of Beach caretakers Aiming at a Clean Beach

The Marine Environment Protection Authority has commenced the Clean Beach Cities Programme under public-private partnership with a view to ensuring a clean beach, obtaining the participation of community for the prevention of marine pollution.

Placement of Beach caretakers for sustainable management of coastal belts is implemented as a corporate social responsibility activity. This programme was launched on 16th September 2018 at the Dadalla Coastal belt. From then on, the programme has been expanded to cover all the coastal Districts in the island.

Companies that Contribute to the Beach Caretaker Programme – 2021

1. Dilma Ceylon Tea Company – Sponsored 50 Beach Caretakers
2. Marine Environment Protection Authority – Sponsored 40 Beach Caretakers
3. Provided trade, investment and finance sponsorship for 5 Beach Caretakers
4. Ceylon Shipping Agents Association - sponsored 1 Beach Caretaker.

Progress of Programmes

84 Beach Caretakers have been deployed along the coastal region of Sri Lanka and they are engaged in cleaning a stretch of 120 kilometres.

Table 1: Progress of the Programme as at 31st December 2021

	District	Number of Beach Caretakers	Number of Beaches Cleaned	Length of the Coastal Belt Cleaned
1	Colombo	5	4	4
2	Gampaha	13	11	13
3	Kalutara	1	1	1
4	Galle	13	11	13
5	Matara	9	9	9
6	Hambantota	6	5	6
7	Trincomalee	4	4	8
8	Batticaloa	6	6	12
9	Ampara	4	3	8
10	Puttalam	4	4	8
11	Jaffna	5	5	10
12	Mannar	5	5	10
13	Kilinochchi	4	4	8
14	Mulativu	5	4	10
	Total	84	76	120





7.3.6 Enforcement Units

The unanimous mutual agreement between various organizations is crucial in dealing with the prevention and mitigation of damage to the ocean from the land environment. In order to perform this task well, the Environmental Enforcement Units were established with the intervention of the Marine Environment Protection Authority.

These Units function at Pradeshiya-Sabha and Urban-Council level in the coastal Districts and are intended to bring the problems that arise to the national level or be addressed through various coping methodologies.

Out of the 84 Enforcement Units proposed for the 14 Districts in the year 2021, 83 have been established and functioning. The progress of the enforcement units in the 14 Districts is given below:

1. Hambantota District

Total number of enforcement units

- i. Tangalle Urban Council Enforcement Unit
- ii. Tangalle Pradeshiya Sabha Enforcement Unit
- iii. Ambalantota Pradeshiya Sabha Enforcement Unit
- iv. Hambantota Municipal Council Enforcement Unit
- v. Hambantota Pradeshiya Sabha Enforcement Unit
- vi. Tissamaharama Pradeshiya Sabha Enforcement Unit



The Tangalle Urban Council Enforcement Unit took action to minimize marine pollution in Tangalle and Oru Wella areas. The Tangalle Pradeshiya Sabha Enforcement Unit streamlined the garbage disposal in the area and directed buyers to purchase fish waste in the Kuda Wella area. The Tissamaharama Pradeshiya Sabha Enforcement Unit carried out activities for the protection of marine environment such as introducing new methods of refuse disposal in the Edagalawella and Kirinda areas.

2. Matara District

The total number of enforcement units is 05 and all of them are operational.

- i. Dickwella Pradeshiya Sabha Enforcement Unit
- ii. Dondra Pradeshiya Sabha Enforcement Unit
- iii. Weligama Pradeshiya Sabha Enforcement Unit
- iv. Matara Municipal Council Enforcement Unit
- v. Weligama Urban Council Enforcement Unit

The dickwella Pradeshiya Sabha Enforcement Unit conducted field inspections, identified persons and organizations instrumental in polluting the area associated with the coast and the harbor, and issued instructions to such persons and organizations to minimize pollution. The Weligama Pradeshiya Sabha Enforcement Unit conducted a field inspection to ascertain the reasons for pollution in the area associated with Oday and these are the main tasks performed by the enforcement units in the District.

3. Galle District

The total number of enforcement units is 05 and all of them are in operational status.

- i. Bentara Pradeshiya Sabha Enforcement Unit
- ii. Balapitiya Pradeshiya Sabha Enforcement Unit
- iii. Ambalangoda Urban Council Enforcement Unit
- iv. Hikkaduwa Urban Council Enforcement Unit
- v. Hikkaduwa Pradeshiya Sabha Enforcement Unit
- vi. Galle Municipal Council Enforcement Unit
- vii. Habaraduwa Pradeshiya Sabha Enforcement Unit

The field inspections carried out by the Hikkaduwa Urban Council Enforcement Unit enabled the identification of the pollution caused by the Tsunami Village in Kuruppuwatta, Hikkaduwa and by the Dodanduwa Fishery Harbour exploring the opportunities for mitigation. The field inspections carried out by the Ambalangoda Urban Council made it possible to identify vast amounts of waste including fish waste, fibre glass waste and other types of waste existing in association with the Ambalangoda Fishery Harbour. Solutions were Planned at the monthly meeting of the Unit.



Hikkaduwa Urban Council Enforcement Unit in a field inspection



Ambalangoda Urban Council Enforcement Unit in a field inspection

4. Kalutara District

The total number of enforcement units is 05 and all of them are in operational status.

- i. Panadura Pradeshiya Sabha Enforcement Unit
- ii. Kalutara Pradeshiya Sabha Enforcement Unit
- iii. Kalutara Urban Council Enforcement Unit
- iv. Beruwala Pradeshiya Sabha Enforcement Unit
- v. Beruwala Urban Council Enforcement Unit
- vi. Panadura Urban Council Enforcement Unit



Kalutara Urban Council Enforcement Unit in a field inspection



Panadura Urban Council Enforcement Unit at a Committee Meeting

Waste disposal was launched in Nikasala Gama area, which is subjected to intense sea erosion, by the Beruwala Urban Council Enforcement Unit while a field inspection organized and carried out by the Kalutara Urban Council Enforcement Unit in the Abrew Canal area led to installing a net to prevent refuse flowing to the ocean.

5. Colombo District

The total number of enforcement units is 03. Although it was not possible to establish the Colombo Municipal Council Enforcement Unit due to a technical issue, it is intended to establish it in the early part of the year 2022 and bring it up to an operative state.

- i. Dehiwala Mount Lavinia Enforcement Unit
- ii. Moratuwa Municipal Council Enforcement Unit

The Dehiwala Mount Lavinia Enforcement Unit organized beach cleaning programmes within the area of its authority while the Moratuwa Municipal Council Enforcement Unit conducted beach cleaning activities and took initial measures to develop the Modara Beach as a Coastal Park.

6. Gampaha District

The total number of enforcement units is 02 and all of them are in operational state.

- i. Negombo Municipal Council
- ii. Wattala Pradeshiya Sabha

No activities were conducted due to the situation prevailing in the country.

7. Puttalam District

The total number of enforcement units is 09 and all of them are in operational status.

- i. Wennappuwa Pradeshiya Sabha Enforcement Unit
- ii. Naththandiya Pradeshiya Sabha Enforcement Unit
- iii. Chilaw Pradeshiya Sabha Enforcement Unit
- iv. Chilaw Urban Council Enforcement Unit
- v. Arachchikattuwa Pradeshiya Sabha Enforcement Unit
- vi. Puttalam Pradeshiya Sabha Enforcement Unit
- vii. Puttalam Urban Council Enforcement Unit
- viii. Kalpitiya Pradeshiya Sabha Enforcement Unit
- ix. Wanathavilluwa Pradeshiya Sabha Enforcement Unit

Identification of problems through field inspections and taking initial remedial measures were carried out.

8. Mannar District

The total number of enforcement units is 05 and all of them are in operational status.

- i. Mannar Urban Council Enforcement Unit
- ii. Nanaththan Pradeshiya Sabha Enforcement Unit
- iii. Muslim Pradeshiya Sabha Enforcement Unit
- iv. Manthai Pradeshiya Sabha Enforcement Unit
- v. Mannar Pradeshiya Sabha Enforcement Unit

At the meetings held for establishing all the above-mentioned enforcement units, major factors that contribute to marine pollution were initially subjected to discussion. It was decided to identify separately in the respective areas during the field inspections to be conducted and give solutions accordingly.



Mannar Urban Council Enforcement Unit – Committee Meeting

9. Kilinochchi District

The total number of enforcement units is 01 and it is in operational status.

- i. Poona Curry Pradeshiya Sabha Enforcement Unit

Problems were identified through field inspections and solutions were given.

10. Jaffna District

The total number of enforcement units is 16 and all of them are in operational status.

- i. Delft Pradeshiya Sabha Enforcement Unit
- ii. Velanai Pradeshiya Sabha Enforcement Unit
- iii. Kayts Pradeshiya Sabha Enforcement Unit
- iv. Karainagar Pradeshiya Sabha Enforcement Unit
- v. Jaffna Municipal Council Enforcement Unit
- vi. Nallur Pradeshiya Sabha Enforcement Unit
- vii. Walikamam South-West Pradeshiya Sabha Enforcement Unit
- viii. Walikamam West Pradeshiya Sabha Enforcement Unit
- ix. Walikamam North Pradeshiya Sabha Enforcement Unit
- x. Walikamam East Pradeshiya Sabha Enforcement Unit
- xi. Tennemarachchi Pradeshiya Sabha Enforcement Unit
- xii. Tennemarachchi Urban Council Enforcement Unit
- xiii. Wadamarachchi South-West Pradeshiya Sabha Enforcement Unit
- xiv. Point Pedro Urban Council Enforcement Unit
- xv. Velvetiturai Urban Council Enforcement Unit
- xvi. Wadamarachchi East Pradeshiya Sabha Enforcement Unit

Problems were identified through field inspections and solutions were given.



Jaffna Municipal Council Enforcement Unit – Committee Meeting



Velvetiturai Urban Council Enforcement Unit – Committee Meeting

11. Mulativu District

The total number of enforcement units is 01 and it is in operational state.

- i. Muritimpattu Pradeshiya Sabha Enforcement Unit

Problems were identified through field inspections and solutions were given.

12. Trincomalee District

The total number of enforcement units is 07 and all of them are in operational status.

- i. Trincomalee Urban Council Enforcement Unit
- ii. Uppuveli Pradeshiya Sabha Enforcement Unit
- iii. Kinniya Urban Council Enforcement Unit
- iv. Kinniya Pradeshiya Sabha Enforcement Unit
- v. Muttur Pradeshiya Sabha Enforcement Unit
- vi. Kuchchaveli Pradeshiya Sabha Enforcement Unit
- vii. Verugal Pradeshiya Sabha Enforcement Unit

All the enforcement units organized field inspections and it was proposed to place waste bins at appropriate locations in most identified areas.



Muttur Pradeshiya Sabha Enforcement Unit –
Committee Meeting

13. Batticaloa District

The total number of enforcement units is 07 and all of them are in operational status.

- i. Kaluvanchikudy Pradeshiya Sabha Enforcement Unit
- ii. Arayampathi Pradeshiya Sabha Enforcement Unit
- iii. Kaththankudy Pradeshiya Sabha Enforcement Unit
- iv. Batticaloa Municipal Council Enforcement Unit
- v. Chenkalady Pradeshiya Sabha Enforcement Unit
- vi. Walachchenai Pradeshiya Sabha Enforcement Unit
- vii. Vakara Pradeshiya Sabha Enforcement Unit

Batticaloa North Urban Council Enforcement Unit conducted awareness programmes and beach cleaning activities in the area.



Batticaloa Municipal Council Enforcement Unit – Committee Meeting

14. Ampara District

The total number of enforcement units is 09 and all of them are in operational status.

- i. Thirukkivil Pradeshiya Sabha Enforcement Unit
- ii. Pothuvil Pradeshiya Sabha Enforcement Unit
- iii. Alayadivembu Pradeshiya Sabha Enforcement Unit
- iv. Addalaichchenai Pradeshiya Sabha Enforcement Unit
- v. Nindavur Pradeshiya Sabha Enforcement Unit
- vi. Karaitivu Pradeshiya Sabha Enforcement Unit
- vii. Akkarapattu Municipal Council Enforcement Unit
- viii. Kalmunai Municipal Council Enforcement Unit
- ix. Lahugala Pradeshiya Sabha Enforcement Unit

Field inspection were conducted by all the Units except for the Lahugala Pradeshiya Sabha Enforcement Unit. The Addalaichchenai Pradeshiya Sabha Enforcement Unit took steps to control environmental pollution in and around the Children’s Park in the area.

The Tirukkivil Pradeshiya Sabha Enforcement Unit conducted beach cleaning programmes within the Periya Mugaththuwaram area.



Karaitivu Pradeshiya Sabha Enforcement Unit – Committee Meeting



7.4 RESTORATION AND CONSERVATION OF THE COASTAL AND MARINE ECOSYSTEMS

7.4.1 Mangrove Vegetation and Other Coastal Plants Restoration Project

Mangrove plants and other coast-based plants have caused a great impact in our lives. They nourish biodiversity by functioning as a shield for most coastal and marine living species. Their service to the fishing industry is quite valuable. Many species of plants have been identified in the areas associated with mangrove ecosystems. Because of the tidal movements taking place in the briny water, the extent of residues and salinity in the associated area continuously change. These plants show unique adaptability to be resilient to these changes. Similarly, these ecosystems are used as habitats by various animal species as they maintain a high productivity. Although these ecosystems hold such benefits to the living world, half of the mangrove area in the world (32 million hectares) has been destroyed by now while the remainder is under threat. Mangrove ecosystems face the threat of extinction due to indiscriminate or non-sustainable use. In Sri Lanka, mangrove ecosystems can be seen in the coastal belts in the inter-tidal zone associated with estuaries and lagoons. The largest mangrove habitats in Sri Lanka can be seen in the Puttalam Lagoon, Kala Oya Stream basin and Trincomalee. These systems are endangered due to human acts.

The Marine Environment Protection Authority implemented the following course of action in order to protect these valuable ecosystems.

Galle

The Divisional Secretariat Division of Galle implemented a programme to plant coconut, sea poison tree (*Barringtonia asiatica*) and Indian beech (*Millettia pinnata*) during the first week of January 2021 at the Unawatuna coastal belt.



Hambantota – Planting Almond Trees on the Kirinda Beach



Jaffna – About 1100 grey mangrove (or white mangrove — *Avicennia marina*) and *Rhizophora mucronata* (loop-root mangrove, red mangrove or Asiatic mangrove) trees were planted in Mandativu, Navanturai, Kalundai, Alappidi and Nainativu in the Jaffna District on 21st September 2021.



Kalutara – Many tree-planting programmes were organized throughout the year 2021 on the Calido coastal belt.



Mannar – On 27th April 2021, pongamia pinnata (Indian beech) and madhuca longifolia (butter tree) saplings were planted on the Pesale Beach in Mannar.



Puttalam

Around 900 mangrove saplings were planted at the Karukkapane and Anavilundava reserve in the months of February, March, July and October in the year 2021. In addition, 1000 saplings were planted in the mangrove sapling nursery located in Kalpitty.



Trincomalee

At Neethalnagar 500 *Rhizophora mucronata* (loop-root mangrove, red mangrove or Asiatic mangrove) saplings were planted on 15th December 2021.



7.4.2 Project to Restore Coral Reefs on the Southern Coast of Sri Lanka

As per the Sustainable Development Goals set by the United Nations, implementing the aquatic life concept in Target No. 14 is crucial. At the same time, according to the Vistas of Prosperity and Splendour, which is the national policy framework of Sri Lanka, it is very important to implement this programme.

Coral reefs are a complex environmental zone where many interactions take place among various plants and animals, which can include some endangered species. The vast rocks called coral reefs are made by the actions of the living organism in the class Anthozoa, order Scleractinia and phylum Cnidaria. In addition, their efforts are complemented by the action of species who secrete calcium carbonate and species who calcify it. However, these coral reefs have been endangered gravely in the present day. The reasons for this are irregular fishing industry and various other human activities.

Coral reefs, which are the most significant feature that can be seen in Sri Lanka's coastal zone, have been endangered or being destroyed due to human activities. Therefore, the Marine Environment Protection Authority has started a special project to combat this. The main objective of this project is to introduce a suitable methodology to regrow coral reefs in selected areas to conserve the ecosystems, thereby making the fishing and tourism industries sustainable. This is a pilot project and based on its success, the experiment is expected to be implemented in other areas of Sri Lanka in order to restore coral reefs.

The Coral Reefs Restoration Project can be considered a major coral reefs conservation method for restoration of the destroyed coral and minimize the adverse effects of human activities on the coral ecosystems.

The coral grafting project was conducted successfully for the first time in this country by the Regional Office of Marine Environment Protection Authority in Matara. Under this project, coral reefs of 200 m² in the Bandaramulla area in Mirissa were restored. Restoring coral reefs is the main step towards conserving coral reefs and mitigating the negative impacts of human activities.

The 10 blocks for restoration of coral reefs made of concrete, which are necessary for this massive project, were designed and constructed by Holcim Lanka Private company. These concrete blocks were taken along the sea bed using sea-faring vessels with great care to the site where coral reefs were to be restored.



Coral Restoration Area in Mirissa



Coral reefs that are growing

7.5 RAISING THE AWARENESS OF MARINE ENVIRONMENT POLLUTION AND ITS EFFECTS

7.5.1 Sixth National Marine Environment Symposium

The Marine Environment Protection Authority conducted the Sixth National Marine Environment Symposium under the theme “Marine-Based Solutions and Policy Frameworks for Improved Climate Change Actions” with the participation of eminent scientists, professionals, researchers, law and policy makers and officers of non-state institutions at the Cinnamon Grand Hotel on 22nd and 23rd April 2021.

This symposium aimed at exploring and understanding the present status with regard to climate change situations within the Sri Lankan context and finding ocean-based solutions to combat its effects. This approach helps the country to derive benefits of the official economy while providing a future path to use the oceanic resources sustainably obtaining benefits in finding solutions to the effects of climate change. The Marine Environment Protection Authority had already conducted 05 symposia in consecutive years — in 2015, 2016, 2017, 2018 and 2019.

Representatives of organizations including the Central Environmental Authority, the Disaster Management Centre, the Department of Coast Conservation and Coastal Resources Management, the University of Kelaniya, the University of Moratuwa, the Ocean University, the Open University of Sri Lanka, the University of Ruhuna, the Sri Lanka Police, the Coast Guard Department, the Atomic Energy Authority, the Sri Lanka Ports Authority, the Department of Fisheries and Aquatic Resources, Ministry of Mahaweli Development and Environment, Department of Forest Conservation, Colombo Dockyard (Private) Limited, Colombo Shipping and Engineering College, the Sri Lanka Navy, the National Aquatic Resources Research and Development Agency and the SLYCAN Trust participated in it. The Keynote Address was delivered by Prof. Ajith de Silva, Senior Lecturer of the University of Moratuwa. At the Symposium 19 academic papers associated with the marine environment sent by various organizations and scientists were presented.

Marine flora and fauna, sensitive marine ecosystems, shipping and marine pollution, fishing industry, aquaculture and marine environment, as well as laws, politics and regulations pertaining to the marine environment were topics making up the sessions of this Symposium. Such programmes encourage scientists to conduct research and make a good contribution towards protection of the marine environment. At the same time, it was proposed that lectures of prominent persons engaged in the sector should be organized for the advancement of the marine environment.



7.5.2 National Marine Resources Protection Week and National Beach Clean-Up Day 2021

The Marine Environment Protection Authority conducted the National Marine Resources Conservation Week parallel to the International Beach Clean-Up Day from 18th to 24th September 2021 centring on various parts of the island.

The volume of waste added to the environment has increased due to the increase of needs caused by increase of population and due to various development activities. These cause pollution, thereby increasing potential for increased marine pollution.

A vast amount of non-decaying waste generated on land associated with streams flow into the beach and ocean. This causes adverse effects on the sensitive marine ecosystems and ocean-based industries, fishing industry and tourism. Therefore, it is necessary to protect coastal and marine ecosystems and sustainability of industries. As such, the period from the Saturday of the third week up to the Saturday of the following week was declared the “National Marine Resources Conservation Week” as per Cabinet Memorandum No. CP 16/1723/704/046 dated 14h September 2016.

In addition, Cabinet Approval has been received for organising the programmes given below with the involvement of the Marine Environment Protection Authority, the Department of Coastal Resources Management, the Civilian Defence Force, the Sri Lanka Navy, the Ministry of Tourism and the Ministry of Urban Development and Housing. This Authority organized programmes in selected coastal areas to mark the “International Beach Clean-Up Day and National Marine Resources Conservation Week” and to conduct awareness programmes. However, in view of the COVID-19 Pandemic situation prevailing, gatherings were restricted in order to minimize the spread of the disease and as a result, the Authority planned to mark the “International Beach Clean-Up Day and National Marine Resources Conservation Week” in a different manner.

The following main activities were conducted by the Marine Environment Protection Authority:

1. Poster Competition Conducted through Social Media
This competition was conducted under 04 categories and over 900 persons participated in it through our Facebook page.
2. Launching the MEPA Voluntary Movement
This voluntary campaign was launched with the participation of 262 voluntary members from 14 coastal Districts.
3. Conducting Beach Clean-Up Programmes
The Marine Environment Protection Authority successfully conducted two beach clean-up programmes—one at the Kapumgoda coastal belt on 18th November 2021 and the other at the Poruthota Coastal Park on 22nd September 2021.



The details of these programmes and the quantities of refuse collected are given below:

[Pl. insert the details and quantities.]

In addition the Authority conducted the following activities:

- **Launching the new postage stamp**

The Marine Environment Protection Authority caused the launching of a new postage stamp to coincide with the International Beach Clean-Up Day.



- **Starting the MEPA Academy**

The Authority established the MEPA Academy in collaboration with the Centre for Environmental Studies at the University of Peradeniya, Marine University of Sri Lanka and the Mahapola Scholarships Fund. Its main objectives are to improve vocational skills pertaining to the marine environment, creating broad research opportunities on marine environment and making people aware of the importance of measures to prevent marine pollution.

- **Launching the theme song “Sayura Rakina Rella” (Wave that Saves the Ocean)**



7.6 MAKING AVAILABLE ACCOMMODATION FACILITIES AT THE SOUTHERN PROVINCE CIRCUIT BUNGALOW — DAKSHINA SAMUDRA PIYASA

The income earned through making available accommodation facilities at the Southern Province Circuit Bungalow to external parties in the year 2021 was Rs. 33,400.00.

The Authority has been able to save a sum of Rs. 4,653,000.00 that it would have had to pay to external parties for accommodation in 45 rooms for 94 days for officers of the Authority for official purposes and for quarantining.



08

SERVICE AND RESPONSIBILITIES OF THE HUMAN RESOURCES DEVELOPMENT, INTERNAL AUDIT AND FINANCE DIVISIONS

8.1 ADMINISTRATION DIVISION

The administration Division functions under the direct supervision of the General Manager, who is the chief executive officer of the Authority, and conducts the procurement activities pertaining to goods and services that fall under the procurement of infrastructure necessary for the operational process of the Marine Environment Protection Authority, transport affairs, warehousing affairs, assets and services maintenance activities and other general administrative functions of the Authority.

Providing infrastructure facilities pertaining to the operational activities carried out by personnel of the Marine Environment Protection Authority and other organizations involved in controlling and preventing the environmental catastrophe that could have been caused by the MV X-Press Pearl ship accident that occurred in the year 2021 was one of the most significant tasks performed in the year 2021.

As such, the following procurements were conducted by the Administration Division.

1. Purchase of personal safety equipment and associated purchases
2. Travelling expenses (for vehicles of the vehicle reserve of the Marine Environment Protection Authority and vehicles obtained on rent basis)
3. Procurement activities relating to accommodation and warehousing

8.2 LEGAL DIVISION

The concept paper containing the amendments proposed to the Marine Pollution Prevention Act No. 35 of 2008 had been presented to the State Ministry and was then referred to a 3-member committee comprising persons well versed in the law of the sea to obtain suitable advice before finalizing. It has finally been submitted to the State Ministry again in order to obtain Cabinet Approval.

Drafts for amending the 2016 (Waste Reception Facilities) Regulations already published under the Marine Pollution Prevention Act No. 35 of 2008 have been presented to the Legal Draughtsman.

Four more regulations published under the Act have been handed over to the Legal Draughtsman's Department for amendment and discussions are held for making further amendments.

The regulations "specifying the procedure to be followed in conducting investigations into any accident that occurs as a result of emission of pollutants from any ship" published under the Marine Pollution Prevention Act No. 35 of 2008 have been finalized by the Legal Draughtsman in Sinhalese, Tamil and English languages and referred to the Cabinet Minister for approval through the State Ministry.

Action is being taken in terms of section 18 of the Provisions of the Marine Pollution Prevention Act No. 35 of 2008 to obtain to this Authority the 12-million-rupee compensation awarded by the High Court pertaining to the marine environment pollution caused by the oil ship “New Diamond” in May 2020.

Action was taken to hand over to the Attorney General the observations of this Authority regarding the petitions of breach of fundamental rights and petitions for stay orders filed against this Authority by various parties in respect of the damage to marine environment caused by the accident involving the ship named MV X-Press Pearl in May 2021.

Although discussions were held with the Registrar of the Magistrate’s Court at Angunakolapelessa and relevant offices of the Hungama Police Station in order to resolve the confusing state with regard to the case filed by the Hungama Police Station at the Magistrate’s Court, Angunakolapelessa in respect of the Hotel Ranna in Kahandamodara, Tangalle 2012, it was not possible to resolve the complexities prevailing and hence it was decided to obtain the opinion of the Attorney General in writing.

Action is taken to continue with the hearing of the case filed against the Company named Sea Consortium Private Limited owing to the breach of 2016 (Waste Reception Facilities) Regulations.

Action was taken to get the Government Analyst to investigate the marine environment pollution caused by the “Marriott Resort” in Weligama, as per the Attorney General’s advice.

The provisions of Section 11 of the Marine Pollution Prevention Act No. 35 of 2008, which pertains to detention of a ship, was enforced for the first time on the instructions of the Attorney General, and a fine of Rs. 1 million was obtained from the ship “Vishva Ekta” for the marine environment pollution caused by the ship concerned.

Just two weeks later, a fine of 15 million was obtained under that same Section for the marine environment pollution caused in the Port of Colombo by the ship named Vinalynnes Brave.

A case has been filed at the Trincomalee High Court against the ELS Construction Private Limited and GAC Shipping Limited for committing an offence under Section 26 (a) of the Marine Pollution Prevention Act No. 35 of 2008 by discharging waste oil, which is a hazardous waste, to the ocean at the Mud Cove Pier in Trincomalee while being respectively the owner and the agent of the Marpol D L Cookshop.

Mr. L.P. Titus, who had been an employee of this Authority, filed an action at the Labour Tribunal in Colombo against the termination of his service demanding reinstatement and compensation in 2019 and the Labour Tribunal rejected his demand at the end of the case. The decision in favour of the Authority was given on 1st July 2021.

8.3 INTERNAL AUDIT DIVISION

The role of the Internal Audit Division is to report to the top management with a view to strengthening the internal controls system based on the conclusions reached through inspection, scrutiny, observation and queries on whether all the financial and physical affairs of the Head Office and peripheral offices are conducted towards proper administration and positive development through good governance in a transparent manner.

The scope of the Internal Audit Division has expanded with the expansion of the functions of the Technical, Human Resources, Planning, Legal and Accounts Divisions of the Authority. The Authority exercised its powers in an orderly manner for the prevention and control of marine pollution through various programmes, projects and activities, through which the Authority has been striving to enhance its income. As the Authority's financial and physical activities escalates, so does the significance of the role of the Internal Audit Division increases.

The Internal Audit Division has been established under the direct supervision and guidance of the Chairperson of the Authority. Auditing functions are conducted according to the Internal Auditing Plan and Programme prepared annually and audit inspections are carried out pertaining to the effectiveness of the duties performed according to the annual Action Plan by the Technical, Administration, Human Resources Development, Planning, Legal and Accounts Divisions of the Authority. The Internal Audit Reports prepared containing the observations and proposals based on the inspections concerned are brought to the attention of the Chairperson of the Authority for reference and proper action.

Serious attention is given in this regard to the following matters:

1. Scrutinizing whether the internal controls are strong enough to prevent wrongdoing and fraud.
2. Identifying the areas where a risk management situation prevails and reporting it to the top management.
3. Looking into whether the financial affairs of the Authority are conducted according to the government Financial Regulations in a true and fair manner and testing whether the internal financial control system established for this purpose is effective.
4. Overseeing whether the duties and responsibilities assigned to the Authority are performed efficiently and effectively.
5. Inspecting whether the acquisition and use of fixed assets necessary for the planned operations and office work of the Authority has been efficient and effective.
6. Scrutinizing whether the affairs are conducted in accordance with the public policies, Financial Regulations, and Circulars issued by the Authority and laws and rules.
7. Conducting spot checks where necessary.
8. Presenting proposals for the removal of weaknesses identified in the Authority's internal controls system.
9. Carrying out financial audits, in addition to the management audit.
10. Carrying out spot checks on incidents of marine pollution occurring in the coastal and marine regions governed by the Authority as per the Marine Pollution Prevention Act No. 35 of 2008.

All divisions of the Head Office and all Regional Offices of the Authority are subjected to audit according to the audit plan annually prepared by the Internal Audit Division. The Authority should hold 04 meetings of the Audit and Management Committees per year. This Committee can be termed an consultative committee of the Board of Directors. The Authority conducted 02 meetings of the Audit and Management Committees on 7th April and 28th December during the year 2021. The Internal Audit Division always reports so that the top management can make decisions necessary for the advancement of the Authority.

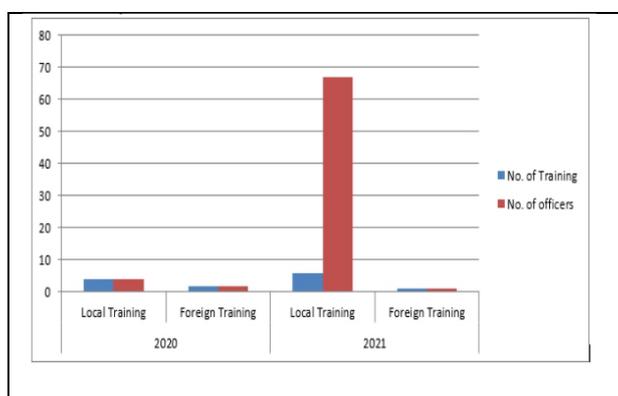
8.4 HUMAN RESOURCES DEVELOPMENT DIVISION

The main responsibility of the Human Resources Development Division is to enhance the capacity and skills of the members of the staff of the Marine Environment Protection Authority and the Division functions under the direction and guidance of the General Manager, who is the Chief Executive Officer of the Authority.

Responsibilities of the Division

1. Identifying the training needs for the enhancement of the capacity and skills of the members of the Authority's staff and planning local and foreign training, identifying resource persons and directing members of the staff to training courses.
2. Monitoring whether members undergo training properly and whether there are deficiencies in training and presenting appropriate strategies to overcome shortcomings and implementing necessary courses of action.
3. Appraising the annual progress reports of the staff.
4. Maintaining the personal files of the staff of the Authority, and making arrangements for ranking, promoting and transferring employees.
5. Submitting information requested by the line Ministry and other external parties regarding staffs and organizational affairs subject to the approval of the General Manager.
6. Conducting staff welfare activities.

The details of local and foreign training programmes in which the officers of this Authority participated are as follows:-



8.5 PLANNING DIVISION

The Planning Division of the Marine Environment Protection Authority was established in the year 2016. The main functions of the Planning Division are to prepare the Annual Budget Estimate within a medium-term framework as per National Budget Circular No. 05/2020 under 09 policies according to the powers under the Marine Pollution Prevention Act No. 35 of 2008 for the attainment of 14 Sustainable Development Goals of the United Nations with a view to fulfilling the obligations assigned under Gazette Notification No. 2196/27 on organizational functions and duties in terms of the Vistas of Prosperity and Splendour, national policy framework, to monitor the progress of its implementation and to report such progress to the relevant sections. Other functions include:

1. Improving the mechanism to mitigate marine pollution caused by ships,

2. Implementing the National Oil Spill Contingency Operational Plan efficiently and effectively,
3. Improving the mechanism for mitigating ocean pollution due to land-based activities.
4. Establishing and conserving the coastal and marine ecosystems.
5. Establishing and strengthening a legal framework for complying with international legal instruments in order to face new challenges.
6. Creating an environment-sensitive community through public awareness.
7. Enhancing the capacity of the Authority to provide a citizen-centred digital public service.
8. Serving as the nerve centre of the blue economy and marine resources management

Accordingly, the Authority is to make arrangements necessary to achieve the following future goals:

- Amending the Marine Pollution Prevention Act No. 35 of 2008 incorporating all the legal provisions necessary for prevention, control and mitigation of marine pollution, protecting the marine environment and management of marine resources.
- Ratification and enforcement of the international Conventions relating to marine pollution.
- Establishing a funding mechanism in order to raise funds to activate the National Oil Spill Contingency Operational Plan in a sudden oil spill and establishing a reserve of equipment to respond to oil spills.
- Increasing the sea territory protected by strengthening the inter-agency mechanism for the conservation of coral reefs and restoration of mangroves.
- Installing waste barriers to prevent marine pollution due to non-decaying waste which enters the sea through water courses and strengthening the beach caretakers programme.

8.6 FINANCE DIVISION

The Finance Division of the Marine Environment Protection Authority is responsible for the financial management affairs of the Authority. The Division deploys financial resources pertaining to all the economic and financial matters affecting the Marine Environment Protection Authority as a whole and disburses financial resources for all its objectives. The fundamental objectives of the Finance Division are to providing the financial services of the Authority in an efficient and effective manner, providing guidance for their use, coordinate and monitor the finance related affairs of the Authority and to control the financial resources of the Authority.

Activities

1. Preparing annual budget estimates
2. Preparing Financial Statements
3. Providing financial statement reports and monthly budget reports
4. Keeping records on salaries and emoluments and making payments
5. Keeping projects in operational state
6. Handling all payments
7. Maintaining accounts on loans and advances
8. Coordination with banks
9. Coordination with the Auditor General's Department
10. Managing investments and other affairs

Significant Achievements During the Year

1. The Authority was able to earn an interest income of Rs. 901,092.03 by investing the balances of the current account in one-day demand deposits.
2. At the awards ceremony for annual reports and accounts of the public sector by the Chartered Institute of Accountants in Sri Lanka, the Authority was able to win a merit award in the statutory board segment.

8.6.1 Financial Progress Report for the Year 2021 – Recurrent Expenditure

All the expenses that are not of capital nature are termed Recurrent Expenditure. The speciality of this type of expenses is that the expenses have to be borne again and again in order to maintain the services of the organization.

The Recurrent Expenditure of the Authority has been depicted under five separate main headings. The total Recurrent Expenditure estimated for the year 2021 was Rs. 192.943 million and the actual amount was Rs. 170.967 million. As a percentage, the financial progress of the Authority was 89 %. Approximately 66.27 % of the total Recurrent Expenditure was spent for personal emoluments Table No. gives a description of the expenses borne in the year 2021.

Object Code	Description of Expenditure Object		Estimate 2021	Actual Expenditure as at 31.12.2021	Balance
	Recurrent Expenditure				
	Personal Emoluments				
1001	Salaries and wages		121,735,331.00	113,310,607.69	4,424,723.31
1002	Overtime and holiday pay		2,041,454.00	1,706,957.69	334,496.48
1003	Other allowances		4,724,800.00	4,204,736.61	520,063.39
		Total	128,501,585.00	119,222,301.82	9,279,283.18
	Travel Expenses				
1101	Local		2,507,000.00	1,675,400.65	831,599.35
1102	Overseas		792,208.00	96,869.86	695,338.14
		Total	3,299,208.00	1,772,270.51	1,526,937.49
	Supplies				
1201	Stationery and office needs		2,994,432.00	1,872,875.89	1,121,556.11
1202	Fuel		3,253,000.00	2,891,333.25	361,666.75
1205	Other		150,000.00	96,000.00	54,000.00
		Total	6,397,432.00	4,860,209.14	1,537,222.86
	Maintenance Costs				
1301	Vehicles		4,843,900.00	3,835,659.60	1,008,240.40
1302	Plant and machinery		2,254,667.00	776,804.52	1,477,862.48
1303	Buildings and structures		833,333.00	142,653.98	690,679.02
		Total	7,931,900.00	4,755,118.10	3,176,781.90
	Services				
1401	Transport		-	-	-
1402	Post and communication		3,272,000.00	2,389,273.73	882,726.27
1403	Electricity and water		5,584,600.00	4,988,926.80	595,673.20

1404	Lease rent and local government rates		27,940,400.00	26,553,472.10	1,386,927.90
1405	Other recurrent expenditure		10,016,666.00	6,425,761.17	3,590,904.83
		Total	46,813,666.00	40,357,433.80	6,456,232.20
Total of Recurrent Expenditure			192,943,791.00	170,967,333.37	21,976,457.63

The expenses of capital nature borne on implementing the powers and functions of the Authority under the Act are accounted as expenses of the respective year.

8.6.2 Report on Financial Progress for the Year 2021

Capital expenditure means the expenses borne on acquisition, repairs and improvements of fixed assets by the Authority. In addition, expenses of capital nature borne by the Authority in the exercise of its powers and functions under the Act are accounted as the expenses of the respective year.

The total estimated amount of capital expenditure for the year 2021 was Rs. 29.277 million and the real expenditure was Rs. 20.304, which is 69.35 % of the estimate. Rs. 4.503 million equivalent to 22.18 % from the total capital expenditure was spent for the acquisition of capital assets. They included office equipment, laboratory equipment and expenses borne for the construction of buildings as well as rehabilitation of vehicles.

The following table shows the details of capital expenditure:

Expen-diture Object	Expenditure Object Description	Estimate	Actual Expenditure as at 31.12.2021	Balance as at 31.12.2021
	Rehabilitation and improvement of capital assets			
2001	Buildings and structures	2,769,000.00	2,593,641.35	175,358.65
2002	Plant, machinery and equipment	450,000.00	298,263.00	154,737.00
2003	Vehicles	2,657,000.00	1,441,220.89	1,215,779.11
	Acquisition of capital assets			
2102	Furniture and office equipment	600,000.00	173,556.75	426,443.25
2103	Plant and machinery	-	-	-
2401	Capital development and training (HRD)	615,000.00	587,846.00	27,153.75
2502	Other capital expenditure			
	1. Developing bathing spots and preventing marine water pollution	1,831,000.00	1,423,075.56	407,924.44
	2. National Project to Prevent Marine Pollution Caused by Fishery Harbours	138,000.00	17,867.00	120,133.00
	3. Debris management	405,000.00	234,491.00	170,509.00
	4. Control of coastal and marine pollution	6,287,000.00	4,115,351.74	2,171,648.26
	5. Testing the quality of coastal sea water	1,900,000.00	738,233.23	1,161,766.77
	6. Strengthening legal framework for managing marine waste	460,000.00	363,395.50	96,604.50

	7. Minimizing pollution from ships	1,141,000.00	167,119.00	976,881.00
	8. Complying with international conventions and strengthening the legal framework	620,000.00	331,969.62	288,030.38
	9. Awareness programmes	894,000.00	319,220.52	574,779.48
	10. Organising and conducting national programmes	3,850,000.00	4,800,799.10	(950,799.10)
	11. Controlling the possible effects of a sudden oil or chemical spill	2,458,000.00	1,943,143.76	514,856.24
	12. Improving laboratory facilities	1,100,000.00	238,870.60	861,129.40
	13. Developing databases	825,000.00	405,250.00	419,750.00
	14. Baseline assessment on invasive species	205,354.67	-	205,354.67
	15. Lakvijaya Power Station	72,258.00	114,197.94	(41,939.94)
	Total of Capital Expenditure	29,277,612.67	20,304,512.81	8,973,099.86

09

Financial Statements of the Authority

9.1 ACCOUNTING POLICIES

9.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 177 Nawala Road, Narahenpita.

9.1.2 Key Functions and Nature of Operations of the Authority

The key functions of the Marine Environment Protection Authority are to prevent, control and manage marine pollution in Sri Lanka's marine regions in order to manage its marine environment sustainably for the benefit of present and future generations effectively through enforcement of regulations, implementation of the provisions of international Conventions, and coordination and deployment of stakeholders and resources.

9.1.3 General Accounting Policies

9.1.3.1 Basis of Preparing Financial Reports

The Financial Statements of the Marine Environment Protection Authority comprise the Statement of Financial Position, the Statement of Financial Operations, the Statement of Changes in Net Assets and Equity, the Cash Flow Statement, the Accounting Policies and the Notes to the Financial Statements. These statements are prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements have been presented as per the Sri Lanka Public Sector Accounting Standard No. 01 and in issues where a public sector standard has not been provided Sri Lanka Accounting Standards have been followed in preparing Financial Statements.

9.1.3.2 The Financial Statements have been presented following generally accepted accounting policies and based on historical cost.

9.1.3.3 Adjustments have not been made for the inflation factor affecting the accounts.

9.1.3.4 Income and Expenditure have been accounted on accrual basis.

9.1.3.5 Liabilities are recognized in the balance sheet when there is a present obligation arising as a result of past activities only when the settlement is expected to result in an outflow of resources embodying economic benefits.

9.1.3.6 Obligations payable at the demand of the creditors from the date of the Financial Statement and liabilities payable within one year from such date are treated as current liabilities in the Statement of Financial Position.

9.1.3.7 Obligations not payable at the demand of the creditors or payable in more than one year are treated as noncurrent liabilities in the Statement of Financial Position.

9.1.4 PROPERTY, PLANT AND EQUIPMENT

9.1.4.1 Property, plant & machinery are recorded at their cost. Their depreciation is calculated on straight line basis for the duration of their useful life commencing from the moment of use. The rates used to depreciate them are as follows:

Assets	Rate of Depreciation
Motor Vehicles	20%
Computers and related Equipment	15%
Office Equipment	15%
Furniture and Office Equipment	10%
Laboratory & Technical Equipment	10%
Intangible Assets	10%
Exhibition Items	20%
Books and Publications	10%
Buildings	5%

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

9.1.5 Income

The main income of the authority is from grants received from the Government of Sri Lanka. In addition, there is a considerable operational income generated by the authority by issuing licences for the following activities:

1. Issuing licences for providing waste reception facilities for ships,
2. Issuing permits for mineral oil exploration
3. Issuing permits for Bunkering Operations and
4. Approving Oil Spill contingency plans.
5. Issue of licences for disposal of waste.

9.1.5.1 Income generated by the Authority

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

9.1.5.2 Grants received from the Government

The authority receives two types of grants – capital and recurrent. The accounting policy adopted in respect of grants is given below:

9.1.5.3 Capital Grants

Grants received for acquisition and construction of property, plant & equipment are recognized as income over the period of useful life of such property, plant & equipment.

9.1.5.5 Although grants received for activities connected with prevention of marine pollution around Sri Lanka naturally generate intangible assets, it does not meet the criteria for recognizing intangible assets and therefore the grants for expenditure in relation to the marine pollution prevention activities are recognized as income in the year in which such activities are performed.

9.1.5.6 Recurrent Grants

Grants received for recurrent expenditure are recognized as income in the same year in which they are received.

9.1.6 Employee Benefits

9.1.6.1 Defined Contribution Plans

Expenses pertaining to the liability for contributory benefits are recognized as expenses in the period in which they incur. The MEPA contributes equivalents to 15% and 3% of gross emoluments of Employees to the Employees' Provident Fund and the Employees' Trust Fund respectively.

9.1.6.2 Defined Benefits Plan

Gratuity is a defined benefit plan. The MEPA is liable to pay gratuity in terms of the relevant statutory provisions. The Statement of Financial Position carries a provision for this liability. Statement of Financial Position contains a provision for this liability. This amount is calculated from the first year of service. Provisions have been made for all employees in terms of the Payment of Gratuities Act No. 12 of 1983. This provision is shown under non-current liabilities in the Statement of Financial Position.

9.1.7 Comparative information

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

9.1.8 Events after the Balance Sheet Date

All material events after the date of the Balance Sheet are considered and where adjustments or disclosures are necessary, the relevant information has been made available in the form of notes to the Financial Statements.

9.1.9 Cash flow Statement

Cash Flow Statement has been prepared using the indirect method.

9.1.10 Currency of Record and Presentation

The financial Statements are presented in Sri Lankan Rupees, which is also the MEPA's currency of record.

- **Stock**

The stock used during the year has been transmitted to the Financial Statement based on their costs. The year-end stock has been valued at the cost or the net deferred value, whichever is the lower.

- **Library Books**

Library books have been recorded at their cost. They are depreciated based on straight line method over their useful life.

- **Chemicals and Glassware Stocks**

The policy followed by the Authority pertaining to chemicals and glass instruments is to transfer the total cost of purchasing the chemicals and glass instruments to the Statement of Financial Operations in the year of purchasing. This method is used because of the practical difficulty existing in accurately counting the stocks of chemicals at the end of the year and the glassware having to be removed from use within a very short time. However, the laboratory maintains a stocks ledger for chemicals and glass instruments.

9.2 STATEMENT OF FINANCIAL POSITION

Marine Environment Protection Authority

Statement of Financial Position as at 31st December 2021

Assets	Note	2021 (Rs.)	2020 (Rs.)
Current Assets			
Cash balance	09	115,546,153.27	92,205,100.88
Debtors	10	3,748,489.95	746,353.49
Deposits	11	8,785,550.00	5,217,000.00
Payments made in advance	12	2,534,416.81	1,800,857.08
Short-term investments	28	15,407,297.22	14,713,772.49
Recoverable employee loans	13	8,175,284.82	11,532,615.95
Stock	27	4,838,774.27	4,985,637.02
Non-current assets			
Properties, plant and equipment	08	183,954,491.96	123,166,353.63
Intangible assets	22	2,082,227.23	2,394,003.49
Total assets		345,072,685.52	256,761,694.03
Liabilities			
Current liabilities			
Accrued payments	14	149,814,021.26	31,628,894.92
Incomes received in advance	23	2,267,312.81	1,589,883.56
Non-current liabilities			
Amount for distress loans	15	15,180,667.06	14,797,063.57
Allocation for gratuities	16	34,583,712.00	32,402,874.50
Total liabilities		201,845,713.13	80,418,716.55
Net Assets		143,226,972.29	176,342,977.38
Rights			
Government grants and capital (Deferred grants)	17, 18	185,070,469.66	124,555,106.92
Capital expenditure on work in progress (buildings)	19	10,469,531.92	5,374,448.52
Capital expenditure on work in progress	25	676,056.61	676,056.61
Capital input for stock	24	2,469,124.49	3,667,844.35
Marine Environment Protection Authority Fund	21	17,136,063.93	16,383,671.03
Accrued deficit / surplus	20	(72,594,274.32)	25,685,849.95
Total Rights		143,226,972.29	176,342,977.38

9.3 STATEMENT OF FINANCIAL OPERATIONS

Marine Environment Protection Authority

Statement of Financial Operations for the Year Ending 31st December 2021

Income	Note	2021 (Rs.)	2020 (Rs.)
	1	208,485,169.13	176,022,882.91
Treasury grants	2	214,938,143.65	79,422,740.41
Registration and licence fees	3	15,371,808.27	8,643,448.33
Other incomes		438,795,121.05	264,089,071.65
Total Income			
Expenses	4	122,641,183.94	125,355,936.82
Payment of salaries and wages	5	12,727,798.09	9,177,002.06
Expenses for supplies and consumables	6	362,307,424.00	42,075,917.93
Other recurrent expenses	29	23,405,394.23	18,257,073.11
Grants and transfers	7	55,595.00	43,065.01
Financial expenses	8	15,962,350.07	19,180,059.71
Depreciation of fixed assets		537,099,745.33	214,089,054.64
Total Expenditure		(98,304,624.27)	50,000,017.02

9.4 STATEMENT OF CHANGES IN EQUITY

Marine Environment Protection Authority

Statement of Changes in Equity for the Year Ended 31st December 2021

	Capital Grants	Grants Relating to Stock	Capital Grants Available for Use	Capital Grants for Building Work in Progress	Fund	Accumulated Deficit / Surplus	Fund
Balance as at 01.01.2021	124,555,106.92	3,667,844.35	676,056.61	5,374,448.52	16,383,671.03	25,685,849.95	176,342,977.38
Last year's corrections						24,500.00	24,500.00
Balance adjusted to 01.01.2021	124,555,106.92	3,667,844.35	676,056.61	5,374,448.52	16,383,671.03	25,710,349.95	176,367,477.38
Capital funds received	35,795,000.00						35,795,000.00
Transfer as capital grant assets	1,690,164.00			1,690,164.00			
Transfer to capital grant stock	1,198,719.86	(1,198,719.86)					
Building work in progress	(6,785,247.40)			6,785,247.40			
Donations received	67,784,377.89						67,784,377.89
Capital grant transfers available for use							
Ceylon Electricity Board Project							
Transfer of capital grant to income	(39,167,656.13)						(39,167,656.13)
						(98,304,624.27)	(98,304,624.27)
Surplus / Deficit for the Period	185,070,464.18	2,469,124.49	676,056.61	10,469,531.92	17,136,063.93	(72,594,274.32)	143,226,972.29

9.5 CASH FLOW STATEMENT

Marine Environment Protection Authority

Cash Flow Statement for the year 2021

	2021	2020
Cash flows generated from operational activities		
Net surplus / deficit for the period	(98,304,624.27)	50,000,017.02
Adjustments		
Provision for depreciation for the year	15,962,350.07	19,180,059.71
Provision for gratuities	3,984,11.88	6,133,638.00
Stock donations	-	1,139,800.00
Transfer to advance expenditure	24,500.00	204,278.34
Payment of gratuities	(1,803,274.38)	(988,185.00)
Incomes identified from grants of previous years	(39,167,656.13)	(37,437,132.91)
Operational surplus / deficit before changes in working capital	(119,304,592.83)	38,220,329.93
Changes in working capital		
Deposits (decrease / increase)	3,568,550.00	-
Prepayments (decrease / increase)	(733,559.73)	(352,512.41)
Debtors (decrease / increase)	(3,002,136.46)	2,447,864.77
Stock (decrease / increase)	146,862.75	(236,612.53)
Current liabilities (decrease / increase)	118,185,126.34	1,341,704.03
Income received in advance	677,429.25	(2,109,773.97)
Net cash flows generated from operational activities	(7,599,420.68)	39,310,999.82
Investment activities		
Investment in Treasury Bills	(15,407,297.22)	(14,713,772.49)
Maturity of Treasury Bills	14,713,772.49	13,738,829.95
Purchase of properties, plant and equipment	(8,693,330.40)	(2,372,219.35)
Building work in progress	-	(1,005,250.00)
Interest on investments in Treasury Bills	763,416.22	866,751.28
Interest from staff loans	388,488.03	456,749.23
Staff loans during the period (decrease / increase)	3,357,331.13	571,025.74
Fund transfer to Treasury	-	21,006.61
Net cash flow generated from investment activities	(4,877,619.75)	(2,436,879.03)
Financial Activities		
Government's grants for capital expenditure	35,795,000.00	24,580,000.00
	-	-
Bank charges – People's Bank	35,795,000.00	24,580,000.00
Net cash flow generated from financial activities	23,317,959.57	61,454,120.79
Net decrease / increase in cash and cash equivalents during the period	92,205,100.88	30,750,980.09
Cash and cash equivalents at the beginning of the year	115,523,060.45	92,205,100.88

9.6 NOTES TO FINANCIAL STATEMENTS

Marine Environment Protection Authority

Notes to Financial Statements

Note 01	Treasury Grants	
	2021 (Rs.)	2020 (Rs.)
Recurrent grants	169,317,513.00	138,585,750.00
Capital grant transfer of to income – current year	23,205,306.06	18,257,073.11
Capital grant transfer of to income – deferred grants	15,962,350.07	19,180,059.80
	208,485,169.13	176,022,882.91

Note 02	Charges, Fines and Licence Fees	
	2021 (Rs.)	2020 (Rs.)
Waste reception service – registration fees	3,696,00.00	4,074,900.00
Waste reception service – licence fees	21,692,984.50	23,274,040.00
Waste reception service – application fees	54,000.00	46,500.00
Bunkering application fees	12,000.00	15,000.00
Bunkering registration 2015	1,830,000.00	1,860,000.00
Road Tunker registration	82,000.00	31,000.00
NOSCOP application fees	244,712.33	215,821.92
Dumping income	3,418,226.27	4,364,902.05
Income from litigation	183,908,220.55	45,540,576.44
	214,938,143.65	79,422,740.41

Note 03	Other Incomes	
	2021 (Rs.)	2020 (Rs.)
Suppliers' registration fees	358,000.00	311,000.00
Other incomes	6,276,204.14	575,718.97
Interest on book advances	-	3,816.80
Insurance reimbursement	106,600.00	344,661.37
Interest incomes	3,696,724.13	1,083,320.66
Sponsor grants	4,843,800.00	4,990,800.00
Income from removal of assets	-	31,087.50
Incomes from renting out equipment	-	1,260,443.03
Income from Holiday Resort	33,400.00	42,600.00
Income from laboratory	57,080.00	-
	15,371,808.27	8,643,448.33

Note 04	Payment of Salaries and Employee Benefits	
	2021 (Rs.)	2020 (Rs.)
Salaries and wages	11,012,521.19	113,310,604.69
Overtime / holiday pay	3,492,464.44	1,706,957.52
Other allowances	4,152,086.43	4,204,736.61
Provision for gratuities	3,984,111.88	6,133,638.00
	122,641,183.94	125,255,936.82

Note 05	Supplies and Unused Consumables	
	2021 (Rs.)	2020 (Rs.)
05.01 Supplies		
Stationery and office requisites	3,568,980.77	1,423,353.71
Fuel and lubricants	1,776,685.73	2,891,333.25
Uniforms	393,000.00	96,000.00
	5,738,666.50	4,410,686.96
05.02 Maintenance Expenses		
Vehicle maintenance expenses	5,739,104.63	3,836,726.09
Maintenance of plant, machinery and equipment	977,943.46	786,935.03
Office maintenance expenses	272,083.50	142,653.98
	6,989,131.59	4,766,315.10

Note 06	Other Recurrent Expenditure	
	2021 (Rs.)	2020 (Rs.)
06.01 Travel Expenses		
Local travel expenses	1,896,196.38	1,675,400.65
Foreign travel expenses	409,736.43	96,869.86
	2,305,932.81	1,772,275.51
06.02 Contractual Services		
Transport	1,055,645.16	-
Telecommunications / postal charges	2,641,805.24	2,389,290.36
Electricity and water expenses	4,980,411.64	4,987,335.80
Office rents	28,504,185.40	26,553,522.10
Other contractual services	14,125,523.70	6,373,499.16
MV X-Press Pearl ship incident	308,693,920.05	-
	360,001,491.19	40,303,647.42

Note 07	Financial Expenses	
	2021 (Rs.)	2020 (Rs.)
Bank charges	55,595.00	43,065.01
	55,595.00	43,065.01

Note 08

Asset Type	Cost 2021				Provision for Depreciation				Net Value 31.12.2021
	01.01.2021	Add	Less	31.12.2021	01.01.2021	Add	Less	31.12.2021	
Motor cars	76,413,433.02			76,413,433.02	76,413,433.02			76,413,433.02	
Furniture	55,829,200.88	8,011,192.40		63,840,393.28	35,002,057.33	4,979,357.64		39,981,414.96	23,858,978.31
Intangible assets	4,593,166.05	44,500.00		4,637,666.05	2,199,162.55	356,276.27		2,555,438.82	2,082,227.23
Laboratory equipment	82,261,598.58	68,251,575.89		150,513,174.47	45,190,378.79	7,144,020.19		52,334,398.98	98,178,775.49
Books	1,487,926.05	131,440.00		1,619,366.05	764,322.58	149,620.86		913,943.43	705,422.62
Buildings	66,661,502.44	-		66,661,502.44	7,634,111.79	3,333,075.12		10,967,186.91	55,694,315.53
Lands	5,517,000.00			5,517,000.00					5,517,000.00
	292,763,827.02	76,438,708.29		369,202,535.31	167,203,466.05	15,962,350.07		183,165,816.12	186,036,719.19

Note 09	Cash and Cash Equivalents	
Cash and Cash Equivalents	2021	2020
Bank of Ceylon - 194109	97,777,377.85	80,048,269.74
People's Bank	7,005,382.66	3,264,613.24
Bank of Ceylon - 75553755	10,763,392.76	8,892,217.90
	115,546,153.27	92,205,100.88

Note 10	Debtors	
	2021	2020
L.G. Titus	179,900.80	179,900.80
Festival advances	11,250.00	11,664.68
K. Vetheswaran	-	10,121
K.P.S.S. Kumara	37,986.00	37,986.00
R. Sri Krishnan	38,068.00	38,068.00
No-Pay deductions	19,121.33	7,692.83
Investment in Treasury Bills	128,759.40	69,891.36
L.T.K. Delpachithra	3,465.10	3,465.06
T.S. Ranasingha	585.22	585.22
Ministry of Foreign Affairs – R.M.M.P. Rathnayake	40,766.41	40,766.41
Department of Coast Conservation	94,392.00	94,392.00
H.R.D. Subhashinee	24,715.33	24,865.33
G.G. Nilanjane	-	17,270.86
T.B.K. Sachithra	-	45,310.00
L.H.A.H.S. Hettiarachchi	34,630.00	34,630.00
R.N. Priyadarshana	9,564.97	11,430.07
S.L. Wickramasinghe	300.00	14,356.22
Lakvijaya Power Station	-	41,939.94
J.M. Amali Shanika	-	9,000.00
W.P. Jayasuriya	43,050.00	43,050.00
T. Dayaroban	25,667.71	10,967.71
G.G.G. Wimalasena	42,130.00	-
B.N. Cooray	2,147.70	-
E.I. Fernando	4,839.87	-
H.M.G. Perera	50,975.00	-
R.G. Rajapura	4,450.00	-
S.M.C. Kumarage	42,249.36	-
T.D. Ramasinghe	100.00	-
T.G.I.G. Amaranayake	11,725.00	-
W.H.A.S.K. Hitibandara	41.80	-
W.I.H.K. Wijerathna	15,884.00	-
K.G.D.G. Dhanapala	4,904.70	-
Ceylon Petroleum Corporation	1,598,220.55	-
Dilma Ceylon T <i>plc</i>	1,279,600.00	-
G.N.I. Club London	-	-
	3,748,489.95	746,353.49

Note 11	Deposits	
	2020	2021
Deposit rents	11,250.00	11,250.00
Deposits – Internet facilities for mobile telephones	11,000.00	11,000.00
Deposits – water facilities – Express Water	41,000.00	41,000.00
Deposits recoverable – Regional Office, Puttalam	50,000.00	50,000.00
Deposits – water facilities – Warun Beverage Lanka	3,750.00	3,750.00
Deposit rents – Ranjith Terrazzo	5,100,000.00	5,100,000.00
Deposit rents - Warehouse	3,413,550.00	-
Auto Super Service Centre	150,000.00	-
O.O.C.L. Lanka Private Company	5,000.00	-
	8,785,550.00	5,217,000.00

Note 12	Payments Made in Advance	
	2021	2020
Housing rent prepayments	1,464,341.52	574,794.02
Vehicle maintenance expenses prepayments	306,976.93	303,526.65
Maintenance work prepayments	372,408.92	542,746.89
Other	390,689.44	379,789.02
	2,534,416.81	1,800,857.08

Note 13	Staff Loans Recoverable	
	2021	2020
Opening loan balance	11,532,615.95	12,103,641.69
Add		
Opening balance adjustments		(6,944.45)
Loans granted during the year	3,750,000.00	8,491,000.00
Total recoverable	15,282,615.95	20,587,697.24
Less		
Loans recovered during the year	7,107,331.39	9,055,081.29
Closing Balance	847,193.16	488,239.27

Note 14	Current Liability	
	2021	2020
Overtime payable	847,193.16	488,239.27
Travel expense allowances payable	267,862.54	121,151.73
Electricity and water charges payable	455,971.38	496,243.65
Telephone charges payable	197,249.94	103,518.99
Salaries and other allowances	26,927.06	279,985.96
EPF and ETF contributions payable	2,468,485.58	2,069,835.74
Bank deposits	704,396.00	265,165.89
Payments for waste receptions	8,177,137.00	6,969,921.50
Aluway Glass Engineering Private Limited	101,679.95	101,679.95

Central Engineering Construction Institute	12,589,159.34	12,589,159.34
State Printing Department	1,288,575.00	1,288,575.00
Auditor General's Department	2,087,088.00	2,306,712.00
Ministry of Mahavalley Development and Environment	205,354.67	205,354.67
Marine bank payments (Coastal Caretakers)	771,200.00	6,000.00
W.A. Nilantha Athukorale	68,250.00	68,250.00
Stamp duties payable	44,050.00	16,700.00
W.B.T.P. Kumara	19,774.97	140,003.56
Creative Lines Designers	67,200.00	67,200.00
Bhoomi Tech Private Limited	1,284,557.40	1,218,299.40
Sri Lanka Telecom	68,973.01	88,090.95
Central Engineering Construction Institute	46,938.40	46,938.40
Attorney General's Department Welfare Society	25,000.00	25,000.00
K.P.S.S. Kumara	8,421.25	8,421.25
R. Sri Krishnan	17,968.10	17,968.10
Deposit accounts	104,174.20	104,174.20
Ashan Industries	40,300.00	40,300.00
Cell and Company Private Limited	324,000.00	643,200.00
S.M.A. Technology	4,200.00	29,400.00
Ceylon Business Appliances Private Limited	8,100.00	13,878.00
Shishan Auto Repair	28,105.00	35,000.00
Uni Lanka Security Service	-	127,224.00
Refresh Cleaning Service	-	60,321.33
National Olympic Committee	-	100,000.00
Jacintha Rajendran	-	12,500.00
Negombo Municipal Council	-	169,873.20
City Truck	-	118,500.00
K.M.S. Motor and Diesel Engineers	-	129,600.00
M.M. Sasika	-	140,000.00
A. Tech Technologies Private Limited	-	63,800.00
Data Tech Business Centre Private Limited	-	3,114.00
Gestetner of Ceylon Private Limited	-	247,644.00
Softlogic Retail Private Limited	-	486,432.00
Techno Forms Private Limited	-	28,480.00
Exxion Computers	-	23,500.00
Lakmuthu I.T. Solutions	-	19,500.00
Right Technologies	-	9,850.00
Advanced Network Technology	-	48,550.00
E.I. Fernando	-	2,700.00
Gamini	-	1,850.00
S.L. Wickramasinghe	-	4,594.84
R.N. Priyadarshana	-	2,960.00
S.M.C. Kumarage	-	6,534.00
UNDP	1,442,100.00	-
University of Ruhuna	1,552,079.55	-
X-Press Pearl payments	28,900,917.95	-

Employee expenses payable	32,092.89	-
A Tech Technologies Solutions	304,600.00	-
Analytical Instruments Private Limited	472,813.20	-
State Printing Corporation	22,680.00	-
Right Technology	203,765.00	-
P.A.D.P.R. Kumara	115,500.00	-
S.M.A. Technology	183,700.00	-
Salaries payable	1,002,500.00	-
Soft Logic Retail company	630,673.28	-
Sun Information Systems	243,050.00	-
Associated Newspapers	388,800.00	-
Trinco Automobile	36,680.00	-
Asanga Hettiarachchi	126,000.00	-
A.L.S. Testing Service	3,332,910.00	-
A.J.M. Gunasekara, H.T.N.I. Gunasekara, D.R.C. Jayawardene	23,760.00	-
A.M.D. Gunasekara	310,000.00	-
Abeynayaka Auto Service	22,250.00	-
Axle Technologies	68,000.00	-
Acsmart Motors	221,800.00	-
Alca Drinking Water	262,500.00	-
Alpha Industries	1,205,474.40	-
A.H.A.A. – Jaffna	1,320.00	-
American Water System Private Limited	4,973.73	-
Auto Air Con System	22,000.00	-
B. Antoline	52,150.00	-
Brytex Safety House	22,950.00	-
C.J. Holdings	161,020.00	-
Car Lovers Private Limited	28,170.00	-
Ceylon Shipping Lines	21,106.00	-
Chandrasiri Motor Works	49,350.00	-
Payments to beach Cleaning 12.21-12.31	1,810,500.00	-
Continental Insurance Company	634,119.57	-
C.R.S. Holdings	16,747,434.00	-
Deepthi Cleaning Service	128,621.00	-
Delve Guard Service	143,220.00	-
Civil Defence Department	13,518,250.00	-
Dialog company	44.09	-
District Secretary – Mannar	3,602.31	-
E.D.S.K. Edirisinghe	350,392.00	-
Express Water company	4,140.00	-
Faculty of Veterinary Medicine	260,500.00	-
Fresh Line Safety Products	449,500.00	-
G.K.M. Jayasinghe	39,045.00	-
Gak Shipping Company	192,849.24	-
Galle Pradeshiya Sabha	155,372.40	-
Government Agent – Jaffna	1,164.08	-

Hemas Hospital	547,619.56	-
Hemsons International	733,816.80	-
Hero Stationeries	140,045.00	-
I.D. Ranasinghe	2,000.00	-
Industrial Technology	462,510.00	-
J.K.P. Supun Udayanga	41,840.00	-
J.K.P. Supun Udayanga	41,840.00	-
J.M.L.S. Jayamaha	189,000.00	-
J.M.M. Udugama	250,000.00	-
Jayanthi Liyanage	478,050.00	-
K.A. Subhasinghe	154,000.00	-
K.K.A.R. Kumara	29,600.00	-
K.S. Milendra	169,207.00	-
K.B.V. Indrasiri	391,229.00	-
Lanka Hospitals	408,500.00	-
M.G.D. Bandaranayake	440,750.00	-
M.R.A.R.G. Gunawardana	237,795.00	-
Matara Motor Service Centre	29,600.00	-
S.A.O. – Puttalam	6,900.00	-
Millennium Auto Express company	418,385.00	-
Mobitel Company	56,027.60	-
N. And Y. Marine Service	18,551,600.00	-
N.C. Enterprises	142,500.00	-
N.S. Wickramasinghe	13,250.00	-
N.T. Jayasekara	287,367.00	-
Nara Computer	234,382.68	-
Narahenpita Cab Service	737,215.00	-
Navinna Service Station	36,255.00	-
Nilmani Suppliers	461,900.00	-
Nisico Holdings	269,859.60	-
N.S.L. Distribution	23,500.00	-
Office Networks	96,000.00	-
Office Works International	976,976.10	-
Other expenses	110,897.72	-
People's Insurance	85,860.72	-
Prime Clean Auto Service	22,870.00	-
Puttalam Urban Council	26,360.00	-
Colitron Company	32,800.00	-
R.A.D. Ranatunga	289,000.00	-
R.A.S. Ranatunga	47,000.00	-
R.L. Kaluarachchi	2,000.00	-
R.M.S. Rajapaksa	39,600.00	-
R.P. Enterprises	508,000.00	-
Ranjith Terrazzo Company	3,040,000.00	-
Regional Development Authority	2,149.00	-
S.D.H. Johannes	457,500.00	-

Sarah Pathirana	23,400.00	-
Sarath Motors	5,160.00	-
S.G.S. Lanka Company	492,480.00	-
Singer Sri Lanka Company	111,000.00	-
Siyorak Private Limited	55,300.00	-
Smart Lanka Solutions	53,687.00	-
Sri Lanka Insurance Corporation	57,247.79	-
Sri Lanka Land Development Corporation	2,224,800.00	-
Sri Lanka Ports Authority	547,442.95	-
Sun Super Entreprises	119,400.00	-
Sunvill Bake House	305,165.00	-
V.G. Creations	102,000.00	-
W.A.D.M. Print Rose	3,036,770.00	-
W.M.V.R. Peiris	39,600.00	-
W.S.S.G. Kumari	2,000.00	-
Wijerama Service Centre	95,125.00	-
Wimalasurendra Company	580,441.61	-
Other expenses payable	161,420.16	-
Vinula Power	745,292.50	-
X-Press Pearl transport expenses	1,070,744.94	-
Employee expenses payable	32,092.89	-
	149,814,021.26	31,628,894.92

Note 15	Staff Loan Fund	
	2021	2020
Opening loan balance	14,797,229.03	14,347,258.79
Add		
Additional funding		165.46
Interest for the year	388,488.03	456,749.23
Less		
Bank charges	5,050.00	6,944.45
Closing Balance	15,180,667.06	14,797,063.57

Note 16	Provision for Gratuities	
	2021	2020
Opening balance	32,402,874.50	27,257,421.50
Revised balance		
Provision for the year	3,984,111.88	6,133,638.00
	36,386,986.38	33,391,059.50
Less		
Payments during the year	1,803,274.38	988,185.00
Closing Balance	34,583,712.00	32,402,874.50

Note 17	Government Grant and Capital	
	2021	2020
Opening balance	124,555,106.92	139,055,124.42
Unfinished capital assets	1,690,164.00	542,800.00
Donations received during the year	67,784,377.89	1,765,025.53
Transfers from stock	1,198,719.86	1,330,549.65
Assets received as grants	35,795,000.00	24,580,000.00
Ceylon Electricity Board Project	-	114,197.94
Add		
Capital grants received during the year	232,023,368.67	167,387,697.54
Less		
Grants treated as income	39,167,656.13	37,437,132.91
Capital expenditure on work in progress	-	21,006.61
Unfinished buildings	3,785,247.40	4,369,198.52
Unfinished intangible assets		
Closing Balance	185,070,465.14	124,555,106.92

Note 18	Deferred Government Grants Identified as	
	2021	2020
Incomes		
Opening balance	124,555,106.92	139,055,122.80
Adjustments made to the opening balance		
Purchase of assets	8,693,330.40	2,915,019.35
Assets received as grants during the year	67,784,377.89	1,765,025.53
	201,032,815.21	143,735,167.68
Less		
Deferred capital identified as income	15,962,350.07	19,180,059.80
Closing Balance	185,070,465.14	124,555,106.92

Note 19	Government's Capital Grant for Unfinished Buildings	
	2021	2020
Opening balance	5,374,448.52	542,800.00
Capital grants received during the year	6,785,247.40	5,374,448.52
Less		
Identified assets	1,690,164.00	542,800.00
Closing Balance	10,469,531.92	5,374,448.52

Note 20	Accumulated Deficit	
	2021	2020
Opening balance	25,685,849.95	(24,350,161.96)
Corrections	24,500.00	35,994.89
Deficit/ Surplus for the year	(98,304,624.27)	50,000,017.02

Closing Balance	(72,594,274.32)	25,685,849.95
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Note 21	Marine Environment Protection Fund	
	2021	2020
Opening balance	16,383,671.03	15,447,028.39
Interest income – Treasury Bills	752,392.90	936,642.64
Less		
Value transferred to the loan account		-
Closing Balance	17,136,063.93	16,383,671.03

Note 22	Intangible Assets	
	2021	2020
Opening balance	2,394,003.49	1,747,545.10
Acquisitions during the year	44,500.00	1,005,250.00
	2,438,503.49	2,752,795.10
Less		
Expenses borne during the year	356,276.27	358,791.61
Closing Balance	2,082,227.23	2,394,003.49

Note 23	Incomes Received Onwards	
	2021	2020
Waste reception service – registration and licences - 2016	148,500.00	52,500.00
Bunkering registration and licence fees - 2016	1,287,000.00	-
Waste Disposal Regulations registration - 2016	213,744.32	992,602.74
OECP Regulations	350,068.49	186,780.82
Registration of suppliers 2016		
	2,267,312.81	1,589,883.56

Note 24	Receipts in Grants	
	2021	2020
Grants received during the year	3,667,844.35	3,858,594.00
Donations	-	1,139,800.00
Less		
Transfers to Income and Expenditure Account	1,198,719.86	1,330,549.65
Closing balance	2,469,124.49	3,667,844.35

Note 25	Unfinished Capital Work Account	
	2021	2020
Opening balance	676,056.61	655,050.00
Add		
Changes in expenses		21,006.61
Less		

Closing balance	676,056.61	676,056.61
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Note 26	Capital Grant Reconciliations	
	2021	2020
Capital grants for the year	35,795,000.00	24,580,000.00
Transfer of expenses on stocks of goods	1,198,719.86	
Transfers to Unfinished Works Account	1,690,164.00	542,800.00
Total Capital Grant Receipts	38,683,883.86	25,122,800.00
Less		
Development of intangible assets	-	(1,005,250.00)
Purchase of fixed assets	(8,693,330.40)	(2,915,019.35)
Unfinished buildings	(6,785,247.40)	(4,369,198.52)
	23,205,306.06	16,833,332.13

Note 27	Stocks	
	2021	2020
Opening balance	4,985,637.02	4,749,024.49
Revised opening balance		1,139,800.00
Stationery stock	1,962,184.74	879,526.00
Less		
Transfers to Income and Expenditure Account	2,109,047.49	1,782,713.47
Closing balance	4,838,774.27	4,985,637.02

Note 28	Short-Term Investments	
	2021	2020
Opening balance	14,713,772.49	13,738,829.95
Receipts of additional funding		
Annual interest	693,524.86	974,943.58
Less		
Closing balance	15,407,297.22	14,713,772.49

Note 29	Grants and Other Payments	2021		
		Actual Expenditure	For Assets	Expenses
Rehabilitation and Improvement of Capital Assets				
	2001. Buildings and constructions			
	2002. plant machinery and equipment	786,350.00	123,450.00	662,900.00
	2003. Vehicles	2,114,141.56		2,114,141.56
	2102. Furniture and office equipment	5,116,546.40	5,116,546.40	-
	2103. Machinery and equipment			-
	2401. Capacity building and training (human resource development)	1,039,818.50		1,039,818.50
	2502. Other capital expenses			

1. Minimizing pollution caused by ships	161,097.00		161,097.00
2. Control of potential impacts of a sudden oil or chemical spill	4,252,017.86	2,833,398.00	1,418,619.86
3. Developing bathing spots and preventing marine water pollution	1,796,145.13		1,796,145.13
4. National Project for the Prevention of Marine Pollution Caused by fishery Harbours	319,711.00		319,711.00
5. Managing marine debris	183,346.00		183,346.00
6. Control of beach and marine pollution	7,393,838.50		7,393,838.50
7. Study on marine ecosystems	1,004,839.28		1,004,839.28
8. Complying with international conventions and strengthening legal framework	-		-
9. Awareness programmes on marine environment	1,896,901.90		1,896,901.90
10. Organising and conducting national programmes	2,035,118.00		2,035,118.00
11. Enhancing technical capacity to issue licences online	24,149.00		24,149.00
12. Improving laboratory facilities	2,245,540.50	131,440.00	2,114,100.50
13. Projects having unfinished work	1,690,164.00	449,496.00	1,240,668.00
	32,059,724.63	8,654,330.40	23,405,394.23

30. Investment in Treasury Bills

In December 2019, the Authority invested Rs. 14,713,773.00 in Treasury Bills which mature in 6 months and it reached maturity in the year 2020. That whole amount (the value of the interest and the investment) was re-invested. In the year 2021 Rs. 693,524.86 earned as interest. The amount re-invested in November 2021 was Rs. 15,407,296.88, which has been depicted under Current Assets in the Statement of Financial Position.

The Authority commenced investing the surplus funds remaining at the end of the date of the Current Account for repurchasing Treasury Bills. This investment process was implemented every day till the end of the year and an interest income of Rs. 3,696,724.13 was earned. This interest income has been entered to the total income for the year.

32. 01. The value of the fixed assets acquired by the Authority using its funds during the year 2021 was Rs. 8,654,330.40, which included furniture, office equipment, laboratory equipment and containers.

02. The Authority received office equipment and furniture worth Rs. 67,784,377.89 as donations from the following five organizations:

	Name of Sponsor	Equipment	Qty	Value
1	Cefas UK	Bolina boom	01	11,591,386.93
2	Government of Australia	Shoreline (100 mm)	04	14,846,370.00

3	Oil Spill Response Limited	Tractor, RH-4136, TAFE 8515	01	4,099,000.00
4	Alliance for End Plastic	Beach sweep machine	08	37,021,320.96
5	Ministry of Environment	Computer	01	226,300.00
	Total			67,784,377.89

33. Provision for Gratuities

1. The sum of the basic salary and the cost of living allowance was treated as the basis for calculating the gratuity.
2. According to the Circular of the Department of Public Enterprises, the age of retirement has been increased to 62 years. Accordingly, the Authority treated 62 years as the age of retirement.
3. According to Public Enterprise Circulars, a separate account should be kept for making provisions for gratuities (a monetary value equivalent to provisions). Although it had been intended to open an account in the year 2021, it was not put into action as there were not adequate provisions. Opening of an account and transferring of provisions to such account will be done in due course according to the availability of surplus funds.

34. Capital Grants which should be Capitalized

The balance of Rs. 676,056.60 in the beginning of the year was brought forward from the year 2020 and it includes savings from costs on planned activities and some of the lined-up activities.

35. Stock

01. Oil Spill Agents

The stock has been calculated according to the lower of the values of the cost and the net realizable value. There was no implication that shared had a net value lower than the cost of inventories pertaining to dispersal of oil. The Technical Division was of the opinion that this stock could be used two or three years after the date of expiry. The expiry pertaining to the existing stocks will approach in the year 2023. Therefore, no adjustments have been made for the damage to the stock from the oil spill during the year. OSD was used in the year 2000 to prevent spread of oil due to the MT New Diamond ship accident. As such, the Rs. 532,219.86, which is the value of the OSD used (3,858,594.00 / 5,800 x 800), will be depicted in the Statement of Financial Performance. The remaining parts of OSD is included in the inventory as stock as at 31.12.2021.

02. Stationery

The physical verification in stores showed that a considerable quantity of stationery was available in stores. Therefore, it has been decided to take it as a fixed material inventory item (Annex02). The stock of stationery carried forward from the previous year was partially used during the year. As such, the

value of the goods used has been included in the Statement of Financial Performance. Stationery has been included as final stocks as at 31.12.2020.

36. Library Books

The value of the books has been given in the Statement of Financial Position as Library Books under Fixed Assets. The costs of the books purchased during the year have been transferred to the Deferred Grants Account and will be depreciated over the useful life of the books.

The useful life for books was taken as 10 years.

37. Chemicals and Glassware

The policy adopted by the Authority with regard to chemicals and glassware is writing off the total cost of purchasing chemicals and glassware as an expenditure in the Statement of Financial Operations for the year of purchase.

The reasons for using this method are the practical difficulty in calculating accurately the stock of chemicals left by the end of the year and having to remove glassware within a very short time. However, the laboratory maintains a separate ledger aiming to keep records on chemicals and glassware.

38. Intangible Assets

Computer software purchased by the Authority are considered as intangible assets and their values are written off within ten years under the straight line method. It was assumed that more sophisticated software could be available in the coming years in the market. At the same time, it was assumed that needs could change as the Authority grows in the coming 10 years. According to the relevant accounting standards, it is necessary to inspect whether intangible assets have become obsolete so that factors that point to such outdated can be identified. However, no signs were observed during the year regarding such outdated. As such, the purchases were written off in the year in the Statement of Financial Operations annually depicting the value for which the relevant asset was purchased.

Month	Payment Date	Amount Paid	
		EPF	Employees Trust Fund
January	25.02.2021	1,823,419.30	218,810.32
February	30.03.2021	1,812,106.34	217,452.77
March	27.04.2021	1,809,279.68	217,113.56
April	20.05.2021	1,798,526.57	215,823.19
May	29.06.2021	1,819,662.40	218,359.49
June	31.07.2021	1,816,196.76	217,943.62
July	29.08.2021	1,801,860.49	216,223.26
August	29.09.2021	1,793,292.52	215,195.11
September	25.10.2021	1,849,937.09	221,991.25
October	30.11.2021	1,904,842.85	228,581.20
November	30.12.2021	2,142,042.89	257,045.14

December	28.01.2022	2,196,999.66	263,639.97
Total		22,568,156.5 5	2,708,178.8 8

39. Paying Contributions to Employees Provident Fund and Employees Trust Fund

The Authority sent contributions to the Employees Provident Fund (15 %) and the Employees Trust Fund (3 %) every month and the contribution paid by the employees as well (10 %). During the year, the Authority duly paid the amounts in time.

40. Lands

The building for the Southern Provincial Office was constructed on the land provided by the Four Gravets Divisional Secretariat, Galle. First the land concerned had been given to the Ministry of Mahaweli Development and Environment and later the Ministry transferred it to this Authority. However, the full ownership of the land rests with the Divisional Secretary of Four Gravets. The land is 55.17 perches in extent and its Plan No. is DS/GAFG/L@L/02/4 (Lot A and Lot B). The rate-paying No. assigned to the land is 426 B and the address is 426 B Colombo Road, Dadalla, Galle.

41. Relationship Between the Authority and Private Sector Organizations

Many organizations in the corporate sector cooperated with the Marine Environment Protection Authority in promoting sustainable environment development initiatives to prevent marine pollution and save the environment. As part of these endeavours, the corporate sector has adopted an active role in encouraging businesses to minimize environmental impacts by implementing effective environment protection programmes.

Details of the programmes and values of the partnerships are as follows:

Date	Name	Programme/ Activity Sponsored	Amount (Rs.)	Total (Rs.)
12/10/2021	Sea Horse Private Limited	ICC	100,000.00	100,000.00
12/01/2021	Tokyo Cement Ceylon Limited	Rehabilitation and conservation of coral reefs	250,000.00	250,000.00
23/11/2021	South Asia Gateway Terminal	Mid-day meal during the National Marine and Coastal Resources Conservation Week – 2021	200,000.00	200,000.00
31/12/2021	National Olympic Committee	Sponsorship for rehabilitation and conservation of coral reefs	100,000.00	100,000.00
24/12/2021	Ministry of Urban Development	World Food Programme	1,500,000.00	1,500,000.00
31/03/2021		A coast caretaker	90,000.00	90,000.00
31/01/2021		Coast Protection Programme	225,000.00	2,481,800.00
30/07/2021			206,200.00	

30/10/2021	Mercantile		423,600.00	
31/12/2021	Investments Finance		1,279,600.00	
31/12/2021	Company		347,400.00	
23/09/2021	Ceylon Shipping Agents Association	Sponsorship for coast protection programme	122,000.00	2,693,800.00

In addition to the financial contributions mentioned above, some institutions have supplied equipment necessary for using in an emergency and facilitating operational activities. Details of the contributing organizations are as follows:

S. No.	Name	Item	Quantity
1	Port City	Gloves	1000
		Eye guards	1000
		Gum boots	950
		Mask	1000
		Shovel	200
2	C.M.A.C.G.M. Lanka Private Limited	Disposable body cover	800
		Disposable gloves	20
3	Shipping Line Private Limited	Disposable gloves	300
4	Wilhelm Meridian Navigation Company	Mask	500
		Polysack bag	1000
5	Slykan Trust Company	Gloves	400
		Mask	400
		Disposable body cover	200
		Polysack bag	4000
6	Sealine	Mask	6000
		Disposable body cover	600
		Polysack bag	2000
7	M.S.G. Shipping	Mask	400
		Disposable body cover	100
8	Australian High Commission	Gloves	800
		Eye guards	100
		Gum boots	290
		Mask	28,000
		Disposable body cover	10,975
		Hat	190
9	U.N.O.P.	Eye guards	300
		Gum boots	300
		Disposable body cover	300
		Disposable gloves	6
10	U.N.D.P.	Eye guards	2100
		Hat	200
		Gloves	2500
		Gum boots	200
12	Leo Club	Gloves	100
		Gum boots	1000

		Polysack bag	100
		Disinfectant liquid	20 L
13	U.N.D.P.	Eye guards	400
14	Hemas	Mask	2400
		Shovel	50
		Disposable gloves	5
		Polysack bag	2000
15	Sri Lanka People's Youth	Gloves	200
		Eye guards	70
		Gum boots	100
		Mask	900
		Disinfectant liquid	401
		Hand Wash	2 L
16	Ansell	Gloves	10,080
17	Target Marketing Services	Gloves	1000
		Disposable body cover	200

42. Generation of Income by the Authority

The total income earned by the Authority in the year 2020 was Rs. 88,066,188.74. Compared to it, the income of the year under review increased by Rs. 142,243,763.18, recording an income of Rs. 230,309,951.92. The main reason for this was the income received in respect of the MV X-Press Pearl ship accident and the Rs. 12,000,000.00 in fines imposed on the Captain of the ship MT New Diamond in the year 2020 based on the legal action taken by the Authority pertaining to several oil leaks. However, the Authority had not received that amount till the date of closing of accounts.

Summary of Incomes from 2017 to 2021

Type	2017	2018	2019	2020	2021
Fees, fines and licences	27,824,761.42	29,013,815.64	34,633,317.63	79,422,740.41	214,938,143.65
Other incomes	2,545,881.30	8,822,190.82	12,449,777.08	8,643,448.33	15,371,808.27
Total	30,370,642.72	37,836,006.46	47,083,094.71	88,066,188.74	230,309,951.92

43. Process for Demanding Expenses and Insurance Claims in respect of MV X-Press Pearl ship accident.

1. The Marine Environment Protection Authority has been conducting beach cleaning activities and preparing the damage assessment report pertaining to the MV X-Press Pearl ship accident.
2. Insurance claims are prepared according to a tariff sheet approved by the ship's insurance company in respect of the expenses borne by the Marine Environment Protection Authority pertaining to the ship. The insurance claim forms will be sent to the lawyers of the ship owner by the Attorney General's Department.

3. Once the ship's insurance firm accepts the insurance claims, the insurance company will transfer the accepted amounts directly to the Treasury.

4. The insurance claims received by the Treasury in recorded in the Treasury books as an income. As such, the Marine Environment Protection Authority will not record it in the books as an insurance claim that is receivable by the Marine Environment Protection Authority pertaining to this ship accident in order to prevent the income from being recorded twice.

5. As such, details of the claims made up to the date of closing of accounts are given below.

6. The Treasury releases funds as additional provisions on the request of the Marine Environment Protection Authority made through the Ministry.

7. Details of the First Interim Claim

1. First Interim Claim

1.1 The details of the first interim claim pertaining to the period from 20.05.2021 to 02.06.2021 presented by the Marine Environment Protection Authority are as follows:

Organization	Amount Requested US \$	Amount Accepted (US \$)	Amount Accepted following clarification US \$
Marine Environment Protection Authority	26,496,831.57	1,923,187.73	142,342.47
Other Organizations			
1. Expenses borne by the Navy for beach cleaning and operational activities	227,081.41	The insurance firm has rejected this as the same claim had been made twice. The Navy has sent this to the insurance firm separately.	
2. Expenses borne by the Department of Coast Guard for beach cleaning and operational activities	32,972.91		
3. Expenses for the CBRN UNIT	20,107.54	17,699.40	
4. Expenses for transport, storage and disposal	949,858.91	Insurance firm has rejected this as being estimated expenses.	
5. Expenditure borne by the Department of Coast Conservation for cleaning the beach and for operational activities	25,890.00	-	14,569.23
6. Laboratory and sample collection expenses of the MBRO – up to 01.06.2021	9,014.47	-	9,014.47
7. Laboratory and sample collection expenses of the MBRO – up to 31.05.2021	554,045.81	Insurance firm has rejected this for being estimated expenses.	
8. Expenses of the Department of Fisheries – up to 31.05.2021	9,690,651.98	1,000,000.00	

03 Ceylon Petroleum Corporation	438,749.22	The insurance firm has rejected this as it is a payment of arrears of the Ceylon Petroleum Corporation.	
Total	37,495,343.81	2,940,887.13	156,911.70

Cost	Value Requested	Estimated Expenses	Explanations
Preparation expenses	359,518.75	359,518.75	Approximately \$ 25,000 was accepted.
Beach cleaning, transport, storage and disposal expenses	14,005,368.81	12,620,999.59	Part of this request was accepted and some other part has been rejected. In the case of yet another part, additional information has been requested.
Expenses for deploying and renting equipment	2,540,016.00	2,540,016.00	
Administrative costs	1,917,748.16	1,917,748.16	
Inspection and sample collection expenses	175,110.06	25,698.00	
Total	18,997,761.79	17,463,980.50	
Administrative Cost 25%	7,499,068.78	4,365,995.13	Insurance firm has rejected this for being estimated expenses. Nevertheless, additional information has been provided for payment.
MEPA Total	26,496,830.57	21,829,975.63	

1.1 As such, the Treasury has received US \$ 2,940,887.13 directly from the insurance firm. It is equivalent to Rs. 587,883,337.29 (2,940.13 x 199.9).

1.2 The Marine Environment Protection Authority provided additional information requested by the insurance firm for the period 20.05.2021 to 03.06.2021 and after accepting it, the ship's insurance firm approved and paid the Treasury a further sum of US \$ 119,473.23 on 30.11.2021.

2. Second Interim Claim

The Marine Environment Protection Authority presented the second interim claim for the period 02.06.2021 to 31.08.2021. The insurance firm agreed to pay US \$ 2,173,182.55 of this claim and this amount was received directly by the Treasury from the insurance firm on 04.03.2022. Its value is approximately Rs. 438,179,884.14 (2,173,182.55 x 201.6305).

Cost	Value Requested	Value Accepted	Amount Accepted after Clarification	Clarification
Expenses on beach cleaning, transporting, storing and disposal	2,433,314.75	2,018,131.56	56,028.25	Additional information and clarifications have

Expenses on deployment and renting of equipment	788,673.00	155,051.00		been provided for further payment.
Expenses of testing and collection of samples	470,614.17			
Total	3,692,601.92	2,173,182.56	56,028.25	
Administrative cost 25%	923,150.48			The insurance firm has rejected this as they were estimated expenses. However, additional information has been presented for payment.
MEPA Grand Total	4,615,752.40	2,173,182.56	56,028.25	

3. Third Interim Claim

The Marine Environment Protection Authority presented the third interim claim for the period from 01.09.2021 to 30.11.2021. The value of the claim was US \$ 1,851,515.49. The insurance firm agreed to pay the sums of US \$ 794,082.16 and Rs. 13,825,630.90 and the Treasury has received that sum directly on 07.09.2022.

cost	Value Requested	Value Accepted	Clarifications
Expenses on beach cleaning, transporting, storing and disposal	1,437,359.04	US \$ 794,082.16 and Rs. 13,825,603.90	Additional information and clarifications have been presented for payment.
Expenses on deployment and renting of equipment	43,853.35	Rejected	Rejected by the insurance firm and instructed to be included in the damage assessment report.
Total	1,481,212.39		
Administrative cost 25%	370,303.10	Rejected	The insurance firm has rejected this as they were estimated expenses. However, additional information has been presented for payment.
MEPA Grand Total	1,851,515.49	US \$ 794,082.16 and Rs. 13,825,603.90	

4. Details of insurance claims made again to the Treasury as final dates of the accounts

Interim Claim	Total	Value in United States Dollars	Value Pertaining to MEPA in US Dollars	Value Pertaining to MEPA in Rupees
First interim claim	26,496,830.57	3,601,601.00	2,940,887.13	587,883,348.71
		361,516.49	113,918.47	28,788,396.98
Second interim claim	4,615,752.40	2,173,182.56	Should be accepted and paid	
		56,028.25		
Third interim claim	1,851,515.49			
Total	32,964,098.45	6,206,894.52	3,083,229.60	616,671,745.69

5. Payments to Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air Force and Sri Lanka Coast Guard

The Sri Lanka Army, the Sri Lanka Navy, the Sri Lanka Air Force and Sri Lanka Coast Guard presented their claims through the Ministry of Defence. The details of the claims made by the forces are given below. The Marine Environment Protection Authority is not in a position to pay these claims until the approval of the Treasury is given to release them. As such, it is not clear whether the expenses were to be settled by the Treasury or the Marine Environment Protection Authority even as at the date of the final accounts. As the funds were received directly by the Treasury and not the Marine Environment Protection Authority, they have not been included in the current Statement of Financial Position and Financial Stability.

This cost will be prepared by the Marine Environment Protection Authority based on the Treasury order in the coming financial year. If this item is prepared in a part of the expenditure for cleaning the beach in the Financial Statements for 2021 of the Marine Environment Protection Authority, it will cause a negative balance in the net assets of the Marine Environment Protection Authority. This negative balance will be because of not recording the insurance benefits in the books. The Treasury has already recognized it in their accounts as income of the Marine Environment Protection Authority.

Money Payable to the Forces – MV X-Press Pearl	
Description	Value
Sri Lanka Coast Guard	3,585,292.74
Sri Lanka Air Force	460,081,326.00
Sri Lanka Army	19,789,412.50
Sri Lanka Navy	28,365,393.00
Total	511,821,424.24

7. Effect of the Operations Pertaining to the Ship on the Financial Statements of the Marine Environment Protection Authority

7.1 The total cost borne by the Marine Environment Protection Authority (excluding the expenses of the forces) was Rs. 311,566,318.05 less the amount given by the Treasury to the Marine Environment

Protection Authority (Rs. 150,000,000.00) is Rs. 161,566,318.06 borne by the Authority out of its own funds as at the date of preparing the accounts.

7.2 Expenses Recognized as Assets out of the Expenses Borne for Operations Relating to MV X-Press Pearl

The Authority had to purchase 3 containers to store the waste gathered from the Negombo Coastal belt. The total cost of the containers was Rs. 2,106,000.00. The Authority also purchased a large weighing scale to weigh the waste gathered in the store. The cost of the scale was Rs. 208,900.00. The Authority also had to purchase a bottle cooler and a deep freezer to store the samples collected. Their cost was Rs. 484,598.00. Similarly, the Authority purchased 01 mobile telephone for offshore operations at a cost of Rs. 33,900.00. The total cost of these pieces of equipment was Rs. 2,833,398.00. The total cost borne for the MV X-Press Pearl operation was Rs. 311,566,318.05. The Authority has recognized Rs. 308,732,920.05 as expenses and Rs. 2,833,398.00 as assets. The assets have been included in the accounts of the Authority as fixed assets.

7.3 Reasons and Justification for a Considerable Deficit in the Statement of Financial Performance

The Authority had to spend Rs. 311,566,318.05 for operations associated with MV X-Press Pearl and 150,000,000.00 was received from the Treasury. The remaining Rs. 161,566,318.06 was spent from the Authority's funds until the funds were received from the Treasury. The Treasury has agreed to release the funds the Authority needs in the year 2022. However, according to the accounting criteria for the year 2022, the monies due from the Treasury cannot be recorded as an amount receivable in the books of the Authority.

If the Authority recorded the insurance claims and money due from the Treasury as amounts receivable in the accounts, the Authority would record a surplus for the current financial year. However, the Authority does not have the option to follow that because of the accounting methodology that prevails. As such, the deficit for the current year that has surfaced in the Authority's Financial Statements can be rectified in the 2022 financial year.

10

National Audit Office

My No.} FWL/B/MEPA/01/21/14 Your No.} Date} 14 March 2023

Chair

Marine Environment Protection Authority

Report of the Auditor General in terms of Section 12 of the National Audit Act No. 19 of 2018 on the Financial Statements and on other Regulatory Requirements of the Marine Environment Protection Authority for the year that ended on 31st December 2021.

1. Financial Statements

1.1. Qualified Opinion

The Financial Statements of the Marine Environment Protection Authority for the year that ended on 31st December 2021 comprising the Statement of Financial Position as at 31st December 2021; and the Statement of Financial Performance, the Statement of Changes in Equity, the Cash Flow Statement and Notes to Financial Statements for the year then ended; and a summary of significant financial policies were audited under my direction in terms of the provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971 read with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

Apart from the effects of the matters stated in the section “Basis for the Qualified Opinion” in my Report, I am of the opinion that the Statements on financial position of the Marine Environment Protection Authority as at 31st December 2021, and its statements of financial operations and cash flows for the year then ended reflect a true and fair position in accordance with Sri Lanka Public Sector Accounting Standards.

1.2. Basis for Qualified Opinion

(a) Although the amount accruable from the insurance company for the damage caused to the marine environment due to the accident of the foreign ship 'MT New Diamond' in the year 2020 had been estimated as 18.6 million dollars according to the final progress report for the year under review, action had not been taken to reveal it as a note to the Financial Statements.

(b) The recurrent expenditure of Rs. 1,215,299 borne on 26th December 2019 for repairing the atomic absorption photometer belonging to the Authority had been capitalized and was being depreciated annually. As a result, the present non-current asset cost, accumulated depreciation and the depreciation expenditure had been overstated in the Financial Statements for the year under review by Rs. 1,215,299, by Rs. 364,589 and by 121,529 respectively.

I have carried out the audit in accordance with Sri Lanka Accounting Standards. My responsibilities under these standards have been described further in the section: "Auditor's Responsibility pertaining to the Audit". It is my belief that the audit evidence I had obtained was adequate to provide the basis for my qualified opinion.

1.3. Other Information Contained in the Annual Report of the Marine Environment Protection Authority for 2021

Other information means the information not contained in Financial Statements and in my Audit Report regarding the Financial Statements although included in the Annual Report of the Marine Environment Protection Authority for the year 2021 obtained by me before the date of the audit report. Management should be responsible for this Other Information.

My opinion on Financial Statements does not cover other information and I do not express an assurance or opinion of any kind regarding it.

My responsibility pertaining to my audit on the Financial Statements is to read 'other information' in doing so, to consider whether this 'other information' is substantially inconsistent with the Financial Statements or the knowledge gained during the audit or in any other manner.

If I conclude based on the other information I obtained and the tasks that I performed, that it contains material misstatements I must communicate such facts. I have nothing to report in this regard.

1.4 Responsibilities of the Management and the Parties who Govern with regard to Financial Statements

It is the responsibility of the management to prepare these Financial Statements in accordance with the Sri Lanka Public Sector Accounting Standards and represent them fairly and determine the internal controls necessary for preparing the Financial Statements without substantial false statements which may be caused due to frauds or wrongdoing.

It is the responsibility of the management to determine the ability to maintain the Authority continuously in preparing Financial Statements and unless the management intends to liquidate the Authority or to stop operations when there is no alternative, it should keep the accounts on the basis of perpetual existence and disclose the matters pertaining to the continuous existence of the Authority.

The parties who govern bear the responsibility for scrutinizing the financial reporting process of the Authority.

The Authority should properly maintain its books and reports pertaining to its incomes, expenses, assets and liabilities so that annual and periodic financial statements of the Authority can be prepared as per subsection 16 (1) of the National Audit Act No. 19 of 2018.

1.5. Auditor's Responsibility pertaining to the Auditing of Financial Statements

My aim is to give a fair assurance that Financial Statements as a whole are devoid of substantial false statements caused due to frauds and wrongdoings and to issue the Audit Report containing my opinion. Although a fair assurance is a high quality assurance, it is not an assurance that it always unveils substantial misstatements in carrying out the audit in accordance with the Sri Lanka Accounting Standards. Substantial misstatements may occur due to individual or collective effects of frauds and wrongdoings while its magnitude depends on its effect on the economic decisions taken based on these Financial Statements by their users.

I acted with professional conviction and professional ambivalence as part of this audit in terms of Sri Lanka Accounting Standards. Further,

- Adequate and appropriate audit procedures were planned and implemented for identifying and assessing the risks of substantial false statements that could occur in Financial Statements due to frauds or wrongdoings, in forming a basis for the audit opinion declared. The impact of a fraud is stronger than the effects of the substantial

misstatements because they occur due to collusion, forgery, deliberate omission, misrepresentation or bypassing internal controls.

- Though not with the intention of expressing an opinion about the effectiveness of the internal control, an understanding on the internal controls of the Authority was obtained before planning the opportune and appropriate audit procedures.
- The relevancy of the accounting policies used, the reasonability of the accounting estimates, and the related revelations made by the management were evaluated.
- The relevancy of using the basis of perpetual existence of the organization for accounting was determined based on the audit evidence obtained on whether there exists a substantial uncertainty about the continuity of the Authority due to incidents or circumstances. If I conclude that there exists a substantial uncertainty, I should point in my Audit Report to the revelations made in the Financial Statements in this regard while if the revelations are not adequate, I should modify my opinion. However, perpetual existence may cease due to future incidents or circumstances.
- Whether the Financial Statements fairly and appropriately include the transactions and incidents that led to the structure and content of the Financial Statements and the overall presentation of the Financial Statements containing the revelations was subjected to evaluation.

I keep the parties who govern informed of the significant audit findings, major internal control weaknesses and other matters identified during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 I have obtained all the information and explanations necessary for my audit according to the requirements in section 12 (a) of the National Audit Act No. 19 of 2018 and as evident from my examination the Authority has maintained proper financial reports, apart from the effects of the matters described in the part “Basis for Qualified Opinion” in my Report.

2.1.1 The Financial Statements of the Authority correspond with those of the previous year’s, in accordance with the requirement stated in section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

2.1.2 Apart from the observations in 1.2 (e) in the section “Basis for Qualified Opinion” in my Report, the recommendations made by me in the previous year have been included in the Financial Statements presented according to the

requirement stated in section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018.

2.2 Within the confines of courses of action followed, evidence obtained and substantial facts available, nothing which warrants the making of following statements came to my attention:

- 2.2.1 That a member of the governing body has a relationship direct or otherwise extraneous to the ordinary course of business affairs in respect of an agreement pertaining to the Authority, in view of the requirement stated in Section 12 (d) of the National Audit Act No. 19 of 2018.
- 2.2.2 That action has been taken in a manner inconsistent with any applicable written law or other general or specific directions issued by the governing body of the Authority in view of the requirement stated in Section 12 (f) of the National Audit Act No. 19 of 2018 apart from the following observation:

Reference to Laws/ Regulations	Observations
(a) Marine Pollution Prevention Act No. 35 of 2008	
Section 14	Action had not been taken to establish a Marine Environment Council for the year 2021.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 135	33 overtime vouchers worth Rs. 412,089 had been paid on the approval of the Management Assistant (Administration).
(ii) Financial Regulation 136	The Authority had paid hospital charges amounting to Rs. 2,283,838 on 17 occasions without authority being given to be bound for expenses.
(iii) Financial Regulation 138(8) and Financial Regulation 139(4)	Rs. 13,891,140 had been paid to 07 hotels without obtaining receipts for providing accommodation for officers of the Authority in 43 instances in the years 2021 and 2022.

(iv) Financial Regulation 138	Although the certifying officer should certify that the voucher is correct and complete in every respect before paying, the sample inspection revealed that a total of Rs. 9,102,629 had been paid on 27 vouchers while 03 of the payment vouchers concerned had not been recommended, 04 did not have the signatures of officers who prepared and checked, 07 did not show file linkage, 03 did not show value in letters, and receipts pertaining to 10 vouchers were not at an acceptable level.
(v) Financial Regulation 156(2)	The Marine Environment Officer in Puttalam and a Management Assistant had been provided with transport facilities spending Rs. 834,000 upon the oral authority for a period of 140 days from 8 th June 2021 to 31 st December 2021 on account of the accident of the ship MV X-Press Pearl.
(vi) Financial Regulation 264	Receipts had not been obtained from payees for hotel bills amounting to Rs. 27,850,447 paid pertaining to 53 vouchers in the years 2021 and 2022.
(vii) Financial Regulation 237 (a) (ii)	Although Rs. 1,051,500 had been paid for 169 rooms for providing accommodation to officers, the officers who stayed in them and the tasks they performed were not substantiated.
(viii) Financial Regulation 625 (a) & 625 (b)	Action had not been taken even by the end of the year under review to enter and account the equipment worth £ 9,319.39 (Rs. 2,610,806) afforded to the Marine Environment Protection Authority by the Centre for Environment, Fisheries and Aquatic Science (CEFAS) to provide basic

	facilities for micro plastic analysis in Sri Lanka.
(c) Clause 9(1)(b) of Public Finance Circular No. 01/2020 dated 28 th August 2020	Although granting of ad hoc interim imprests for special purposes to staff-grade officers should be subject to a maximum of Rs. 100,000 at a time, ad hoc interim imprests in values ranging from Rs. 109,600 to 1,000,000 had been given in 20 instances to 05 staff-graders.
(d) Paragraph 6.5.3 of Public Enterprise Circular No. PED/12 dated 2 nd June 2003	The Annual Report of the Authority for the year 2020 had not been presented to Parliament.
(e) Section 4.2 of Public Enterprise Circular No. 01/2015 dated 25 th May 2015	The Marine Environment Officer in Puttalam, who is not entitled to transport facilities, had been provided with transport facilities to travel between the office and the residence located 118 kilometres away from the place of work.

2.2.3 That action has been taken in a manner inconsistent with the powers, functions and mandate of the Authority as per the requirement stated in Section 12 (g) of the National Audit Act No. 19 of 2018.

2.2.4 That the resources of the Authority had not been procured and used in a frugal, efficient and effective manner within the timeframe and in compliance with relevant laws and rules as per the requirement stated in Section 12 (g) of the National Audit Act No. 19 of 2018, apart from the following observation:

(a) A premises in the Sarakkukanda area had been obtained on rent for providing accommodation and service facilities for the personnel who participated in cleaning activities associated with the damage caused to the coastal belt by the MV X-Press Pearl ship accident without a written agreement with effect from 29th May 2021 and a sum of Rs. 1,193,500 had been paid for the period up to 31st December 2021 at a daily rate of Rs. 5,500.

3. Other Matters

(a) It was observed that suit should be filed before 20th May 2023 in order to recover a sum of US \$ 6,483,416,430 for the damage to environment due to the

marine pollution caused by the accident of the ship named MV X-Press Pearl for civil liability in terms of Section 34(a) of the Marine Pollution Prevention Act No. 35 of 2008, failing which the matter will prescribe under civil law. Nevertheless no action had been filed till as late as 15th February 2023, which was the day of audit.

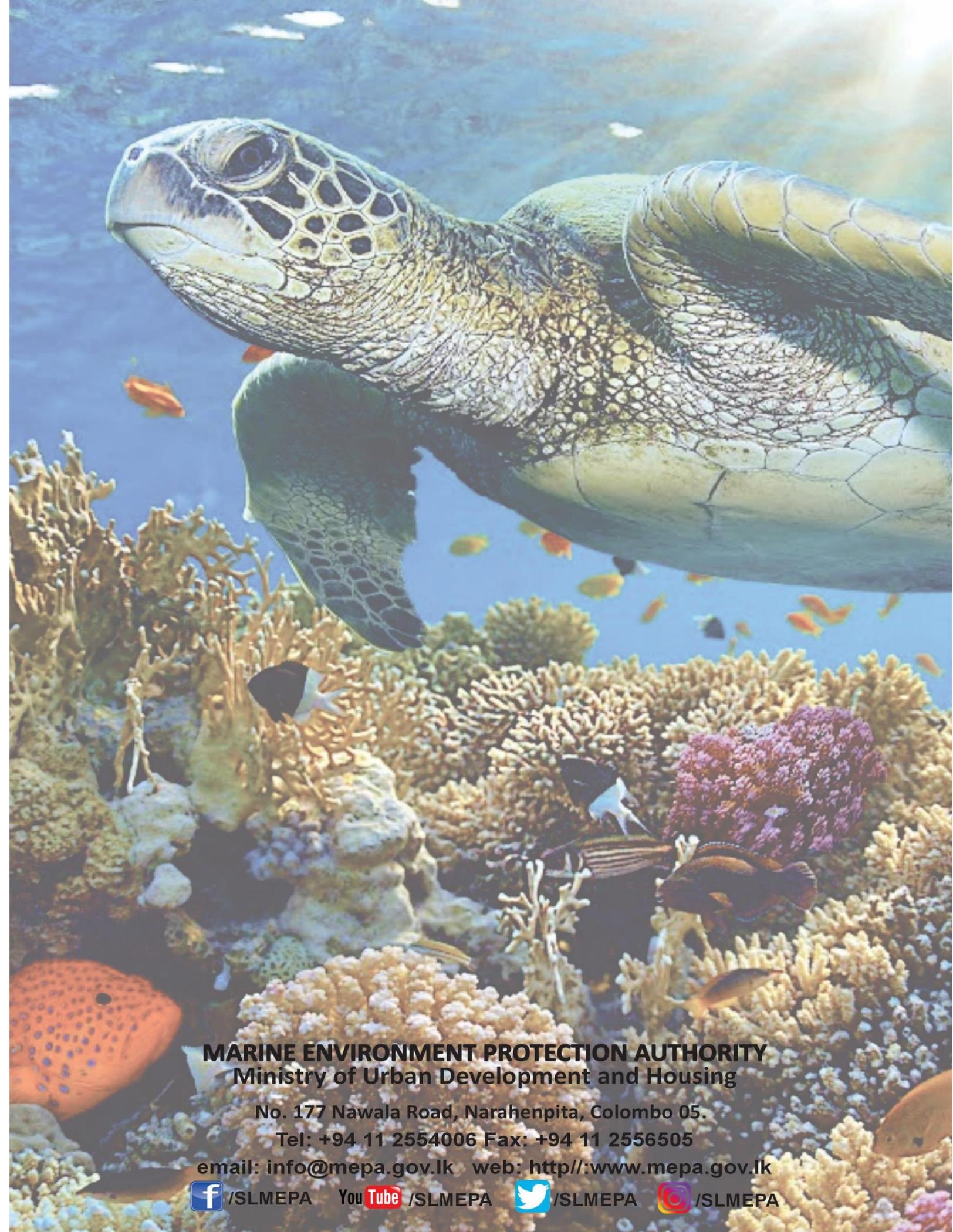
In addition, the total value of the claims presented up to 15th February 2023 for reimbursement of expenses borne by the Government of Sri Lanka in respect of this ship accident under Section 34 (b) of the Act was US \$ 44,528,000 and the amount that had been received thus far was US \$ 6,725,000. Submissions had been made to the audit that a further sum of US \$ 5,989,000 was due and the payment of remainder had been refused by the insurance Company as they were estimated expenses.

- (b) Although the Authority had filed action under criminal liability regarding the accident of the ship named MV X-Press Pearl under Section 26 of the Act, a decision had not been given till 3rd January 2023.
- (c) Although reimbursement had been requested on two occasions for US \$ 554,045 and US \$ 470,614 respectively from the ship's insurer to recover Rs. 3,332,910 paid to laboratories overseas for testing samples pertaining to assessing of environmental damage caused by the foreign ship named MV X-Press Pearl, an uncertainty can be observed regarding the recovery of this money as the insurance company had not accepted to pay these sums.
- (d) As a sum of Rs. 17,934,000 had to be paid additionally as demurrage for 40 containers due to delay in transporting waste collected in respect of the accident of the foreign ship named MV X-Press Pearl from the temporary yard in Wattala to the warehouse yard in Pamunugama, it was observed that it can be a loss to the Authority.
- (e) A total sum of Rs. 19,515,500 had been paid to officers deployed at ports for waste reception service facilities for the period 2017 to 2019 at the rate of Rs. 750 per day per person without obtaining the approval of the Department of Management Services. Although the Audit and Management Committee had recommended at its meeting held on 28th December 2021 that a preliminary investigation be conducted pertaining to this payment, action had not been taken to conduct such an investigation and to recover it from those responsible even by 14th February 2023.
- (f) Although waste management committees had been established at 84 local authority institutions under the Coastal Waste Management Programme to manage waste in the coastal zone including fishery harbours commenced in

- 2018 on the approval of the Cabinet of Ministers, the outcome expected of them had not been achieved as the committees had not met properly and functioned efficiently and the Authority had not been able to give a solution regarding the fibre waste which is rampant at fishery harbours.
- (g) No plan had been formulated on how to act at national level in a sudden chemical spill. As a result, it cannot be substantiated that the damage caused by the spread of chemicals which occurred at the accident of the ship named MV X-Press Pearl was managed well.
- (h) Since only 1,500 m² of coral reefs had been restored out of the expected extent of 6,000 m² expected to be restored by the year 2025 and only 01 new Marine Environment Protection zones have been identified out of the 04, from among the plans made towards the achievement of the Sustainable Development Goals planned in the year 2017, and 06 of the international Conventions pertaining to marine environment identified for adoption by 2030 of the have not been ratified so far, it was observed that their progress remained at a low ebb by the end of the year under review.

[Signed illegibly]

W.P.C. Wickramarathna
Auditor General



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