



TELECOMMUNICATIONS
REGULATORY
COMMISSION OF
SRI LANKA

ANNUAL REPORT

2018



The Message of His Excellency the President

It is most satisfying to note that Sri Lanka's Telecommunications Sector, which has made considerable progress in recent years, is set for rapid growth to meet the development of the country and our society.

Telecommunication Regulatory Commission of Sri Lanka (TRCSL) has taken necessary actions in keeping with the Government's policy for the development of this sector while expanding connectivity in the country with support of the licenses service providers. It was focused in this regard to develop infrastructure fixed and mobile areas and high-speed broadband Internet access reaching the Sri Lankan society. These facility enhancements contributing to the spread of ICT, both in the urban and rural sectors. This will enable ready access to important aspects of digital connectivity such as telemedicine, e-governance, e-commerce, e-agriculture, education sector distance learning and entertainment and other services.

The functions of the TRCSL in the year under review have contributed much to make telecommunications in the

field of sustainable development goals services in the country with a clear direction of moving towards the establishment of the new changes in the field of telecommunication and ICT's in Sri Lanka. Towards this, it is engaged all related sustainable development institutions in using, modification of systems to suit IT development.

The TRCSL's hosted of the Regulatory Conferences, in this year, jointly organized with the Asia Pacific Telecommunity Organization (APT), with the participation of delegates from Asia Pacific region countries, strengthen the exchange of experience among telecommunications regulators, service providers, discussed and exchange of views on key issues such as policy and regulation, spectrum management, Networks, Licensing and

other related regulatory matters. It also hosted and exchange of training facilities with support of sponsoring APT and International Telecommunications Union (ITU) for the stake holders, service providers and staff of the Commission.

TRCSL has contributed to the country improvement within this year and I am confident that the TRCSL will continue this commendable record of service in the coming years and wish it every success in meeting the challenges of the future in this vital area of development activity.



Maithripala Sirisena
President of the Democratic Socialist
Republic of Sri Lanka

The Message of the Chairman

Sri Lanka has a very vibrant telecommunication sector with around 32.5 Mn mobile subscriptions, 2.5 Mn fixed subscribers and 7.2 Mn broadband subscribers. Sri Lanka's mobile market has already passed 100% subscriber penetration (connections per 100 persons) milestone. By the end of 2018, the mobile telephone penetration and fixed telephone penetration stood at 150% and 11.5% respectively.

Sri Lanka is the first country in the South Asian region to introduce 3G, 3.5G HSPA, HSPA+ and Next Generation Networks such as 4G-LTE (Long Term Evolution). 3G and 4G technologies cover in excess of 75% of the population which is expected to grow further with healthy competition. In the technology continuum, Sri Lanka has been on par with the developed world embracing new and evolving technologies.

Sri Lanka has international connectivity through three major submarine cable systems. The major Submarine Cables are South-East-Asia

- Middle East - Western Europe (SEA-ME-WE) and the Fiber-Optic Link around the Globe (FLAG) and Bay of Bengal Gateway (BBG). Landing stations are operated by SLT, Lanka Bell and Dialog Axiata PLC. SEA-ME-WE undersea optical fibre links which strengthen the global coverage: SEA-ME-WE 3, SEA-ME-WE 4, Bharat-Lanka (between India and Sri Lanka) and Dhiraagu (between Maldives and Sri Lanka). The SEA-ME-WE 5 international undersea cable system another important connectivity project. The SEA-ME-WE 5 cable station is established at Matara. With a total design capacity of 24Tbps, this 20,000km cable runs from Singapore to France and has a total of 16 landing stations.

The telecommunication and ICT are fast moving vehicles to reach expected destination of development goals of the country. Having understood fully the gravity of the effect of ICT based development of a country, the Telecommunication Regulatory Commission of Sri Lanka while

attending to its regulatory matters, launched progressive programs to explore the possibility of bringing the ICT knowledge to the needy sections of the country in 2018 with support of the International telecommunication organizations and Licensed Telecommunication operators. During the year 2018, TRCSL also initiated many progressive activities towards the development of telecommunication sector of this country.

The income generated by the Commission in 2018 through its means of regulatory measures has been a good income source to the Government consolidated fund in 2018.

When looking back to the year 2018, TRCSL achieved its progress during the

year and brought many benefits including training and technical enhancement in the sector and paid more attention for achieving Sustainable Development Goals in the field of Telecommunication and ICT area.

I highly appreciate Director General and the staff completing their admirable service rendered to achieve the regulatory task and developing the sector.

Chairman
Telecommunications Regulatory
Commission of Sri Lanka

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LIST OF ACRONYMS

APNIC	Asia Pacific Network Information Center
APT	Asia Pacific Telecommunity
ARPU	Average Revenue Per User
ASMS	Antenna Structure Management System
BOI	Bureau of Investment
CERT	Computer Emergency Readiness Team
CID	Criminal Investigation Department
CSR	Corporate Social Responsibility
CTO	Commonwealth Telecommunication Organization
CWG	Council Working Group
DOA	Department of Agriculture
DTH	Direct To Home
FAO	Food and Agriculture Organization
GCI	Global Cyber Security Index
GND	Grama Niladari Division
GMDSS	Global Maritime Distress Safety System
HFDF	High Frequency Direction Finding
ICT	Information & Communication Technology
ICTA	Information and Communication Technology Agency
IMT	Institute Mine Telecom
ISP	Internet Service Provide
IT	Information Technology
ITOL	International Telecommunication Operators Levy
ITU	International Telecommunication Union
JICA	Japan International Corporation Agency
LT	Lotus Tower
MFR	Master Frequency Register
MOA	Ministry of Agriculture
NIA	National Information Agency
NAITA	National Apprentice and Industrial Training Authority
OLAC	Outgoing Local Access Charges
OTT	Over The Top
PCU	Project Consultancy Unit
PILD	Policy International Relation and License Division
PPP	Private Public Partnership
PSTN	Public Switching Telephone Network
QOS	Quality of Service
RMC	Regional Monitoring Centers

RMS	Remote Monitoring Stations
RTE	Radio Terminal Equipment
SAARC	South Asian Association for Regional Co-operation
SAFIR	South Asian Federation for Infrastructure Regulation
SED	Small Enterprises Development
SLLRDC	Sri Lanka Land Reclamation and Development Corporation
SME	Small and Medium Sized Enterprises
TL	Telecommunications Levy
TDC	Telecommunication Development Charges
TRCSL	Telecommunications Regulatory Commission of Sri Lanka
TSO	Telecommunications System Operators
UDA	Urban Development Authority
URL	Uniform Resource Locator
VTC	Vocational Training Centers
WTISD	World Telecommunication and Information Society Day

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Origin, Mission, Objectives, Responsibilities and Functions of the Telecommunication Regulatory Commission of Sri Lanka

1.1 Origin

The telecommunications sector was at first a state venture and the liberalization of this sector started with the bifurcation of the Posts and Telecommunications Department in 1980. Thereafter the Department of Telecommunications was converted to a corporation and regulation was introduced in 1991. Thus, the Sri Lanka Telecommunications Authority (SLTA) was created by an Act of the Parliament in 1991 and it was later converted to a Commission which is its present state.

The Telecommunications Regulatory Commission of Sri Lanka (TRCSL) is a statutory body established under the Sri Lanka Telecommunications (Amendment) Act No.27 of 1996, which was enacted to amend the principle Act namely, the Sri Lanka Telecommunications Act No. 25 of 1991. In this report the term 'Act' denotes the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Sri Lanka Telecommunications (Amendment) Act No. 27 of 1996 and the term Commission denotes the Telecommunications Regulatory Commission of Sri Lanka.

The enacted Act no.25 of 1991 as amended by the Act no.27 of 1996, the Telecommunication Regulatory Commission of Sri Lanka (TRCSL) is the Government competence authority to handle telecommunication regulatory matters in the country. The Commission has empowered by the Act to uplift the telecommunication services in Sri Lanka while ensuring the interest of consumers and the operators.

1.2 The Composition and Meetings of the Commission.

The Commission consists of five members and the Secretary to the President is Ex. Officio the Chairman of the Commission.

The Director General of TRCSL is the Chief Executive Officer who is also a member of the Commission. There were three appointed members who possessed recognized qualifications and have distinguished themselves in the field of law, finance and management respectively.

The Commission has convened fifteen meetings during the financial year 2018 to address and grant approval on a wide range of regulatory matters, administrative matters, annual budget of the Commission, hosting of international regulatory conference in Sri Lanka, special projects etc.

1.3 Vision

To be recognized as a world leader in an advancing communication industry through scientific and regulatory excellence.

1.4 Mission

Ensure timely delivery of the service nation-wide at an acceptable quality and affordable cost through promotion of fairness and justice in a competitive market through a skilled and ethical workforce.

1.5 Interpretation of the mission statement

To ensure availability of advance and high-quality communication technology services to all users at just, reasonable and affordable price by working with all stakeholders in an independent, open and transparent manner to create a regulatory environment that promotes fairness, competition and investments, thus assuring the fulfilment of Sri Lanka's long-term communication needs.

1.6 Objectives

As per Telecommunication Act the general objectives to be achieved by TRCSL are given below:

- 1.6.1 To ensure the provision of a reliable and efficient national and international telecommunication service in Sri Lanka (save as far as the provision thereof is impracticable) such as will satisfy all reasonable demands for such service including emergency services, public call box services, directory information services, maritime services, and rural services as may be considered essential for the national wellbeing;
- 1.6.2 To secure that every operator shall have and employ the necessary technical, financial and managerial resources to ensure the provisions of the services specified in the license;
- 1.6.3 To protect and promote the interest of consumers, other users and the public interest with respect of the charges for the quality and variety of telecommunication services provided and telecommunication apparatus supplied;
- 1.6.4 To maintain and promote effective competition among persons engaged in commercial activities connected with telecommunication and promote efficiency and economy on the part of such persons;
- 1.6.5 To promote the rapid and sustained development of telecommunication facilities both domestic and international;
- 1.6.6 To ensure that the operators are able to carry out their obligations for providing a reliable and efficient service free of undue delay, hindrance or impediment;

- 1.6.7 To promote research in to the development and use of new techniques in telecommunications and related fields;
- 1.6.8 To encourage the major users of telecommunication services whose business are outside Sri Lanka to establish business within Sri Lanka and to promote the use of Sri Lanka's international transit services.

1.7 Responsibilities of TRCSL

As a leading Government institution TRCSL is the national regulatory agency for telecommunication services in Sri Lanka and its main responsibility is to promote sustained development of the industry by shaping the regulatory process, protect public interest and be responsive to challenges in an increasingly competitive market.

TRCSL does not provide telecommunications services as such but encourages the efficient and orderly provision of these services by the operators and it is commitment to assist all the telecommunication operators in Sri Lanka to develop world class telecommunication network facilities in the country.

Its major responsibilities are as follows:

- 1.7.1 Enforcement of the provisions in the act and conditions in the licenses issued to operators.
- 1.7.2 Foster free and fair competition among the licensed operators.
 - 1.7.2.1 Monitoring competition to ascertain whether the operators are meeting public interests and objectives.
 - 1.7.2.2 To ensure seamless interconnection between networks and services.
 - 1.7.2.3 To establish a general framework of rules that would enable open entry, non-burdensome and transparent licensing.
- 1.7.3 Pricing.
Ensure the telecommunication services are reasonably priced, taking into consideration of affordability etc.
- 1.7.4 Consumer Protection.
To have the consumer safeguard in place, to encourage citizen participation and open dialogue by conducting inquiries into complaints made by the consumers and members of the public.
- 1.7.5 Social Regulation.
 - 1.7.5.1 Universal Access/ Services
 - 1.7.5.2 Ensure universal access/ provision of services to the rural communities, elderly and people who are differently abled.
 - 1.7.5.3 Emergency preparedness
 - 1.7.5.4 To make available telecommunication services, to people with disability.

1.7.6 Regulation of bottleneck facilities and scarce resources

1.7.6.1 Spectrum Management

1.7.6.2 Numbering

1.7.6.3 Rights of Way

1.7.6.4 Space Segment

1.7.6.5 Interconnection

1.7.6.6 Access to international landing stations

1.7.6.7 Access to backbone

1.7.7 High quality telecommunication services

To ensure that telecommunication services are of a high quality which are just, reasonable, affordable and which will satisfy the needs of the consumers.

1.7.8 Promote Good Governance

Ensure a transparent decision-making process, encouraging public participation and delivering, decisions without undue delay by adhering to principles of natural justice.

1.7.9 Ensure that the decisions are fair and impartial.

1.7.10 Help to build a civil society by contributing towards making it an “Informed” society in this modern Information and Communication age.

1.7.11 Ensure that all operators comply with the requirements laid down by the International Telecommunication Union (ITU) and relevant International Organizations in respect of both equipment and technical standards.

1.8. Functions of TRCSL

For the purpose of achieving the objectives, The TRCSL performs the following regulatory functions.

1.8.1 Processing applications and granting of licensing.

1.8.1.1 Licenses to operate telecommunication systems in Sri Lanka under section 17 of the Act.

According to Section 17 of the Act, no person shall operate a telecommunication system in Sri Lanka except under the authority of a license granted by the Minister on the recommendation of the Commission. However, there are some exemptions from licensing requirements and these exceptions are stipulated in Section 20 of the Act.

1.8.1.2 Licenses for the use of radio frequency and radio frequency emitting apparatus under Section 22 of the Act.

As per the Section 22(1) of the Telecommunication Act, no person shall use any radio frequency or any radio frequency emitting apparatus in Sri Lanka or any part of the territorial waters of Sri Lanka or any ship or aircraft registered in Sri Lanka, except under the authority of a license issued by the Commission for that purpose.

1.8.2.3 Vendor license under Section 21 of the Act.

According to the Section 21(1) of the Act no person shall by way of trade, manufacture, import, sell, offer for sale, deal in, transfer, hire, lease, demonstrate, maintain and repair any telecommunication apparatus, except under the authority of a license issued by the TRCSL.

1.8.2 Tariff Regulation

1.8.2.1 Determine tariff in consultation with the Minister as specified under the Section 5(k) of the Act, according to which the Commission has power to determine in consultation with the Minister, the tariff or methods for determining such tariff, taking into account government policy and the requirements of the operators in respect of the telecommunication services provided by the operator.

1.8.2.2 Approval/Determination of interconnection charges in term of 5(1) of the Act.

1.8.3 Monitoring and ensuring compliance with the Act, (including rules and regulations made there -under) and licenses by the licensed operators.

1.8.4 Monitoring and ensuring proper utilization of the radio frequency spectrum and management of radio frequency spectrum in Sri Lanka.

1.8.5 Responding to consumer complaints and holding inquiries/ conducting investigations.

According to the Section 9(1) of the Act, when a subscriber or a member of public makes a complaint to the Commission in relation to the telecommunication service provided by an operator, the Commission may make such investigations as it may deem necessary and shall cause such remedial measure to be taken as the circumstances of the case may require. Section 9(2) of the Act states that in the course of any investigation under Section 9(1) the commission may direct such operator to take such steps as appears to be necessary for the rectification of any cause or matter which gave

rise to the complaint, and direct that financial redress to be provided where deemed appropriate.

- 1.8.6 Setting up quality of service standards to ensure quality and variety of telecommunication services.
- 1.8.7 Represent the Government in International Conferences and Foreign bodies who are concern with telecommunication operations.
- 1.8.8 Issuance of Orders, Directions by the Commission.

TRCSL has followed a transparent policy in issuing orders, directions or decisions. Greater opportunity was offered to the industry participants, consumers and other interested parties to attend and be represented at public hearings and other forums.

- 1.8.9 Specifying technical standards for telecommunication apparatus and type approval.

Inter Divisional Collaboration

There were several divisions/units to carry out the functions of TRCSL. The main functions and the performance of the respective divisions/units in the year 2018 are described in the sections. It should be especially noted that although certain activities have been listed under a specific division/unit, such activities have been carried out by that specific division/unit with the support of other divisions/units.

CHAPTER - 02

The Commission & Executive Officers of the Telecommunications Regulatory Commission of Sri Lanka

Commission

Mr. Austin Fernando	-	Chairman (up to June 2018)
Mr. Udaya R Seneviratne	-	Chairman (from July 2018)
Mr. P R S P Jayatilake	-	Member
Mr. Bandara Dissanayake	-	Member (up to October 2018)
Mr. Lalith Senanayake	-	Member (up to October 2018)
Mr. G B K Perera	-	Member

Executive Officers of the Telecommunications Regulatory Commission of Sri Lanka

Director General Office

Mr. P R S P Jayatilake
Director General

Commission Office

Mrs. Ruwani Goonaratne
Actg. Secretary to the Commission

Licence Management Division

Mr. R G H K Ranathunga
Director Licence Management

Networks Division

Mr. H P Karunaratna
Director Networks

Ms. K S M Vishaka
Deputy Director-Networks
(Numbering & New Services)

Mr. S E Wakista
Deputy Director- Networks
(Infrastructure Development)

Mr. I M Jawsu
Assistant Director - Networks
(Vendor Licence & Type Approval)

Policy & International Relations Division

Mr. M K Jayasekera
Director Policy & International Relations

Mr. R M J K B Ratnayake
Deputy Director Policy & International
Relations

Spectrum Management Division

Mr. E N P K Rathnapala
Acting Director Spectrum Management

Mr. Shantha Gunanandana
Deputy Director-Spectrum Management
(Spectrum Monitoring & Compliance)

Mr. M C M Farook
Deputy Director-Spectrum Management
(Satellite P & Data Services)

Mr. L Ganeshamoorthie
Deputy Director-Spectrum Management
(Broadcasting & Other Services)

Mr. M P Gunasinghe
Deputy Director-Spectrum Management
(Fixed Services)

Mrs. S A R Kamalanayana
Deputy Director-Spectrum Management
(Mobile Services)

Legal Division

Mrs. G Moragoda
Deputy Director - Legal

Mrs. Ruwani Goonaratne
Deputy Director - Legal

Ms. S Rodrigo
Assistant Director - Legal

Mr. I N Mathew
Assistant Director - Legal

Competition Division

Mr. H W K Indrajith
Deputy Director-Competition
(Interconnection & Sector Analysis)

Mrs. Sriyani Mawellage
Deputy Director-Competition
(Operator Analysis)

Mr. Nishantha Palihawadana
Deputy Director-Competition(Tariff)

Compliance Division

Mrs. Tharalika Livera
Deputy Director - Compliance
(Surveillance, Quality of Service)

Mrs. Menaka Pathirana
Deputy Director - Compliance
(Consumer Complaint/Public Awareness)

Mr. W A T D Madushanka
Assistant Director (Compliance)

Special Projects

Mr. Shantha Gunanandana
Actg. Director Special Projects

Administration, Human Resources & Corporate Affairs Division

Mr. V. Aruna. N Premarathne
Deputy Director - Administration & Human Resources

Mr. R. M. J K B Ratnayake
Actg. Deputy Director - Corporate Affairs & Planning (from October 2018)

Finance Division

Mr. M K Jayantha
Director Finance

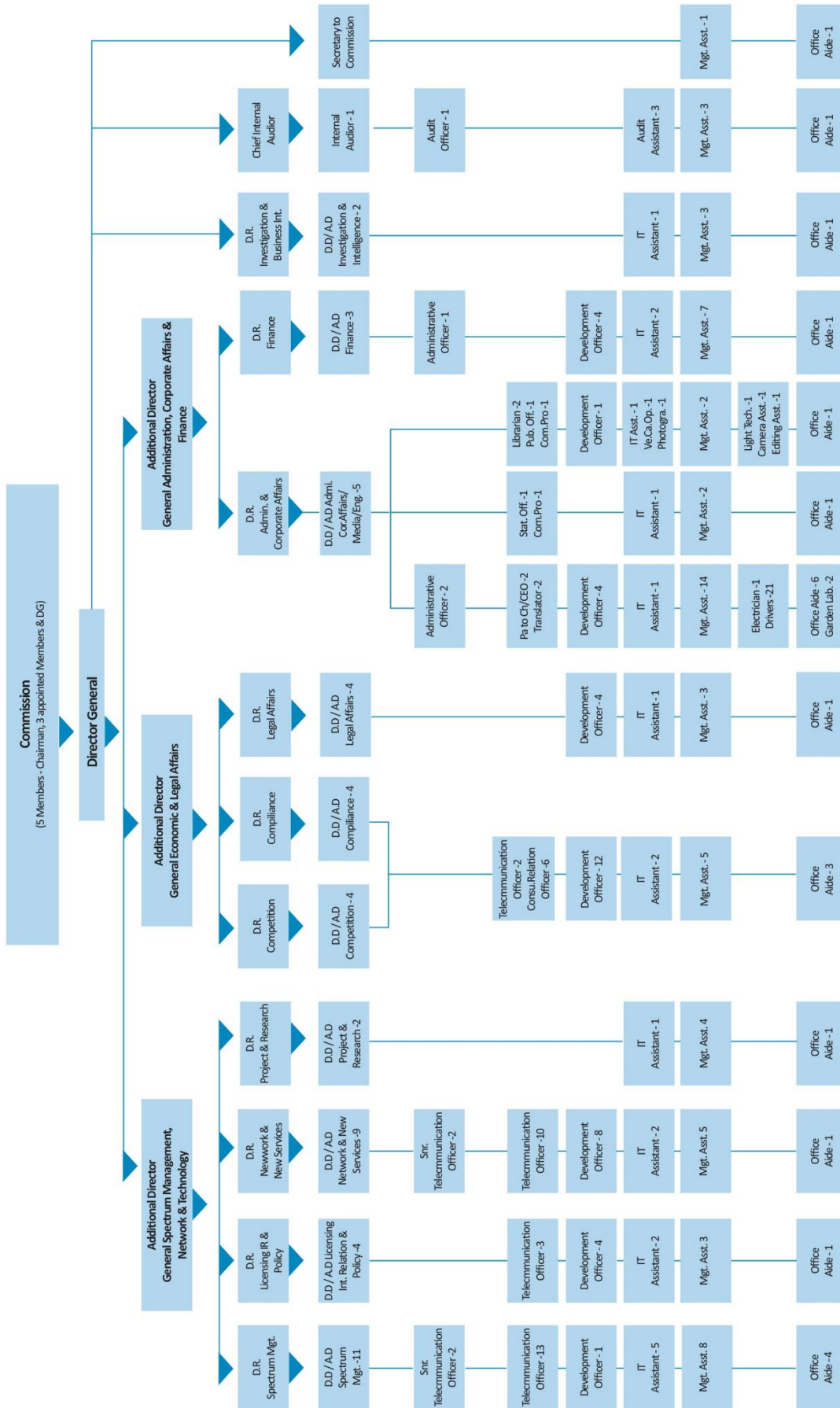
Mr. Anura Hapuarachchi
Deputy Director-Finance

Internal Audit Division

Mr. Saman Kithsiri
Internal Auditor

Information Technology Unit

Mr. M C M Farook
In charge
Deputy Director-Spectrum Management



Note: A committee has been appointed to review the cadre, organization chart & Scheme of Recruitment.

Overview of the Telecommunications Sector

Sri Lanka Telecommunications industry features new trends and strengthening of Sri Lanka's Telecommunications/Information Communication Technology (ICT) market, covering the fixed-line, mobile and internet segments, regulatory developments as well as investment activity, mergers and acquisitions, joint ventures, and partnerships. Leading licensed telecommunication operators are fully engaged in their services, technical performance, expenditure, and latest telecommunications/ICT developments for the sector.

Telecommunication regulation, managing spectrum, licensing, maintaining the competitive process, quality of service, policy, compliance, monitoring, international relations are important areas which are being looked after and supervised under a liberalize telecommunication environment. Furthermore, developing telecom infrastructure with the support of telecom operators is also significant for the rapid economic and social enrichment of the country.

The telecommunication and ICT are rapidly developing sectors to reach development goals of the country. Having understood the ICT based development of the country, TRCSL pays attention to support and assist for achieving Sustainable Development Goals in the field of telecommunications.

At present there are three Fixed Access Operators, five Mobile Operators, seven Facility and Non-Facility based Data Communication and Internet Service Providers, one Trunk Mobile Operator, seven International Telecommunication Operators (External Gateway Operators), five Direct-to-Home Satellite Broadcasting Service Provides, three Cable TV Distribution Network Operators and two other Operators. Altogether there are thirty-three Telecommunications Licence Service providers actively involved in the industry.

Proliferation of Mobile subscribers could be seen over the period of 2009-2018 while Fixed-line Subscriptions are on the decline. There is an increasing trend towards the subscription of Fixed Broadband, Narrowband and Mobile Broadband during this

period. Payphones services are also getting disappeared because of the expansion of mobile services.

Sri Lanka is the first country in the South Asian region to introduce 3G, 3.5G, HSPA, HSPA+ and Next Generation Networks such as 4G-LTE (Long Term Evolution). 3G and 4G technologies cover more than 75% of the population which is expected to grow further with healthy competition.

Sri Lanka has introduced innovative technologies and established international connectivity through three major submarine cable systems. The major Submarine Cables are South-East Asia - Middle East - Western Europe (SEA-ME-WE), Fiber-Optic Link Around the Globe (FLAG) and Bay of Bengal Gateway (BBG). Landing stations for these submarine cable systems are operated by SLT, Lanka Bell and Dialog Axiata PLC. SEA-ME-WE undersea optical fiber links strengthen the global coverage: SEA-ME-WE 3, SEA-ME-WE 4, Bharat-Lanka (between India and Sri Lanka) and Dhiraagu (between Maldives and Sri Lanka). The SEA-ME-WE 5 international undersea cable system is another important connectivity project and the SEA-ME-WE 5 cable station is established at Matara. With a total design capacity of 24Tbps, this 20,000km cable runs from Singapore to France and has a total of 16 landing stations.

Nowadays more people are connected by means of internet services. At the same time, tariffs on ICT have dropped globally in the last decade. Improved ICT regulation and policy-making have played a pivotal role in creating a conducive environment through price reduction of ICTs, ensuring that more people are benefitted. It is noted that increased investment in broadband technologies drives the global digital transformation by enabling more people to access broadband services.

As a member of International Telecommunication Union (ITU), Asia Pacific Telecommunity (APT), South Asian Telecommunications Regulators Council (SATRC), Commonwealth Telecommunication Organization (CTO) and South Asian Infrastructure for Regulation (SAFIR), Sri Lanka obtains support and assistance to develop ICT infrastructure and skills required to foster inclusive economic growth, drive innovation and bridge the digital divide in the country. TRCSL plays a major role for adoption of digital technologies in boosting economic growth, enhancing communications, improving energy efficiency, and improving lives of people.

Following table shows the present status of the service categories licensed under TRCSL and important statistical figures relating to telecommunications sector in Sri Lanka.

Table 01: Statistical Overview of the Telecommunication Sector as at end of December 2018

Fixed Access Telephone Service Operators	3
Cellular Mobile Telephones Operators	5
Data Communications (Facility based) Operators	2
Data Communications {Non-facility based & Internet Service Providers (ISP)}	5
Trunk Mobile Radio Operator	1
International Telecommunication Operators	7
Direct-to-Home Satellite Broadcasting Service Providers	5
Cable TV Distribution Network Operators	3
Other Operators (Dialog Broadband/Supreme SAT)	2
Total Number of System Licenses	33
Number of Fixed Access Telephone Subscriptions	2,484,616
Fixed Access Telephone Subscriptions per 100 inhabitants	11.5
Number of Cellular Mobile Telephone Subscriptions	(90 days) 32,528,104
Cellular Mobile Subscription per 100 inhabitants	150
Fixed Narrowband Subscriptions	63
Fixed Broadband Subscriptions	1,530,036
Mobile Broadband Subscriptions (3G*, 4G**)	5,733,062
Number of Public Pay Phone Booths***	5,091

* 3G is third generation of the wireless mobile telecommunications technology. It is the upgrade for 2G and 2.5G GPRS networks, for faster internet speed. This is based on a set of standards used for mobile devices and mobile telecommunications use services and networks that comply with the International Mobile Telecommunications-2000 (IMT-2000) specifications by the International Telecommunication Union (ITU). 3G finds application in wireless voice telephony, mobile Internet access, fixed wireless Internet access, video calls and mobile TV.

** 4G is the fourth generation of broadband cellular network technology, succeeding 3G. A 4G system must provide capabilities defined by ITU in IMT Advanced. Potential and current applications include amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, and 3D television.

*** SLT (PLC), Lanka Bell, Dialog Broadband are entitled to provide Pay phone and Data services in their licences. 2018 Mid-Year population = 21.670 million.

Chart 01: Fixed and Mobile subscriptions growth 2009-2018

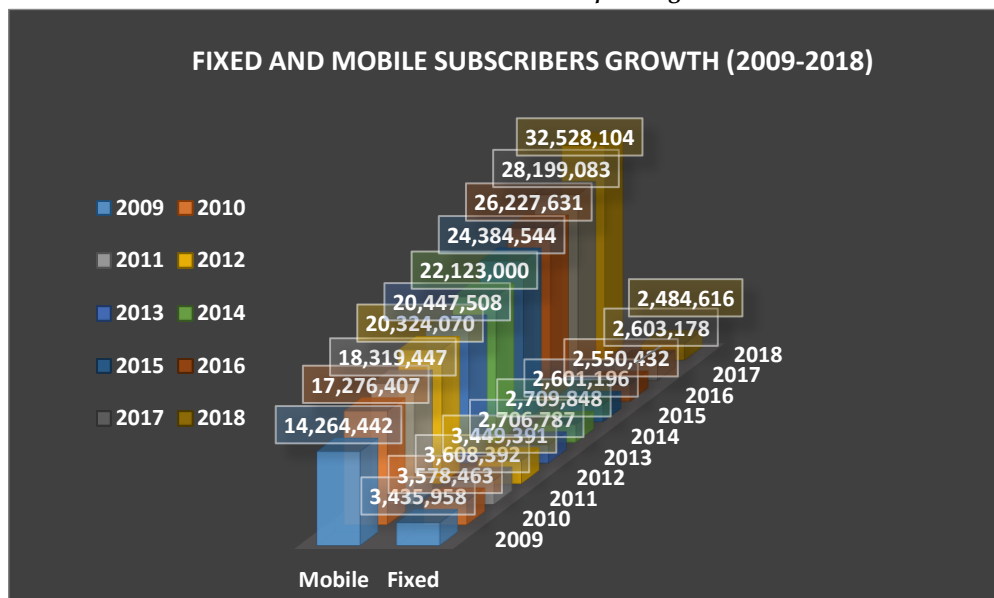


Chart 02: Fixed Broadband, Narrowband & Mobile Broadband Subscriptions 2009-2018

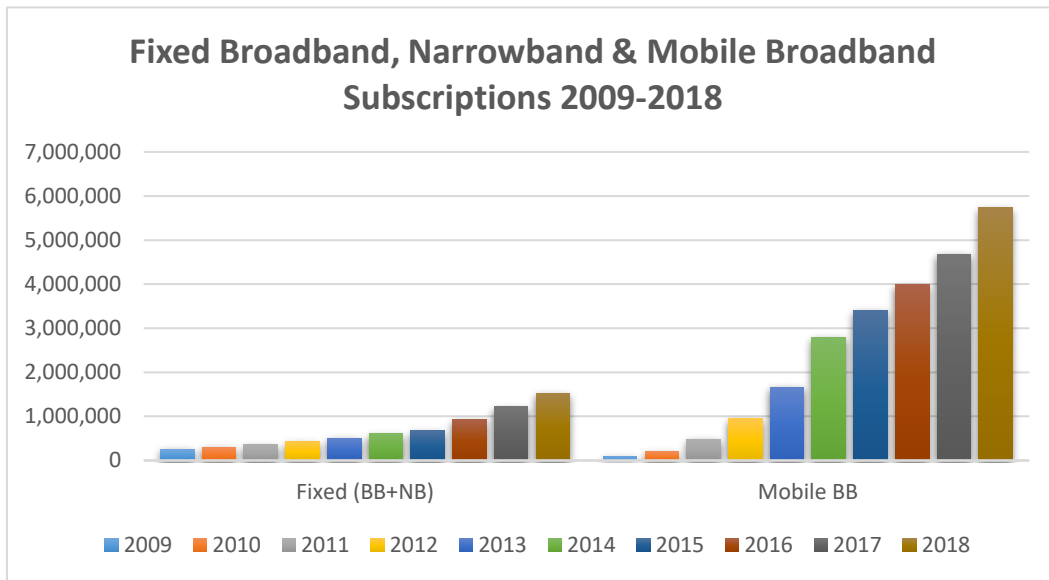


Chart 03: Provincial distribution of pay phone booths

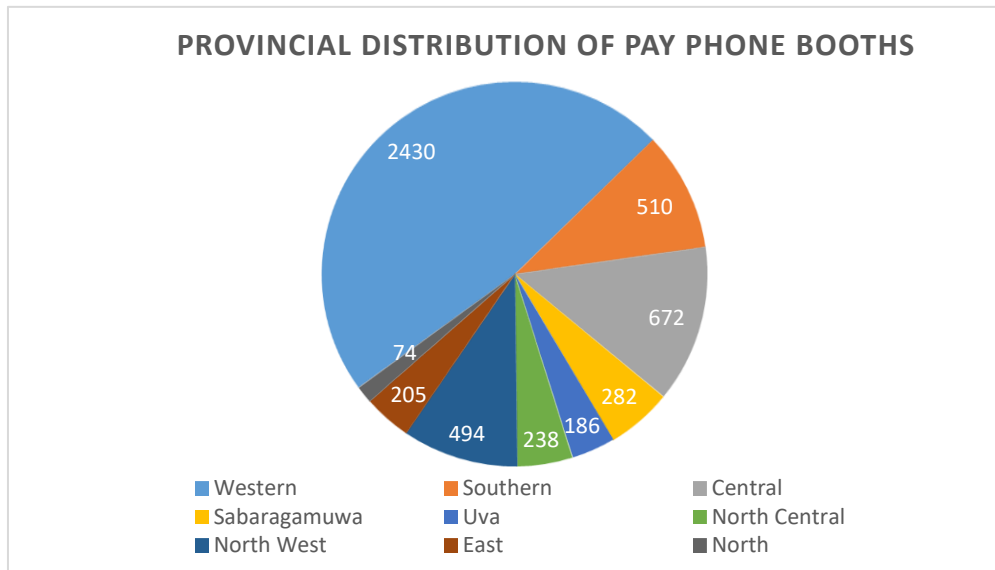
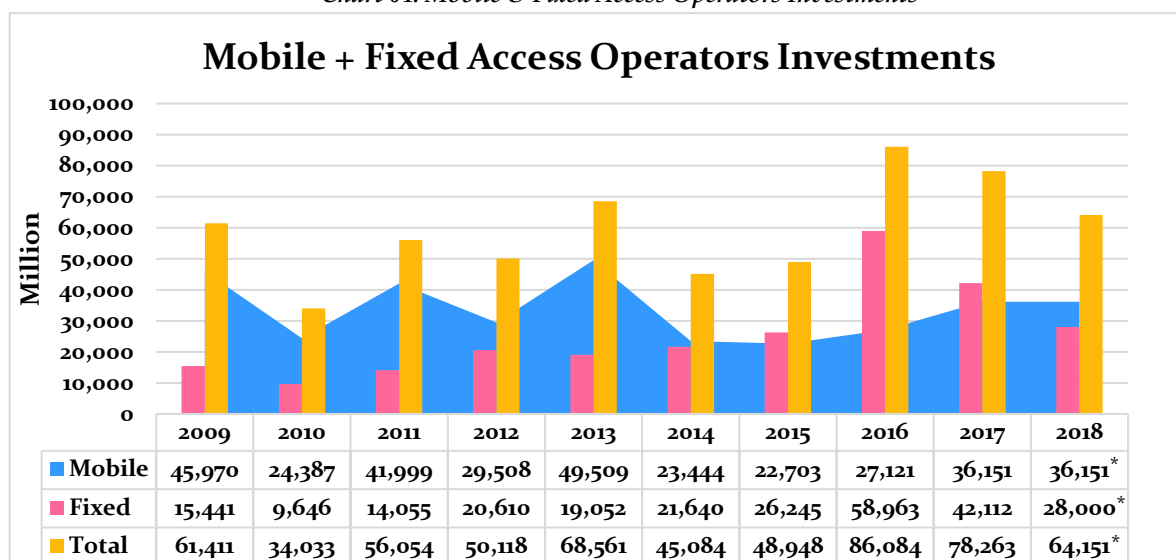


Table 02: Details of the Teledensity 2009-2018

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fixed	16.8	17	17.5	17.0	13.2	13.0	12.4	12.0	12.1	11.5
Mobile	69.0	82	88.6	100.0	99.3	106.5	116.3	123.7	131.5	150
Total	85.8	99	106.1	117.0	112.5	119.5	128.7	135.7	143.6	161.5

Following chart and tables indicate the investments made by the Mobile and Fixed Operators for the period of 2009-2017. [investments include the additions to property plant, equipment, and intangible assets and work in progress]

Chart 04: Mobile & Fixed Access Operators Investments



* Provisional data

The Total Industry Revenue: The mobile and fixed access industry revenue for the year 2018 was Rs. 216 billion as depicts in the following table and chart. 69% of the revenue was from mobile operators and 31% revenue was from fixed operators.

Table 03: Total industry revenue of mobile and fixed access operators 2013-2018(Rs. Million)

Category	2013	2014	2015	2016	2017	2018	% change 2013-2014	% change 2014-2015	% change 2015-2016	% change 2016-2017	% change 2017-2018
Mobile	111,586	119,144	125,120	137,770	139,990	149,225	7%	5%	10%	2%	7%
Fixed Access	46,318	48,652	51,138	55,591	59,718	66,930	5%	5%	9%	7%	12%
Total	157,904	167,796	176,258	193,361	199,708	216,155	6%	5%	10%	3%	8%

Chart 05: Total industry revenue of mobile and fixed access operators 2013-2018

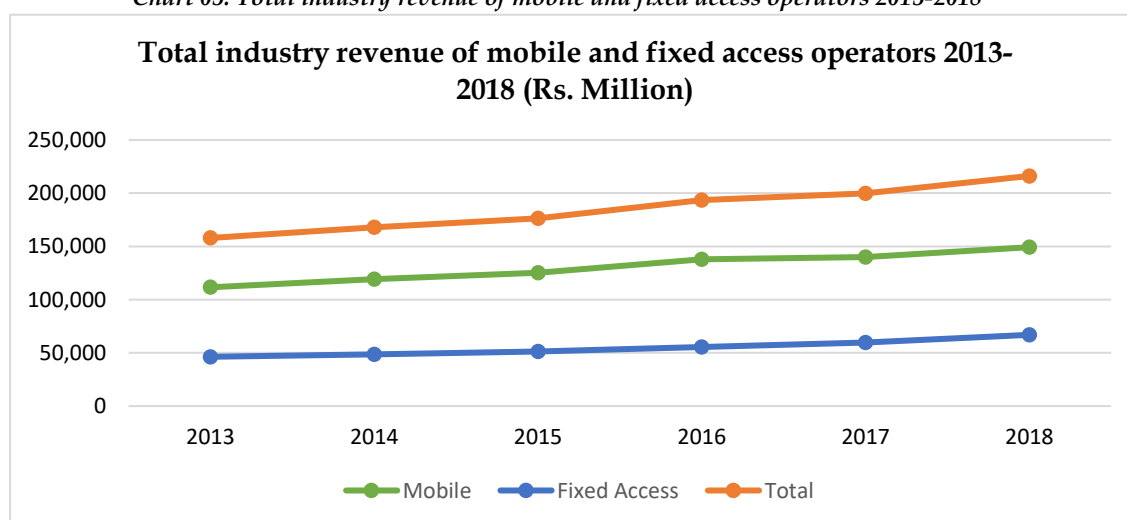


Table 04: The Average Revenue Per User (ARPU) of Mobile and Fixed Access Operator for the period 2011-2018

Category	2011	2012	2013	2014	2015	2016	2017	2018
Mobile	4,560	5,004	5,457	5,386	5,131	5,258	4,977	4,588
Fixed Access	12,100	12,583	17,112	17,954	19,659	21,691	22,911	30,745

Chart 06: The Average Revenue Per User (ARPU) of Mobile and Fixed Access Operator for the period 2011-2018

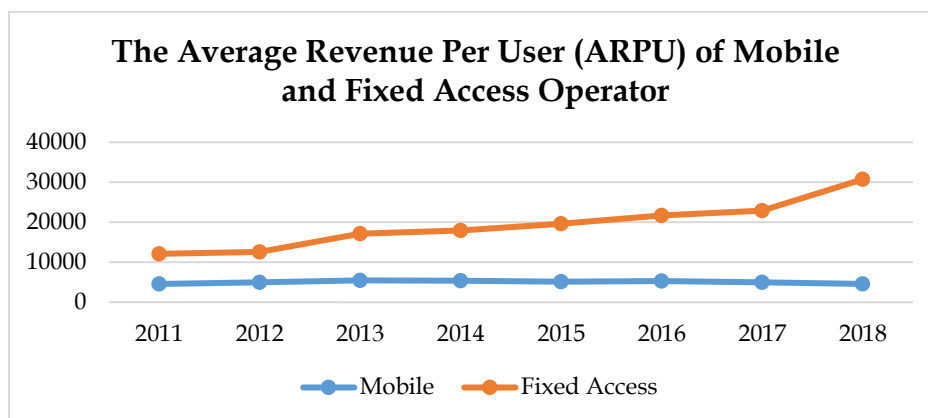


Table 05: Telecommunication Levy, TDC Levy & OLAC Levy (2017-2018) in Rs. Mn

Year	2016	2017	2018
Telecommunication Levy	30,346	29,128	24,319
Total Cess	4,067	4,209	4,443
TDC Collection (Rs. Mn)	8,689	6,202	5,579
OLAC Collection (Rs. Mn)	1,125	729	538

The revenue collected from telecommunication sector is remitted to the Government consolidated fund for the socioeconomic development of the country.

Table 06: Remittance to the Consolidated Fund

Year	2012	2013	2014	2015	2016	2017	2018
Total (Bn.)	37.5	35.1	41.3	43.6	63.8	55.7	49.53

Progress Review by the Director General of the Telecommunication Regulatory Commission of Sri Lanka (TRCSL) for the year 2018

By the end of 2018, Sri Lanka has a very vibrant telecommunication sector with around 32.5 Mn mobile subscriptions, 2.5 Mn fixed subscribers and 7.2 Mn broadband subscribers. Sri Lanka's mobile market has already passed 100% subscriber penetration (connections per 100 persons) milestone. The mobile telephone penetration and fixed telephone penetration stood at 150% and 11.5% respectively. During the year 2018, there were three Fixed Access Operators, five Cellular Mobile Operators, two Data Communication Providers (Facility-based), five Data and Internet Service Providers (Non-facility based) and seven External Gateway Operators in the sector.

The Commission held 15 meetings during year 2018 to address and decide on a wide range of regulatory, administrative, special projects matters, Commission's Annual Budget and hosting International Regulatory Conferences. During the year 05 audit committee meetings were held and queries were raised, discussed and actions taken accordingly.

Spectrum Management Division renewed the spectrum licences and implemented a new procedure for timely collection of spectrum licence fee. In this procedure, preliminary enforcement action will be taken against the operators who do not renew the licences after expiry. Operational equipment in this regard will be sealed if the licence is not renewed.

Activities relating to upgrading of Automated Spectrum Management System and procurement of a new radio system for island-wide surveillance are under process.

Number of spectrum licenses issued in 2018 are:

- Fixed service licenses - 167
- Broadcasting service licenses (TV & Radio) - 39
- Trunking/Paging/Citizen Band services licenses - 10
- Data/Radio Telemetry services licenses - 20/28
- Aeronautical & Maritime services - 1221
- Private Mobile Radio Services - 361
- Amateur Radio services licenses - 33

35 frequency related complaints have been received by the division in the field of TV Broadcasting and other radio services this year. Monitoring and investigation facilities

were provided in a timely manner for possible mitigation of interferences. Two illegal users were identified under the broadcasting service and eight under other radio services. Actions were taken to prevent illegal use of spectrum throughout the year.

During the year permissions have been granted for 506 import radio equipment under the fixed service, 57 under the TV & Radio broadcasting, 7473 under the cellular service, 173 under data service/ radio telemetry service, 173 under the satellite service, 21 under amateur radio service and 1037 under low power radio equipment.

All spectrum monitoring activities were conducted with 03 Regional Monitoring Centers (RMC) at Colombo, Kadirana & Kandy as well as with the support of two other Remote Monitoring Stations (RMS) at Yakkala & Katubadde. Besides, TRCSL owns a modern spectrum surveillance vehicle for investigation and mitigation of spectrum interferences and detection of illegal transmissions.

Compliance division investigates complaints into illegal call termination to the networks of licensed operators. This division takes appropriate regulatory actions. Seven (07) investigations regarding complaints on illegal call termination by licensed operators have been carried out this year.

The division conducted 122 investigation instances of the sale of non-type approved telecommunication apparatus by license holding vendors and act appropriately if the findings reveal infringement of the terms and conditions of the license.

Monitor the adherence to the terms and conditions, analyzed and adopted regulatory measures to control the offer of unapproved tariff packages by licensed PSTN Operators; the division was investigated 13 instances of offer of unapproved tariff packages by licensed operators have been completed.

Conducted awareness programmes to general public on the requirement of obtaining licences under the provisions of the Act for the provision of various telecommunication services with Senior officers of the Police department and the vendors, at the locations of Colombo, Kandy, Kegalle, Matugama, Matale, Horana.

As a part of social obligation, TRCSL engaged in the process of finding misplaced mobile phones (average 300 complaints daily) with the assistance of Sri Lanka Police.

Conducted awareness programmes at 04 Police Training Centers for Police Officers and at 40 Divisional secretariats for Grama Niladhari Officers, Development and Field Officers. Public awareness programmes were done through electronic media, posters, leaflets and stickers on ethical usage of communication.

In November 2018, Telecommunications Levy (TL) rate on the Telecommunication services was reduced from 25% to 15% with effect from 10th November 2018. It shows

a decrease of the levy collection because of removing Telecommunications Levy on internet services.

Under the provisions of the Section 22G of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended, 4,551 Mn Cess amount was collected from operators.

The industry revenue generated for 2018 was higher than the previous year & its contribution was received from mobile and fixed licensed operators.

The statistics revealed in the ITU publication “Measuring the Information Society Report 2018 – Volume 1”, Sri Lanka holds the 12th lowest mobile prices in the world as a percentage of Gross National Income.

Lowering the prices would enable to reach the lowest-income segment of the population; on the other hand, if the mobile prices are too low, it may threaten the long-term sustainability of the industry. The Telecommunication Regulatory Commission has taken initiatives to balance these two focuses and to abolish the floor rate regime in August 2018 by issuing a determination which prevailed for last 9 years.

By identifying the excessive charge for default data rate, the Commission has issued a determination to reduce the rate. The existed rate of Rs. 1.00 per MB dropped down to Rs. 0.30 with effect from July 2018.

As a part of the regulatory process, the Commission approves the Tariff proposals submitted by the operators. Accordingly, the commission has approved 15 seasonal tariff proposals, 36 promotional tariff proposals, and 5 long-term basis tariff proposals during the year 2018.

TRCSL continued the study “Gamata Sannivedanaya” to further identify unserved and underserved areas in the country and conducted a physical investigation in 14 Grama Niladhari Divisions (GND) in Polonnaruwa and 26 GND in Kalutara district. The study has been conducted to identify requirement of telecommunication, Broadband facilities, and availability of Broadcasting services (TV/Radio) in Polonnaruwa and Kalutara districts.

With the guidance of International Telecommunications Union stated under the Sustainable Development Goals, TRCSL has taken initiatives to develop strategies and guidelines to encourage industry players and public for proper disposal or reuse of telecommunication/ICT waste. For this purpose, the division conducted school level awareness campaigns.

The collection of Telecommunication Development Charges (TDC) was less in 2018 when compared with the previous year.

The collection of Outgoing Local Access Charges (OLAC) also shown a less amount because the usage of Over-The-Top (OTT) applications became comparatively popular since 2017.

The mobile sector investments were higher and fixed access sector investments were low in this year.

Evaluation process for the renewal of Dialog Broadband Networks (Pvt) Ltd.'s Internet Service Provider (ISP) licence (non-facility based) was commenced. The Evaluation Committee has submitted a report with committee recommendations.

Numbering resource that is required for telecommunications networks is a scarce as such TRCSL manages the National Numbering Plan of the telecommunications industry of Sri Lanka. Short codes are assigned to organizations in situations where expeditious access by public or customers is required. Short codes were assigned to six Government Organizations and three Private Sector Organizations in year 2018.

Facilitation of deployment of telecommunications infrastructure such as copper or optical fiber networks, undersea cable landing stations, and telecommunication antenna towers is being supervised under the Infrastructure Development of Networks Division. Telecommunications operators make requests to obtain the clearance for expansions of existing networks or to introduce new services using above mentioned physical infrastructure facilities. Networks Division facilitates those by way of issuing relevant approvals through coordination with several other related Government organizations. Due consideration is given to the matters related environmental impacts, health and safety issues, national security and also to the public interests while maintaining sustainable development of the telecommunication industry. The cumulative number of telecommunication towers constructed increased up to 6885 which includes 79 new towers constructed in 2018.

In this year, 196 towers related complaints were received and 29 investigations were carried out for the complaints against tower constructions made by public. There were no telecommunication tower related court cases filed.

The Networks Division completed nine (09) public awareness campaigns with the assistance of professionals specialized in the network field. The main objective of these awareness programs was to educate public on issues related to antenna towers such as electromagnetic radiation and lightning.

821 vendor licenses were issued to different types of telecommunications equipment vendors during this year.

As a regulatory function entrusted in respect of processing of requests made for the issuance of type approvals and clearance letters for importation of network related

equipment. During this year 4098 equipment clearances and 21 type approvals for granted for importation of network related equipment.

During this year one new section 17 system license was issued for a period of 05 years to provide Cable TV services only in the Northern and Eastern provinces of Sri Lanka. Three section 17 licenses were renewed in the category of trunking mobile service, cable TV, Data Communication & Internet Service. One mobile service license and one satellite service license are under process for renewal.

TRCSL drafted rules to facilitate enforcement of Quality of Service Standards and Registration of SIM's of Mobile subscribers. Guidelines were made under Section 23 of the Finance Act No. 11 of 2004 for Telecommunications Operator Levy.

TRCSL is formulating new amendments to the current Sri Lanka Telecommunication Act to meet the rapid developments of the telecom industry.

The international institutions such as ITU which is specialized agency for ICTs play a vital role in facilitating its member countries for adopting new technologies, regulatory measures and formulation of up to date policies in the telecommunications sector. During the year 2018, TRCLS involved in many progressive activities related to policy & regulatory matters, training activities, workshops and seminars.

The following programmes were conducted during the year.

1. The South Asia Regional Symposium on ICT for Education was jointly organized by ITU, UNESCO & ADB. The symposium was held at Shangri-La Hotel, Colombo from 27th to 28th February 2018, and was attended by government officials, private sector, researchers, development partners and civil society from across South Asia.
2. Asia Pacific Telecommunity (APT) with its partner organization, GSMA and TRCSL jointly organized a training program on "Internet of Things". The program was held at the TRCSL from 17-18 May 2018 and it was attended by 50 participants from TRC and telecom operators.
3. The ITU-TRCSL training on "Modern Application Design & Development for Achieving SDGs" was jointly initiated by International Telecommunication Union (ITU) and the Telecommunications Regulatory Commission of Sri Lanka (TRCSL). The training program was held at Global Towers hotel Colombo from 10th to 14th December 2018.
4. "NIA-TRCSL Korean ICT Volunteers (KIV) Programme 2018" was conducted from 24th June to 10th August 2018 in Sri Lanka. The programme was jointly organized by the National Information Society Agency of Korea (NIA), Telecommunications Regulatory Commission of Sri Lanka (TRCSL), Western Provincial Department of Education & Department of Social Services with the purpose of enhancing the ICT knowledge and skills of persons with special education needs in Sri Lanka.

5. The 15th APT Telecommunication/ICT Development Forum (ADF-15) and APT-NIA Workshop on ICT Broadband Connectivity were held from 11th to 14th June 2018 in Colombo, Sri Lanka.
6. The Asia Pacific Telecommunity (APT) and GSMA jointly organized the training course on “Principals of Mobile Privacy” for operator and TRCSL staff.
7. The Meeting of the South Asian Telecommunication Regulator's Council (SATRC) Working Group on Spectrum for Action Plan Phase VI was held from 25 to 26 June 2018 in Colombo, Sri Lanka.
8. APT-GSMA-TRCSL Training Course on “IP – MPLS Core Network Technologies” was jointly organized by the Asia Pacific Telecommunity (APT) and the Asia Pacific Network Information Center (APNIC) was held from 01st to 05th October 2018.

The “World Telecommunication and Information Society Day” (WTISD) falls every year on 17th May. The theme for WTISD-18, was "Enabling the positive use of Artificial Intelligence for All,".

ITU survey on World Telecommunication/ICT indicators was conducted with the support of the other divisions of TRCSL and stakeholders.

The Global Cyber Security Index (GCI) Questionnaire has been completed and submitted to the ITU with the support of Sri Lanka CERT and Tech CERT.

Special Projects Division is responsible for implementation of improvements to the telecommunication industry by providing necessary infrastructure facilities, development of TRCSL own infrastructure such as buildings and conduct research projects that enable the introduction of new technologies of telecommunication sector in Sri Lanka and improve the user experience.

The construction of Colombo Lotus Tower is a unique construction in Sri Lanka and which has now reached its completion stage.

As per a directive given by Cabinet Committee on Economic Management, Telecommunications Regulatory Commission of Sri Lanka is currently exploring the possibility to proceed and develop IT Park – Hambanthota project on a Public-Private-Partnership basis. TRCSL has already invited proposals from interested companies for this purpose.

Constructing five stored new building for the TRCSL Head office project consultancy unit of University of Moratuwa (PCU) appointed an engineer to the project and designed steel structured building as annex to existing main building with bridges connecting other two buildings.

The renovation and improvement work of Kadirana Frequency Monitoring Station is in progress.

Initiatives have taken to develop adjoining land into a multifunctional vehicle park complex along with recreational facilities under the Lotus Tower phrase 02 project – Vehicle Parking Facility along with mix development.

TRCSL collected an amount of Rs. 17,799,994 Mn on System Operator License, Cess, Radio Frequency, Frequency Upfront, Vendor License, Amateur Radio License, Ship Station License, Aircraft Station, Cordless Phone Dealer charges, Examination, Application Processing, Short Code Charges, Sundry Income and charge as per the power vested by the relevant acts in the year 2018. The collection of Telecommunication Levy for the same period was Rs. 24,349 Mn.

The total revenue collected as per the Telecommunication act, Telecommunication levy act and Finance act was Rs. 48,033 Mn. The Commission has spent 4.89Mn on property, plant & equipment in 2018. Through Money Market Daily Transaction Account maintained at People’s Bank earned Rs. 384 Mn in 2018.

During the year 2018, TRCSL transferred Rs. 49.53 Bn to the consolidated fund. The income generated by the Commission in following years through its means of regulatory measures has been a good income source for the Government consolidated fund in the country.

A committee has been appointed to review the cadre, organization chart, Scheme of Recruitment (SOR) and necessary steps have been taken.

TRCSL conducted four progress review meetings, discussed matters and remedial actions were taken to upgrade the performance of regulatory activities in 2018. Periodic Corporate Plan reports as well as Annual Reports were prepared and submitted.

The Infortel Exhibition for the year 2018 was held at BMICH premises from 02nd to 04th November as a National ICT Exhibition under the theme ‘Towards a Digital Economy’. The exhibition was organized by Federation of Information Technology Industry Sri Lanka (FITIS). As the biggest and most prestigious ICT exhibition in Sri Lanka, TRCSL participated the Infortel Exhibition 2018 and was awarded the Medal for the stall with the best demonstration at Infortel Exhibition 2018.

PERFORMANCES

Licence Management

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It is a requirement to have a license for any person establishing or operating telecommunication system or providing telecommunication service in Sri Lanka as per the telecommunication Act no. 25 of 1991 as amended by Act No. 27 of 1996. In this manner, TRCSL has adopted a licensing approach that differentiates between the nature of the operators whether facility based, or non-facility based type of operations.

Facility based license

This category of license needs usage of natural resources (frequency spectrum and/or right of way, numbering) and that refers to the establishment and operation of any form of public telecommunication network, information systems in providing telecommunication services.

Non-Facility based Licenses

Non-Facility based means operators who intend to lease telecommunication network elements (transmission capacity and switching) from any individual type operators in order to provide their own telecommunication services or resell the telecommunication services of individual license to third parties or provide value added services.

License Categories

The individual licenses include fixed telecommunication networks and service. Under this category allowed to establishment of a fixed telecommunication network or network elements including fixed and wireless access network with international gate way facilities and Internet Service Provider (ISP) services, value added services or any ancillary services.

Mobile telecommunication network services

This includes the establishment of a land-based mobile telecommunication networks, international public mobile telecommunication services, international roaming services, trucking services, value added services, whole sale services, transmission and any other ancillary services.

Licensing procedure at TRCSL

The applications should be in accordance with the section 17 of the act, and licensing guide lines and procedures of 2006 adopted by TRCSL. In granting licenses, TRCSL considers open fair and transparent bidding procedure.

- Parties Interested to apply for a license under section 17 of the Act should submit their proposal to TRCSL in accordance with the requirement outlined in the Licensing Guidelines and Procedures of 2006. In granting licenses, TRCSL conducts an open, fair and transparent public competitive bidding process which is more fully described in the licensing guidelines and procedures of 2006.
- TRCSL does not pre determine the number of licenses to be issued. However, TRCSL due to public interest may limit the number of licenses available for certain services when natural and/or limited resources constraints.

- The licensee shall be a company incorporated in Sri Lanka.
- Individual licensees are issued on a non-exclusive basis by the minister in charge of telecommunications upon the recommendations of TRCSL.
- TRCSL will evaluate a license application against the licensing guidelines and procedures of 2006.
- In line with technology- neutral approach, applicants are free to select the most appropriate technology for their proposed operations, based on their own commercial decisions, Subject to restrictions imposed by the license conditions and public interest concerns, if any arises. Once the license is granted however, licensees will be required to seek TRCSL's prior Approval for any subsequent changes to their networks and service offerings.
- Arising from scarcity of radio frequency spectrum, operators who intend to deploy wireless technology solutions will be assigned spectrum through a comparative selection process and/or an option. The number of spectrum licenses available will be dependent on the availability of radio frequency spectrum.
- TRCSL being the telecommunication regulator, controls and manage the national numbering plan. TRCSL allocates numbers in blocks to the relevant operators in order to ensure the scarce numbers resource is utilized efficiently. TRCSL also ensures that the numbers allocations process is fair and transparent so as to provide a level playing field for competition.
- Facility based licensees are able to provide the services that are offered by non-facility based licensees. Individual licenses are permitted to provide their services to third parties who may include other licensed telecom operators business customers and the general public. Individual licensees can provide services to classed licensees but not versa.
- Individual licenses are issued for a period of ten years, but validity of the non-facility based license is limited to five years. Licenses can be renovate under the same or/and different conditions, depends on the performance, for a period not exceeding its original duration.
- License fees will be determined by TRCSL from time to time depending on the type of the service to be offered. The license fee is used to meet the expenses of the TRCSL incurred in exercising responsibilities, functions and power under the act and other laws. In addition, the licensees are required to pay annual cess that amount to 3% total turnover.
- A telecommunication service provider submitting information to the TRCSL may request that the information submitted be treated as confidential all information for which the applicant request to treat as confidential should be protected by TRCSL personnel against improper disclosure or use'

The objective of the TRCSL on Licensing Framework

In order to provide a more conducive environment for market growth and improvement of the wellbeing of the society, commission adheres to the convergence of technologies and network of next generation. Following features are also considered by TRCSL in this respect.

Frame Works

- Promote the competition
- Quality of service
- Teledensity
- Deployment of new technology
- Efficiency and convergence
- Open Access.

Issuance of New Licence

- A new licence was issued to Trymas Media Network (Pvt.) Ltd. on 02nd November 2018 for a licence period of 5 years to provide Cable TV services in Sri Lanka.

Renewal of Licences

- Dynacom Engineering (Pvt.) Ltd.
- ASK Cable Vision (Pvt.) Ltd.
- Societe Internationanal Telecommunications Aeronautiques (SITA)

Processing of Renewal Licence

- Etisalat Lanka (Pvt.) Ltd.
- Supreme SAT (Pvt.) Ltd.

Networks

O Networks Division of the Telecommunication
V Regulatory Commission is responsible for regulating
E issues related to public and private telecommunication
R networks operating in Sri Lanka.
V

I Areas that comes under the purview of Networks
E Division are managing the National Numbering Plan
W for public telecommunications networks, assigning
signalling codes, assigning mobile network codes,
assigning object identifiers, infrastructure deployment,
licensing of telecommunications equipment vendors,
issuance of type approval certificates and customs
clearances for network equipment, enabling the
introduction of new technologies to the
telecommunication networks in Sri Lanka.

1.1 Functions

Main functions carried out by Networks Division under different areas in the year 2018 in accordance with the Telecommunications Act are described below.

1.1.1 Numbering

Numbering resource that is required for telecommunications networks is a scarce as such TRCSL manages the National Numbering Plan of the telecommunications industry of Sri Lanka. The Numbering Plan sets out the framework and guidelines for the use of numbering resource available for telecommunications networks in the country. Since Numbering is a scarce resource it has be managed with proper planning. Hence the Numbering plan is changed from time to time according to the demand of the industry which depends on new developments and current trends in the industry. Given below is summary of the activities related to this function.

- Managing the national numbering resource
- Assigning Short Codes for government and private organizations
- Coordinating with telecommunications operators on matters related to Short Codes
- Allocating International and National Signaling Point Codes, network codes to telecommunications operators
- Allocating Object Identifiers (OID)s

1.1.2 Infrastructure Deployment

Facilitation of deployment of telecommunications infrastructure such as copper or optical fibre networks, undersea cable landing stations, and telecommunication antenna towers is another main function carried out by Networks Division. Telecommunications operators make requests to obtain the clearance for expansions of existing networks or to introduce new services using above mentioned physical infrastructure facilities. Networks Division facilitates those by way of issuing relevant approvals through coordination with several other related government organisations.

Due consideration is given to the matters related environmental impacts, health and safety issues, national security and also to the public interests while maintaining sustainable development of the telecommunication industry. The duties carried out by the Division with regard these are summarized as follows.

- Coordinating with various Government organizations such as Ministry of Defence, Central Environment Authority, Urban Development Authority on matters related to telecommunication infrastructure deployment

- Processing of application for erection of antenna structures through newly procured Antenna Structure Management System (ASMS) software. During the year 2017, 80% of the antenna structure data entered to the ASMS and verification of data available in the system has been started with the respective operators
- Facilitating licensed telecommunications Operators in implementation of their infrastructure deployment projects.
- Conducting public awareness programs on telecommunication infrastructure deployment
- In coordination with Policy and International Relations Division, conducting Local Training Course on IPv4/IPv6 BGP Routing for Operator in Sri Lanka with the assistance of APT & APNIC
- Handling public complaints regarding telecommunications towers
- Study project proposals submitted by individuals/ organizations with regard to telecommunication infrastructure deployments and make recommendations and submit reports on the same
- Finalized the revision of Guideline on antenna structures which addresses the practical difficulties in the approval process and facilitates the unhindered development in Telecommunication Industry while paying due attention to the public health, safety and other concerns
- Preparing Technical Standards Guide for Provision of Communication Services in High Rise Buildings.

1.1.2.1 Control of Illegal Operation of Cable TV Services

In accordance with Section 22(A) (1) of the Act, no person shall perform cabling work in any premises except under the authority of a license issued by the Commission for that purpose. Networks Division engaged in controlling the provision of illegal cable TV services throughout the island with the assistance of the Criminal Investigation Department.

1.1.3 Type Approval & Equipment clearance

TRCSL is empowered to approve types of telecommunication apparatus which may be connected to a telecommunication system in terms of the provisions of Section 5(q) of the Telecommunication Act. In exercising the duties entrusted in section 5(q), TRC has mandated all operators in Schedule 2 of System Licence issued under Section 17 of the Act, to connect telecommunication apparatus which is type approved by the Commission.

Accordingly, telephone instruments, fax machines, PABXs (Private Automated Branch Exchange), modems, cordless telephones and any other customer premises

equipment to be connected to the licensed networks require type approval whether those are locally manufactured or imported either by operators, vendors or individuals.

Networks Division is responsible for carrying out type approval procedure for terminal network equipment and to issue authorization letters to Customs/BOI/Import controller for importing all network related equipment. The functions carried out by in this regard are summarized as follows.

- Carrying out type approval procedure of telecommunication terminal and network equipment
- Making recommendations to Customs/BOI/Import controller for clearance purposes by way of approval letters
- Ensuring compliance of technical standards of network equipment in the telecommunications sector in Sri Lanka in accordance with the recommendations and guidelines of the ITU
- Issuing approvals to telecommunications operators to unblock Voice over Internet Protocol (VOIP) ports, protocols and applications in order to prevent illegal international call terminations
- Assisting Police/Criminal Investigation Department (CID) investigations associated with public security, law and order in matters related to the field of telecommunications
- Participating in Technical Evaluation Committees (TECs) of Government Institutions and Public Corporations and provide technical inputs related to telecommunications.

1.1.4 Vendors Licensing

In accordance with Section 21 of Telecommunications Act no person shall manufacture, import, sale, offer for sale, deal-in, hire, lease, demonstrate, maintain or repair of any telecommunications equipment or radio communication equipment in Sri Lanka by way of trade except under the authority of a license issued by the Commission. The Vendors Licence is the authorization issued by the Telecommunication Regulatory Commission to perform aforesaid activities. The functions carried out related to issuing Vendors Licences are as follows

- Processing applications for Vendor Licenses and issuing Licences after making sure that required conditions are fulfilled by the applicant
- Managing Vendor License regime
- Assisting Police/Criminal Investigation Department (CID) investigations related to public security law and order in matters related to Vendors Licences

1.1.4.1 Investigation of Illegal Vendors

Networks Division continued public awareness campaigns and investigation of illegal vendors with the assistance of Sri Lanka Police in order to force/encourage setting up of legal selling points of telecommunication equipment including mobile phones.

1.2 Performance

Statistics pertaining to activities undertaken by the Networks Division are shown below.

Table 07: Statistics Related to Networks Division 2017-2018

Description	2017	2018
Total No. of Vendor licenses issued	834	821
Cumulative No. of Towers constructed	6776	6885
Total No. of Tower complaints received	98	196
Total No. of investigations handled (Tower related)	32	29
Total No. of court cases related to towers	0	0
Total No. of public awareness programs held	04	09
Total No. of New Type Approvals given	38	21
Total No. of issuance of Import clearances	3475	4098
Total No. of Individual Clearances	31	29
Cumulative No. of New Short codes issued	75	77

1.2.1 Numbering

- **Allocation of Short Codes**

Short codes are assigned to organizations in situations where expeditious access by general public or customers is required. Two different short code ranges have been identified based on nature of the organization such as one range for government organizations and the other for private sector organizations. Short code range 19XX has been allocated for the assignment of Four Digit Short Codes for Government organizations. Similarly, short code range 13XX has been allocated for the assignment of Four Digit Short Codes for Private Sector organizations.

- **Short Codes Assigned in 2018**
 - **Government Organizations**

In the year 2018, Six (06) short codes in 19xx range were assigned to Government organizations. Names of the organizations and the respective short codes are listed below.

Table 08: Short code assigned to Government Organizations

Organization	Short code
Department of Archaeology	1915
Ministry of Tourism	1912
Bank of Ceylon	1975
National Apprentice and Industrial Training Authority (NAITA)	1951
National Institute of Mental Health	1926
Ministry of Finance & Mass Media	1925

- **Private Sector Organizations**

In 2018, Three (03) short codes in 13xx range were assigned to Private sector organizations. Names of the organizations and the respective short codes are listed below.

Table 09: Short codes assigned to Private Sector Organizations

Organization	Short Code
Asiri Hospital Holdings (Pvt.) Ltd	1313
Sri Lanka Red Cross Society	1366
Sarvodaya Development Finance Limited	1319

1.2.2 Infrastructure Deployment

- **Construction of Telecommunication Towers**

The cumulative number of telecommunication towers constructed increased up to 6885 which includes 79 new towers constructed in 2018.

- **Handling of Infrastructure Deployment Complaints**

Networks Division carried out 29 investigations in 2018 for the complaints against tower construction made by general public. There were no telecommunication towers related court cases in 2018. 196 towers related public complaints were received in the year 2018.

- **Public Awareness Programmes**

In 2018, Networks Division conducted Nine (09) public awareness campaigns with the assistance of professionals specialized in this field. The main objective of these awareness programs was to educate general public on issues related to antenna towers such as electromagnetic radiation and lightning.

1.2.3 Vendor Licensing

821 vendor licenses were issued to different types of telecommunications equipment vendors in the year 2018.

1.2.4 Type Approval & Equipment Clearance

Networks Division continued the regulatory function entrusted to the Division in respect of processing of requests made for the issuance of type approvals and clearance letters for importation of network related equipment.

Table 10: Type Approval & Equipment Clearance

Description	No. of documents issued in 2018
Equipment clearances	4098
Type Approvals	21

Policy & International Relations

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The Policy & International division of TRCSL is responsible for local and international regulatory activities and to provide policy advices relating to the telecom sector. One of the objectives of the TRCSL is to promote research development in the field of telecommunications. The division is engaged in planning and organization relevant research studies with universities to promote Research & Development in the telecom sector.

The division also undertakes a wide range of telecommunication sector development projects with international organizations and stakeholders in the field of telecommunications. It is also provides assistance to implement international best practices through project initiatives.

Activities carried out in 2018

Sri Lanka (ITU -UNESCO-ADB-TRCSL program) 26-28 February 2018

The South Asia Regional Symposium on ICT for Education was jointly organized by ITU, UNESCO & ADB. The symposium was held at Shangri-La Hotel, Colombo from 27th to 28th February 2018. In this regard, ITU presented the projects which have been successfully undertaken in the South Asian countries. ITU-TRCSL “Connect a School; Connect a Community” implemented in Sri Lanka was also among the successful projects showcased at this event.

The main objectives of the project are to promote broadband Internet connectivity for schools in Sri Lanka and to narrow the digital divide between rural and urban areas as well as provide digital opportunities to their communities.

World Telecommunication and Information Society Day 2018

The “World Telecommunication and Information Society Day” (WTISD) falls every year on 17th of May. The theme for WTISD-18, was "**Enabling the positive use of Artificial Intelligence for All**"

ITU invited member states to celebrate its 153rd anniversary and publish the theme of the WTISD among the Sri Lanka community on this day.

The event was celebrated at the Telecommunications Regulatory Commission of Sri Lanka.

All staff of the TRCSL participated for the event. Documentary videos on the history of the ITU and Artificial Intelligence. The messages of the President, the Prime Minister and Mr. Houlin Zhao, Secretary General of the International Telecommunication Union are also were published in our website.

APT-GSMA-TRCSL Training Course on “Internet of things”
17-18 May 2018

Asia Pacific Telecommunity (APT) with its partner organization, GSMA and TRCSL jointly organized a training program on “Internet of Things”. The program was held at the TRCSL from 17-18 May 2018 and it was attended by 50 participants from TRC and telecom operators. The course provided a high-level overview of IoT concepts, which outline how the role of IoT can play in enhancing the quality of life of citizens.



Figure 01: APT-GSMA-TRCSL Training “Internet of things”

Furthermore, the program helps operators and regulators in accelerating the delivery of new IoT connected devices and services with the involvement of industry collaboration, appropriate regulation and optimizing networks.

**ITU - TRCSL Training on Modern Application
Design & Development for Achieving SDGs**
10-14 Dec 2018

The ITU-TRCSL training on “Modern Application Design & Development for Achieving SDGs” was jointly initiated by International Telecommunication Union (ITU) and the Telecommunications Regulatory Commission of Sri Lanka (TRCSL). The training program was held at Global Towers hotel Colombo from 10th to 14th December 2018. The objective of the programme was to introduce job oriented practical/digital skills for web development and learn how emerging technologies such as Artificial Intelligence and Blockchain can be utilized to make a powerful impact towards socio-economic development. A total of 42 participants attended the training from wide range of organizations and representing Sri Lanka, India and Afghanistan.



Figure 02: Modern Application Design & Development for achieving SDGs training

NIA-TRCSL Korean ICT Volunteers (KIV) Programme 2018

“NIA-TRCSL Korean ICT Volunteers (KIV) Programme 2018” was conducted from 24th June to 10th August 2018 in Sri Lanka. The programme was jointly organized by the National Information Society Agency of Korea, Telecommunications Regulatory Commission of Sri Lanka (TRCSL), Western Provincial Department of Education & Department of Social Services with the intention of enhancing the ICT knowledge and skills of persons with special needs in Sri Lanka.

The Korean ICT Volunteer (KIV) programme is organized and managed by National Information Society Agency of Korea (NIA) since 2001. Every year the Government of South Korea sends teams of Korean volunteers skilled in Information Technology (IT) to developing countries. Unlike any other country, the “NIA Korean ICT Volunteers Programme” has been used by us with a view of uplifting special education in Sri Lanka.

This year, six KIV teams comprising of 24 Korean undergraduates conducted their IT classes at six training centers in Kalutara, Gampaha and Colombo districts. For the third time, TRCSL organized the “ICT Training Programme for Teachers involved in Special Education” in co-operation with Western Provincial Department of Education. Out of six teams, five volunteer teams were dispatched to training centers under Education Department and one volunteer team was dispatched to Seeduwa Vocational Training Center. It has been reported that the beneficiaries of this year’s KIV programme include over 160 students and 120 teachers. Under the e-NABLE project, the arrangements have been made for these volunteer teams to train A/L IT students, teachers (special education) and students with special education needs at following training centers.

- i. Deepangoda Sri Medhananda Maha Vidyalaya, Homagama
- ii. Kochchikade Maha Vidyalaya, Negombo

- iii. Western Province Teacher Training Center, Kimbulgoda, Gampaha
- iv. De Soyza M.V., Piliyandala
- v. Sri Subhuthi M.V. Waskaduwa, Kaluthara
- vi. Seeduwa Vocational Training Center, Negombo

The members of the “You and Me Rendezvous” team are Ms. Hyeon Ji Kim (Team Leader), Ms. Oh Sujin, Mr. Kim Hyun Gyu and Mr. Lee Sang Hoon. They conducted their ICT training programme for teachers involved in special education & students at De Soyza Maha Vidyalaya, Piliyandala.



Figure 03: KIV Team with Special Education teachers Piliyandala Zonal

The members of the “KFC” team are Mr. Kim Taeyeong (Team Leader), Ms. Jeong Minseo, Mr. Jo Yongjun and Ms. Lee Jinyou. They conducted their ICT training programme for teachers (special education) & A/L IT students at Kochchikade Maha Vidyalaya, Negombo.



Figure 04: KIV Team with A/L IT students of Kochchikade Maha Vidyalaya, Negombo

The team “Arirang Srirang” conducted ICT training programme for teachers (special education) & students with special education needs at Sri Subhuthi M.V. Waskaduwa, Kaluthara. Mr. Choi Sung Hoon (Team Leader), Ms. Hong Jin, Mr. Lee Young Gwan and Ms. Bae Ji Min are the members of “Arirang Srirang” team.



Figure 05: KIV Team with Special Education teachers of Kalutara, Horana & Mathuagama Zonals

The members of the “IT’s gonna be HAPPY” team are Ms. Kim Yuji (Team Leader), Mr. Han Jeongyeop, Mr. Park Eunwoo and Ms. Kim Minji. They conducted their ICT training programme for teachers (special education) of Homagama and Jayawardenapura zonals & students with special education needs at Deepangoda Sri Medhananda Maha Vidyalaya, Homagama.



Figure 06: KIV Team with Students of Special Education Needs and their parents

The team “RAON” conducted ICT training programme for teachers (Special Education) & students at Kimbulgoda Teachers Training Center and Bandarawatta Parakrama Maha Vidyalaya, Gampaha. Ms. Kim Minji (Team Leader), Mr. Kim Junkyum, Ms. Sung Jinsil and Ms. Lee Arim are the members of “RAON” team.



Figure 07: KIV Team with Special Education teachers of Kelaniya & Gampaha Zonals



Figure 08: KIV Team with A/L IT students of Bandarawatta Parakrama Maha Vidyalaya, Gampaha

The members of the KIV team that provided ICT training for students with special education needs at Seeduwa Vocational Training Center are Ms. Choi Hae-min (Team Leader), Ms. Kim Suyeon, Ms. Shin Jiwon and Mr. Lee Hayoung.



Figure 09: KIV Team with students of special education needs at Seeduwa Vocational Training Center

The syllabus of the ICT programme conducted by KIVs includes technical topics such as Adobe Photoshop, Scratch, MS Office, Video Editing, Java, Web Development and Drone Demonstration etc. Introduction to various aspects of Korean culture and

Korean language were also part of the course. TRCSL hopes there will be a considerable improvement in the special education in Gampaha, Colombo and Kalutara districts through this Korean ICT (KIV) Volunteer Programme. We extend our appreciation and thanks to Korean ICT Volunteers as well as National Information Society Agency of Korea for their sustained input in making the “Korean ICT Volunteer (KIV) programme 2018” in Sri Lanka a noteworthy success.



Figure 10: KIVs' field visit to Sigiriya

**15th APT Telecommunication/ICT Development Forum (ADF-15)
11 - 14 June 2018, Colombo, Sri Lanka**

The 15th APT Telecommunication/ICT Development Forum (ADF-15) was held from 11th to 13th June 2018 in Colombo, Sri Lanka. The forum was followed by a one-day joint workshop on “ICT Broadband Connectivity “with the support of National Information Society Agency (NIA), South Korea on 14th June 2018 at the same venue. Both events were hosted by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL).

A total of 141 participants from APT Members, Associate Member, Affiliate Members, International/Regional Organizations, other organizations, and APT Secretariat attended the events.

His Excellency Maithripala Sirisena, President of the Democratic Socialist Republic of Sri Lanka, presided over the opening ceremony. Mr. Austin Fernando, Secretary to the President & Chairman of the Telecommunications Regulatory Commission of Sri Lanka delivered the inaugural address.

The forum nominated Dr. Ky Leng (Cambodia) as the new Chairman of ADF and Mr. Takashi Masumitsu has been selected as the new Vice-Chairman of ADF.

The forum addressed topics relevant to Connectivity Pillar and Innovation Pillar of the Strategic Plan of the APT for 2018-2020. It also provided opportunities for APT projects supported by Extra Budgetary Contribution from Japan (EBC-J projects); International Collaborative Research (Category-I Project) and ICT Pilot Projects for Rural Areas (Category-II Project). EBC-K project is supported by Extra Budgetary Contribution from Korea to share their outcomes and achievements. The forum also addressed issues on sustainability of the funded projects, and the linkage between work of ITU-D and the work of APT.

Representatives of Asia Development Bank (ADB), Department Foreign Affairs and Trade (DFAT) from Australia, Japan ICT Fund (JICT) and Korea International Cooperation Agency (KOICA) exchanged views on making funded projects sustainable. It was agreed to set up a mechanism for collaboration among the organizations. In addition, a necessity to revise ADF working methods to produce output document (report or guide) was identified during the panel discussion. This would be further discussed at the Management Committee of the APT and future ADF meeting.

At the APT-NIA workshop on ICT Broadband Connectivity, speakers invited by NIA, Korea shared the experiences and lessons learnt in rolling out Broadband networks in Korea. Questions and answers among the delegates exemplified the success of the workshop.



Figure 11: Opening of the ADF-15



Figure 12: ADF-15



Figure 13: Group photo of the ADF-15

APT- GSMA- TRCSL Local Training Course on “Principles of Mobile Privacy”

The Asia Pacific Telecommunity (APT) and GSMA organized the training course on “Principals of Mobile Privacy” for operator and TRCSL staff. The training program was held on 10th September 2018 at the TRCSL.

The course content covered the aspects of Privacy and Data Protection, Security, Privacy, the mobile internet context, Privacy in the Internet of Things (IoT) & Big Data, Future-proofing privacy in regulation and policy, Group case study.

The targeted group included staff of TRCSL and operators. The course was conducted by Mr. Boris Wojtan, Director of Privacy – GSMA and forty participants followed the training course.



Figure 14: Training course on “Principles of Mobile Privacy”

The Meeting of the SATRC Working Group on Spectrum for Action Plan Phase VI 25 – 26 June 2018, Colombo, Sri Lanka

The Meeting of the SATRC Working Group on Spectrum for Action Plan Phase VI was held from 25th to 26th June 2018 in Colombo, Sri Lanka. The meeting was hosted by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) and was attended by 19 participants from SATRC Members and Affiliate Members.

The meeting discussed and worked on the following agenda items:

1. Work plan for the Work Items under SATRC Working Group on Spectrum (SAPVI)
2. Outcomes of the SATRC Workshop on Spectrum, 16-18 August 2017, Islamabad, Pakistan.
3. APT Strategic Plan 2018-2020

4. Discussion on the work progress and draft outcomes for each Work Item:
 - a. Developing spectrum roadmap in SATRC countries for future mobile broadband
 - b. Wireless backhaul – Spectrum, technology and policy considerations
 - c. Spectrum management for the deployment of Internet of Things (IoT)
 - d. Proliferation of Wi-Fi network in SATRC
5. Consideration of new Work Items for SATRC Action Plan Phase VII

The meeting considered about 30 input documents and the outputs include the following:

1. Four draft reports on the work items concerning spectrum roadmap, wireless backhaul, IoT and Wi-Fi network
2. New Work Item proposals for the next SATRC Phase VII considered to harmonize the spectrum bands for BB-PPDR networks, spectrum pricing & affordability and 5G spectrum bands among SATRC countries.

The output documents of this meeting will be submitted to the next meeting of the SATRC (SATRC -19) to be held later this year.



Figure 15: The Meeting of the SATRC Working Group on Spectrum

APT- APNIC- TRCSL Local Training Course on “IP - MPLS Core Network Technologies”

APT-GSMA-TRCSL Local Training Course on “IP - MPLS Core Network Technologies” for operator and TRCSL staff was jointly organized by the Asia Pacific Telecommunity (APT) and the Asia Pacific Network Information Center (APNIC).

The training program was held from 01st to 05th October 2018 at the Telecommunications Regulatory Commission of Sri Lanka.



Figure 16: Local Training Course on “IP - MPLS Core Network Technologies”

ITU World Telecommunication /ICT Indicators Questionnaire Survey

Upon the ITU’s request, a survey on World Telecommunication/ICT indicators was conducted with the support of the other divisions of TRCSL and stakeholders. The objective of the survey was to collect/update global data for the calculation of ICT development index as the analysis on the state of global ICT development is extensively relied upon by governments, international organizations, development banks and private sector analysts worldwide. The provided data was used to update the World Telecommunication/ICT indicators database, ITU’s statistical publications and World Bank publications etc.

ITU Global Cyber Security Survey

The Global Cyber Security Index (GCI) Questionnaire is another survey which has been completed and submitted to the ITU with the support of Sri Lanka CERT and Tech CERT. The Global Cybersecurity index (GCI) is a multi- stakeholder initiative to measure the commitment of countries to cyber security where each country’s level of development is analyzed within five categories: Legal Measures, Technical Measures, Organizational Measures, Capacity Building & Cooperation.

Annual subscriptions of the International Organizations

Sri Lanka is a member of the International Telecommunications Union (ITU), Asia Pacific Telecommunity (APT), South Asian Telecommunications Regulators Council (SATRC), and Commonwealth Telecommunication Organization (CTO) and South Asian Federation for Infrastructure Regulation (SAFIR) etc. Subscriptions are paid on annual basis to continue the membership of these institutions. Membership Payments were made to the following International Telecommunications organizations.

Table 11: Annual Subscription & Member Fees

ITU	APT	CTO	SAFIR
LKR- 26,636,950.72	LKR- 2,397,117.57	LKR- 5,666,571.77	LKR- 211,833.43
March 2018	January 2018	September 2018	November 2018

TRCSL received technical assistance, expert assistance, project programs, and fellowship opportunities for capacity building in the field of telecommunication/Information Communication Technologies from these international organizations.

Telecommunication Regulatory Survey 2018

TRCSL collected data for the ITU regulatory survey. The survey was conducted with assistance of stakeholders and the completed survey was submitted to the International Telecommunication Union during the time limits.

Study/Working Group Questionnaires 2018

Study/working group Questionnaire received from International Organizations in relation to telecommunications were completed and submitted with the co-ordination of the other divisions of the TRCSL.

Visits of Foreign Delegates

The division coordinated the visits of foreign delegates who arrived in Sri Lanka for telecommunication regulatory activities such as training and expert assistance programs, events and courtesy visits.

Spectrum Management

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Radio Frequency Spectrum is a natural and a limited resource which has to be managed properly to maximize the benefits that can be accrued by the use of same to enrich the quality of life of the society and growth of the economy. The Spectrum Management Division has been empowered by the Commission to fulfill its obligations mandated by the Sri Lanka Telecommunications Act in respect of all spectrum related matters and to manage the radio frequency spectrum efficiently being a scarce national resource.

By virtue of Section 10(a) of the Sri Lanka Telecommunications Act, the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) is the sole lawful authority in Sri Lanka to manage and control the use of the radio frequency spectrum and matters relating to the stationary satellite orbit and exercise the power when it deems necessary to withdraw or suspend its use or prohibit any such use of frequencies.

The Commission is also vested with authority under Section 22 of the Act to issue licenses for the users of radio communication services, conserve the radio spectrum and enforce compliance with rules to minimize electromagnetic disturbances produced by radio communication installations.

Functions of Spectrum Management Division

- Allocating frequency bands in accordance with the Radio Regulations (Article 5) of International Telecommunications Union and the national priorities;
- Assigning frequencies through the issuance of Section 22 licences;
- Establishing regulations, technical parameters and standards governing the use of radio spectrum and use of satellite orbit belonging to the country;
- Spectrum planning;
- Defining technical standards for radio communication equipment;
- Managing the spectrum in order to make adequate provision for various services based on their relative importance to the country's socio economic goals;
- Monitoring of radio spectrum to detect illegal use, unused spectrum and under-utilized spectrum;
- Granting Type Approvals for Radio Terminal Equipment (RTE);
- Conducting license conformity inspections of radio communication stations to ensure their operation is in accordance with the technical standards and parameters stipulated in the license;
- Maintaining regional and international co-ordination and co-operation for the use of radio frequencies;
- Maintaining Master Frequency Register (MFR) such as frequencies, the locations, transmitting power, call signs, etc
- Spectrum re-farming that systematically phases out waning radio communication services in order to free up new spectrum space to accommodate emerging technologies and new services;
- Verifying the compatibility and the interference-free use of authorized emissions, detecting and identifying the origin of the interferences and to resolve them;
- Collecting license fees payable for use of spectrum;
- Conducting Amature Radio and Global Maritime Distress Safety System (GMDSS) examinations;

Radio frequency spectrum is divided into various bands according to the type of service to be used. The type of service is a broad classification and the work of the division is implemented as per such classification.

As per Section 22 of the Telecommunications Act any person who uses a radio frequency emitting apparatus should have a valid license issued by the Commission. The license is issued on the payment of a fee as specified by rules made to govern such incidents unless specified otherwise. The conditions of the license are specified and issued together with the license. Conditions may differ from service to service. In the event of the breach of any such condition, TRCSL has the power to seal the equipment and to revoke the license.

Spectrum Management Division makes sure that the equipment complies with necessary standards and has a frequency approved by TRCSL for operating the equipment, prior to issuance of an importation clearance when requested by a citizen or a company. This action minimizes radio interferences occurring to licensed spectrum users.

However, Spectrum Management Division receives complaints from users whenever they experience interference affecting their transmissions. The arrangements are then made to identify the source of interference and take relevant remedial steps.

Progress of the Year

During the year, Spectrum Management Division renewed the spectrum licences and implemented a new procedure for timely collection of spectrum licence fee. In this procedure, preliminary enforcement action will be taken against the operators who do not renew the licences after expiry. Operational equipment in this regard will be sealed if the licence is not renewed.

Activities relating to upgrading of Automated Spectrum Management System and procurement of a new radio system for island-wide surveillance are under process.

The basic statistics relating to the year 2018 are given in the following tables

Issuance of frequency licenses

Table 12: Number of Licenses issued for Spectrum Users, 2018

Category of Service	No. of Licenses	
	2017	2018
Fixed service	153	167
Broadcasting service (Television and Radio)	37*	39*
Trunking / Paging/ Citizen Band	7	10
Data / Radio Telemetry Service	49/39	20/28
Aeronautical and Maritime Services		
(i) Aircraft stations	74	74
(ii) Ship stations	91	94
(iii) Maritime mobile	1872	1041
(iv) Aeronautical mobile	10	12
Private mobile radio service	272	361
Amateur Radio	65	33

* Only Main Licence count

Complaints Received and Investigations Undertaken in 2018

Table 13: Complaints Received and Investigations Undertaken in 2018

Service	No. of Complaints Received		No of Investigations Undertaken	
	2017	2018	2017	2018
TV and Broadcasting	3	5	3	5
Other Services	14	32	13	30

Complaints Received and Investigations Undertaken in 2018

Table 14: Illegal users identified in 2018

Category	No. of Illegal Users Identified		Action Taken
	2017	2018	
Broadcasting (TV and Radio)	02	02	Action taken to prevent the illegal use
Other Services	01	08	

Number of clearance reports issued for the importation of wireless telecommunication equipment

Table 15: Number of Clearance Letters Issued in 2018

Category of Service	No. of Clearance Reports	
	2017	2018
Fixed service including CDMA	649	506
Broadcasting service (TV and Radio)	76	57
Cellular Mobile Services		
(i) Dealer Licence	7325	6526
(ii) Mobile Operators	1130	757
(iii) Private Mobile Radio	645	190
Data Service/ Radio Telemetry	152/39	173
Satellite Service	513	153
Amateur Radio	15	21
Low Power Devices	2188	1036

Frequency Monitoring and Investigation

Radio Frequency Spectrum Monitoring is an integral part of the spectrum management activities. Issuance of Section 22 licence has to ensure a guaranteed use of interference free radio communication system. In reality, the use of radio communication service without interference is extremely difficult as Radio Frequency transmitters generate spurious and unwanted out of band emissions. Also they drive sensitive receivers into saturation which can cause unexpected interferences. Therefore, detection and mitigation of interference is an extremely challenging task and modern state of the art equipment are required to detect them. Spectrum management division maintain three Regional Monitoring Centres (RMC) at Colombo, Kadirana and Kandy. Also maintain two Remote Monitoring Stations (RMS) at Yakkala and Katubedda for this purpose. TRCSL owns a modern spectrum surveillance vehicle for its mobile activities. All these systems can be accessed remotely.

Also, a modern High Frequency Direction Finding (HFDF) and monitoring system is in operation at Kadirana monitoring station which facilitates remote monitoring from the TRCSL Head Office. Division initiated action to expand monitoring activities island wide by procuring network equipment for this purpose.

Legal

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Legal Division plays a very important and pivotal role for the Commission in rendering advice to the Commission on all legal & regulatory issues. The division manages all litigation matters in which TRCSL is a party.

The role of a legal division is necessary for the regulatory functions of the TRCSL. Legal Division has the responsibility to provide legal opinion in terms of the Sri Lanka Telecommunication Act No. 25 of 1991 as amended and other directly related legislations in the regulatory activities carried out by Legal Division also represents TRC in other forums on issue connected for the development of the ICT industry.

Functions

Drafting of agreements, interpreting, advising and reviewing primary and secondary legislation pertaining to telecom sector eg: laws, rules and regulations and standards are the responsibilities and functions of the Legal Division in TRCSL. Legal Division also provides legal opinions on matters referred by other divisions of TRCSL as well as licensees, stakeholders, ministries/ divisions and other forums. Legal Division also advises the Commission in the cases requiring legal input on various regulatory matters and initiation of legal proceedings under the Sri Lanka Telecommunication Act No. 25 of 1991. It is also responsible for handling cases filed in Courts of Law such as Supreme Court, Court of Appeal, Magistrate Court, High Court and Labor Tribunal etc., where TRC has been cited as a party.

Performances

In year 2018 legal Division was involved and contributed towards many regulatory activities of the Commission.

Rules were drafted to facilitate enforcement of Quality of Service Standards and Registration of SIM's of Mobile subscribers. Guidelines were made under Section 23 of the Finance Act No. 11 of 2004 for Telecommunications Operator Levy (Imposition). Legal input was provided for Spectrum issues, Vendor license issues, Telecom operator, Networks related matters and initiatives for Compliance of Section 17 License holders for Fixed, Mobile, Cable TV services.

Legal advice was provided for a number of complaints in order to resolve customer issues.

Legal Division also contributed to the regulatory role in a recent Merger of two Telcos. Legal Division has processed over 663 number of Court Orders relating to requests for information on mobile / fixed phones in the year 2018 as initiative to assist the police in their investigations of offences.

We are in the process of formulating new amendments to the current Sri Lanka Telecommunication Act in order to meet the rapid developments of the telecom industry.

Litigation

There were few cases filed against TRC in year 2018. Four matters were successfully concluded in the year 2018. There are several pending matters in Courts on issues ranging from revocation of licences, frequency spectrum assignments, Section 17 System licence matters etc.

As a part of enforcement drive, action was also initiated against violations of the Sri Lanka Telecommunications Act.

Competition

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The competition division handles regulatory activities for the purpose of providing an efficient, fully fledged telecommunication service that fulfills the interest of consumers as well as operators. While maintaining fair charges and quality service this division regulates tariff matters, interconnection services, publishes industry information analyses operator performance and provide necessary advice to the parties concerned. Providing telecommunication facilities to underserved areas also one aspect of this division. The telecommunication levy, international telecommunication levy and Cess are collected by this division. Foreign experts on evolving telecommunication technology who provide new services are being encouraged to visit this country and visas of such professionals are being processed by this division.

Interconnection & Sector Analysis

Functions of the Competition Division (Interconnection & Sector Analysis)

1. Monitor trends through the analysis of financial and operational performance of licensed operators.
2. Collect and analyze statistical information of the industry.
3. Collection of Government taxes/levies (Telecommunications Levy, International Telecommunications Operator Levy and Cess) from the industry.
4. Facilitate to obtain relevant visas of foreign experts who are involved with the Telecommunications related projects in Sri Lanka.
5. Collect information relating to interconnection & handle relevant issues when arise

Progress

Subscriber base

As at 31st December 2018 the Mobile and Fixed Access Subscriber base was Rs.35,012,720. Cellular Mobile Operators demonstrated an increase in subscriber base compared to the year 2017 and Fixed Access Operators demonstrated a decrease in subscriber based compared to the year 2017.

Table 16: Number of Mobile and Fixed Access Subscriber bases for the period 2013-2018

Category	2013	2014	2015	2016	2017	2018	% change 2013-2014	% change 2014-2015	% change 2015-2016	% change 2016-2017	% change 2017-2018
Mobile	20,447,508	22,123,000	24,384,544	26,227,631	28,199,083	32,528,104	8%	10%	8%	8%	15%
Fixed Access	2,706,787	2,709,848	2,601,196	2,550,432	2,603,178	2,484,616	0%	-4%	-2%	2%	-5%
Total	23,154,295	24,801,739	26,985,740	28,778,063	30,802,261	35,012,720	7%	9%	7%	7%	14%

Average Revenue per User (ARPU)

The Average Revenue per User (ARPU) (per annum) of Mobile and Fixed Operators from 2013 to 2018 are depicted in the below table. Awaiting operator's data for the year 2018 (Considered following calculations for ARPU based on unaudited operators' revenue).

Table 17: The ARPU of Mobile and Fixed Access Operator for the period 2013-2018

Category	2013	2014	2015	2016	2017	2018	% change 2013-2014	% change 2014-2015	% change 2015-2016	% change 2016-2017	% change 2017-2018
Mobile	5,457	5,386	5,131	5,258	4,977	4,588	-1%	-5%	2%	-5%	-8
Fixed Access	17,112	17,954	19,659	21,691	22,911	30,745	5%	9%	10%	6%	34%

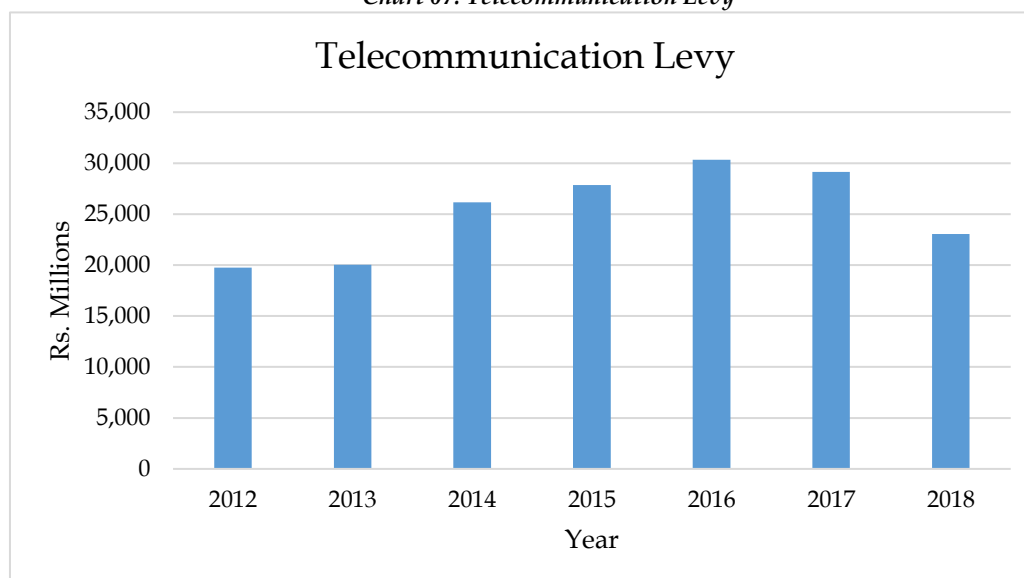
Telecommunications Levy (TL)

Telecommunications Levy was introduced by the government of Sri Lanka as a “single rate tax” for the telecommunications industry in the year 2011 and initially the levy rate was 20% on value of supply. A concessionary TL rate of 10% was imposed on Internet Services since the beginning of 2013 with a view of promoting broadband services. The TL rate on other Telecommunications services remained unchanged. With effect from January 2014 the TL rate of 20% was increased to 25% and TL rate on internet services remained unchanged at 10%. Subsequently, with effect from September 2017 the Levy on internet services was abolished and it resulted in a decline in TL collected for the year 2017 compared to 2016. In November 2018, TL rate on the Telecommunication services was change from 25% to 15% with effect from 10th November 2018.

Table 18: Telecommunications Levy 2012-2018 (Rs. Millions)

Year	2012	2013	2014	2015	2016	2017	2018
Telecommunications Levy	19,746	20,027	26,152	27,837	30,347	29,128	24,319

Chart 07: Telecommunication Levy



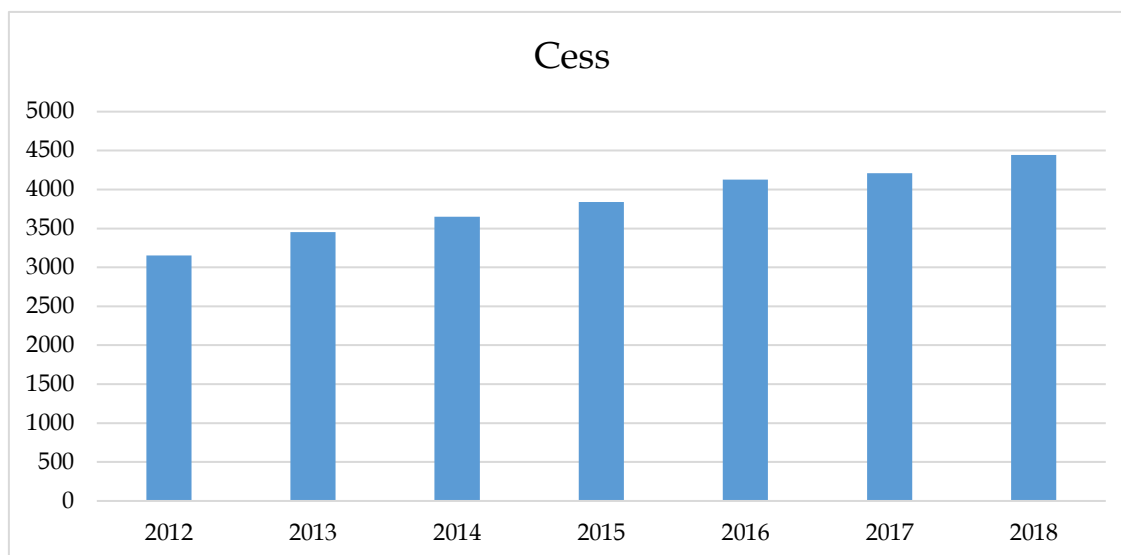
Cess

Under the provisions of the Section 22G of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended Cess is collected from Operators.

Table 19: Cess 2012-2018 (Rs. millions)

Year	2012	2013	2014	2015	2016	2017	2018
Total Cess	3,152	3,455	3,652	3,841	4,127	4,209	4,443

Chart 08: Cess (2012-2018)



Recommendation of Visa Applications

As the Telecommunications industry is a rapidly changing industry, the operators continuously strive to upgrade their networks with the emerging technologies in the world. In order to obtain the expertise, the operators hire overseas industry professionals to work on their special projects. On behalf of the Operators the Commission recommends visas of such professionals to the Presidential Secretariat. During the year 2018 a total of 250 visa applications of such professionals were processed by the Division.

Handling Industry Information

The Competition Division Collects Industry data and publish information periodically on the TRCSL website. Further, the division submits industry information for national and international institutions such as Central Bank of Sri Lanka, Department of Census and Statistics, International Telecommunications Union (ITU) and Asia Pacific Telecommunity (APT).

Handling Interconnection

The Competition Division collects Interconnection information from the Operators and there was no any disputes or complaints reported to the Telecommunications Regulatory Commission for the determination on Interconnection in the year 2018.

Operator Analysis

Functions of the Competition Division (Operator Analysis)

1. “Gamata Sannivadanaya” Project - Improve Telecommunications infrastructure facilities in unserved and underserved areas
2. Ensure Zero Telecommunication and ICT waste - Awareness program on telecommunication & ICT Waste management
3. Ensure collection of International Telecommunication levies correctly and timely
4. Issuance of Internet Service Provider Licenses (non - facility based)
5. Collecting of Audited Accounts of Licensed Operators
6. Analysing of PSTN Operators Revenue, profit & loss and investments

Performance

1. “Gamata Sannivedanaya” Project

TRCSL commenced a study in 2017 as “Gamata Sannivedanaya” to further identify unserved and underserved areas in the country.

In the year 2018, Competition Division conducted a physical investigation in Polonnaruwa and Kaluthara districts to identify requirement of telecommunication and Broadband facilities.

Responses have been received by means of telephones calls, e-mails and letters on non-availability of telecommunication Facilities through Grama Niladari Officers in relevant Grama Niladari Divisions (GND).

1.1 Polonnaruwa District

Physical investigation was carried out in 14 Grama Niladari Divisions (GND) in Medirigiriya, Dibulagala, Elehera and Hinguragoda Divisional Secretariat areas in Polonnaruwa District.

Study was conducted from 13th to 15th July 2018 in the above 14 Grama Niladari Divisions in Polonnaruwa District. It was carried out under the following categories.

- a. Fixed & Mobile voice service availability
- b. Broadband Service availability (Fixed/Mobile)
- c. Broadcasting service availability (TV/Radio)

Service availability (2G, 3G, 4G) of PSTN Operators was measured in terms of received signal strength (dBm) using the monitoring vehicle of Spectrum Division. Besides, the measurements were manually taken using mobile phones as well.

Findings of Physical Investigation

a. Fixed & Mobile voice service availability

14 locations in Grama Niladari Divisions of four Divisional secretariats were physically inspected. Out of 14 Grama Niladari Divisions, service availability of 4 GNDs was in a satisfactory level and signal strength in 10 GNDs was observed that it needs to be improved.

However, it has been identified that **Bogaswewe & Weheragala GNDs** in Dibulagala Divisional Secretariat area have the lowest mobile and fixed coverage.

b. Broadband service availability (Fixed/Mobile)

According to the study, it was identified that Broadband facilities (Fixed/Mobile) in all 14 GNDs were not in a satisfactory level.

c. Broadcasting service availability (TV/Radio)

The study revealed that the received levels of main television channels were in a satisfactory level except one television channel and main radio channels were functioning at a satisfactory level.



Figure 17: Investigations carried out in Polonnaruwa District

1.2 Kalutara District

Field investigation on Telecommunication Services availability was carried out in Kalutara District based on responses received under the “Gamata Sanniwedanaya” project.

Responses have been received by means of telephones calls, e-mails and letters on non-availability of telecommunication Facilities through Grama Niladari Officers in relevant Grama Niladari Divisions (GND).

Physical investigations were carried on 7th,8th,17th and 22nd August 2018 in 26 GNDs under 06 divisional Secretariat area in Kalutara.

Findings of Physical Investigation

a. Fixed & Mobile voice service availability

26 locations in Grama Niladari Divisions of 06 Divisional secretariats were physically inspected. Out of 26 Grama Niladari Divisions, service availability of 06 GNDs was in a satisfactory level and signal strength in 20 GNDs was observed that it needs to be improved.

However, it has been identified that **Gulavita, Mandagala, Omatta, Girikola, Kudakalupahana, Sandasirigama, Batagodawila Ihala Kudaligama and Diganna** GND areas do not have the mobile and fixed services coverage.



Figure 18: Areas studied in Kalutara District

b. Broadband service availability (Fixed/Mobile)

It was identified that Broadband facilities (Fixed/Mobile) in all 26 GNDs were not in a satisfactory level.

c. Broadcasting service availability (TV/Radio)

- The study revealed that the most of houses were equipped with DTH satellite connections.
- Signal levels of most UHF and VHF television channels were not in a satisfactory level.
- Majority of the radio channels were functioning at a satisfactory level.

Recommendations of the investigation team as follows;

1. Erection of Mobile Base Stations to ensure network coverage in unserved areas.
2. Improve broadband (fixed/mobile) coverage to all GND in Polonnaruwa & Kalutara District.
3. Enhance television coverage in identified areas.

The Commission is in the process of communicating with all PSTN operators to ensure a better network coverage for Polonnaruwa & Kalutara Districts.



Figure 19: Investigations carried out in Kalutara District

2. Telecommunication/ICT waste management projects

Being the regulator for the telecommunication and ICT sector, Telecommunications Regulatory Commission of Sri Lanka is responsible in developing strategies and guidelines to encourage industry players and general public for proper disposal or reuse of telecommunication/ICT waste.

Activities of TRCSL on telecommunication / ICT waste management

To conduct school level education and awareness campaigns for proper disposal or re-use of telecommunication/ICT equipment, TRCSL prepared leaflets in all three languages and related documents have been completed.



Figure 20: Leaflet prepared for ICT waste management

3. Issuance of ISP Licences

Issuance/Renewal of Internet Service Provider (ISP) Licenses

“Internet Service” means a service provided by means of a global network or networks, mainly narrow band, and accessed by users with a computer and a modem via a licensed Operator. To offer the above service to the public the Operator must have an ISP License in terms of section 17 of the Sri Lanka Telecommunications Act.

Operator Analysis Unit is responsible for issuance and renewal of Internet Service Provider (ISP) License (non-facility based). A ‘non-facility based’ ISP License is when the Operator does not own a network that support ISP but provides internet services through a leased line network of a facility-based Operator.

Following five Operators provide ISP (non-facility based) service to their customers. (other PSTN Operators ISP service covered under their fixed & mobile License)

1. Dialog Broadband Networks (Pvt) Ltd
2. Bharti Airtel Lanka (Pvt) Ltd
3. Etisalat Lanka (Pvt) Ltd
4. TATA Communications Lanka Ltd
5. Lanka Education and Research Network

The evaluation process was commenced with the renewal of internet service provider License (Non-Facility based) for Dialog Broadband Networks (Pvt) Ltd. The Evaluation Committee has submitted a report to Director General with Committee recommendations.

4. International Telecommunications Operators Levy (ITOL)

Every International Telecommunications Operator pay the International Telecommunications Operators Levy (ITO Levy) to the Commission in respect of every incoming and outgoing international calls terminated or originated within Sri Lanka as Telecommunications Development Charges (TDC) and Outgoing local access charge (OLAC).

Table 20: TDC Levy Collection

Year	2015	2016	2017	2018
TDC collection (Rs Million)	5,861	8,689	6,202	5,579

OLAC (Outgoing Local Access Charges)

Every outgoing International call levied at the rate of Rs. 3.00 per minute by the Telecommunications Regulatory Commission from international telecom Operators. Last three years OLAC collection as follows,

Table 21: OLAC Levy Collection

Year	2015	2016	2017	2018
OLAC collection (Rs Million)	1,592	1,125	729	538

Tariff

As per the statistics given in the ITU publication “Measuring the Information Society Report 2018 – Volume 1”, Sri Lanka holds the 12th lowest mobile prices among the world as a percentage of Gross National Income. Lowering the prices would enable greater affordability even for the lowest-income population. On the other hand, if the mobile tariffs are too low, it may threaten the sustainability of the industry in the long-term. The Telecommunication Regulatory Commission has taken required initiatives to balance these focuses and to abolish the floor rate regime in August 2018 by issuing a determination that has been prevailed for last 9 years.

By identifying the excessive charge for the default data rate, the Commission has issued a determination to reduce the data rate. The previous data rate of Rs. 1.00 per MB was dropped down to Rs. 0.30 with effect from July 2018.

As a part of the regulatory process, the Commission approves the Tariffs proposals submitted by the operators. Accordingly, the commission approved 15 seasonal tariffs, 36 promotional tariff approvals and 5 long term basis tariffs during the year 2018.

Compliance

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One of the main objectives of TRCSL is to ensure the provision of a reliable and efficient national and international telecommunication service in Sri Lanka. For this purpose regulatory measures need to be taken to ensure that telecommunication service providers are compliant with their regulatory obligations to provide a reliable, efficient and quality telecommunications service. This necessitates continuous surveillance of the industry and enforcement of appropriate regulatory measures. Processing of consumer complaints and finding reasonable solutions to their problems results in customer satisfaction as well as enhancement of the profile as a whole. These responsibilities were handled by the Compliance Division of TRCSL.

Quality of Service (QOS) Unit

Functions

- Monitor the adherence to QOS Standards set out in the License and the Interconnection Agreements by PSTN Operators.
- Monitor the achievement of QOS Parameter Target Values set by TRCSL for PSTN Operator's network performance.
- Preparation of a report on comparison between measured Quality of Service (QoS) Parameter values by PSTN Operators for voice services and the audited values by the TRCSL.
- Circulating the comparison report among PSTN Operators for information and improvement of the accuracy of performance measurements
- Evaluate the accuracy of QOS performance measurements made by PSTN Operators by conducting periodical audits
- Preparation of Rules and Regulations for QOS of Telecommunication services

Activities / Tasks Carried out in 2018

- Analyzing submissions of monthly QOS reports received from PSTN Operators and discuss with them for improvements of the QOS parameters where necessary
- Preparation of comparison report for all four quarters and circulated among PSTN Operators for information and improvement of the accuracy of performance measurements.
- PSTN Operators obtain performance measurement data from the Network Counters and compute according to the equation given by TRCSL, and report back in the form of a QOS Parameter .TRCSL visited the operator's network and reevaluate the computational methodology and the raw data obtained from Network Counters for the calculation of QOS Parameters.

Surveillance Unit

Functions

- Monitor the adherence to the terms and conditions of the license issued by the TRCSL under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended, by PSTN Operators
- Monitor, analyse and adopt regulatory measures to control the offer of unapproved tariff packages by licensed PSTN Operators
- Investigate complaints into illegal call termination to the networks of licensed operators and take appropriate regulatory action as deemed necessary

- Conduct investigations into the sale of non-type approved telecommunication apparatus by license holding vendors and take appropriate measures if the findings reveal infringement of the terms and conditions of the license
- Monitor and investigate into the illegal sale of telecommunication equipment by vendors lacking a valid vendor license issued by TRCSL and upon any finding of illegal conduct take appropriate regulatory measures as deemed necessary
- Preparation of Rules and Regulations relevant to compliance activities

Activities/Tasks Carried out in 2018

- Investigations into 7 complaints on illegal call termination by licensed operators have been completed
- Investigations into 122 instances of sale of non-type approved telecommunication equipment by vendors have been completed
- Investigations into 13 instances of offer of unapproved tariff packages by licensed operators have been completed

Broadband Unit

Functions

Speed has emerged as the single most commonly cited metric for characterizing the quality of broadband offerings. Being the Regulator for the telecommunication industry, TRCSL is moving forward with its national broadband initiatives, is desirous of making accurate information about the quality of broadband services available to consumers. The concern about accurate information is two-fold: first, it is a matter of consumer protection; second, such information will encourage service providers to improve their broadband services in the face of competition.

In this context, on behalf of TRCSL, the University of Moratuwa has designed a tool to enable the evaluation of broadband services in terms of download speed. The tool has two components:

1. Download speed measurement via the TRCSL Web site to be used by consumers. (the *Online Speed Test – MySpeed*)
2. Download speed monitoring of broadband services to be used by the TRCSL (*ISP's Internet Speed Test – NetSpeed*)

Two separate web-based applications are implemented to facilitate the above requirements and applications. The back-end of the system is designed as a ReST (Representational State Transfer) service on *Node.js*, a server side platform built on

Google Chrome's JavaScript Engine (V8 Engine). *Node.js* has the following features which facilitates smooth running of networking applications;

- Asynchronous and event-driven
- Rich library of various JavaScript modules
- Very fast in code execution
- Single Threaded but Highly Scalable

To use this service client needs to use an HTML 5 enabled web browser. The web applications to measure the speed of the Internet connectivity are hosted in the web server owned by TRCSL in Singapore. The database server is hosted in the same server. Downloadable files of different sizes are located in three different locations i.e. in the same hosting server in Singapore, and file servers owned by the TRCSL in the USA and Netherlands. Main objective of 'MySpeed' application is to allow Internet users to measure their connection speed. User can download a file according to their preferences. The application is accessible to the end user who needs to measure the speed of his/her Internet bandwidth, through any web browser by either click on the on the speed test Icon displayed in the official website of the TRCSL (www.trc.gov.lk) or directly accessing the speedtest application URL (<http://speedtest.trc.gov.lk>).

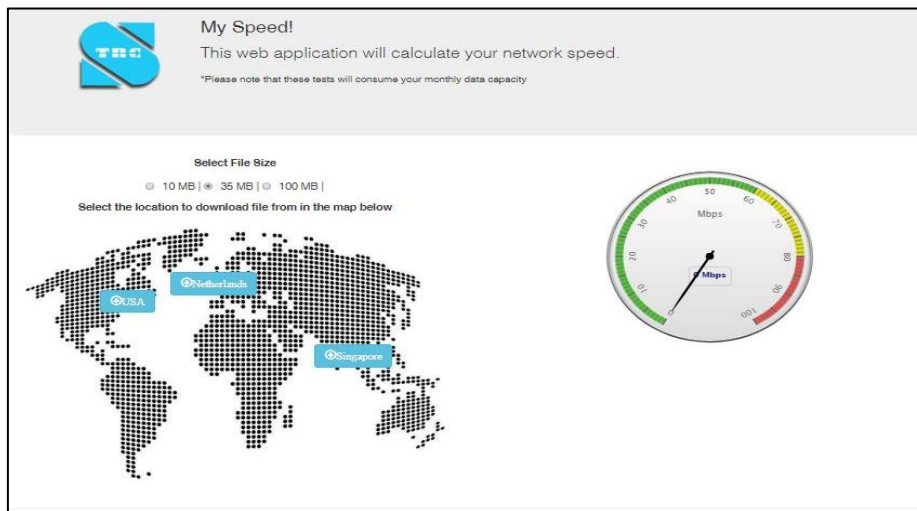


Figure 21: MySpeed Test Setup

“Net Speed” is intended to be used by the TRCSL to measure the speeds of the Internet links provided by each Internet Service Providers (ISP). The application is designed to run with minimal human interaction as it needs to be run automatically at regular time intervals. The basic architecture of this application is similar to the *My Speed* application uses the same resources for hosting the application and the database. However, the *NetSpeed* application is run on specific PCs/Laptops with given ISP network connections. The application was designed to run on a browser which downloads a pre-defined file from a pre-defined location. The browser is set to run

the application at regular intervals. The URL of the service will include both the IP Address of the hosted server and a pre-defined port. At each run time, the statistics related to the file download and the Internet speed will be saved to the database. is displayed in the website of the TRCSL (www.trc.gov.lk) on daily basis.

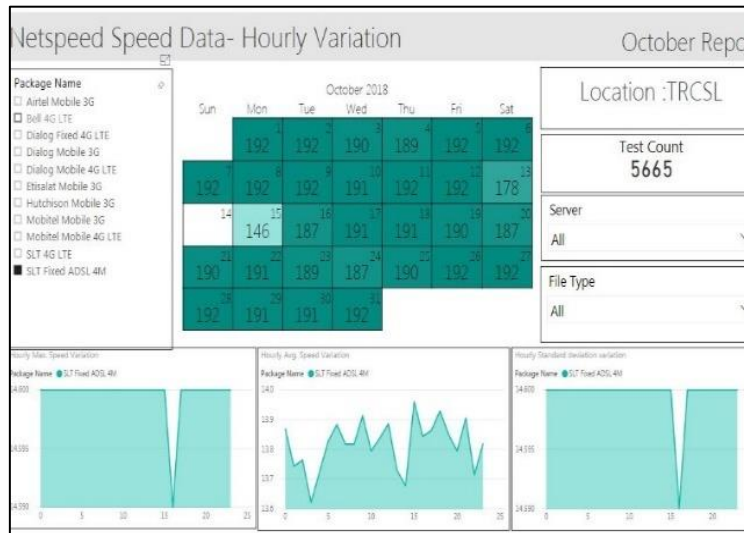


Figure 22: NetSpeed Test Results – TRCSL

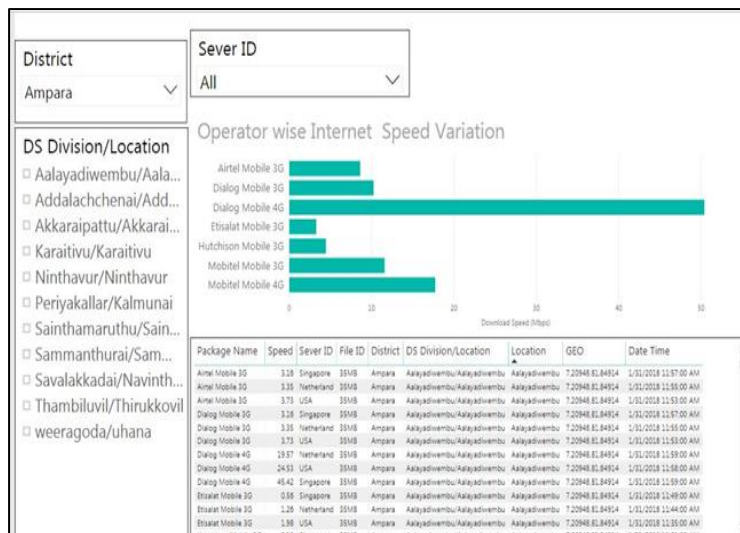


Figure 23: NetSpeed Test Results – Outstation

Consumer Complaints & Public Awareness

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In terms of Section 09 of the Sri Lanka Telecommunications Act, No. 25 of 1991 as (amended in 1996) where a subscriber to a telecommunication service or member of public makes a complaint to the Commission in relation to the telecommunication services provided by an operator the Commission may make such an investigation as it may deem necessary and shall cause such remedial measures to be taken as the circumstances of the case may require in the course of any such investigation the Commission may direct such operator to take such steps deemed to be necessary for the rectification of any cause or matter which gave rise to the complaint and direct financial redress to be provided where appropriate.

Functions of the Division

- **Handling correspondence of consumer complaint**

Complaints received are forwarded to relevant service provider for necessary action. Consumer relation unit follows up the same with the service provider and take necessary actions to offer reasonable justifiable solution to the complainant.

In cases if the complainant is not satisfied with the solution offered by the service provider a meeting is arranged which facilitate both parties to discuss the issue with the involvement of the Deputy Director Compliance (Consumer Complaints and Public awareness). TRCSL facilitate both parties to reach amicable solution for the issue.

- **Handling request on misplaced mobile phones**

In addition to the above service as part of social obligation we actively engage in the process of finding loss mobile phones. We receive average 300 complaints daily and we have been able to assist police stations to recover lost mobiles phones during last few years.

- **Awareness Programme**

When analyzing consumer complaints it was observed that the importance of awareness among the general public on use of telephones as well as other related issues. Hence we understand a wide range of awareness programs will provide effective service to the society. TRCSL strongly believes that the general public should be educated as to how the telecommunication is used ethically. We have a concern about the social responsibility of the regulator on the same.

1. Awareness program for Police Officers

We delivered lectures at National Police Academy Katana, Kalutara Police Training College, In-service Mirihana Police, Special Task Force Colombo and Sri Lanka Army as resource person.

2. Awareness program for Grama Niladari

According to our experience general public needs sound knowledge about ethical uses of communication & media. Hence consumer complaint and public awareness unit commenced a series of awareness program which are created for Gram Niladari officers who are recognized as the lowest level of administration unit of the country. According to this program an awareness campaign is done at each divisional secretariat and target audience are Grama Niladaris, Development Officers and Field officers who are

having direct contact and relationship with community. They are accepted to convey important messages delivered at workshop and requested to submit feedback to TRCSL through Divisional Secretary.

So far we have been able to complete 40 numbers of divisional secretariats.

3. TV/Radio Programme

Numbers of TV programs have been done to educate general public on basic information within the legal frame work of TRCSL.

4. Poster, Leaflet, and Stickers

We have done a poster, leaflets and stickers to educate general public on ethical use of communication. Posters were delivered to all railway stations, Police stations, schools and stickers were delivered to Public Transport Commission.

- **Customer Protection Issues**

We are handling customer protection issues whilst maintaining a customer friendly environment.

Progress of year

Table 22: Progress of the consumer relations

No	Objective	Activity	Details	Current Progress	
1	Make the people aware on the telecommunication facilities for social and commercial benefit	1.1	Awareness programmes	Awareness programmes for Grama Niladari/ Government Officer Police Officers – Training College	90%
		1.2	TV/Radio Programmes	Published	
		1.3	Poster/ Leaflet/ stickers	Published	
2	Ensure Consumer protection	2.1	Study the existing consumer issues and customer protection guidance	Continue process	95%
3	Ensure resolve customer complaint	3.1	Facilitate customers to obtain amicable settlement	Continue process	90%

Special Projects

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Special Projects Division is responsible for implementation of projects of national interest and TRCSL own development projects as per corporate plan of TRCSL.

Implementation of special projects targets areas that comes under the purview of Special Projects Division mainly improvement to telecommunication industry by providing necessary infrastructure facilities, development of TRCSL own infrastructure such as buildings and conduct research projects that enable the introduction of new technologies of telecommunication sector in Sri Lanka and improve the user experience.

1.1 Functions

In the year 2018 Special Projects Division continued implementation of the Colombo Lotus Tower, Telecommunication Media Center (Hambantota IT Park Project) as decided by the Cabinet of Ministers and initiated as per the Project Feasibility Report completed up to 3rd floor level, TRCSL Head Office New Building as extension to the main building, Kadirana Rehabilitation Renovation and Refurbishment project and Lotus Tower phase 02 project.

1.1.1 Colombo Lotus Tower Project

Centralized broadcasting tower is a common feature in almost all the developed cities in the world. The main objective of such a tower is to support hosting TV and Radio broadcasting services and act as a hub station for telecommunication networks.

Good reception of broadcasting signals, with the use of single antenna, from one direction is the key benefit for public and the lower capital & operational expenditure due to infrastructure sharing are among key benefits to broadcasters from such a development.

Centralized broadcasting towers are always a rich feature in the skyline of the city and help further improve the beauty of the city's skyline via reduction of excessive disparate broadcast facilities.

Centralized broadcasting towers always become a symbol and is mostly located in the heart of the city, the development cost including the land value is substantially high, therefore many attractions such as high elevation observation deck, restaurants, shopping space are added to enhance the usability of the complex that ensure revenue to justify investment and sustain the operation of tower complex.

Main attraction of Colombo Lotus Tower

- High elevation observation desk for visitors to enjoy panoramic view of Colombo city and suburbs
- Two Banquet Halls – for weddings, social and cooperative functions
- State Guest House to support Banquet Hall operation, accommodations to VIP guests
- Large shopping area and food courts
- Revolving restaurant
- Antenna Mast capable of supporting Digital Video Broadcasting services, Audio broadcasting, co-location of analog broadcasting facilities covering Colombo City and suburbs.
- Large garden space to general public to spend the day with limited parking facilities.

Summary of Contract

Table 23: Summary of Contract

Client (investor)	TRCSL
Contractor	CEIEC & ALIT
Type of Contact	Design and Build
Engineer to the Project	Project Consultancy Unit of University of Moratuwa
Contracted Price	USD 104.3 Mn.
Date of Commencement	16 th November 2012
Contractual project Completion Date	31 st October 2017 (Initial construction period of 912 days + TRCSL granted Extension of Time)
Tentative Project completion date committed by main Contractor and Engineer to the Project	31 st December 2018

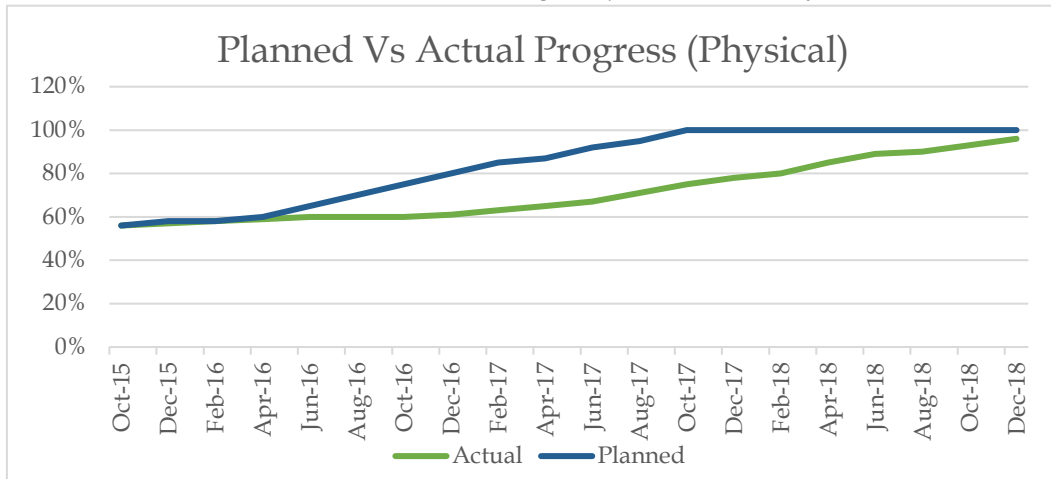
Progress as at 31st December 2018

Table 24: Progress of the Lotus Tower

Description	% Completion
Antenna Mast	100%
Cleaning & Painting of Mast Base	95%
Installation at Tower House	99%
Tower Body Painting	99%
Interior Decoration	85%
Electrical installation tower house	85%
Fire Water at Tower House	70%
Water Supply & Drainage at Tower House	70%
Electrical Installation at Tower base	95%
Water Supply & Drainage at Tower Base	90%
Outdoor Electrical Installation	85%
Tower Base roof	95%
Illumination Tower House, Base and Body	98%
Lift and escalators	80%
Building Management Intelligent System	40%

Planned Vs Actual Progress and continue without target completion date

Chart 09: Planned Vs Actual Progress of Lotus Tower (Physical)



Civil Works

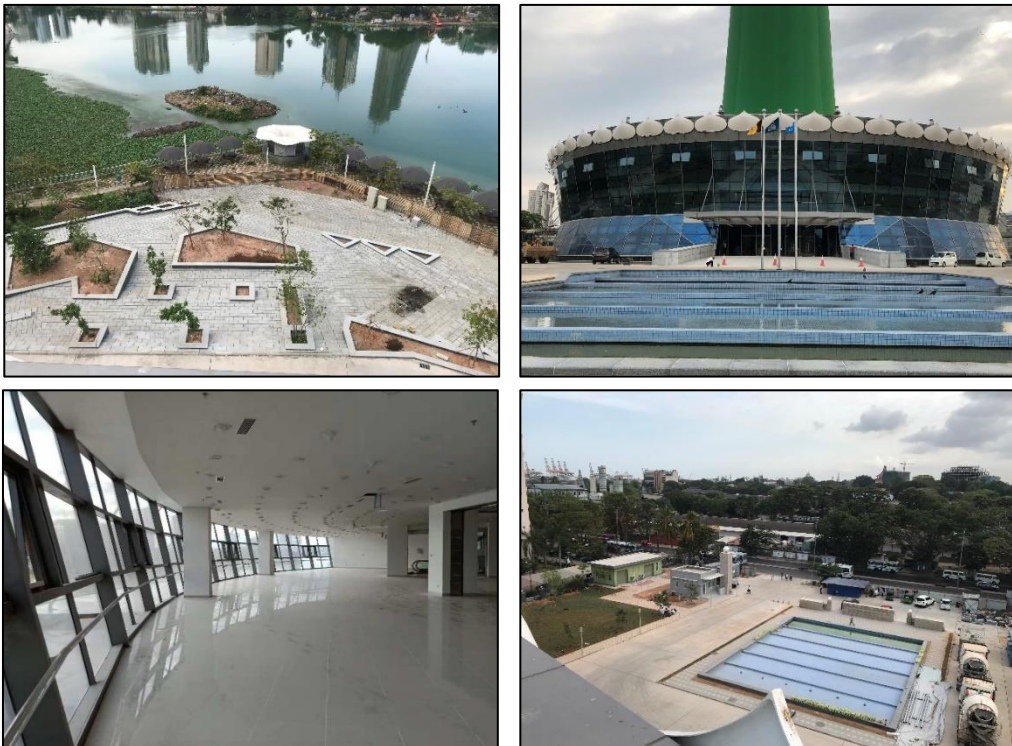


Figure 24: Lotus Tower - Civil works

Tower House

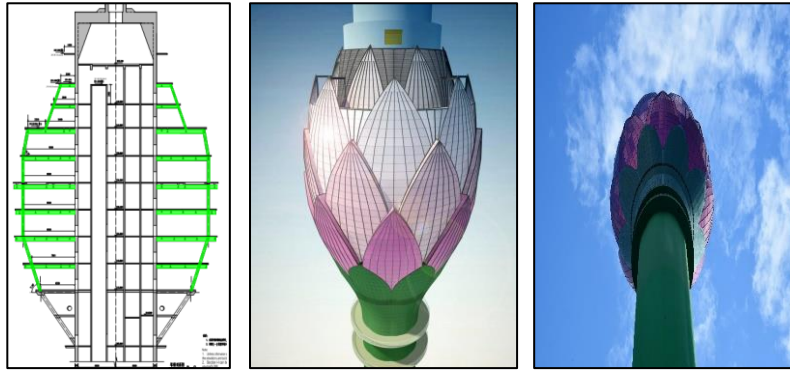


Figure 25: Lotus Tower - tower house

Steel Structure



Figure 26: Lotus Tower - Steel structure

Tower Base

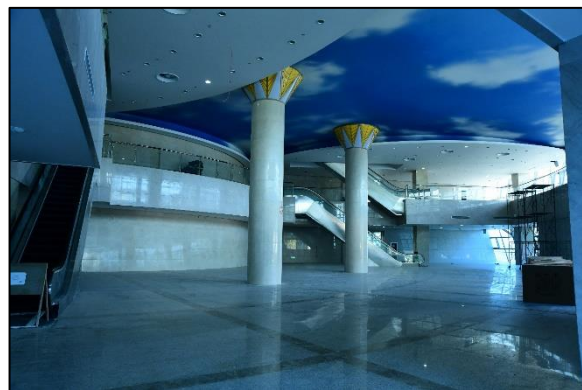


Figure 27: Lotus Tower - Tower base

Antenna Mast

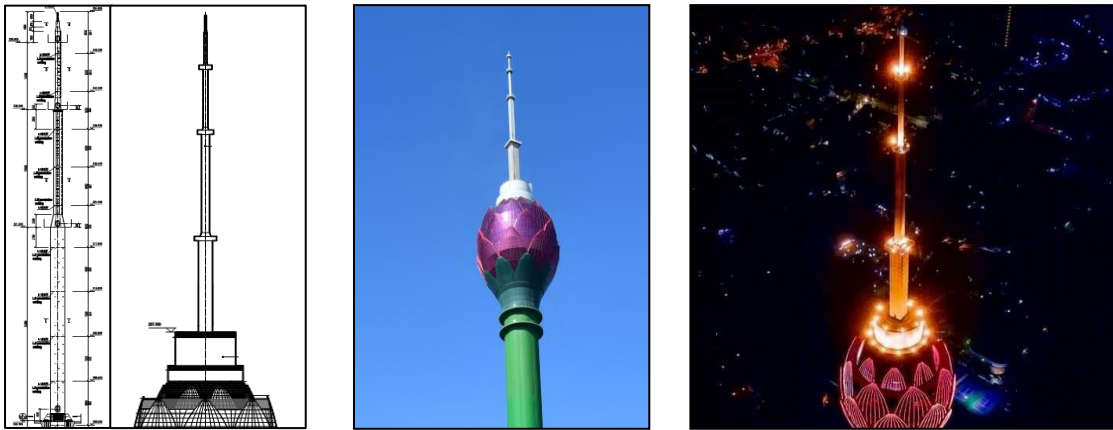


Figure 28: Lotus Tower - Antenna mast

Curtain Wall

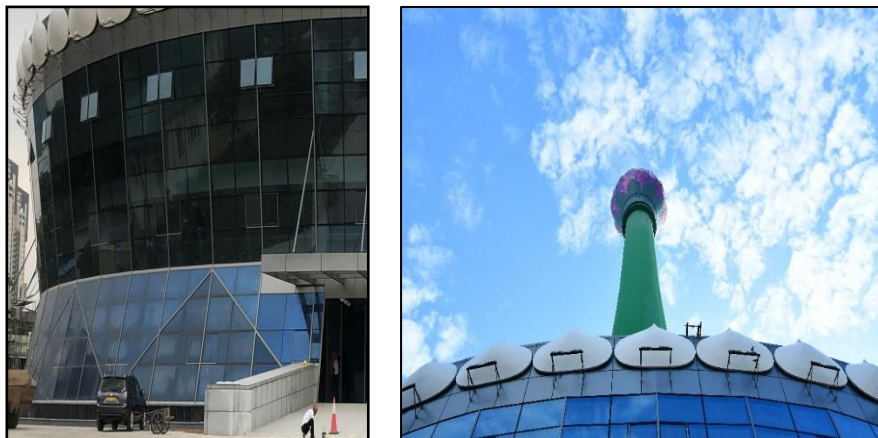


Figure 29: Lotus Tower - Curtain wall

Interior Decoration



Figure 30: Lotus Tower - Interior decoration

Kitchen



Figure 31: Lotus Tower - Kitchen

Mechanical, Electrical Plumbing Works

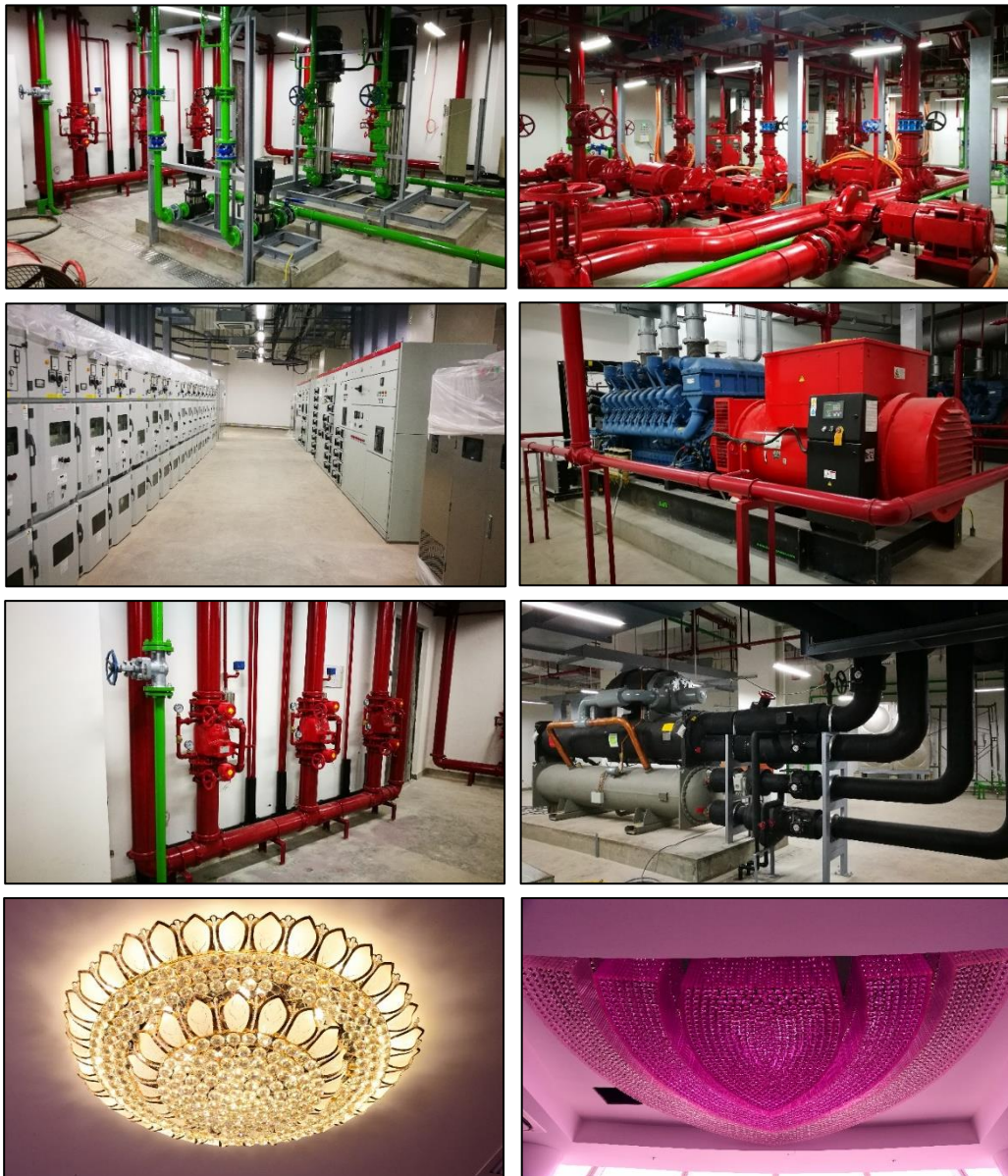


Figure 32: Lotus Tower - Mechanical & electrical plumbing works

1.1.2 Hambantota IT Park

Telecommunications Regulatory Commission of Sri Lanka initiated action to establish a Telecommunication Media Center (Hambantota IT Park Project) as decided by the Cabinet of Ministers at its meeting held on 04th July 2012 based on the Cabinet Paper No 12/0836/501/019 dated 2012-06-14. The Project Feasibility Report for the project was compiled by audit firm, KPMG and Board of Investment of Sri Lanka was the sponsoring agency with the responsibility of finding commercial partners and tenants to make the project commercial profitable on sustainable basis.

Sri Lanka Land Reclamation & Development Corporation (SLLRDC) was appointed as the Engineer to the Project, the construction contract was awarded to M/S Tudawe Brothers (Pvt) Limited after adhering to the approved tender procedure. TRCSL handed over the site to M/S Tudawe Brothers on 11th July 2014 and the construction work started on 11th August 2016. The construction period is 730 days.

The contractor had completed the superstructure of the building up to the 3rd floor by June 2015 as scheduled. However, TRCSL, BOI and the Presidential Secretariat observed that the other development projects planned in the area have not been commenced and this factor will adversely affect the revenue generating capability of the IT Park.

The Commission of TRCSL, having examined the facts related to the captioned project decided to conclude the constructions of the said building at 3rd floor level.

Whilst SLLRDC as the engineering Consultant to this project was attending to the restructuring of the project, the contract between TRCSL and M/S Tudawe Brothers (Pvt) Ltd expired. Consequently, TRCSL had no alternative other than terminating this contract with the M/S Tudawe Brother (Pvt) Ltd on the recommendation of SLLRDC being the Engineer to the Project.

Current Status of the IT Park Project as at 31st Dec 2018

The contractor handed over the site to TRCSL on 26th September 2016 and TRCSL has been maintaining the site since then at a monthly cost of approximately Rs. 300,000 per month mainly for security & electricity.

As per a directive given by Cabinet Committee on Economic Management, Telecommunications Regulatory Commission of Sri Lanka is currently exploring the possibility to proceed and develop this project on a Public-Private Partnership basis. TRCSL has already invited proposals from interested companies through a newspaper advertisement for this purpose.

1.1.3 Colombo Head Office Extension Building

Management of TRCSL decided to construct five stored new building for the TRCSL Head office. Project Consultancy Unit of University of Moratuwa (PCU) was appointed as the engineer to the project. PCU designed steel structured building as annex to existing main building with bridges connecting other two buildings. Cabinet of Ministers has approved a fund of LKR 502 Million for the total project. As per the detailed BoQ the estimate is LKR 344 Million including a consultancy fee of 5% of the total construction estimate cost.

New Building Project Goals Objectives & Out Comes

Following are the anticipated goals and objectives of development projects.

- I. Provide better and more efficient facilities to general public, operators and broadcasters who are regularly visiting TRCSL to obtain regulatory services.
- II. Provide infrastructure requirement for the staff in TRCSL Head office to enhance productivity and efficiency.
- III. Improving facilities for meetings and seminars within the premises with the objective increasing efficiency and cost saving.

Followings are the expected outcomes through this development project

- a) Effective re-organization of divisions to provide better service for the public.
- b) Providing a better venue for public awareness programs, seminars, and workshops etc.
- c) Proper utilization of TRCSL owned land properties for national interest.

Progress of the Project.

- a) Development permit/s was obtained.
- b) Detail design and Bidding process almost completed.

1.1.4 Kadirana Rehabilitation and Renovation Project

Kadirana Frequency Monitoring Station has been equipped with monitoring and direction-finding devices and systems to meet UHF/VHF radio frequency analysis requirements at regional level as well as HF (High Frequency) monitoring and direction finding at national and international level. This station has been registered with the ITU for HF monitoring and direction finding.

Kadirana Frequency Monitoring Station was upgraded to a higher standard monitoring station in early years of the 2000's, by commissioning equipment and systems supplied by Rohde and Schwarz under a World Bank funded project. One Engineer and two Telecommunications Officers together with a team of administrative staff were stationed at Kadirana along with a Mobile Frequency Monitoring Surveillance Vehicle (MFMSV) and a Double Cab for official works to function Kadirana as an independent fully equipped regional monitoring station. Few years later, authorities in the head office were compelled to call back the staff deployed in this station along with assigned vehicles, due to urgent staff requirements at the Head Office.

The material and monitoring equipment procured under the world bank funded project in the beginning of 2000's gradually got outdated over the past decade. The land was encroached by people and the management of TRCSL decided to limit monitoring station boundaries to remaining block of land (About 53 acres). Accordingly, a parapet wall was constructed to secure remaining piece of the land without completion at two openings reserved for storm water channel. Part of the parapet wall is nearing collapse and villages has damaged it in few places to provide openings for flowing rain water.

The equipment commissioned under the world bank funded project except High Frequency Direction Finding (HFDF) system, is still in use, despite the lapse of its usable period, incompatibility with new technologies and unavailability of modern monitoring features. Meanwhile HFDF system was replaced in the year 2015 as a matter of priority, due to its crucial national and international significance.

The building and allied amenities which had been neglected over the past decade have to be renovated and refurbished. TRCSL has planned to execute a project in an island wide basis to extended monitoring facilities to rest of the key geographical areas. Kadirana Frequency Monitoring Station will be one of the Regional Office. TRCSL requested Project Consultancy Unit of University of Moratuwa to submit a bidding document, Engineer's estimate, design and drawings for rehabilitation and refurbishment of Monitoring Station at Kadirana.

TRCSL expected to establish a Regional Office at the premises of Kadirana frequency monitoring station with a team of technical, administrative, and supporting staff. Therefore, it is necessary to develop infrastructure to provide suitable facilities required for a permanent regional office taking in to consideration of the staff accommodation facilities as well. As a significant portion of the premises of Kadirana frequency monitoring station has already been encroached by various people, it is essential to take effective steps to rescue rest of the land from further encroachments. As such it is required to complete, strengthen parapet wall, and install security posts. In this context, following renovations and constructions are proposed to fulfil TRCSL's future goals: -

- i. Refurbishment of existing security amenities
- ii. Refurbishment of existing archives
- iii. Removal of unwanted dilapidated buildings
- iv. Refurbishment of existing auditorium and office building
- v. Refurbishment of existing bachelor's quarters
- vi. Refurbishment of existing monitoring station building
- vii. Complete parapet wall and construct required bridges
- viii. Construction of a new office building
- ix. Setting up of security posts (Internal Roads, New Entrance Gate, Walking Path around the site for security purposes)
- x. Refurbishment of overhead water tank

These requirements were directed to the University of Moratuwa for the preparation of cost estimates. After field visits, PCU of university of Moratuwa has submitted building plans, bidding document and the engineer's estimate for the project amounting to LKR 200 Million excluding 5% consultancy fee for the engineer to the project.

Following are the anticipated goals and objectives of development projects.

- i. Provide infrastructure requirement for the staff expected to be deployed in Kadirana regional office.
- ii. Improve the security of the site.
- iii. Provide safe space for monitoring equipment.
- iv. Provide better and more efficient regulatory services through this regional office reducing the present centralized work load of TRCSL head Office. "Proposed Kadirana Office will be a convenient place for passengers who need TRCSL's clearance letter for their telecommunication equipment importation to the island through Katunayake Airport and those who engaged in finishing in Negambo and surrounding areas to get TRCSL's frequency licenses".
- v. Provide a venue for national / international meeting and seminars.
- vi. Protect the land from further encroachments.

Following are expected outcomes through this development project: -

- a) Effective decentralized service for the public through a regional office.
- b) Engagement in interference and regular monitoring activities at regional level, facilitating enforcement of licensing conditions more effectively.
- c) Increasing capacity to identify illegal frequency users.
- d) Providing a better venue for public awareness programs, seminars, and workshops etc.
- e) Proper utilization of TRCSL owned land properties for national interest.

Progress of the Project.

- a) Development permit/s was obtained.
- b) Detail design and Bidding process almost completed.

1.1.5 Lotus Tower phase 02 project – Vehical Parking Facility along with mix development

The proper development of neighborhood is critically important for the Colombo Lotus Tower complex to maximize its benefits to all stakeholders on long term basis. The neighborhood of the Colombo Lotus Tower Complex, at the moment, remains undeveloped presenting a unique opportunity for TRCSL to work with relevant government organizations specially with Urban Development Authority (UDA) to jointly develop a master plan to develop the neighborhood of the Colombo Lotus Tower Complex in such a way that the entire area becomes public attraction during next 75 years. Any haphazard development in the neighborhood would severely impact long term success of the Lotus Tower Complex.

TRCSL has taken an initiative to develop adjoining land into a multifunctional vehicle park complex along with recreational facilities. The Cabinet of Ministers has already approved land allocation and UDA is entrusted to acquire & transfer the land.

The Commission of TRCSL has decided to develop adjoining land on build operate and transfer (BOT) basis, TRCSL already initiated the approval process in this regard.

Administration and Human Resources

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The scope of the Administration and Corporate Affairs Division (ACAD) encompasses a wide range of tasks, which are crucial for the smooth functioning of the organization. These include corporate planning and monitoring, coordination within the organization as well as with outside organizations, human resource administration, provision of office requisites and supportive facilities for work, ensuring welfare of the staff, maintenance of the physical environment and provision of Information Technology infrastructure.

The functions and performance of the Administration and Corporate Affairs Division are as follows:

Functions

- Preparation of rules, regulations and procedures in relation to human resources management and general administration
- Attending to all matters pertaining to recruitment, confirmation, performance appraisal, promotions, leave records, attendance, transfers, disciplinary control, release and retirement of staff
- Maintenance of personal files of the staff
- Preparing a personnel plan for the Commission along with job descriptions for each position in consultation with respective senior managers
- Preparing human resources development budget with senior functional heads
- Preparing annual staff training programme
- Coordinating training activities (both local and foreign) and making necessary travel, registration and other arrangements for trainees.
- Coordination of activities related to preparation of the annual report, corporate plan and action plan.
- Coordination of activities related to outsourced services such as security, cleaning, building maintenance and maintenance of machinery and equipment.
- Ensuring efficient supply of utility services such as electricity, water and telephone connectivity
- Maintenance of vehicle fleet
- Provision of logistic support to carry out activities of other Divisions of TRCSL
- Maintenance of inventory records and Stores
- Conduct annual survey of assets and make arrangements for disposal of unwanted and discarded items.
- Recommendation/ Approval of payments
- Maintenance of additional storage facilities for official records (Record room)
- Coordination of activities related to submission of answers to parliamentary questions, submission of reports to the Auditor General and the Committee on Public Enterprises (COPE), and submission of Cabinet Memoranda.
- Communication with Department of Public Enterprises, Department of Management Services (DMS), and National Salaries and Cadres Commission.
- Coordination of all activities when participating in the Exhibitions and Conventions
- Ensuring occupational health and safety measures.
- Administering the life assurance and Medical Insurance Scheme for employees.

- Coordination of welfare activities to provide welfare services to the staff, handling grievances and counseling to provide financial and non-financial incentive packages.
- Attending to Information Technology requirements of TRCSL
- Provision of an efficient library service
- Administration of the Media activities

Performance

Re-organizing of Specified Administrative and Human Resource Activities

- A Committee has been appointed by the Director General to review the cadre, organization chart and Scheme of Recruitment (SOR) and it is in progress.
- The permanent cadre of TRCSL consisted of thirty-two (32) categories of employees and there were one hundred and eighty-five (185) permanent employees, twenty-nine (29) contract employees, eight (08) Secondment Basis and Seventy-Six (76) vacant posts in the year 2018. The cadre for the TRCSL was 298.

Preparation of priodic plans/conducting progress reviews

- Completed pending issues of the Coorporate Plan and preparation of Annual Reports.
- Conducted four progress review meetings and reported the performance to higher management of the organization.
- Matters relating to general functions of the TRCSL has been handled and coordinated with the Presidential Secretariat, Cabinet office, Treasury, Ministries, Departmants etc.
- Handled previous CSR matters as per the Commission decision.

Issuance of Office Circulars and Introduction of Office Procedures

During 2018, the Administration and Corporate Affairs Division issued Office circulars pertaining to following subject areas for streamlining and increasing the productivity of the organization.

Table 25: Issuance of office circulars and introduction of office procedures

Circular Number / Office Order	Subject	Date of Issue	Issues
Office Order 01/2018	Leave to the officers of the Telecommunications Regulatory Commission of Sri Lanka	2018.11.23	Office orders
Internal circulation TRC/01/2018	To maintain an agreement with external agencies.	2018.01.15	Commemoration
TRC/02/2018	Officers of the Sri Lanka Telecommunication Regulatory Commission Participate in overseas training, workshop group meetings and seminars	2018.12.13	New Circular

Training

The TRCSL provided both local as well as overseas training to the staff for the purpose of enhancing their knowledge, skills and to change their attitudes. The staff of the TRCSL attended ITU & APT international forums related to telecommunications regulatory affairs. Details relating to the forums and training programmes/seminars held in 2018 are listed below.

Table 26: Participation in Training Programmes, Seminars and Forums

a) Overseas Programmes

No	Forum/Training/Seminar	Country	Funding Agency	No. of Participants
1	Utilization of ICT services and E-Applications supporting smart society Japan 6-16 March 2018	Japan	APT	01
2	World Summit on the information Society 9-23 March 2018	Geneva	TRCSL	01
3	The 23 rd Meeting of APT wireless Group 9-13 April 2018	Vietnam	TRCSL	01
4	ITU- T Study Group on Economic and Policy issues 8-17 April 2018	Geneva	TRCSL	01
5	ITU-R Study Group meeting in Broadcasting Services	Geneva	TRCSL	01
6	ITU Asia pacific Centre of excellency Training on "Cyber Security"	Iran	TRCSL	01
7	ITU T- Study Group 17 meeting on network security	Geneva	TRCSL	01

8	ITU Asia pacific Regional Workshop on ICT Development Index (IDI) Indicators	Philippines	TRCSL	04
9	The 3 rd Meeting of the conference preparatory Group for WRC-19 (APG 19-3)	Australia	TRCSL	01
10	Action for next and new Generation Mobile Communication system	Japan	APT	01
11	Study Group 9 (Broadband cable and Tv)	Geneva	TRCSL	01
12	ITU-R Task Group 5/1:WRC-19 Agenda Item 1-13	Geneva	TRCSL	01
13	ITU-T Study Group 15: Networks, Technologies and infrastructures for transport, access and home	Geneva	TRCSL	01
14	Study Tour to Study Commercialization KL Tower	Malaysia	TRCSL	05
15	IOT Technologies and Application for smart cities	India	TRCSL	01
16	APT Training course on the influence of Big Data & Telecommunication	China	APT	01
17	E-Agriculture solution forum 15-17 November 2018 China	China	Fellowship	01
18	2 nd ITU Inter-regional Workshop on WRC-19P Preparation	Geneva	TRCSL	01
19	ITU Plenipotentiary Conference 2018(PP-18)	UAE	TRCSL	06
20	Expert Group on Telecommunication ICT Indicators 9th EGTI and 6th EGH Meeting Geneva	Geneva	TRCSL	01
21	9th Meeting of expert group on Telecommunication ICT Indicators EGTI and 6th meeting of expert group on ICT Household Indicators EGH-Geneva	Geneva	TRCSL	01
22	Internet of things (IOT) and its Platform and Application	Thailand	APT	01
23	ITU/R&S Workshop on Implementation of Radio Monitoring systems According to ITU -R Recommendations	Singapore	TRCSL	03
24	ITU-USF Pakistan Workshop on Internet Access & Adoption"	Pakistan	ITU	01
25	ITU-D Study Group -2 Rapporteur Group	Geneva	TRCSL	01
26	ITU-T study Group 17 Meeting on Network Security	Geneva	TRCSL	01
27	4 th Meeting of APT Preparatory Group for PP-18	Malaysia	APT	01
28	The 18 th APT Policy and Regulatory Forum	Bangladesh	TRCSL	01
29	Meeting of the SATRC Working Group activities on the work items Assigned by the SATRC Council	Maldives	APT	01

30	Workshop on latest Development on Spectrum Management for Senior Engineers	Germany	TRCSL	02
31	ITU-D Study Group 1 Rapporteur Group Meeting	Geneva	TRCSL	01
32	ITU Asia Pacific Centre of Excellence face to face training on competition analysis in digital application environment	Thailand	TRCSL	01
33	24 th Meeting of the APT Wireless Group (AWG - 24)	Thailand	APT	01
34	APT Training course on satellite Communication	India	APT	01
35	APT Symposium on Cybersecurity	Korea	APT	01
36	ITU-Asia Pacific Centre of Excellence Training on "Conformity and interoperability the Asia Pacific Region	China	TRCSL	01
37	International training Programme on Executive Leadership Development in Malaysia	Malaysia	TRCSL	01
38	APT Symposium on spectrum Management	Phillippe's	APT	01
39	ITU Asia -Pacific Centre of Excellence Training Programme on" Mobile Broadband Quality of Services (QOS)"	India	TRCSL	02
40	01st Meeting of ITU-D Study Group 01 & 02 (2018-2021)	Geneva	TRCSL	01
41	SATRC Workshop on Recent Trends & Technologies (5G & IoT)	Iran	APT	02
42	ITU-R Meeting of Task Group 5/1	Geneva	TRCSL	01
43	APT Training Course on Internet Plus and 5G BUPT, Beijing	China	APT	02
44	ITU Asia -Pacific of Excellence (ITU ASP CoE) Programme on "Internet & IPv6 Infrastructure Security" for the Asia Pacific Region	Thailand	TRCSL	01
45	GLOBAL Symposium for Regulators (GSR)	Geneva	TRCSL	01
46	Seminar on Management & Application of Government Big Data In Cloud Computing For Developing Countries	China	Dep. Of External Resources	01
47	World Radio Communication Seminar	Geneva	TRC	01
48	APT Training Course on Policy on Cyber Security for Safeguarding Public Safety	Thailand	APT	02
49	19th Meeting of the SATRC	Pakistan	APT	01
50	The South Asian Telecommunication Regulators' Council (SATRC) Workshop on Policy, Regulation and Services	Nepal	APT TRC	03
51	Construction of Broadband Networks on Developing Countries	China	ERD TRC	02
52	23RD Meeting of the ITU TDAG	Geneva	TRC	01
53	Practical Technologies for Rural Telecommunication with Wireless Application	Japan	APT	01
54	ITU Meeting of working party IC on Spectrum Monitoring	Geneva	TRC	01

55	APT Training Course on 5G Communication System & Internet of Things	China	APT	01
56	Connect Tec Asia 2018 Summit	Singapore	ITU TRC	01
57	ITU - R Working Party 5B Meeting	Geneva	TRC	01
58	30th APT Standardization (ASTAP - 30)	Thailand	APT	01
59	ITU-EC Forum for Europe "Accessible Europe ICT for All"	Austria	TRC	01
60	16th World Telecommunication/ICT Indicators Symposium	Geneva	TRC	01
61	ITU World Radio Telecommunication Seminar	Geneva	TRC	01
62	Training Course on Developing of Fundamental Network Planning Skills for E-Application in Regional Community to Bridge the Digital Divide	Japan	APT	01

b) Local Programmes

Training Program	Number of participant	Institute	Date
Seminar on Government Budget 2018	01	Ceylon National Chamber of Industries	18.01.2018
The Inland Revenue Act 24 of 2017	01	Institute of Chartered Accountants of Sri Lanka	14, 16 & 19 Feb 2018
Report writing & Professional letter writing	30	Skill Development Fund Limited	20.04.2018
Bid Evaluation	30	Skill Development Fund Limited	29.03.2018 & 06.04.2018
Intensive Training Program on lightning protection	02	Skill Development Fund Limited	15, 16, 17 March 2018
Seminar on New Inland Revenue Act	02	Ceylon National Chamber of Industries	15.05.2018
Workshop for the World Metrology Day Celebration 2018	01	Measurement Unit, Standards & Services Department	25.05.2018
Digital Transformation of Public Service Delivery	04	Institute of Engineering & Technology	17.07.2018
Colombo LowBiz 2018 Symposium on Law & Business	02	Colombo Law Society	20 – 21 July 2018
Work shop on Asset Management	01	Skill Development Fund Limited	17.07.2018
Best practice in the Investigation of Digital Crime & Digital Forensics	09	Sri Lanka Institute of Information Technology	17.09.2018
Cyber Security Summit 2018	01	CICRA Campus	20.09.2018
39 th National Conference of the Institute of Chartered Accountants of SL	02	Institute of Chartered Accountants of Sri Lanka	8-10 October 2018
Workshop on Procurement & Evaluation of It Products	02	Skill Development Fund Limited	01 & 02 Oct 2018
Workshop on Positive, Attitude, Motivation & Leadership 1 st Group	40	Skill Development Fund Limited	27.09.2018
Seminar on e - Gov, Cyber Security	01	National Library & Documentation Services	16.10.2018
International diploma in English	01	Esoft Metro College	4 Months
Certificate Course in Forensic Accounting of the Institute of Chartered Accountants of Sri Lanka	02	Business School/ The Institute of chartered Accountants of Sri Lanka	3 Months

Workshop on Positive, Attitude, Motivation & Leadership 2 nd Group	40	Skill Development Fund Limited	25.10.2018
Stores Management & Public Assest Disposal Procedures	35	Skill Development Fund Limited	30 & 31 Oct 2018
Training program on National Audit Act	01	PRAG Institute	30 October 2018
Workshop on National Audit Act	02	Sri Lanka Foundation	2018.11.29
Workshop on Procurement Procedures in Public Sector Financial Regulations	01	Sri Lanka Foundation	06 & 07 Dec 2018
Financial Statements (Final Accounts) - 2018	03	PRAG Institute	18.12.2018
Workshop on Positive, Attitude, Motivation & Leadership 3 rd Group	40	Skill Development Fund Limited	17.12.2018

TRCSL provided financial assistance for the staff to obtain professional memberships of local and international institutes for the benefit of career development and to improve the industry performance.

c) Reimbursement of Professional Membership fees paid for 2018

No	Institute	No of Members	Amount (Rs.)
01	Institution of Electrical & Electronics Engineers (IEEE)	02	14,178.03 US \$ 89.50
02	The Institution of Engineers of Sri Lanka (IESL)	07	40,492.00
03	Association of Accounting Technicians of Sri Lanka (AAT)	01	2,500.00
04	The Institution of Chartered Accountants of Sri Lanka (ICASL)	03	24,500.00
05	The Institute of Engineering and Technology (IET)	14	125,290.30 GBP 1119.40
06	Institute of Management of Sri Lanka (IMSL)	01	5,700.00
07	Institute of Certified Management Accountants of Sri Lanka (ICMA)	01	7,500.00
08	Institute of Chartered Secretaries and Administrators (ICSA)	01	40,724.05
09	National Library & Documentation Services Board	-	
10	Institute of Certified Professional Manager (ICPM)	-	

11	Chartered Public Finance Accountants of United Kingdom		GBP 75
12	Institution of Incorporated Engineers of Sri Lanka		18,520.00
13	United Kingdom Association of Professionals		27,500.00
14	SL Library Association		1,250.00
15	Association of public Finance Accounts of SL		1,000.00
16	Computer Society of Sri Lanka		6,000.00

Procurement Activities

The Division coordinated functions relating to the supply of goods and services to the Commission. These functions include;

- Preparation of bidding documents
- Publication of notices
- Appointment of procurement committees (PCs) and technical evaluation committees (TECs)
- Preparation of reports for obtaining required approvals
- Intimation of the decisions to relevant parties
- Preparation of service agreements in collaboration with the legal division
- Supervision of the work of the service providers
- Taking corrective measures as per the obligations set out in the service agreements.

During this year, 11 Minor Procurement Committee meetings and 09 Senior Procurement Committee meetings were held and summary is as follows;

Table 27: Senior and Minor Procurement Committees Meetings

Date of the meetings & No. decisions taken													Total
Minor Procurement Committee	Date	26 th Feb	23 rd Mar	04 th May	28 th May	25 th July	20 th Aug	11 th Sep	05 th Oct	31 st Oct	26 th Nov	26 th Dec	11
	No. of Decisions taken	07	03	06	03	06	06	05	03	03	06	04	52
Senior Procurement Committee	Date	02 nd Mar	28 th Mar	27 th Apr	03 th July	18 th Sep	09 th Oct	08 th Nov	26 th Nov	20 th Dec			09
	No. of Decisions taken	05	01	02	04	03	02	04	02	02			25

The Division ensured efficient supply of electricity, water and telephone services. In addition, possible measures have been taken to ensure timely delivery of stationery, office equipment and machinery to the divisions of TRCSL.

The common objective of these engagements was to supply the required services and materials within time limits for the smooth functioning of the organization in a transparent, cost effective and fair manner.

Maintenance of vehicle fleet

The vehicle fleet of TRCSL consisted of eleven cars, two double cabs, four jeeps, four vans, one bus, three mobile monitoring vehicles and two motor bikes. The bus was used for inspection visits, transporting officials for exhibitions, staff welfare activities etc. Some vehicles of the fleet were allocated to officers who had been allowed for the use of a designated vehicle. The other vehicles were used for official work such as inspection visits, participation in meetings/workshops/seminars, organizing exhibitions, collection of mail, hand delivery of official letters etc. An amount of Rs10.2 million was spent in 2018 for the repairs and maintenance of the vehicle fleet.

Annual Survey

The annual survey for year 2017 was conducted in year 2018. A Board comprising of 05 members was appointed to carry out the survey. The report of the Board was submitted to the management for further action. Items to be disposed were identified and actions were taken to discard some of those items according to standard procedure.

Coordination of activities of the Infortel 2018 Exhibition

The Infortel Exhibition for year 2018 was held at BMICH premises from 02nd to 04th November as a National ICT Exhibition under the theme “Towards a Digital Economy”, which is organized by Federation of Information Technology Industry Sri Lanka (FITIS). As the biggest and most prestigious ICT exhibition in Sri Lanka and the whole of South Asia, TRCSL participated the Infortel Exhibition 2018 and Medal for the stall with the best demonstration at Infortel Exhibition 2018.

Staff Welfare Activities

Welfare Society

The Welfare Society of TRCSL comprising the members of the staff functions as an autonomous body under the management of an Executive Committee elected at the Annual General Meeting (AGM). The following welfare activities were carried out during the period under reference.

Annual Retreat 2018

TRCSL organized the Annual Retreat programme for staff and their families with the intention of strengthening their relationships and productivity.

The objectives of this retreat programme are to refocus employees towards organization goals, highlight their values and to encourage team building and bonding. This event was organised at Jie Jie beach Hotel Panadura. A motivation programme was conducted by a guest lecturer as a part of this retreat programme at the same location.

An amount of Rs. 9.0 million had been allocated in the approved annual budget for the year 2018 for staff welfare activities. In this budget allocation, Rs. 6.0 million was utilized for this annual retreat programme and Rs 3.0 million was allocated for other miscellaneous welfare activities of the Commission.

Annual Sports Meet

The 11th Annual Sports Meet of TRCSL was held on 15th December 2018 at the National Youth Center playground, Maharagama with the support of the TRCSL sport club. The Director General of the TRCSL graced the event as the chief guest. Staff members took part in the event representing three houses (Kokila, Thisara and Mayura). A large number of staff members participated in several indoor and outdoor games including the track and field events. The sports meet was an opportunity for the staff to exhibit their talents in athletics and also to build up team spirit.

Library

Telecommunications is rapidly evolving subject area and therefore the individuals engaged in the industry and other interested parties need to continuously update their knowledge on this subject. The Library of TRCSL has been established for this purpose. The TRCSL library has a large collection of text books and magazines on telecommunications and it is being continuously strengthened in order to fulfil the requirements of the users. The library provides reference facilities not only to TRCSL staff but also to external parties such as researchers, university students and school children as well.

The following activities were carried out during the 2018;

Maintenance and development of the Library

In order to develop the library facilities, library committee of the TRCSL purchased ITU publications, several local and foreign books. Apart from the subscription fees approved by the committee for magazines, we renewed subscriptions for local & foreign magazines.

Renewed Institutional membership

The TRCSL provided funds for obtaining membership of the British Council. In the case of the Public Library, the staff members were required to obtain individual membership after making membership payments. With the use of these institutional membership, TRCSL staff members can easily obtain the services from above libraries. It enables the TRCSL staff to borrow books, magazines, videos, to obtain photocopies of newspaper articles as well as other reference sources.

The TRCSL Library obtained the membership of The National Library Friends Association and the staff of the TRCSL library helped the National Library Friends to collect books for the newly built library at Welekada and Thaldena prisons.

Members of the Public Library can also access services of the Colombo Public Library and its Mobile Library visited TRCSL every two weeks throughout the year.

Coordination with other institutions for obtaining inter library loan facility service

TRCSL Library coordinated with the National Library and other institutions such as National Institute of Business Management (NIBM), Labour Department, National Science Foundation (NSF), University Libraries etc., for providing inter library loan facility service to the TRCSL staff.

Collection of important reference materials and preparation of indexes

Collection of important reference materials and preparation of indexes were continued in the year 2018. The Library prepared indexes for important areas such as telecommunications, health education, important persons, environment, sociology, social media, service providers of telecommunications, conference information, new product developments, consumer disputes on telecommunications, mobile phones etc. These related information were collected from newspapers and arranged chronologically.

Furthermore, the library took necessary steps to arrange indexes for extra ordinary gazette notifications and acts related to TRCSL as well as circulars issued by the Commission, Ministry of Public Administration, Department of Management Services and Department of Pensions.

Development of PURNA System

The Library database (PURNA) has been converted to a web-based system. It provides online access to search library materials available at TRCSL library.

Media Activities

The media unit always provides the media support to each division of the Commission. Accordingly, the events covered by the Media Unit in 2018 are as follows;

International programmes

- SATRC Working Group meeting
- 15th APT Telecommunication/ICT Development Forum
- GSMA training courses on Principles of Mobile Privacy
- GSMA training courses on “Internet of Things”
- APT-APNIC training course on IP-MPLS core network technologies
- ITU TRCSL training programme on Modern Application Design and Development for achieving SDGs
- ITU-WTISD 2018

Local programmes

- The function held when the Presidential Secretary and Chairman of the TRCSL assumed duties
- Religious event held on behalf of Vesak
- Personality Development and Leadership Training program
- INFOTEL 2018 exhibition
- TRCSL Annual sports meet

Other programmes

Preparation of documentary videos for official programmes such as WTISD-2018, electronic waste management, ITU-TRCSL training programme on Modern Application Development.

Finance

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The paramount function of the Finance Division is the Financial Management which involves all monetary functions of the Commission. Collection of Revenue and the optimum usage of such funds by way of proper investing are key highlighters. Not only that the controlling and spending are non to second, especially within the statutory requirements such as relevant rules and regulations of Financial Regulations, relevant Circulars and Commission decisions.

Also, maintenance of accurate financial records is one of the main responsibilities of the Finance Division because the Commission takes vital decision on same. All government institutions are bound by law to submit the financial statements to the Auditor General to determine the accuracy & completeness of the transactions and to ensure that all financial policies are in conformity with the Generally Accepted Accounting Principles and Accounting Standards published by The Institute of Chartered Accountants of Sri Lanka and the financial procedures comply with the Financial Regulations of the Government. In the year under review we have submitted our Financial Statements to the Auditor General on the due date. The functions of Finance Division are not only recording of historical data in the Financial Statements but also Financial Administration, cost control, project evaluation, development planning, and participating in strategic decision making effectively and efficiently too, are important functions of the Division.

Functions

- Reporting financial results, variation with budget/forecast and reasons for same
- Preparation of the annual budget/forecast.
- Establishing & maintaining internal control system.
- Maintaining records of all Fixed Assets and ensuring the security and optimum usage of same.
- Guiding & assisting to the top management in implementing the Capital & Revenue expenditure programs.
- Tax planning and compliance with relevant statutory authorities.
- Reviewing and analyzing periodic operational and financial report such as Auditors Report and Audit Committee Reports and taking corrective/appropriate action to rectify the deviations, if any.
- Ensuring and following up prompt collection of different levies imposed by the Government and Act of Parliament.
- Ensuring the prompt and due remittance of the funds collected to the Government Treasury.
- Ensuring the Optimum usage of the excess funds, if any by way of low risk, high return investment for the development of the industry.
- Preparing quarterly and annual Financial Statements of the Commission.
- Maintaining statistical records of Revenue, Expenditure, and Assets & Liabilities and provide information to the top management as and when they are requested.

Performance

Revenue

The Statutory power to earn and collect the revenue of the Commission is vested by the Telecommunication Act No. 27 of 1996. Accordingly, the Commission earns/collects Revenue by way of “Radio License Fees, Cess Fees, System Operator License Fees, Vendor License Fees and other related fees from Public Switched Telephone Network (PSTN) operator and Radio Frequency users. Furthermore, the Commission’s Revenue has been increasing year by year which is highlighted below.

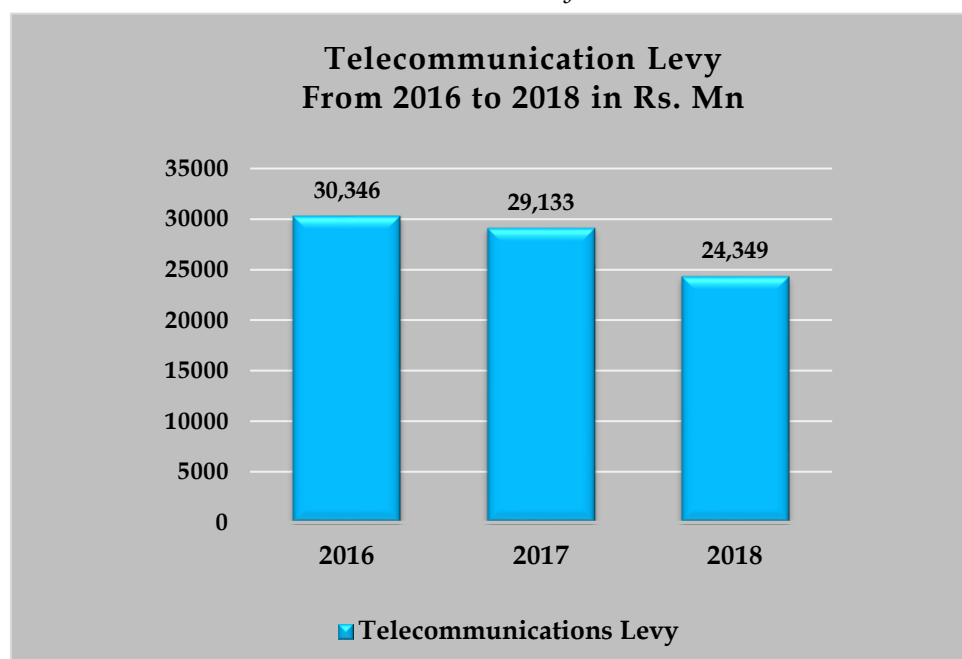
Table 28: Revenue of the Commission from 2016 – 2018

Source of Income	2016 (Rs. '000)	2017 (Rs. '000)	2018 (Rs. '000)
System Operator License Fees	1,751,344	690,143	122,449
Cess Fees	4,067,179	4,211,920	4,550,706
Radio Frequency License Fees	7,496,093	6,861,209	10,789,520
Frequency Upfront Fees	367,347	4,509,184	1,071,429
Vendors License Fees	14,771	13,664	13,818
Amateur Radio License Fees	73	29	164
Ship Station License Fees	892	440	450
Aircraft License Fees	1,170	396	401
Cordless Phone Dealer Charges	90,760	109,217	114,619
Examination Fees	417	458	368
Application Processing Fees	1,632	1,428	1,020
Short Code Charges	19,388	27,704	26,531
Sundry Income (Interest income from Fixed Deposits, Staff loans etc.)	2,295,412	2,272,462	1,108,519
Total	16,106,478	18,698,254	17,799,994

Telecommunication Levy

The present rate of Telecommunication levy was 25% on the value of the supply of Telecommunication Services in terms of the provision of Telecommunication Levy Act, No. 21 of 2011.

Chart 10: Telecommunication Levy 2016-2018 (Rs. Mn)



Cess Fee

The Commission collected a 2% CESS fee on the annual Gross Turnover of Telecommunication service providers.

International Telecommunication Operators' Levy

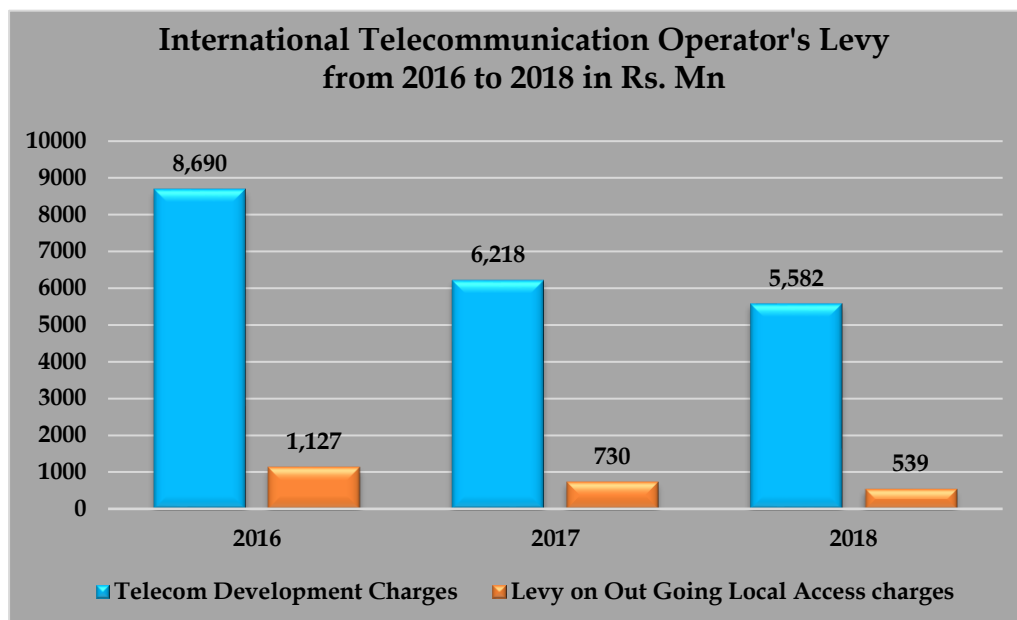
In addition to the above income, in terms of Finance Act No. 11 of 2004 as amended by the Finance Act No. 13 of 2009, the commission collected the International Telecommunication Operator's Levy from International Telecommunication Operators.

As such, the commission collected US \$ 0.06 per minute as Incoming Local Access Charges of which 50% of such Levy were remitted to the Consolidated Fund and balance 50% of such Levy retained as Telecommunication Development Charges.

Further, the commission collected a Levy of Rs.3.00 per minute from the outgoing international calls as Outgoing Local Access Charges.

The following chart depicts last three years Revenue pattern.

Chart 11: International Telecommunication Operator's Levy 2016-2018 (Rs. Mn)

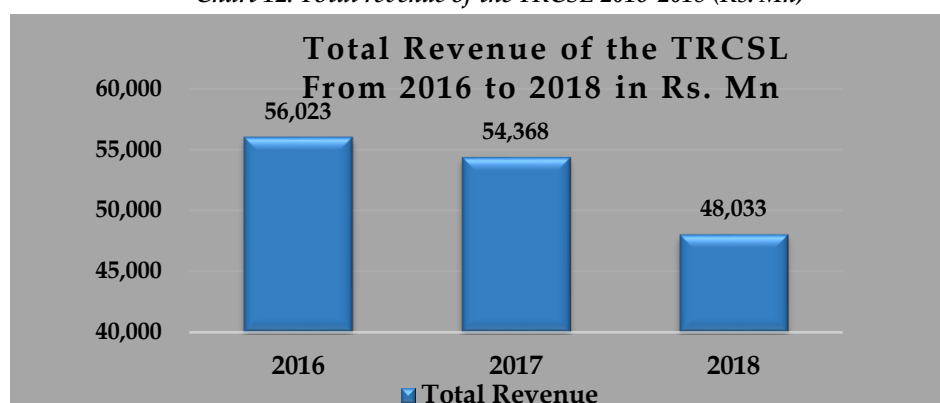


Total Revenue of Telecommunications Regulatory Commission of Sri Lanka

The total Revenue of the commission consist of the revenue collected under

- (i) Sri Lanka Telecommunications Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act, No. 27 of 1996,
- (ii) Telecommunication Levy Act, No. 21 of 2011
- (iii) Finance Act, No. 11 of 2004 as amended of the Finance Act, No. 13 of 2009.

Chart 12: Total revenue of the TRCSL 2016-2018 (Rs. Mn)



Remittance to the Consolidated Fund

In 2018, Rs.48 billion was transferred to the Government Treasury by TRC to strengthen the Government Revenue as follows.

Table 29: Remittance to the Consolidated Fund

Description	2016 Rs. billion	2017 Rs. billion	2018 Rs. billion
Telecommunication Act / TRC Funds	28.00	22.80	21.85
Telecommunication Levy	30.34	29.13	24.35
Telecom Development Charges 50%	4.34	3.11	2.79
Levy on Outgoing Local Access Charges	1.13	0.73	0.54
Mobile Tele Operators Levy	0	0	0
Total	63.81	55.77	49.53

Property, Plant & Equipment

Rs.1.35 million, Rs.0.86 million, Rs.1.19 million, Rs.0.09 million, Rs.1.27 million & Rs.0.12 million were spent to purchase Air conditioners, Computers, Other Office Equipment, Mobile Phones, Office Furniture & Technical Equipment respectively out of Rs.4.89 million of additions to the Property, Plant & Equipment during the year 2018.

Investment

The Commission maintained Money Market Daily Transaction account with People's Bank and earned Rs.384 million interest income through such money market transactions during the year 2018.

Staff

During the year under review, the Finance Division carried out the entrusted function with a staff of 15 members comprising 01 Director, 01 Deputy Director, 01 Assistant Accountant, 01 Development Officer, 08 Management Assistants, 01 IT Assistant and 02 Primary Level Officers.

Information Technology

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Information Communication Technology (ICT) Unit introduced latest ICT enabled working environment and engaged with the relevant stakeholders to provide information technology-based solutions for the purpose of making the process easier for TRCSL employees and customers. The ICT Division is also playing a pivotal role to ensure the efficiency and effectiveness of the TRCSL functions and enhance operations through the strategic use of information technology

Functions

- ICT policy formulation and amendments.
- Introduces and maintains computerized information systems to process data efficiently to produce useful information for the collaborative working environment.
- Provides the appropriate hardware, software, networking and communications infrastructure.
- Provides the highest level of data security, confidentiality, integrity, and availability.
- Ensures a safe and reliable computing environment.
- Provides a high degree of availability and recovery of systems.
- Updating TRCSL website contents regularly.
- Identify system requirements and provide solutions.
- Maintain the software and hardware systems with minimum downtimes.
- ICT capacity building of TRCSL staff.

Progress

TRCSL ICT Policy Implementation

ICT policy is a mandatory factor for the TRCSL for setting the ICT environment in right direction through the convergence. Drafting of ICT policy was completed in December 2018. The final policy will be submitted for the Commission approval.

TRCSL has established a high-end security system to protect TRCSL network environment from unauthorized access, device vulnerabilities & virus attacks as well as prevent the involvement of improper activities. FortiGate 800D security system (Firewall) was installed in the network to safeguard TRCSL network environment. During the past few years, TRCSL network users had to experience low network speed due to fully open access to internet. ICT division was able to speed up the network through advance security polices and filtering the internet access by applying required security objects and policies in the firewall system.

Maintaining a log analytics management system is essential for a network environment in order to obtain network activity insights, monitor firewall logs, security events, and 24/7 bandwidth utilization. FortiAnalyzer 400E was installed in the network to get the whole advantage of the TRCSL security system (Firewall). To enhance the network speed and capacity, recognized IP addresses and websites threaten to the TRCSL network have been blocked.

Improve the usage of Office 365 features and ICT capacity building of Employees.

Internal Audit

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Internal auditing is an independent activity aimed at adding value to the organization and its Stake holders when it considers strategies, objectives and risk; strives to offer ways to enhance Governance, risk management and control process and objectively provides relevant assurance.

It is a catalyst for improving an organization's governance, effectiveness, risk management and efficiency by providing insight and recommendations based on systemic analyses and assessments of data and business processes. With commitment to integrity and accountability. The scope of internal auditing within an organization is broad and may involve areas such as the efficacy of operations, the reliability of financial reporting, deterring, and investigating fraud, safeguarding assets, and compliance with rules and regulations.

The head of the internal audit division (Internal Auditor) of TRCSL directly reports to the commission and the reports are submitted to the Audit Committee. Administratively, the Internal Auditor reports to the Director General.

Functions

- Review and appraisal of existing accounting and reporting systems of TRCSL with a view to making improvements thereto.
- Investigation into causes and effects of inabilities (if any) to achieve the objectives of TRCSL.
- Ascertainment of the extent to which TRCSL assets are safeguarded from losses and frauds.
- Making inquiries into necessities of transactions, benefits of transactions and exploration of areas of cost reduction by eliminating waste and extravagance.
- Submission of reports to the Audit Committee based on the findings of the above- mentioned tasks and arranges Audit Committee meetings.
- Preparation and circulation of the decisions of the Audit Committee to Heads of Divisions to take appropriate action.
- Submission of half yearly reports to the Audit General's Department.
- Carry out special investigations when requested by the Director General/ Members of the Commission.
- Assist and make recommendations to various committees appointed by Director General / Commission from time to time.

Performance

During the year 2018, five Audit Committee meetings were held and following matters were discussed at these meetings.

The subject's areas cover is given below.

1. Audit Committee meeting held on 27th March 2018

1.1 The reports/matters were discussed /actions were taken as follows:

Subject Area	Action / Decision taken
Internal Audit of Lotus Tower and IT Park Projects	<ul style="list-style-type: none">• Appoint an Internal Auditor to carry out to the internal audit of Lotus Tower and to carry out internal investigation on IT Park.
SLBC outstanding payments on Radio Frequency Charges	<ul style="list-style-type: none">• Advised to collect fees for the year 2018 and to follow up of collecting previous dues.
Corporate Plan, Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none">• Instructed to follow up and to prepare all such reports on or before the due dates.
14(2)(c) report issued by the AG under the Finance Act, No. 38 of 1971 on the Financial statement for the year ended 31 st December 2016	<ul style="list-style-type: none">• Corrective actions should be taken with the prioritizing the matter.
File storage at Kadirana	<ul style="list-style-type: none">• To expedite the process and inform progress to next meeting.
Query received from Auditor General	<ul style="list-style-type: none">• To take action for correct the errors.

2. Audit Committee meeting held on 05th June 2018

2.1 The reports/matters were discussed, and decisions /actions were taken as follows:

Subject Area	Action / Decision taken
Internal Audit of Lotus Tower & IT Park	<ul style="list-style-type: none">• To speed up the process of appointing of Internal Auditor of Lotus Tower.
SLBC outstanding payments on Radio Frequency Charges	<ul style="list-style-type: none">• To collect and to follow up of current outstanding.
Corporate Plan, Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none">• To follow up and to prepare all reports on or before the due dates.• To take necessary action to review the carder, organization structure and scheme of Recruitment (SOR)
14(2)(c) report issued by the AG under the Finance Act, No. 38 of 1971 on the Financial statements for the year ended 31 st December 2016	<ul style="list-style-type: none">• All relevant Head of Divisions informed that take necessary actions & report to the Director General.
File Storage at Kadirana	<ul style="list-style-type: none">• To inform the progress to the next Audit Committee meeting.
Query received from Auditor General	<ul style="list-style-type: none">• To speed up the sending replies to the Auditor General.
Checking of Vehicle Loan	<ul style="list-style-type: none">• To revisit and revise the vehicle loan circular.

3. Audit Committee meeting held on 28th August 2018

3.1 The reports/ matters were discussed, and decisions / actions were taken as follows:

Subject Area	Action / Decision taken
Internal Audit of Lotus Tower IT Park	<ul style="list-style-type: none">• To submit evaluation report to the Commission by the New TEC.
SLBC outstanding payments on Radio Frequency Charges	<ul style="list-style-type: none">• To examine and submit report regarding the outstanding matter of SLBC.
Corporate Plan, Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none">• To submit a commission paper on carder position and prevailing vacancies in TRCSL.
14(2)(c) report issued by the AG under the Finance Act, No. 38 of 1971 on the Financial statements for the year ended 31 st December 2017	<ul style="list-style-type: none">• To instruct to compile relevant information to be presented at the COPE.
File Storage at Kadirana	<ul style="list-style-type: none">• To take necessary action to implement correct procedures for file storage.
Checking of Vehicle Loan	<ul style="list-style-type: none">• To follow up the implementation status of the audit recommendation.
Report of the Investment of TRCSL	<ul style="list-style-type: none">• To verify with the General Treasury.
Queries received from Auditor General	<ul style="list-style-type: none">• To submit the request in writing, if need an extended time for replies of audit queries.

4. Audit Committee meeting held on 11th October 2018

4.1 The reports/ matters were discussed, and decisions / actions were taken as follows:

Subject Area	Action / Decision taken
Internal Audit of Colombo Lotus Tower IT Park	<ul style="list-style-type: none">• National Audit Office agreed to carry out an Engineering Audit / Special Audit in Colombo Lotus Tower.• To carry out an Internal investigation on IT Park.
SLBC outstanding payments on Radio Frequency Charges	<ul style="list-style-type: none">• To be continued the process until the outstanding balances beyond 2017 will be reconciled and recovered.
Corporate Plan, Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none">• To appoint a committee by Director General for review carder, organization chart & SOR of TRCSL.
File Storage at Kadirana	<ul style="list-style-type: none">• To take action for rectifying the matters observed on file storage at Kadirana and will be implemented immediately.
Checking of Vehicle Loan	<ul style="list-style-type: none">• To revisit and revise the vehicle loan circular.
Report of the Investment of TRCSL	<ul style="list-style-type: none">• To submit report after discussing with the Treasury.
Payment of Salaries & Wages	<ul style="list-style-type: none">• To maintain a periodical back up of the pay roll.
14(2)(c) report issued by the AG under the Finance Act, no 38 of 1971 on the Financial statements for the year ended 31 st December 2017	<ul style="list-style-type: none">• To follow up the remedial measures taken on the matters raised by Auditor General.

4.2 Any other matter discussed by the Committee.

- Internal Audit Programme for the year 2019.
- Internal Audit Plan 2019.

5. Audit Committee meeting held on 26th December 2018

5.1 The reports/ matters were discussed, and decisions / actions were taken as follows:

Subject Area	Action / Decision taken
Engineering Audit of Colombo Lotus Tower	<ul style="list-style-type: none"> National Audit Office has started the process of carry out an Engineering Audit.
Corporate Plan, Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none"> To follow up and to prepare all reports on or before the due dates. To inform the progress of committee appointed to review the carder, organization chart & SOR of TRCSL.
14(2)(c) report issued by the AG under the Finance Act, No 38 of 1971 on the Financial statements for the year ended 31 st December 2017	<ul style="list-style-type: none"> To compile a report based on the replies and to report to the Director General. To compile relevant information to be presented of the COPE
File Storage at Kadirana	<ul style="list-style-type: none"> To inform the progress to the next Audit Committee meeting.
Checking of Vehicle Loan	<ul style="list-style-type: none"> To follow up the implementation status of the audit recommendations. To follow up the comments made by the committee appointed to revisit & revise the vehicle loan circular.
Report of the Investment of TRCSL	<ul style="list-style-type: none"> To submit a report after discussing with the Treasury officials.
Receivables and Payments of Telecommunication Levy 2017/2018	<ul style="list-style-type: none"> To change the license condition of one-year probation period.
Queries received from Auditor General	<ul style="list-style-type: none"> To submit a cabinet paper for consultancy fees to UOM.

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER, 2018

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018
(Expressed in Sri Lankan Rupees)

	<u>NOTES</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	12,175,521,837	12,259,643,187
Intangible Assets	4.1	2,277,255	8,554,187
Work In Progress	5	17,803,105,479	14,845,511,880
Investment	6	354,000,000	6,221,020,046
TOTAL NON-CURRENT ASSETS		<u>30,334,904,571</u>	<u>33,334,729,300</u>
CURRENT ASSETS			
Accounts Receivable	7	3,813,836,424	6,339,021,114
Prepayment and Advance	8	581,638,428	990,118,972
Loans and Other Receivables	9	262,911,918	156,426,841
Cash & Cash Equivalents	10	3,647,565,507	5,624,491,369
TOTAL CURRENT ASSETS		<u>8,305,952,278</u>	<u>13,110,058,296</u>
TOTAL ASSETS		<u>38,640,856,849</u>	<u>46,444,787,596</u>
EQUITY AND LIABILITIES			
EQUITY			
Government Contributions	11	526,214,744	526,214,744
Accumulated Surplus		10,568,790,416	16,745,580,058
Revaluation Surplus		37,380,000	37,380,000
TOTAL EQUITY		<u>11,132,385,160</u>	<u>17,309,174,802</u>
NON-CURRENT LIABILITIES			
Project Loan - Exim Bank (Lotus Tower)		7,436,902,525	7,588,440,328
Retention	12	46,152,801	46,152,801
Retirement Benefit Obligation	13	14,042,084	6,363,007
Urban Development Authority		9,450,000,000	9,450,000,000
TOTAL NON-CURRENT LIABILITIES		<u>16,947,097,410</u>	<u>17,090,956,137</u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018
(Expressed in Sri Lankan Rupees)

(Contd...)

	<u>NOTES</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
CURRENT LIABILITIES			
Accounts Payable	14	1,934,110,203	180,850,917
Advances, Deposits and Other Payables	15	5,222,557,527	9,719,439,458
Payable To Treasury	16	1,497,163,849	2,144,366,283
Lotus Tower Delay Damages		1,907,542,700	0
TOTAL CURRENT LIABILITIES		10,561,374,279	12,044,656,658
TOTAL LIABILITIES		27,508,471,689	29,135,612,794
TOTAL EQUITY AND LIABILITIES		38,640,856,849	46,444,787,596

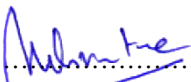
The Accounting Policies and Notes to the Financial Statements from page 06 to 28 form an integral part of the financial statements. I certify that the financial statements of the Commission give a true and fair view of the state of affairs as at 31st December 2018 and its surplus for the period then ended.



M. K. Jayantha

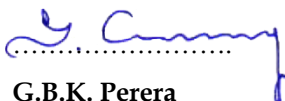
Director - Finance

The Commission is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Commission.



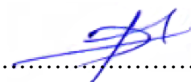
Udaya R. Seneviratne

Chairman



G.B.K. Perera

Member of the Commission



P.R.S.P. Jayatilake

Director General

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in Sri Lankan Rupees)

	<u>NOTES</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Revenue			
Income	17	48,032,936,440	54,368,045,117
Total Operating Income		48,032,936,440	54,368,045,117
<i>Less:</i> Regulatory Expenses	18	(82,245,610)	(66,857,614)
Net Total Operating Income		47,950,690,830	54,301,187,503
<i>Less : Other Expenses</i>			
Administration & Establishment Expenses	19	611,910,909	608,717,107
Finance & Others	20	4,522,806	4,174,491
Provision For Bad Debtors		1,308,496	30,355,765
(Gain) / Loss on Foreign Currency Transactions		1,626,395,795	81,468,932
Total Expenditure		2,244,138,006	724,716,294
Profit for the Year from Continuing Operations Before Income Tax		45,706,552,824	53,576,471,208
<i>Less:</i> Income Tax		(2,349,240,362)	(536,435,813)
Profit for the Year from Continuing Operations After Income Tax		43,357,312,462	53,040,035,396
Other Comprehensive Income			
Gain/(Loss) on Retirement Benefit Obligation		(5,056,066)	822,371
Total Other Comprehensive Income for the Year		(5,056,066)	822,371
Total Comprehensive Income for the Year After Tax		43,352,256,396	53,040,857,767
<i>Less:</i> Contribution to the Consolidated Fund	21-1	(34,529,046,037)	(40,773,094,840)
Total Comprehensive Income for the Year After Contributing the Consolidated Fund		8,823,210,358	12,267,762,927
<i>Add:</i>			
Total Comprehensive Income Brought Forward		16,745,580,058	19,477,817,131
<i>Less:</i> Contribution to the Consolidated Fund	21-2	(15,000,000,000)	(15,000,000,000)
		1,745,580,058	4,477,817,131
Total Comprehensive Income Carried Forward		10,568,790,416	16,745,580,058

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in Sri Lankan Rupees)

	<u>Note</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
<u>Cash Flows from Operating Activities</u>			
Cash generated from operations	22	45,293,062,841	57,033,902,511
Tax paid		(565,611,140)	(877,002,035)
Retirement benefit obligation paid		(4,635,950)	(5,433,812)
Net cash generated from operating activities		44,722,815,751	56,151,466,663
<u>Cash Flow from Investing Activities</u>			
Purchases of property plant & equipment		(4,897,318)	(11,225,556)
Purchases of Intangible Assets		(3,530,936)	(9,495,150)
Projects under which are in work in progress		(2,957,593,599)	(3,543,593,237)
Net Investment in Fixed Deposit & Government securities under re-purchase agreement		5,867,020,046	(5,863,922,642)
Investment in Fixed Deposit - Gratuity Obligation		(900,000)	(2,600,000)
Interest Income from Fixed Deposit - Gratuity Obligation		806,301	5,589,452
Interest Income from government securities under re-purchase agreement		683,832,865	2,027,097,093
Net cash used in investing activities		3,584,737,359	(7,398,150,041)
<u>Cash Flows from Financing Activities</u>			
Mobilization Advance payment		502,589,529	331,970,177
Interest Income from Money Market Transactions		384,498,838	209,981,046
Remittance to the Consolidated Fund		(49,529,046,037)	(55,773,094,840)
Project Loan - Exim Bank (Lotus Tower)		(1,659,286,484)	953,639,281
Retention		0	(833,045,497)
Net cash used in financing activities		(50,301,244,155)	(55,110,549,832)
Net (decrease) / increase in cash and cash equivalents		(1,993,691,045)	(6,357,233,210)
<u>Movement in Cash and Cash Equivalents</u>			
As at 01 st January 2018		5,624,491,369	12,063,193,512
(Decrease) /increase		(1,993,691,045)	(6,357,233,210)
Exchange (losses) / gains on cash and cash equivalent		16,765,184	(81,468,932)
As at 31st December 2018		3,647,565,507	5,624,491,369

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in Sri Lankan Rupees)

	Government Contributions	Revaluation Surplus	Accumulated Surplus/(Deficits)	Total Equity
Balance at 01st January 2017	526,214,744	37,380,000	19,477,817,132	20,041,411,876
Less: Transfer to Consolidated Fund	0	0	(15,000,000,000)	(15,000,000,000)
	526,214,744	37,380,000	4,477,817,132	5,041,411,876
Total Comprehensive Income for the Year Ended 31 st December 2017	0	0	12,267,762,927	12,267,762,927
Balance at 31st December 2017	526,214,744	37,380,000	16,745,580,059	17,309,174,803
Balance at 01st January 2018	526,214,744	37,380,000	16,745,580,059	17,309,174,803
Less: Transfer to Consolidated Fund	-	-	(15,000,000,000)	(15,000,000,000)
	526,214,744	37,380,000	1,745,580,059	2,309,174,803
Total Comprehensive Income for the Year Ended 31 st December 2018	-	-	8,823,210,358	8,823,210,358
Balance at 31st December 2018	526,214,744	37,380,000	10,568,790,416	11,132,385,160

**TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018**

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

1. GENERAL INFORMATION

Telecommunications Regulatory Commission of Sri Lanka is an Independent Body and established under the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act, No. 27 of 1996 to regulate the telecommunication sector.

The registered office of the Commission is located at No.276, Elvitigala Mawatha, Colombo 8.

Principal activities of the Commission which are cited in the Act are as follows:

The Commission shall exercise its powers under the Act in a manner which it considers is be calculated to promote the national interest and in particular.

- (a) To ensure the provision of a reliable and efficient national and international telecommunication service in Sri Lanka (save in so far as the provision thereof is impracticable) such as will satisfy all reasonable demands for such service including emergency services, public call box services, director information services, maritime services and rural services as may be considered essential for the national wellbeing.
- (b) Without prejudice to the generality of paragraph (a), to secure that every operator shall have and employ the necessary technical, financial and managerial resources to ensure the provision of the services specified in his license.
- (c) To protect and promote the interests of consumers, purchasers and other users and the public interest with respect to the charges for, and the quality and variety of telecommunication services provided and telecommunication apparatus supplies.
- (d) To maintain and to promote effective competition between persons engaged in commercial activities connected with telecommunication and promote efficiency and economy on the part of such persons.
- (e) To promote the rapid and sustained development of telecommunication facilities both domestic and international.

- (f) To ensure that operators are able to carry out their obligations for providing a reliable and efficient service free of undue delay, hindrance or impediment.
- (g) To promote research into and the development and use of new techniques in telecommunications and related fields.
- (h) To encourage the major users of telecommunication services whose places of business are outside Sri Lanka to establish places of business within Sri Lanka and
- (i) To promote the use of Sri Lanka for international transit services

2. BASIS OF PREPARATION

The Commission prepares its financial statements in accordance with the Sri Lanka Accounting Standards (“SLFRS”) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements and Sri Lanka Accounting and Auditing Standards Act No.19 of 1995.

The Institute of Chartered Accountants of Sri Lanka issued a new volume of Sri Lanka Accounting Standards (“SLFRS”) and to require enterprises to apply these standards effective for years beginning on or after 1st January 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to the years presented, unless otherwise stated.

3.1 Basis of preparation

The Financial Statements of TRCSL have been prepared in accordance with Sri Lanka Reporting Standards (SLFRS). The financial statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting these Accounts.

3.1.1 Post Balance Sheet Events

All material events occurring after the Balance Sheet date has been considered and where necessary, appropriate adjustments have been made in the accounts.

3.1.2 Foreign Currency Conversion

All foreign currency transactions are converted at the rate of exchange prevailing at the time the transactions were affected. Assets and Liabilities in foreign currencies are translated at the rates of exchange prevailing at the Balance Sheet date. The resulting gains and losses are dealt within the Income and Expenditure Account.

3.2 Assets and the bases of their valuation

3.2.1 Property, Plant and Equipment

(a) Measurement at Recognition

All the Property, Plant and Equipment are stated at cost less accumulated depreciation or impairment loss. The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bring the asset to working condition for its intended use.

Subsequent cost incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or flow future economic benefits associated with the item to the Commission has been treated as capital expenditure. The carrying amounts of replaced parts are de-recognized. All other repairs and maintenance are charged to the comprehensive income during the financial period in which they are incurred.

(b) Depreciation

Land is not depreciated. Depreciation on other assets is recognized profit or loss on a straight-line method over the estimated useful life of each part of the item of property plant & equipment. In the year of acquisition, depreciation is computed on proportionate basis from the month the asset put into use and no depreciation will be charged to the month in which the particular asset is disposed.

(c) Estimated Useful Lives of PPE

Buildings	Over 20 Years
Telecommunication Towers	Over 10 Years
Furniture & Fittings	Over 10 Years
Office Equipment	Over 10 Years
Computers	Over 04 Years
Air Conditions	Over 10 Years
Motor Vehicles	Over 08 Years
Generators	Over 10 Years
Elevators	Over 10 Years
Office Telephones	Over 10 Years
Office Furniture	Over 10 Years
Technical Equipment	Over 10 Years
Web Server	Over 04 Years
Gymnasium Equipment	Over 04 Years
Video Unit Equipment	Over 04 Years

(d) Intangible Assets

Acquired Computer Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Those costs are amortized over the useful life of one year.

(e) Capital Work-In-Progress

Capital work in progress is stated at Cost. These are expenses of a capital nature directly incurred in the construction of buildings and system development awaiting capitalization.

(f) De-recognition

The carrying amount of an item of Property, plant and equipment is de-recognized on disposal. Gains and losses on disposal of an item of Property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and are recognized net within "Other Income" in profit or loss.

3.2.2 Investments

Investments include only Fixed Deposits, which is held for less than three months and Money Market Investments. These investments are stated at cost plus accrued interest up to the year end. Therefore, there is no risk arisen on financial instruments to which the TRCSL is exposed at the end of the financial year.

3.2.3 Accounts Receivable

Accounts receivable are recognized and carried at original invoice amount and any allowance for any uncollectible amounts. An estimate for doubtful receivables is made when collection of the full amount is no longer probable.

3.2.4 Prepayment and Advance

- (a) Lotus Tower is intended to complete during the year 2019.
- (b) The Arbitration process of the IT park project should be finalized within 84 days as per the ICTAD conditions.

3.2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits at bank.

3.3 LIABILITIES AND PROVISIONS:

All material liabilities as at the balance sheet date are included in the financial statements and adequate provision has been made for liabilities which are known to exist but the amount of which cannot be determined accurately.

Obligation payables on demand or within one year of the statement of financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the statement of financial position date are treated as non-current liabilities in the statement of financial position.

3.3.1 Capital Commitment and Contingencies

Capital expenditure commitments and contingent liabilities as at the date of the balance sheet have been disclosed in the notes to the accounts.

3.3.2 Employee Benefit

(a) Retirement Benefit Obligation

The movement in the retirement benefit obligation over the year is given below

	2018 (Rs.)	2017 (Rs.)
At the beginning of financial year	49,963,007	43,596,474
Current Service Cost	3,359,039	3,115,425
Interest Cost	3,993,620	3,917,840
Charged to profit and loss of the statement of comprehensive income	7,352,659	7,033,265
Actuarial losses / (gains)	5,056,066	(822,371)
Benefits paid	(4,635,950)	(5,433,812)
Add: Interest earned on the investment which is to be covered gratuity obligation	5,194,733	5,589,452
At the end of financial year	62,930,515	49,963,007

The Commission has adopted the retirement benefit plan as required under the payment of Gratuity Act, No.12 of 1983 for all eligible employees. The retirement benefit plan is unfunded.

The retirement benefit plan defines an amount of benefit that an employee will receive on retirement. The liability recognized in the statement of financial position in respect of defined benefit plan is calculated annually by the Commission using the projected unit credit method prescribed in Sri Lanka Accounting Standard – LKAS 19: Employee Benefits.

Gains and losses arising from changes due to over or under provision in the previous year are charged or credited to statement of comprehensive income in the period in which they arise. The Obligation for the year is recognized immediately in statement of comprehensive income. The amount equals to the gratuity obligation is invested in fixed deposit by the Commission.

The principal actuarial assumptions used were as follows.

Discount Rate	: 9% per annum
Rate of salary increase	: 1% - 6.7%
Retirement Age	: 60 years

(b) Defined Contribution Plans

Obligation for contributions to a defined contribution plans are recognized as an expense in the statement of comprehensive income as incurred.

The Commission contributes a sum not less than 15% and 3% of the gross emoluments of employees to Employees' Provident Fund (EPF) and to the Employees' Trust Fund (ETF) respectively.

(c) Employee Provident Fund

All employees of the commission are members of Employee Provident Fund (EPF) to which employees contribute 10% of the basic salary and TRCSL contribute 15% of such employees' basic salary.

Employee Trust Fund

The commission contributes 3% of the basic salary of each employee to the Employees' Trust Fund.

3.4 REVENUE RECOGNITION

3.4.1 Revenue is recognized in accordance with Sri Lanka Accounting Standard -LKAS 18.

3.4.1.1 Operator License fee

Operator license fee is recognized on cash basis when the New licenses are issued or existing licenses are renewed for the period of either 10 years or 05 years, to the telecom operators under section (17) of the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunication Amendment Act, No. 27 of 1996.

3.4.1.2 Vendor License Fee/ Cordless Phone Dealer Charges/ Short Code Charges/ Application Processing Fee

Vendor license fee is recognized on cash basis when the licenses are issued to the persons under section (21) of the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunication Amendment Act, No. 27 of 1996.

3.4.1.3 Cess Fee

Cess fee is recognized as per the condition of the 22(G) of Sri Lanka Telecommunications Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act, No. 27 of 1996.

3.4.2 Telecommunication Levy

Telecommunication Levy received from the telecom operators under the Telecommunication Act, No. 21 of 2011 are recognized as revenue and subsequently remitted to the State Consolidated Fund.

Recovery process of unpaid telecommunication levy and Cess fees from Lanka Cable Satellite Network (Pvt) Ltd, Lanka Broadband (pvt) Ltd and City Cable Links (pvt) Ltd has been commenced. Legal action for default TL payment shall be taken as per the provisions of Telecommunication Act, No. 21 of 2011.

3.4.3 Telecommunication Development Charges

Telecommunication Development Charges received from the External Gateway Operators under the Part III of the Finance Act, No.11 of 2004 are recognized as revenue. 50 percentage of this revenue were subsequently remitted to the State Consolidated Fund.

3.4.4 International Outgoing Call Levy

International Outgoing Call Levy received from the External Gateway Operators under the Part 111 of the Finance Act, No.11 of 2004 and the Regulations published in Extraordinary Gazette Notification No. 1738/15 dated 29th December 2011 are recognized as revenue and subsequently remitted to the State Consolidated Fund.

3.4.5 Interest Income

Interest income comprises interest income on funds invested in short-term fixed deposit and Money Market Investments. Interest income is recognized as it accrues in gain or loss on the maturity date.

3.4.6 Income Taxes

The Commission is exempt from income tax on its main sources of income. The Income Tax expense is only recognized only on interest income.

The Tax exemption granted to the TRCSL under the Income Tax Act No. 10 of 2006, amended, was abolished with the enforcement of the new Inland Revenue ACT No. 24th of 2017 and the effective date of which starts since, 1/4/2018.

The Tax period of TRCSL is from 1st January to 31st December as approved by the Commissioner General of Inland Revenue. Accordingly the tax liability for 2018 is shown below.

	2018 (Rs.)
Accounting Profit before Taxation	36,969,615,832
Add: Tax effect of disallowable expenses in determining taxable income/ (loss)	-
Less: Tax effect of allowable expenses in determining taxable income/ (loss)	(29,658,574,415)
Accounting profit/ (loss) chargeable to income taxes	7,311,041,417
Interest Income	1,079,102,734
Total Taxable Income	8,390,144,151
Tax rate for the year	28%
Tax effect for the year	2,349,240,362

3.4.7 Economic Service Charge (ESC)

ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act, No. 13 of 2006 and subsequent amendments there to, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act.

3.5 EXPENDITURE

Expenses are recognized in the comprehensive income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Commission and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the surplus for the year.

3.6 PROJECTS

3.6.1 COLOMBO LOTUS TOWER

The Telecommunications Regulatory Commission of Sri Lanka (TRCSL) has started construction of 350 meters high multifunctional TV & Telecommunication Tower known as the “Colombo Lotus Tower, following the Cabinet decisions of 27th October 2010 and 14th December 2011 under reference numbers 10/2473/401/301 and 11/2262/501/026 respectively. The construction of the tower also was awarded to the China National Electronics Importers & Exporters Corporation (CEIEC) and Aerospace Long March International Trade Co. Ltd (ALIT) by the Cabinet.

Also, a mega leisure park as the 2nd phase is to be planned and commenced once the Colombo Lotus Tower project is completed.

The cost of the construction was estimated to US \$ 104.3 Million and 85% of which is financed by a 14 year loan from the Export – Import Bank of China (EXIM Bank) under the Buyers’ Credit loan Agreement No. BLA-201207 signed by TRCSL & EXIM Bank where the Secretary to the Ministry of Finance & Planning then, has sign as the Guarantor on behalf of the Government of Sri Lanka. The balance 15% of the project cost which is amounted to US \$ 15.645 Million is to be borne by the TRCSL.

The percentage completed of the project was 95% as at 31.12.2018. The cumulative delay damages of US\$ 10,430,000 was deducted from the Interim payment certificates 20, 21 & 22. Retention was released as per the condition of contract and submission of irrevocable demand bank guarantee from HSBC, upon the recommendation and approval of Project Consultancy Unit (PCU) and acknowledgement of Cabinet Appointed Negotiation Committee (CANC).

The EXIM bank loan was expired at US\$ 67,259,754 and the cabinet approval was obtained to pay the balance contract amount of US\$ 21,395,247 from TRCSL funds.

The total borrowing cost and the related expenses will be fully capitalized at the completion of the project as per the Sri Lanka Accounting Standard 23, because the EXIM Bank Loan is 100% dedicated loan obtained for the construction of the Colombo Lotus Tower Project.

3.6.2 LAND - LOTUS TOWER

The Land Lotus Tower on which the “Colombo Lotus Tower” is being constructed, contains in extent of 7 Acres 2 Roots & 8.41 Perches (3.0564 Hectares) which is to be transferred to the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) as per the Cabinet decision reference No. 11/2262/501/026/TBR, dated 22nd December 2011 from the Urban Development Authority (UDA) on the basis of interest free.

Having signed a Memorandum of Understanding (MOU) between TRCSL & UDA bearing the reference No. 5023 dated 23rd January 2012, it was agreed to make an initial payment of Rs.1, 500 Million and Rs.300 Million each for 34 years by TRC from the date of execution of the transfer agreement.

The vacant physical possession was handed over to the TRCSL by the letter of UDA, dated 18th July 2012 subject to the payment of utility bills and Assessment Rates to the relevant authorities from the date of handing over and same has been continuing by TRCSL. Relevant authorities are in the process of transferring the title ownership to the TRCSL subject to the procedures.

3.6.3 IT PARK HAMBANTHOTA SOORIYAWEWA

Telecommunications Regulatory Commission of Sri Lanka initiated action to establish a Telecommunication Media Center Project (Hambantota IT Park Project) as decided by the Cabinet of Ministers at its meeting held on 04th July 2012 based on the Cabinet Paper No 12/0836/501/019 dated 14th June 2012.

Sri Lanka Land Reclamation & Development Corporation (SLLRDC) was appointed as the Engineer to the Project, the construction contract was awarded to M/s Tudawe Brothers (Pvt) Limited, for a construction cost of Rs 2,493,870,318.00 after adhering to the approved tender procedure.

The contractor had completed the superstructure of the building up to the 3rd floor by June 2015 as scheduled. However, TRCSL, BOI and the Presidential Secretariat observed that the other development projects planned in the area have not been commenced and stressed the need to restructure the project.

IT PARK HAMBANTHOTA SOORIYAWEWA (Contd.)

The percentage completed of the project was 33% which includes the total work done including material at site was Rs.423.9 Million. Retention withheld and recovery of mobilization advance were Rs.46 Million & Rs.157 Million respectively as at 31-12-2018.

Whilst SLLRDC as the engineering Consultant to this project was attending to the restructuring of the project, the contract between TRCSL and M/s Tudawe Brothers (Pvt) Ltd expired on 10th August 2016. Consequently, TRCSL had terminated contract with the M/s Tudawe Brother (Pvt) Ltd on the recommendation of SLLRDC being the Engineer to the Project. Total cost incurred so far for the project is approximately Rs 715 Million (Which includes 157 Million unrecovered advance) and Contractor, namely M/s Tudawe Brothers (Pvt) Limited submitted referral to the Dispute Adjudication Board against the TRCSL's decision to terminate the Contract.

Having considered the Dispute Adjudication Board (DAB) decision, some cost elements and Retention amount of Rs. 46 million were agreed to set off against the mobilization advance of RS. 157 million. The balance amount of Rs. 50 million was covered by a bank guarantee of Rs. 50 million as per the advice of the Engineer to the project - Sri Lanka Reclamation & Development Corporation and the matter was referred to the Arbitral Tribunal. Refer Note No. 3.7 (c).

Sooriyawewa land cost shall be capitalized when value of the land is assessed by the government valuer.

Telecommunications Regulatory Commission of Sri Lanka is currently exploring the possibility to proceed and develop this project on a Public-Private Partnership basis.

3.7 CONTINGENCIES

(a) DC/DMR/6188/2010

Mr. Gamini Rajapakse, proprietor of Gewaan Engineering filed a case in the District Court of Colombo bearing No. 6188/2010 citing Telecommunications Regulatory Commission of Sri Lanka as the Defendant.

The Plaintiff has filed this case to recover damages from TRC for breach of the agreement entered between the Plaintiff and Defendant on 19th July 2007. Under the reliefs sought, the Plaintiff is seeking Rs.1.5 Million in damages.

(b) HC Civil No. 137/2011

The case bearing No. HC (Civil) No. 137/11 was filed by Electrotecks Limited against TRC for Judgement /decree for a sum of Rupees 47,345,112,000 with legal interest up to the date of decree and aggregate amount of the decree till payment in full. A claim in reconvention has been made by the defendant for non- payment of the frequency license fees of Rs. 172,500,000 and Rs. 2,300,000 with legal interest from plaintiff.

(c) IT Park - Hambanthota

The matter was referred to the Arbitral Tribunal as both parties have not agreed upon to the decision of the Dispute Adjudication Board (DAB). The claimant, Tudawe Brothers (Pvt) Ltd has submitted a claim of Rs. 706,066,168.64

(d) DC/DMR/3277/17

The plaintiff has filed the case to recover damages for TRCSL's act for disruption of service and damage to Transmission Station which covered the entire Jaffna Peninsula and nearby Islands.

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
 (Expressed in Sri Lankan Rupees)

4. PROPERTY, PLANT & EQUIPMENT

COST	BALANCE AS AT 01.01.2018	For the Year 2018		BALANCE AS AT 31.12.2018
		ADDITIONS	DISPOSALS/ TRANSFERS	
Lands	148,863,771	0	0	148,863,771
Lease Hold Lands	345,502	0	0	345,502
Buildings	150,381,065	0	0	150,381,065
Kokavil Tower	314,933,479	0	0	314,933,479
Vauniya Tower	29,900,741	0	0	29,900,741
Vehicles	168,717,224	0	0	168,717,224
Air conditioners	15,104,152	1,350,702	0	16,454,854
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	98,473,387	861,400	0	99,334,787
Web Server	2,213,661	0	0	2,213,661
Other Office Equipment	34,080,287	1,195,890	0	35,276,177
Mobile Phones	1,081,968	93,081	0	1,175,049
Office Furniture	22,366,731	1,274,298	0	23,641,029
Technical Equipment	70,004,517	121,947	0	70,126,463
FMMS Project Surveillance Vehicles	61,712,127	0	0	61,712,127
FMMS Project Equipment	408,303,544	0	0	408,303,544
Gymnasium Equipment	5,629,707	0	0	5,629,707
Video Unit Equipment	12,572,266	0	0	12,572,266
	1,552,033,405	4,897,318	0	1,556,930,722
Land Lotus Tower	11,715,212,127	0	0	11,715,212,127
	13,267,245,532	4,897,318	0	13,272,142,850

DEPRECIATION	BALANCE AS AT 01.01.2018	For the Year 2018		BALANCE AS AT 31.12.2018
		ADDITIONS	DISPOSALS/ TRANSFERS	
Buildings	120,428,049	4,528,572	0	124,956,621
Kokavil Tower	213,044,126	31,493,348	0	244,537,474
Vauniya Tower	20,930,519	2,990,074	0	23,920,593
Vehicles	113,996,042	16,242,757	0	130,238,799
Air Conditioners	11,286,242	835,378	0	12,121,620
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	89,219,164	4,662,478	0	93,881,642
Web Server	2,213,661	0	0	2,213,661
Other Office Equipment	23,605,259	1,877,066	0	25,482,324
Mobile Phones	736,144	68,239	0	804,382
Office Furniture	15,156,043	1,442,714	0	16,598,757
Technical Equipment	26,778,660	6,551,010	0	33,329,670

FMMS Project Surveillance Vehicles	19,336,483	7,164,016	0	26,500,498
FMMS Project Equipment	326,385,647	10,760,214	0	337,145,861
Gymnasium Equipments	5,629,707	0	0	5,629,707
Video Unit Equipment	11,507,324	402,802	0	11,910,126
	1,007,602,345	89,018,668	0	1,096,621,013
NET BOOK VALUE	12,259,643,187			12,175,521,837

Notes:

Value of **Land** of Rs. 148,235,572 includes Rs. 45,000,000 for the Land situated in Kadirana, Negombo. Extent of the Land is 112 Acres Rood 01 and P 10.5. Approximately a 50% of the extent of the land has been acquired by the Divisional Secretary of Katana, but the effect of the change of the value due to the acquisition has not been incorporated in accounts.

4.1 INTANGIBLE ASSETS

COST	BALANCE AS AT 01.01.2018	For the Year 2018		BALANCE AS AT 31.12.2018
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	17,924,924	8,397,924	4,866,988	21,455,861
	17,924,924	8,397,924	4,866,988	21,455,861

AMORTIZATION	BALANCE AS AT 01.01.2018	For the Year 2018		BALANCE AS AT 31.12.2018
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	9,370,737	9,807,868	0	19,178,605
	9,370,737	9,807,868	0	19,178,605
NET BOOK VALUE	8,554,187			2,277,255

5. WORK IN PROGRESS

	BALANCE AS AT 01.01.2018	For the Year 2018		BALANCE AS AT 31.12.2018
		ADDITIONS	(TRANSFERS)	
Main H/O Building	10,057,910	0	0	10,057,910
Construction of Lotus Tower	14,152,597,375	2,955,826,557	0	17,108,423,931
IT Park - Hambantota	682,856,596	1,158,714	0	684,015,309
Construction of TRC H/O - New Building	0	608,329	0	608,329
	14,845,511,880	2,957,593,599	0	17,803,105,479

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	<u>31.12.2018</u>	<u>31.12.2017</u>
06. INVESTMENTS		
Treasury Deposits	354,000,000	354,000,000
Fixed Deposit - People's Bank	0	5,600,000,000
	<u>354,000,000</u>	<u>5,954,000,000</u>
Interest Receivable on Fixed Deposits	0	267,020,046
	<u>354,000,000</u>	<u>6,221,020,046</u>
07. ACCOUNTS RECEIVABLE		
CESS Receivable	465,636,257	408,978,695
TDC Receivable	957,178,524	911,312,704
Levy on OLAC Receivable	39,280,793	53,403,552
Telecom Levy Receivable	977,293,794	1,635,306,264
Kokavil Tower Recoverable	83,297,174	94,308,595
Outstanding Staff Loans Recoverable	2,547,337	2,547,337
Kokavil Lease Rental Receivable	700,561	1,536,292
Air Ticket Receivable	97,920	0
Trade Debtors	07 A 1,287,804,064	3,231,627,673
	<u>3,813,836,424</u>	<u>6,339,021,114</u>
07 A. Trade Debtors		
Radio Frequency Fees	1,661,483,613	3,603,995,092
Armature Radio License Fees	39,981	43,614
	<u>1,661,523,593</u>	<u>3,604,038,706</u>
Less - Provision for Bad Debtors **	(373,719,529)	(372,411,033)
	<u>1,287,804,064</u>	<u>3,231,627,673</u>

Note: (1)	<u>Debtors</u>		<u>Provisions</u>
**Provision for Bad Debtors			
More Than 02 Years	373,504,055	100%	373,504,055
More Than 01 Year Less Than 02 Years	2,154,742	10%	215,474
More Than 6 Months & Less Than 01 Year	3,200,915	0%	0
More Than 2 Months & Less Than 6 Months	181,728,329	0%	0
More Than 01 Month & Less Than 2 months	714,427,525	0%	0
Less Than 01 Month	386,508,028	0%	0
	<u>1,661,523,593</u>		<u>373,719,529</u>
Note: (2)			
Trade debtors are stated at fair value after providing 100% & 10% provision for bad and doubtful debts over one year and above respectively.			

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
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(Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
08. <u>PREPAYMENT AND ADVANCE</u>		
Special Advances	575	575
Festival Advances	205,111	217,000
Purchase Advances	202,140	132,140
Pre-payments	2,464,652	0
Mobilization Advance Payment - (LOTUS TOWER)	421,684,520	832,687,828
Mobilization Advance Payment - (IT PARK)	157,081,430	157,081,430
	<u>581,638,428</u>	<u>990,118,972</u>
09. <u>LOANS AND OTHER RECEIVABLES</u>		
Distress Loans	34,555,456	36,930,236
Motor Vehicle Loans	184,937,193	114,882,989
Property Loans	1,724,586	2,053,446
Motor Cycle Loans	203,298	348,401
Salary Deduction Recoverable	16,987	20,648
Other Receivables	2,086,122	2,066,122
CEB Security Gurantee Deposit A/C (IT Park)	125,000	125,000
Commissioner General of Inland Revenue (WHT)	17,861,411	0
Claimable Economic Service Charges	18,276,866	0
Lotus Tower Electricity Security Deposit	3,125,000	0
	<u>262,911,918</u>	<u>156,426,841</u>
10. <u>CASH & CASH EQUIVALENTS</u>		
Cash At Bank	10 A 866,915,447	210,286,330
Cash In Hand	10 B 70,000	70,000
Money Market Saving Account - (No.119-2-001-2-3693169)	2,780,580,061	5,414,135,038
	<u>3,647,565,507</u>	<u>5,624,491,369</u>
10 A. <u>CASH AT BANK</u>		
People's Bank - Narahenpita Branch, (Deposit Account)		
A/c No.119402113960300 (RFC USD 0032)	106,141,131	87,987,394
People's Bank - Narahenpita Branch, (Collection Account)		
Current A/c No.119-1-001-4-3693169	737,578,215	88,545,068
People's Bank - Narahenpita Branch, (ITO Levy)		
Current A/c No. 119-1-001-3-3693264	312,076	379,303
Bank of Ceylon - Narahenpita Branch		
Current A/c No.2323167	22,884,024	33,374,566
	<u>866,915,447</u>	<u>210,286,330</u>

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	<u>31.12.2018</u>	<u>31.12.2017</u>
10 B. CASH IN HAND		
Petty Cash - Head Office	10,000	10,000
Petty Cash - Admin & HR Division	5,000	5,000
Petty Cash - Kokavil	10,000	10,000
Petty Cash - Lotus Tower	25,000	25,000
Petty Cash - DG Office	15,000	15,000
Petty Cash - Compliance	5,000	5,000
	<u>70,000</u>	<u>70,000</u>

11. GOVERNMENT CONTRIBUTIONS

World Bank Credit Agreement	298,572,434	298,572,434
United Nations Development Program	19,533,906	19,533,906
Capital Contributed by the Treasury	208,108,404	208,108,404
	<u>526,214,744</u>	<u>526,214,744</u>

12. RETENTION

Retention - IT Park	46,152,801	46,152,801
	<u>46,152,801</u>	<u>46,152,801</u>

Lotus Tower

Retention released as per the condition of contract and submission of irrevocable demand bank guarantee from HSBC, upon the recommendation and approval of Project Consultancy Unit (PCU) and acknowledgement of Cabinet Appointed Negotiation Committee (CANC).

IT Park

Please Refer Notes to the Financial Statements
3.6.3

13. GRATUITY BENEFITS

Provision for Gratuity	62,930,515	49,963,007
Fixed Deposit (Gratuity)	(44,500,000)	(43,600,000)
Interest Receivable on Fixed Deposit for Gratuity Benefits	(4,388,432)	0
Net Benefit Liability	<u>14,042,084</u>	<u>6,363,007</u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
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 (Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
14. ACCOUNTS PAYABLE		
<u>ACCRUED EXPENSES</u>		
Telephone - Office	1,010,070	811,017
Communication Allowance	219,112	223,079
Salaries Control	99,183	11,884
Salaries Payable	185,634	216,634
W & O.P. Payable	97,280	2,991
Electricity	1,047,053	1,019,198
Water	66,751	86,505
Janitorial Services	553,741	648,438
Security Services	2,573,800	2,000,000
Overtime	1,385,575	1,321,907
E.P.F	3,354,845	3,303,928
E.T.F	402,581	397,020
Internet	317,243	506,262
Medical Insurance Claims	250,995	250,995
Travelling & Subsistence Payable	6,156	2,200
Staff Welfare	794,091	272,737
News Papers & Notifications	84,080	30,040
Audit Fees	2,367,460	1,267,460
Bonus	35,263,211	33,782,946
Retention	66,279	40,595
Comm.Gen.IR (ESC, NBT & Stamp Duty)	56,290,538	66,309,297
Salary Deductions	132,189	132,214
Repairs & Maintenance	3,653,025	23,227,871
Air Ticket Payable	0	154,480
Stamp Duty Payable	993,032	1,495,449
PAYE Payable (Commission Members Allowances)	2,338,664	3,245,758
Provision for Income Tax	1,818,593,410	34,964,188
Misc. Purchase & Supplies Payable	716,286	1,629,429
Annual Subscription Payable	0	545,611
Consultancy Payable	0	285,000
Over Recoveries of Staff Loan	13,657	157,010
Fuel Payable	150,698	265,943
Printing & Stationery Payable	1,023,437	2,242,831
With Holding Tax Payable	12,628	0
Filling & Depend Court	47,500	0
	<u>1,934,110,203</u>	<u>180,850,917</u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
 (Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
15. <u>ADVANCES, DEPOSITS AND OTHER PAYABLES</u>		
Revenue Received in Advance	3,312,802,741	8,193,005,490
Refundable Deposits for Tender	1,524,167	1,508,167
Refundable Deposits - Employees	2,086,843	2,086,843
Advances Received for 1800 MHz Band ICT for Effective Disaster Management Summit	57,500,000	57,500,000
	34,210	34,210
Insurance Claim for Damaged Antenna	25	25
Over recovery of Frequency Licence Fee	2,129,435	2,101,870
C.T.O Telecenter Project	924,492	924,492
VAT Control Account	223,392,670	100,761,116
Construction Creditors	751,650	751,650
Project Loan - Exim Bank (Lotus Tower)	1,621,411,295	1,360,765,595
	<u>5,222,557,527</u>	<u>9,719,439,458</u>
16. <u>PAYABLE TO TREASURY</u>		
50% TDC Payable to Treasury	478,589,261	455,656,465
Levy on OLAC Payable to Treasury	39,280,793	53,403,552
Telecom Levy Payable to Treasury	979,293,795	1,635,306,265
	<u>1,497,163,849</u>	<u>2,144,366,283</u>
17. <u>INCOME</u>		
Income - License Fees	17 A 17,563,075,810	18,286,520,005
Telecommunications Levy	24,349,276,331	29,133,386,810
Telecom Development Charges	17 B 5,581,629,186	6,217,860,564
Levy on Out Going Local Access Charges	538,955,113	730,277,739
	<u>48,032,936,440</u>	<u>54,368,045,117</u>
17 A. <u>INCOME - LICENSE FEES</u>		
System Operator License Fees	122,448,980	690,142,880
Cess Fees	4,550,705,960	4,211,919,781
Radio Frequency Fees	10,789,520,442	6,861,209,627
Frequency Upfront Fees	1,071,428,571	4,509,183,673
Vendor License Fees	13,818,111	13,663,749
Amateur Radio License Fees	163,630	29,345
Ship Station License Fees	449,994	440,142
Aircraft Station License	401,530	396,266
Cordless Phone Dealer Charges	114,619,244	109,217,025
Examination Fees	367,511	457,819
Application Processing Fees	1,020,408	1,428,572
Short Code Charges	26,530,612	27,704,056
Sundry Income - 17 A (1)	1,108,518,638	2,272,461,943
	<u>17,799,993,632</u>	<u>18,698,254,879</u>
Less : Nations Building Tax	(236,917,822)	(411,734,874)
	<u>17,563,075,810</u>	<u>18,286,520,005</u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
(Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
17 A (1). SUNDRY INCOME		
Interest Income from Staff Loans	7,800,124	6,047,699
Interest Income from Fixed Deposits	683,832,865	2,027,097,093
Interest Income from Money Market Transactions	384,498,838	209,981,046
Kokavil Lease Rental	15,406,525	12,348,475
Other Income - Miscellaneous	4,199,591	987,631
Recovery of Film & Teledrama	10,400,000	16,000,000
Loss recovery from Court Case	2,380,696	0
	<u><u>1,108,518,638</u></u>	<u><u>2,272,461,943</u></u>
17 B. TELECOMMUNICATION DEVELOPMENT CHARGES (TDC)		
TDC Revenue	5,581,629,186	6,217,860,564
	<u><u>5,581,629,186</u></u>	<u><u>6,217,860,564</u></u>
18. REGULATORY EXPENSES		
ITU Annual Subscription	26,636,951	24,727,919
APT Annual Subscription	2,397,118	2,370,835
SAFIR Annual Subscription	1,071,157	545,611
Contribution to SATRC	0	2,315,430
Library Annual Subscription	127,145	0
CTO Annual Subscription	5,666,572	5,000,836
Participating in Regulatory Affairs Work	35,381,542	18,051,265
Filing & Depending Court Actions	3,577,430	3,783,278
Net Internet Safe Child	0	4,110
Miscellaneous Regulatory Expenses	0	1,175,537
Economic Social Responsibility	0	825,000
Visiting of Foreign Delegates	114,128	219,387
Lotus Tower Project	136,522	126,121
Connect School/Connect Community	24,190	0
Traveling & Subsistence for Regulatory Affairs	1,351,666	1,788,052
Hosting International Conference	1,500	5,924,234
ITU/TRC Assistance Programme for Entrepreneurs	36,821	0
Public Aware Programme	10,000	0
Project of Gamata Sannivedanaya	168,130	0
Local Training Programme - ITU/APT	5,544,739	0
	<u><u>82,245,610</u></u>	<u><u>66,857,614</u></u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
(Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
19. ADMINISTRATION & ESTABLISHMENT EXPENSES		
Salaries	167,042,327	159,514,188
E.P.F. (15% Contribution)	23,444,942	22,456,336
E.T.F. (3% Contribution)	4,695,918	4,564,951
Transport Allowance	19,374,024	18,581,767
House Rent Allowance	14,736,703	13,313,846
Other Allowances	3,313,674	1,532,366
Performance Incentive	36,602,559	33,261,744
Special Allowance	348,871	139,567
Additional Allowance	2,476,023	9,142,552
Bonus	40,519,848	27,085,968
Overtime	15,247,454	13,925,559
Chairman's Remuneration	1,200,000	400,000
Unutilized Vacation Leave Allowance	10,420,588	9,773,331
Commission's Contribution for Pension	1,345,161	2,569,049
Communication Allowance	2,701,852	2,813,275
Uniforms	785,254	504,127
Staff Welfare	7,934,824	10,469,038
Development of Sports Activities	1,500,000	2,120,947
Staff Professional Membership Subscription	626,006	484,198
Local Training	1,395,770	1,919,716
Commission Members Allowance	262,500	262,500
Audit Committee Allowances	168,250	110,000
Housing Loan 2/3 Interest Reimbursement	5,126,002	4,210,790
Travelling & Subsistence	0	20,325
Gratuity	3,359,039	3,115,425
Electricity	13,380,319	13,788,075
Water	487,685	715,682
Janitorial Services	6,454,720	5,196,220
Security	11,086,450	10,454,599
Rates & Taxes	3,000	142,839
Library Books	68,356	0
Printing and Stationery	11,733,439	7,904,072
Fuel	3,885,742	2,819,109
Postage	878,625	814,290
Telephone, Fax and PABX	6,076,255	7,423,220
Insurance (Property & Medical)	52,889,494	44,492,883
Internet Charges	4,414,579	3,261,138
Newspapers & Notifications	5,044,512	5,598,646
Consultancy fees	179,500	385,000
Seminars & Conferences	681,499	1,005,852

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
(Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
Audit Fees	1,100,000	600,000
Legal Expenses/Deciplinary Inquiries/Preliminary Investigation	318,348	378,680
Rentals for Leased Premises	0	1,665,554
Depreciation	89,018,668	98,459,127
Amortization	9,807,868	3,333,800
Administration Miscellaneous	2,241,500	704,127
Purchases & Supplies Miscellaneous	1,965,189	969,352
Operating Cost Miscellaneous	571,444	61,490
Office Equipment Maintenance	11,174,579	1,513,406
Elevator Maintenance	0	1,118,417
Generator Maintenance	49,725	62,438
Vehicle Maintenance	4,397,987	4,751,277
Building & Structure Maintenance	4,313,054	1,460,319
Technical Equipment Maintenance	93,840	2,614,209
Software Maintenance & Development	1,831,728	43,610,724
Towers Maintenance	244,262	253,996
Maintenance of Monitoring Station	2,563,522	697,701
Maintenance - IT Park Sooriyawawa	12,310	0
Miscellaneous Repair & Maintenance	0	26,000
Ex-gratin Payment	0	143,300
Internet Lease Line	289,364	0
CCTV Maintenance	25,760	0
	<u>611,910,909</u>	<u>608,717,107</u>
20. FINANCE & OTHER EXPENSES		
Bank Charges	279,186	256,651
Stamp Duty	250,000	0
Interest on Gratuity Provision	3,993,620	3,917,840
	<u>4,522,806</u>	<u>4,174,491</u>
21. CONTRIBUTION TO THE CONSOLIDATED FUND	21-1	
Contribution under Telecommunication Act For the Year Ended 31.12.2018	6,850,000,000	7,800,000,000
Contribution under Finance Act for the Year Ended 31.12.2018		
Telecommunication Levy Paid	24,349,276,331	29,133,886,819
50% Telecommunication Development Charges	2,790,814,593	3,108,930,282
Levy on OLAC Paid	538,955,113	730,277,739
	<u>34,529,046,037</u>	<u>40,773,094,840</u>
CONTRIBUTION UNDER TELECOMMUNICATION ACT	21-2	
Out of total comprehensive income for the year ended 31.12.2017	<u>15,000,000,000</u>	<u>15,000,000,000</u>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2018 (Contd...)
(Expressed in Sri Lankan Rupees)

	<u>31.12.2018</u>	<u>31.12.2017</u>
<u>22. CASH GENERATED FROM OPERATIONS</u>		
Net profit before tax	45,706,552,824	53,576,471,208
<i>Adjustments for</i>		
Depreciation on Property, Plant and Equipment	89,018,668	98,459,127
Amortization on Intangible Assets	9,807,868	3,333,800
Provision for Bad & Doubtful Debtors	1,308,496	30,355,765
Retirement benefit obligation	3,359,039	3,115,425
Interest income from Fixed Deposit & REPO	(683,832,865)	(2,027,097,093)
Interest Income from Money Market Transactions	(384,498,838)	(209,981,046)
Interest cost on retirement benefit obligation	3,993,620	3,917,840
Gain on Foreign Currency Transactions	1,626,395,795	81,468,932
Changes in Working Capital		
Accounts Receivable	22-1 2,523,876,193	181,061,207
Prepayment and Advance	(2,522,763)	47,000
Loans and Other Receivables	(106,485,077)	(24,495,480)
Accounts Payable	22-2 (30,369,935)	58,070,122
Advances, Deposits and Other Payables	(4,496,881,931)	5,684,813,220
Payable To Treasury	(647,202,434)	(425,637,516)
Lotus Tower Delay Damages	1,680,544,180	0
Cash generated from operations	<u>45,293,062,841</u>	<u>57,033,902,511</u>
<u>22-1. ACCOUNTS RECEIVABLE</u>		
Cess Receivable	465,636,257	408,978,695
TDC Receivable	957,178,524	911,312,704
Levy on OLAC Receivable	39,280,793	53,403,552
Telecom Levy Receivable	977,293,794	1,635,306,264
Kokavil Tower Recoverable	83,297,174	94,308,595
Outstanding Staff Loan Recoverable	2,547,337	2,547,337
Air Ticket Receivable	97,920	0
Radio Frequency Fees	1,661,483,613	3,603,995,092
Kokavil Lease Rental Receivable	700,561	1,536,292
Amature Radio License Fees	39,981	43,614
	<u>4,187,555,954</u>	<u>6,711,432,147</u>
	<u>2,523,876,193</u>	<u>181,061,207</u>
<u>22-2. ACCOUNTS PAYABLE</u>		
As per Statement of Financial Position	1,934,110,203	180,850,917
Less: Provision for Income Tax	(1,818,593,410)	(34,964,188)
	<u>115,516,793</u>	<u>145,886,728</u>
	<u>(30,369,935)</u>	<u>58,070,122</u>

REPORT OF THE
AUDITOR GENERAL



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

CMU/A/TRC/01/18/17

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

30 May 2019

The Chairman

Telecommunication Regulatory Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Telecommunication Regulatory Commission of Sri Lanka for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Telecommunication Regulatory Commission of Sri Lanka for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the profit and loss statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act, No.38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දැව් පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்தாவ வீதி, பத்தரமுல்லை, இலங்கை.

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1.2 Basis for Qualified Opinion

(a) Sri Lanka Accounting Standards

 The following non-compliances with Sri Lanka Accounting Standards were observed in audit.

Accounting Standard 16 – Property Plant and Equipment

- (i) Although value of the Property Plant and Equipment of the Commission had been stated at their cost of Rs.13,272,142,850, the fair value thereof had not been computed and stated in the financial statements.

Notwithstanding the acquisition of nearly an extent of 50 per cent of a land containing 112 Acres 01 Rood and 10.5 Perches worth Rs.45,000,000 belonging to the Commission by the Divisional Secretariat, Katana, total cost of the land had been included in the above value.

- (ii) Although fully depreciated fixed assets valued at Rs.15,192,644 were further being used, action had not been taken to revalue those assets in accordance with Paragraph 51 of the Standard and include in the financial statements.

(b) Accounting Deficiencies

 The following observations are made.

- (i) Even though the liquidated damages of Rs.1,680,544,180 recovered for the delays of the Lotus Tower Project should be computed as other income, it had been brought to account as liquidated damages of the Lotus Tower under the current liabilities. In addition, having computed the exchange loss therefor, a sum of Rs.226,998,520 had been credited to that account. The Director General had informed that the draft amount relating to obtaining Cabinet approval for the extension of project period as per the recommendation made by the Moratuwa University had been brought to account as liquidated damages under the current liabilities. Nevertheless, no evidence whatsoever had been furnished in support of the above statement.



- (ii) A sum of Rs.1,924,800 had been paid for the renewal of Oracle Database Support Service Agreement from 24 October 2018 to 23 October 2019 and a sum of Rs.1,560,934 as the value pertaining to the period from 01 January 2019 to 23 October 2019 had not been recognized as a future payment in the accounts. Accordingly, the profit of the year had been understated by that amount.
- (iii) A sum of Rs.560,955 had been paid on 30 November 2018 for servicing activities of the elevator of the Commission from 01 September 2018 to 31 August 2019 and a sum of Rs.373,458 relevant to the period from 01 January 2019 to 31 August 2019 had not been recognized as a future payment in the accounts. Accordingly, the profit of the year had been understated by that amount.
- (iv) Three institutions had filed cases against the Commission claiming compensations of Rs.62,146,612,000 for non-implementation of the frequency project and breach of the contract agreements respectively. Even though compensation of Rs.14,800,000,000 had been estimated relating to the case filed against the Commission in connection with breach of services and damages caused to a transmission station, that amount had not been disclosed in the financial statements.
- (c) Unexplained Differences

- (i) Although the turnover subject to the Nation Building Tax and the Economic Service Charge Tax amounted to Rs.11,845,891,066 during the year under review as per the tax payment schedule, it was Rs.11,811,272,245 according to the financial statement. Accordingly, the turnover subject to the tax had been understated by Rs.34,618,821. A reconciliation statement had not been prepared for the recognition of this difference.
- (ii) The balance of the Value Added Tax Control Account as at 31 December of the year under review amounted to Rs.223,392,670, whereas the payable Value Added Tax liability amounted to Rs.238,629,877. Accordingly, payable Value Added Tax liability had been understated by Rs.15,237,207 in the financial statements.

(d) Lack of Evidence for Audit

There was no evidence to substantiate the investments of Rs.354,000,000 shown as the Treasury Deposits and this deposit remained unchanged for over a period of 09 years. The Director General had informed that the action would be taken to update the relevant files in consultation with the General Treasury on this investment.

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

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

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

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

Those charged with governance are responsible for overseeing the Commission’s financial reporting process.

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

1.4 Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

2. Report on Other Legal and Regulatory Requirements

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

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

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

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



Reference to laws, rules/ direction

Description

- | Reference to laws, rules/ direction | Description |
|--|---|
| a) Inland Revenue Act, No.10 of 2006 and Public Enterprises Circular No. 03/2016 dated 29 April 2016. | Even though the Pay As You Earn Tax should be deducted from the salary of the relevant officers and remitted to the Inland Revenue Department, contrary to that, a sum of Rs.6,795,783 had been paid from the funds of the Commission even in the year under review as in the preceding years. |
| b) Section 9.14.2 of the Public Enterprises Circular No. PED/12 dated 02 June 2003. | The concurrence of the Secretary to the Treasury had not been obtained for the scheme of recruitment through the Department of Public Enterprises. |
| c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 757 (2) | The Commission had not conducted a board of survey for the year under review and furnished relevant reports to the Auditor General. |
| d) Paragraph 01 of Management Services Circular No.39 dated 26May 2009. | In the determination of salaries and allowances for the staff of the State Corporations and statutory boards, recommendation of the Salaries and Cadre Commission and approval of the Department of Management Services should be obtained. Nevertheless, without being obtained such recommendation and approval, a sum of Rs.91,859,110 had been paid to the staff as incentive, bonus and house rental allowances during the year under review upon the decisions of the Commission in compliance with the internal circulars. |

e) Letter No.NSCC/3/ABC/24 dated 01 June 2007 of the Salaries and Cadre Commission.

Although a monthly transport allowance of Rs.2,000 had been approved for the non-staff grade officers , a sum of Rs.11,808,000 had been paid at Rs.6,000 during the year under review. Accordingly, a sum of Rs.7,872,000 had been paid in excess to the approved limit.

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

For the production of a film and a tele-drama which are not the objected functions of the Commission, sums of Rs.32,192,177 and Rs.7,160,400 had been paid respectively during the year 2015 upon the approval of the Commission and a sum of Rs.26,400,000 only had been settled by the film director on 12 January 2018 out of the expenditure incurred on the film. A sum of Rs.5,782,177 had further remained recoverable. Accordingly, it was observed that sum totalling Rs.12,942,577 comprising the amount not recovered from the film production and the amount paid for the tele-drama had become an uneconomic transaction.

- to state that the resources of the Institute had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018,except for the following observation.

(a) According to the contract agreement relating to the construction of Telecommunication Media Centre at contract value of Rs.2,494 million, works should be commenced on 10 August 2014 and construction should be completed in July 2016. This project had been discontinued by 23 June 2016 and the total expenditure incurred on this project as at 31 December 2018 amounted to Rs.684 million. Accordingly, this building, the constructions of which had not been completed, had remained idle for more than a period of 02 years.

- (b) Despite being included in the Procurement Plan, there were 32 procurement activities worth Rs.1,856,798,710 which had not been implemented during the year under review and out of the items included in the Procurement Plan, 11 procurement activities only had been completed during the year.
- (c) There were 10 procurements carried out during the year under review without being included in the Procurement Plan 2018 and the value thereof amounted to Rs.3,376,754.

3. Other Audit Observations

(a) Accounts Receivable and Payable

-
- (i) Agreements had not been entered into for the recovery of lease amount remained recoverable from the year 2012 from 04 operators who used the antenna and transmission tower at Kokavil and a sum of Rs.334,293, had not been recovered even up to 15 May 2019 from one operator who had entered into agreements.
- (ii) Out of the electricity bills value recoverable from the operators who used this tower from January 2012 up to 30 November 2018, a sum of Rs.75,463,256 had not been recovered up to 15 May 2019. Steps had not been taken against the operators for not paying the above amount.
- (iii) Loan and other Receivable Balances

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- The debtors balance as at 31 December of the year under review amounted to Rs.1,661,523,593 and the balance that remained older than 02 years amounted to Rs.373,504,055. Since all the debtors older than 02 years had been included in this category as per the classification of debtors, age analysis of those debtors could not be correctly recognized and a balance totalling Rs.302,858,443 exceeding Rs.1 million of 10 institution that had continued to exist over a period from 07 years to 30 years, too, had been shown in this balance.
 - The amount due from the Sri Lanka Broadcasting Corporation stood at Rs.145,254,449 by 31 December 2018 and the balances continued to exist from the year 1981 had also been included therein.

- Action had not been taken to settle a sum of Rs.2,129,435 which had been excessively recovered from the debtors as frequency permit charges.

(b) Legal Actions Instituted Against the Commission

The contract agreement entered into between the contractor of the construction of Tele Communication Centre of the Information Technology Park, Hambantota and the Telecommunication Regulatory Commission on 28 July 2014 had been terminated on 10 August 2016 and the contractor had lodged a complaint to the Arbitrary Board against the decision of the Telecommunication Regulatory Commission to terminate the contract. According to the decision of the Arbitrary Board, the Commission had been directed to pay a sum of Rs.139,931,875 to the complainant, whereas the Commission had referred the matter against the above decision for further arbitration. The complainant had claimed a compensation of Rs.706,066,169.

(c) Performance and Review

- (i) Provisions of Rs.10 million had been allocated during the year 2018 for the “Net Safe Child Protection” programme which had not been implemented, despite being included in the Action Plan for the year 2016. The approval of the Commission had not been received for this programme and proposals had been made to control the contents on the internet through the Filtering Mechanism in order to achieve the objectives of the project. It was observed that steps had not been taken to implement the above proposal even up to 09 April 2019.
- (ii) The programme of the introduction of methodology for automation of frequency observation system ,which had been postponed in the year 2016 due to lack of adequate number of Technical Officers, had not been implemented even during the year under review.
- (iii) Even though the Cabinet approval had been received in the year 2014 for the preparation of National Equipment Identity Register for the protection of consumers who use the mobile phones, the programme for the prevention of

duplicate phones from entering into the market had not been implemented even in the year 2018.

- (iv) Plans had been drawn to conduct researches in the field of Tele Communication with the assistance of the Universities in the preceding year and provision of Rs.1.5 million had been allocated thereon during the year under review, as well. Although any expenditure had not been incurred in that connection during the year under review, the Institute had stated its progress as 50 per cent.

(e) Deficiencies in the Contract Administration

 Lotus Tower Project


According to the Cabinet Decision No.10/2473/401/031 dated 29 October 2010, the contract for the construction of the Lotus Tower had been awarded to 02 Chinese companies. The Telecommunication Regulatory Commission and those Group had entered into the Contract Agreement on 03 January 2012. The value of the contract amounted to US\$ 104,300,000 and this contract should have been completed in 912 days from 12 November 2012 to 12 May 2015 in terms of the agreement. The following observations are made in this connection.

- (i) The Urban Development Authority had not vested the land of 2.59 hectares in the Commission in terms of the Cabinet Decision No wum./11/2262/501/026 TBR dated 14 December 2011.
- (ii) Subsequent to the expiry of period of contract relating to the construction of Lotus Tower, approval had been granted to extend the period of contract up to October 2017 as per the Commission's Decision No.2k15.217.02 (2) dated 28 August 2015. Nevertheless, constructions had not been completed even by 31 March 2019.
- (iii) Subsequent to the payment of consultancy charges of Rs.150,000,000 in 12 instalments, relevant payment had been suspended and outside the provisions in the conditions of the agreements, consultancy charge at Rs.3,000,000 per month is being paid to the Moratuwa University from November 2015 indicating as contract supervision. The Commission had informed that the above payment had to be made



as a result of failure in preventing possible damages by allowing the constructions to be carried out without a formal supervision.

- (iv) Even though a process had been initiated to lease out the Colombo Lotus Tower to a property management company, the Cabinet approval thereon had not been obtained up to date.


W.P.C. Wickramaratne
Auditor General.