



# ANNUAL REPORT 2019



**Telecommunications Regulatory Commission of Sri Lanka**



TELECOMMUNICATIONS  
REGULATORY  
COMMISSION OF  
SRI LANKA

ANNUAL REPORT 2019



## The Message of the Chairman

It gives me immense pleasure to present the Annual Report of the Telecommunication Regulatory Commission of Sri Lanka (TRCSL) for the year 2019.

Our country has a very vibrant telecommunication sector with around 32.8 Mn mobile subscribers, 2.3 Mn fixed subscribers and 13.4 Mn broadband subscribers. By the end of 2019, the mobile telephone penetration and fixed telephone penetration stood at 150.8% and 10.5% respectively. The telecommunications industry has been a fast-growing area of Sri Lanka's economy and it is spearheaded by mobile telephony segment. This industry has created new jobs, revenues and also contributes to widening market economic growth, to create better economic information flow, lowering transaction costs and savings in transportation time.



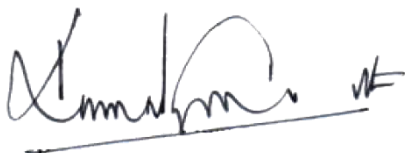
Along with the developments in the telecommunications sector, the Information and Communications Technology (ICT) sector has also grown significantly in the recent past. It recognises the need for rapid progress in both fields to go ahead with new innovations and applications to achieve our country's future goals.

The Commission has been successful in many aspects of its functions and programs in the year. It is worthwhile to mention some of the activities of TRCSL during the period. Giving priority attention to rural and remote schools using International best practices through ICT Local Volunteer Pilot Program introduced in collaboration with Ministry of Education in the country is a key highlight. In the context of United Nations' Sustainable Development Goals (SDGs) TRC has initiated required actions this year through plans for sector development.

TRCSL has further hosted the meeting of the SATRC Working Group on Policy and Regulation. Deliberations has been made regarding the importance of sub-regional cooperation, policy and regulatory issues as well as ways and means to solve the mutual issues. In terms of financial progress of the corresponding year, the income of the Telecommunication Regulatory Commission of Sri Lanka has amounted to Rs. 38,575 Mn and at the same time the commission has contributed a sum of Rs. 27.6 Bn to the consolidated fund.

Whilst appreciating the contribution made by the TRCSL within the year in preview, moving forward, TRCSL has the strategic task of ensuring, that the required infrastructure is in place for the digitalization plan of the country in addition to strengthening regulatory activities.

I wish the TRCSL success in pursuing these national goals for the betterment of the nation.



Major General (Retd) Kamal Gunaratne WWV RWP RSP USP ndc psc Mphil  
Secretary to the Ministry of Defence  
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 Cybersecurity 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
IMEI	International Mobile Equipment Identity
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
NVQ	National Vocational Qualification
OLAC	Outgoing Local Access Charges
OTT	Over The Top
PCU	Project Consultancy Unit
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
SATRC	South Asian Telecommunications Regulators' Council
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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**TELECOMMUNICATIONS  
REGULATORY COMMISSION  
OF SRI LANKA**

**Origin, Mission, Vision, Objectives,  
Responsibilities and functions**

**CHAPTER**

**01**

## 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.

## The Composition and Meetings of the Commission

The Commission consists of five members and the Secretary of the Ministry of Defence 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 eleven meetings during the financial year 2019 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.

## Vision

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

## 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"*

## 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.

## Objectives

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

- ❖ 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;
- ❖ 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;
- ❖ 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;
- ❖ 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;
- ❖ To promote the rapid and sustained development of telecommunication facilities both domestic and international;
- ❖ 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;
- ❖ To promote research into the development and use of new techniques in telecommunications and related fields;
- ❖ 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.

## 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:

- ❖ Enforcement of the provisions in the act and conditions in the licenses issued to operators.
- ❖ Foster free and fair competition among the licensed operators.
  - Monitoring competition to ascertain whether the operators are meeting public interests and objectives.
  - To ensure seamless interconnection between networks and services.
  - To establish a general framework of rules that would enable open entry, non-burdensome and transparent licensing.
- ❖ Pricing  

Ensure the telecommunication services are reasonably priced, taking into consideration of affordability etc.
- ❖ 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.
- ❖ Social Regulation.
  - Universal Access/ Services
  - Ensure universal access/provision of services to the rural communities, elderly and people who are differently abled.
  - Emergency preparedness.
  - To make available telecommunication services, to people with disability.
- ❖ Regulation of bottleneck facilities and scarce resources
  - Spectrum Management
  - Numbering
  - Rights of Way
  - Space Segment
  - Interconnection
  - Access to international landing stations
  - Access to backbone
- ❖ 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.
- ❖ 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.
- ❖ Ensure that the decisions are fair and impartial.
- ❖ Help to build a civil society by contributing towards making it an “Informed” society in this modern Information and Communication age.

- ❖ 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.

### Functions of TRCSL

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

- ❖ Processing applications and granting of licensing.
  - 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.

- 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.

- 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.

- ❖ Tariff Regulation

- 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.

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

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

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

- ❖ 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.

- ❖ Setting up quality of service standards to ensure quality and variety of telecommunication services.
- ❖ Represent the Government in International Conferences and Foreign bodies who are concern with telecommunication operations.
- ❖ 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.

- ❖ 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 2019 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.



**COMPOSITION OF THE  
TELECOMMUNICATIONS  
REGULATORY COMMISSION  
OF SRI LANKA**

**CHAPTER  
02**

## The Composition of the Telecommunications Regulatory Commission of Sri Lanka

### Commission

Mr. Udaya R Seneviratne	- Chairman (Up to March 2019)
Mr. Hemasiri Fernando	- Chairman (Up to April 2019)
General S.H.S Kottegoda	- Chairman (Up to Nov 2019)
Major General Kamal Gunaratne	- Chairman (with effect from 19th November 2019)
Mr. P.R.S.P. Jayatilake	- Member (up to 18 <sup>th</sup> November 2019)
Mr. Oshada Senanayake	- Member (with effect from 20 <sup>th</sup> November 2019)
Mr. G.B.K. Perera	- Member (up to 3 <sup>rd</sup> December 2019)
Mr. Anil Meegahage	- Member (with effect from 18 <sup>th</sup> December 2019)
Mr. N.L.S. Ruwantha Cooray	- Member (with effect from 18 <sup>th</sup> December 2019)
Mr. Chaminda Kumarasiri	- Member (with effect from 18 <sup>th</sup> December 2019)

### Executive staff of the Telecommunications Regulatory Commission of Sri Lanka

#### Director General Office

Mr. Oshada Senanayake  
Director General

#### Commission Office

Mrs. Ruwani Gooneratne  
Actg. Secretary to the Commission

#### Licence Management Division

Mr. R G H K Ranatunga  
Director

#### Network Division

Mr. H P Karunarathna  
Director

Ms. K S M Vishaka  
Deputy Director

Mrs. S A R Kamalanayana  
Deputy Director

Mr. I M Jaws  
Assistant Director

Mr. S W M R L B Senadheera  
Assistant Director

#### Spectrum Management Division

Mr. E N P K Ratnapala  
Acting Director

Mr. M C M Farook  
Deputy Director

Mr. L Ganeshamoorthy  
Deputy Director

Mr. M P Gunasinghe  
Deputy Director

Mr. Shantha Gunanandana  
Deputy Director

Mr. S E Wakista  
Deputy Director

Mr. W A D T Madusanka  
Assistant Director

Mrs. G H P Imali Prasanthika  
Assistant Director

**Policy & International Relations Division**

Mr. M K Jayasekera  
Director

Mr. J K B Ratnayake  
Deputy Director

**Legal Division**

Mrs. G Moragoda  
Deputy Director

Mrs. Ruwani Gooneratne  
Deputy Director

Ms. S Rodrigo  
Assistant Director

Mr. I N Mathew  
Assistant Director

**Competition Division**

Mr. H W K Indrajith Deputy  
Deputy Director

Mrs. Sriyani Mawellage  
Deputy Director

Mr. Nishantha Palihawadana  
Deputy Director

**Intelligence & Investigation Division**

Ms. K S M Vishaka  
Acting Director

**Internal Audit Division**

Mr. Saman Kithsiri  
Internal Auditor

**Finance Division**

Mr. M K Jayantha  
Director

Mr. Anura Hapuarachchi  
Deputy Director

Ms. L D Jayawickrama  
Assistant Director

**Compliance Division**

Mrs. Tharalika Livera  
Acting Director

Mrs. Menaka Pathirana  
Deputy Director

Mr. D N Wijesinghe  
Assistant Director

**Special Projects Division**

Mr. Shantha Gunanandana  
Acting Director

Mr. N D Geeganage  
Assistant Director

**Administration, Human Resources & Corporate  
Affairs Division**

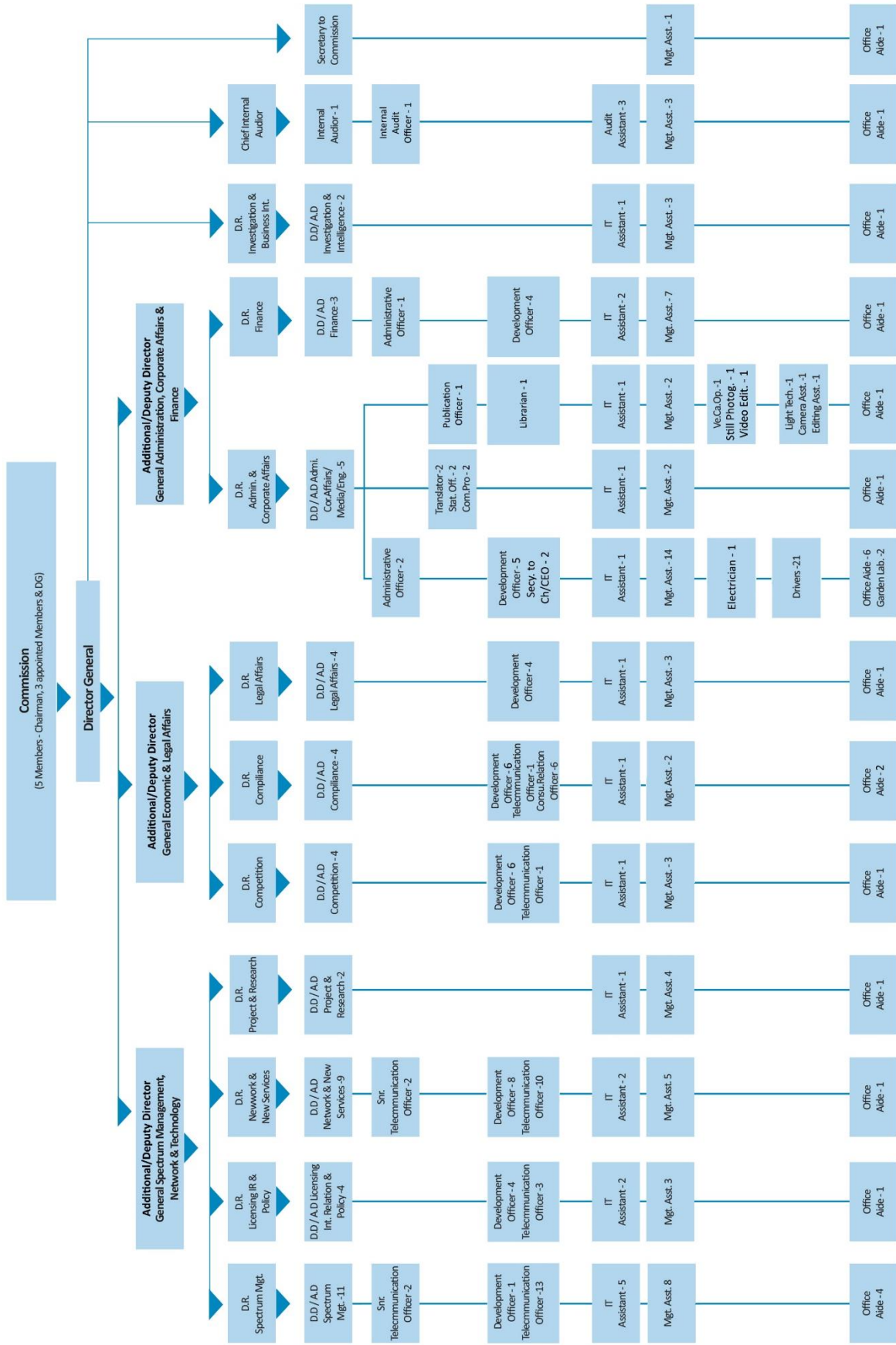
Mr. V. Aruna N Premarathne  
Deputy Director

Mr. J K B Ratnayake  
Actg. Deputy Director

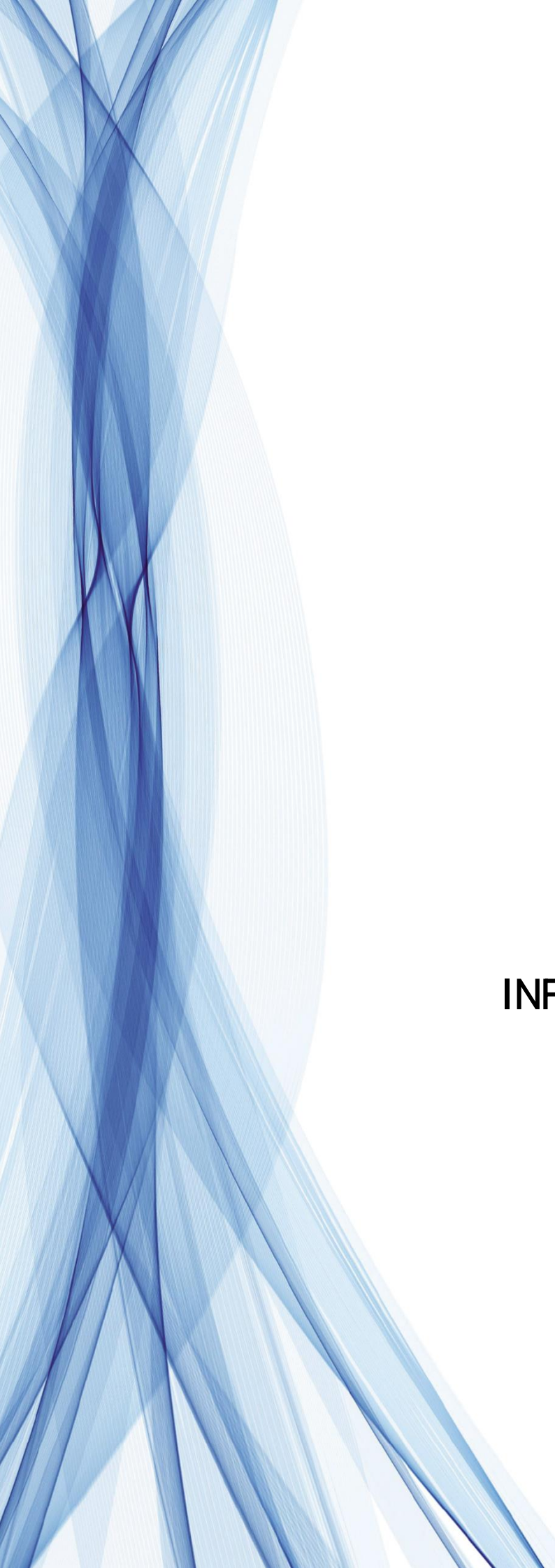
**Information Technology Unit**

Mr. W A D T Madusanka  
Head of the Unit





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

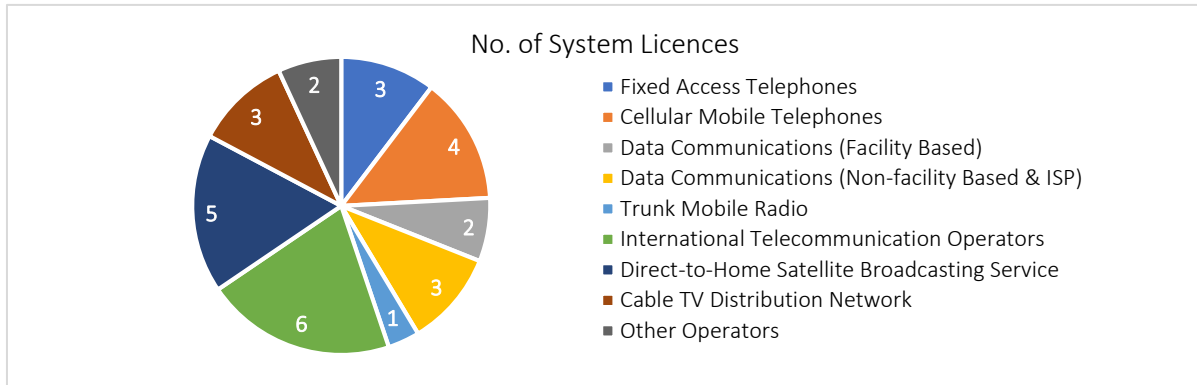


TELECOM  
INFOGRAPHICS

CHAPTER  
**03**

## Telecom Infographics

**Chart 01: No. of System Licences**



\* Provisional data (2019 December)

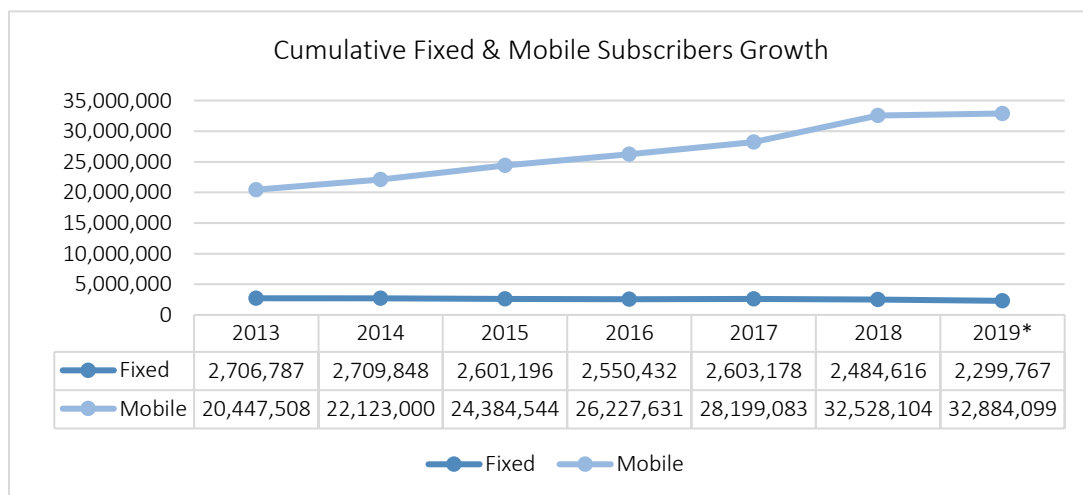
**Table 01: Statistical Overview of the Telecommunication Sector**

Number of System Licences	29
Number of Fixed Access Telephone Subscriptions	2,299,767
Fixed Access Telephone Subscriptions per 100 inhabitants	10.5
Number of Cellular Mobile Telephone Subscriptions	32,884,099*
Cellular Mobile Subscription per 100 inhabitants	150.8
Fixed Narrowband Subscriptions	63*
Fixed Broadband Subscriptions	1,654,174*
Mobile Broadband Subscriptions (3G, 4G)	11,754,166*
Number of Public Pay Phone Booths	476*

\* Provisional data (December 2019)

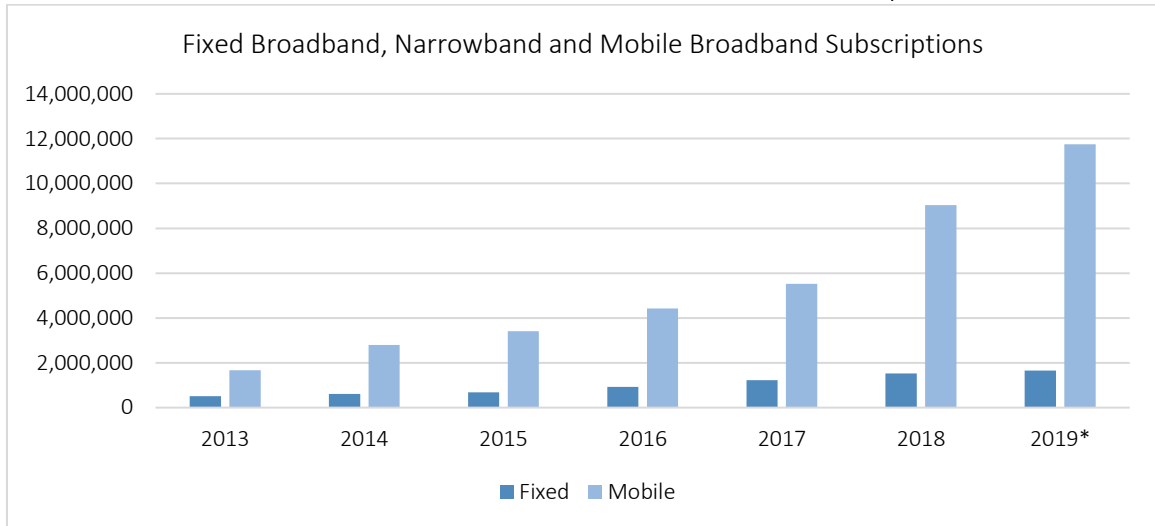
Note - SLT (PLC), Lanka Bell & Dialog Broadband are entitled to provide Pay Phone and Data Services in their licences.  
2019 mid-year population = 21.803 Mn.

**Chart 02: Cumulative Fixed & Mobile Subscribers Growth**



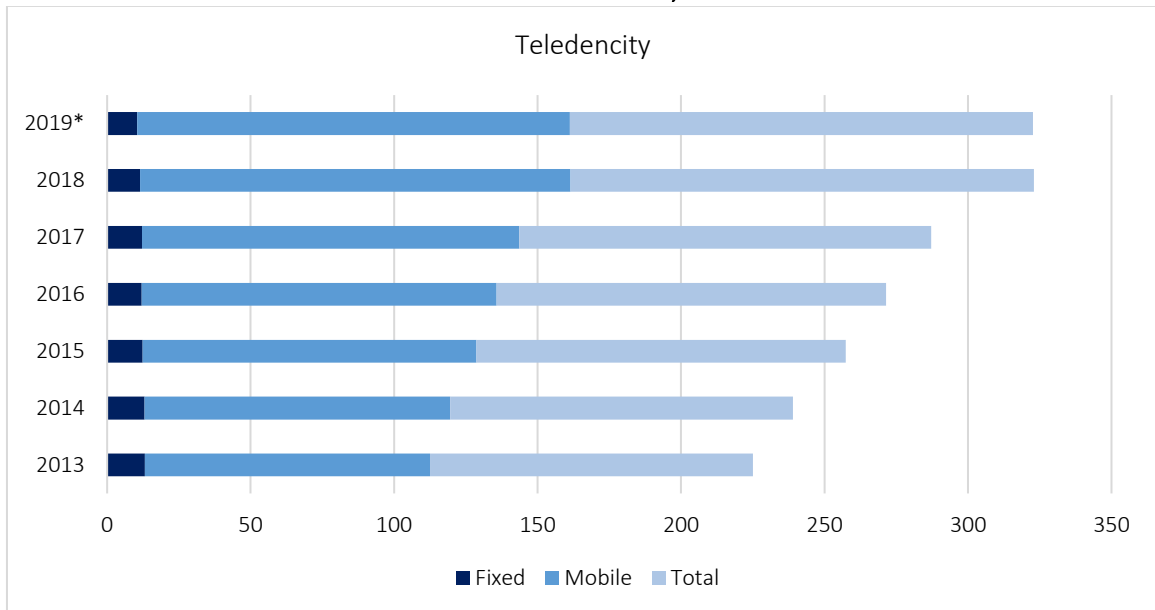
\* Provisional data (2019 December)

**Chart 03: Fixed Broadband, Narrowband and Mobile Broadband Subscriptions**

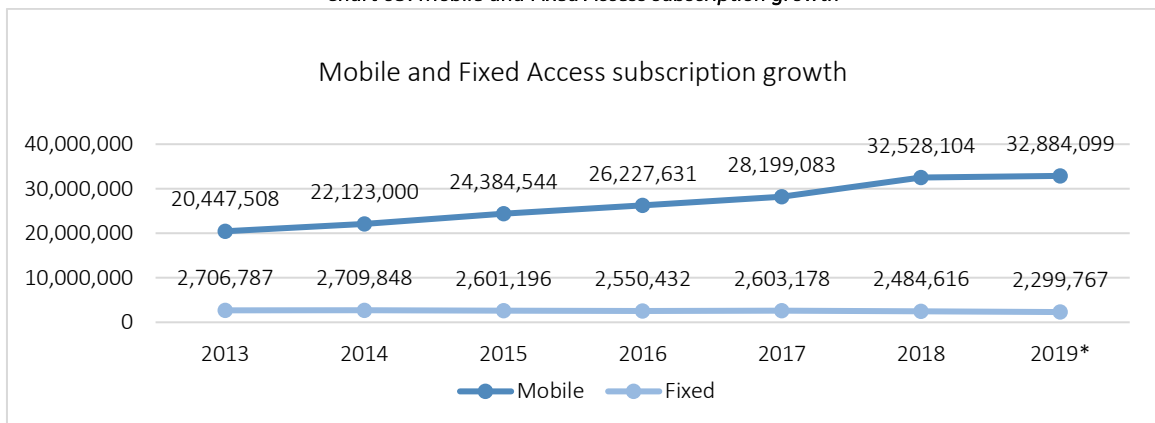


\*Provisional data (2019 December)

**Chart 04: Teledensity**



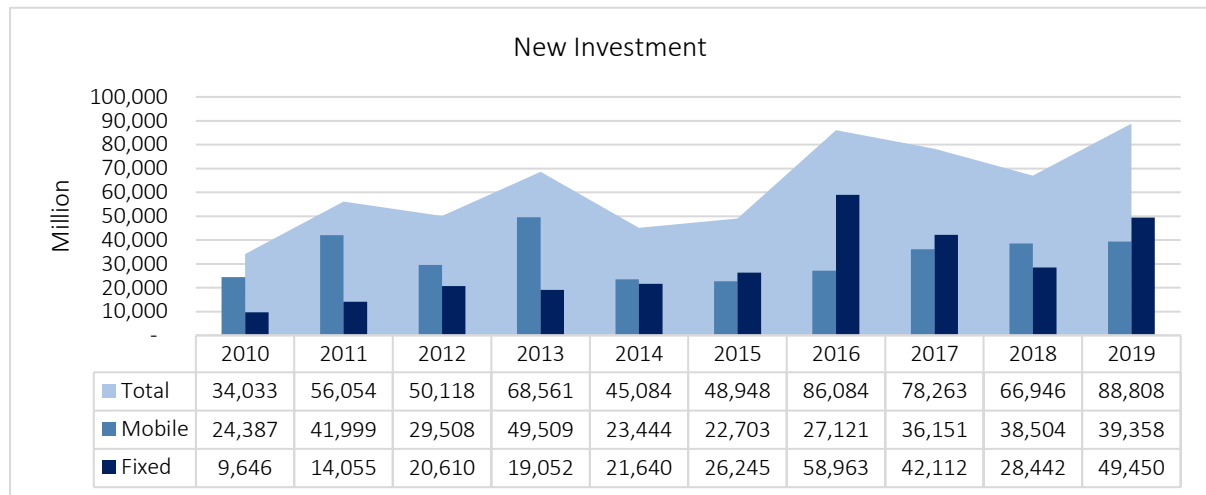
**Chart 05: Mobile and Fixed Access subscription growth**



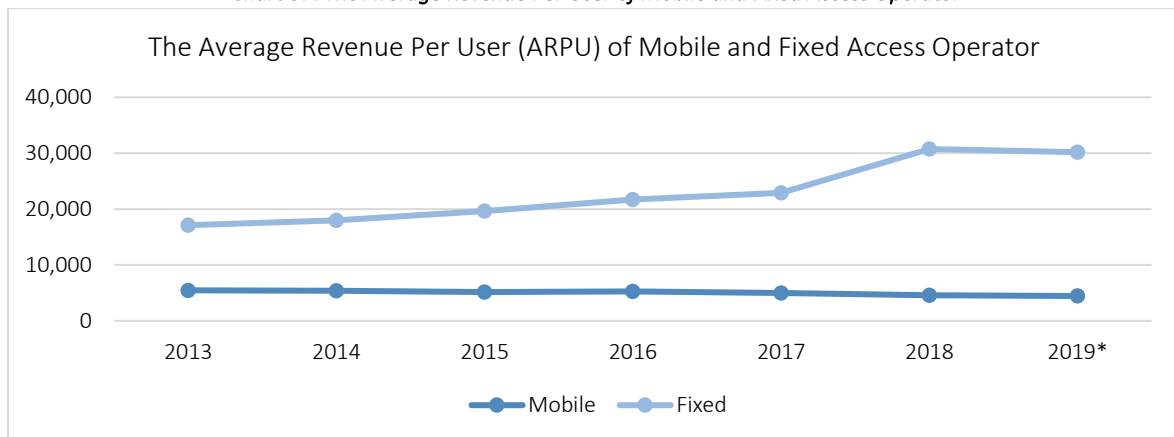
\*Provisional

Following chart displays on yearly basis the new investments made by the Mobile and Fixed service providers for the period of 2010-2019. [investments include the additions to property plant, equipment, and intangible assets and work in progress]

**Chart 06: Investments in Telecommunications Industry**

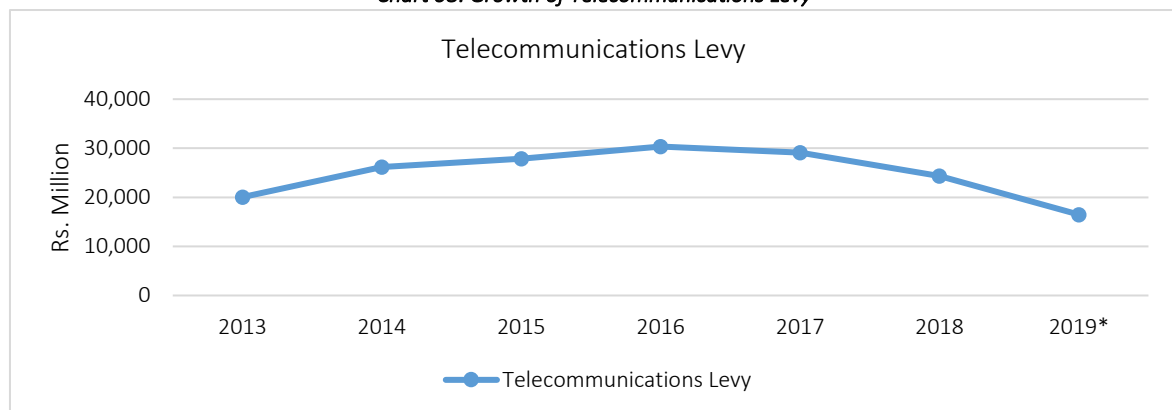


**Chart 07: The Average Revenue Per User of Mobile and Fixed Access Operator**



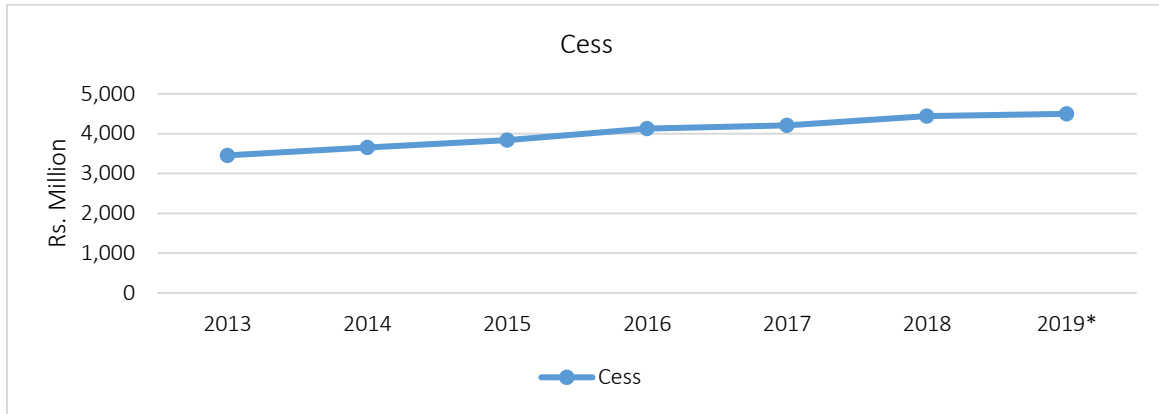
\*Provisional (2019 December - Estimated)

**Chart 08: Growth of Telecommunications Levy**



\* 2019 Provisional

**Chart 09: Cess**

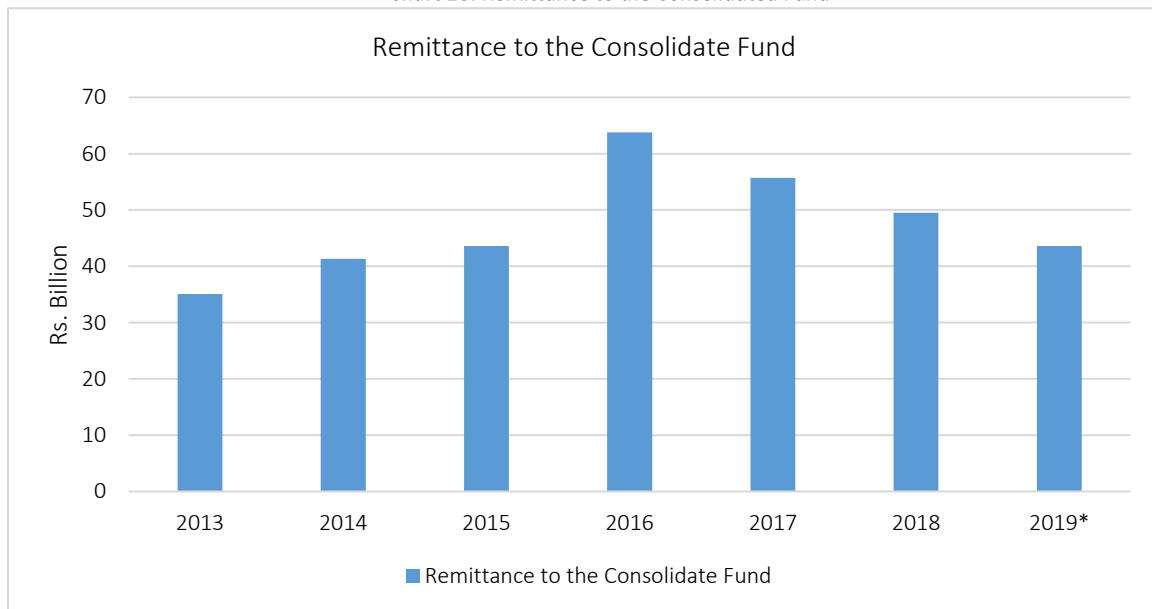


\*2019 Provisional

TRCSL remittances the sector revenue to the Government Treasury its consolidated fund for the country Socio Economic development.

Following displays on yearly basis the industry revenue made to the consolidated fund.

**Chart 10: Remittance to the Consolidated Fund**



\*Provisional







**PROGRESS REVIEW BY  
THE DIRECTOR GENERAL**  
FOR THE YEAR 2019

CHAPTER  
**04**

## Progress Review by the Director General for the year 2019

Sri Lanka has a very vibrant and dynamic telecommunication sector which significantly contributes to economic growth by investments, employment, and innovation with the introduction of latest technologies.

As the telecom regulator of the country, Telecommunications Regulatory Commission of Sri Lanka (TRCSL) is mainly responsible in the aspects of spectrum management, network interoperability, licensing, competition, compliance, quality of service, consumer relations, policy and international relations.

Modern telecom infrastructure is a vital requirement for rapid economic and social development of the country. TRCSL has been instrumental in creating a conducive environment for the telecom operators to expand their network infrastructure and new services. Having understood the importance of embracing ICT advancements in the transition of smart and sustainable development of the country, TRCSL has taken initiatives to strengthen the role of ICTs for achieving Sustainable Development Goals (SDGs).

There are several divisions/units established to carry out functions of the TRCSL. It is to be noted that some of the activities have been carried out with the support of other divisions/units. The progress achieved by TRCSL in 2019 are described as follows.

A new procedure was introduced to renew the spectrum licences in an efficient and effective manner and for timely collection of spectrum licence fee/charges. The licences fees have not been revised for a long time. Therefore, all licence fees have been revised and the revision was approved by the Commission this year. Changes relating to the automated spectrum management system are being carried out. A

gazette will be published for the increase of spectrum licence fees.

To establish an island wide monitoring network which mitigates interference and illegal use of frequency and the project is in progress. It will strengthen the spectrum surveillance activities throughout the country. Furthermore, another subproject is being implemented to incorporate e-licensing and automated workflow-based spectrum management functionalities.

Furthermore, necessary actions have been taken to prepare and improve the accuracy of the Master Frequency Register along with data cleansing activity. Projected progress was achieved for the preparation of National Frequency Allocation table. Cleansing of spectrum management database was also completed. Upgrading of IMEI Verification System works were started. Establishment of a laboratory has been differed until the construction of a new building. However, TEC has been appointed to initiate the procurement procedures.

Spectrum monitoring activities were carried out with the support of regional monitoring centers and also with the use of modern spectrum surveillance vehicle which is capable of detecting illegal use of frequencies as well as investigating and mitigating spectrum interference.

It has been planned to arrange a vehicle mounted transmitting equipment with the purpose of controlling and mitigating the illegal use of frequencies. The Commission has taken a decision to implement this action in due course with subject to the implementation of the new Act.

It was planned to issue rules/regulations to monitor Quality of Services (QoS) of voice and data/ broadband services by licensed telecommunication operators under Compliance activities during this year. An analysis on the existing QoS parameters and discussions with the operators on amendments have been initiated. Alterations to existing broadband parameters have been made after analyzing the measured internet speed in different locations throughout the country.

Expected progress had been achieved in the task “Ensuring the operators adherence to the Quality of Service Parameters set by TRCSL for voice and data/broadband services”. No of QoS parameters adhered by Mobile Operators - 480, Fixed Operators – 396 up to now.

Network audits had been conducted on quarterly basis on the quality of services provided by operators and thirty-two network audits were conducted on Fixed operators and Mobile Operators.

Necessary regulatory measures were taken to monitor the adherence to the conditions of the licenses issued under Section 17 of the Act and a total number of forty-eight inspections were carried out.

As per the conditions of the licenses issued under Section 21 of the Act, inspections and awareness activities were carried out to monitor the adherence to the license conditions and took necessary regulatory measures on non-compliance of the conditions.

Steps have been taken to monitor the adherence to the conditions of the licenses issued under Section 22 of the Act.

Awareness programs had been conducted to general public on the requirement of obtaining licenses under the provisions of the Act regarding various telecommunication services.

Tariff packages introduced by the licenced operators were reviewed and unapproved tariff packages available in the market were monitored. Besides, necessary regulatory measures were taken in this regard.

Appropriate regulatory inspections were taken on the sale of non-approved telecommunication equipment by vendors, sale of non-approved telecommunication equipment by vendors and on the provision of illegal telecommunication services to general public (provided by service providers without a valid license).

Under the consumer complaints, following issues were resolved through investigations, remedial regulatory measures and with the support of licensed operators;

- Nuisance calls, unwanted SMS, Facebook, WhatsApp/Viber/Imo etc.
- ADSL and Peo TV issues
- Telecommunications issues of SLT, Mobitel (Pvt). Ltd, Dialog(Pvt). Ltd, Hutchison, Etisalat (Pvt). Ltd, Airtel (Pvt), Ltd. Lank Bell and Dialog Board Band
- Phone issues related to telecommunications poles, sale of mobile phones, illegal issuance of SIMs.

Information requested by other institutes under RTI Act were submitted with the assistance of the legal advisers.

Public awareness programs were conducted for students, principals and army officers. Furthermore, awareness through electronic media, posters, leaflets and stickers were also raised on the ethical usage of communication to ensure fair regulatory environment.

With the assistance of telecom operators, TRCSL coordinated with Police stations to trace misplaced mobile phones and to deactivate SIMs issued to people who are

reported/confirmed as deceased by Divisional Secretariats since 2018.

TRCSL provided necessary information for Police stations to analyze call records and ownership details submitted by Operators for criminal and civil investigations.

Meetings and discussions were held with telecommunication operators and other relevant parties to resolve consumer complaint disputes.

All operators have submitted their views on reviewing of Interconnection determinations with the purpose of maintaining healthy competition in the industry. There were no interconnection disputes received during this period and all the highlighted competition issues were handled within the time limit.

All visa recommendations regarding the foreign experts and workers in the telecom industry were processed during this time period.

Financial and operational performance of license operators were evaluated, and industry statistics reports were collected from the Operators. The reports have been submitted to Central Bank and Department of Statistics.

Collected amount under Telecommunication Levy (TL) & Cess charges were 16,486 million and 4,498 million respectively. Total collection of Cellular Tower Levy was Rs. 1,384 million and Bulk SMS Levy collection was 419 million.

After analyzing the tariff proposals submitted by the section 17 licenced operators, TRCSL approved 03 permanent tariffs, 12 promotional tariffs & 09 seasonal promotional offers. The revision of tariff guidelines was started with the consultation of industry requirements. Issuance of the determinations regarding SMS charges for Digital Financial Services and special tariff package for tabs under e-Grama Niladari project have been initiated.

Lowering the prices involved in the telecom industry would enable to reach the lowest-income segment of the population. On the other hand, if the prices are too low, it may threaten the long-term sustainability of the industry. The Telecommunication Regulatory Commission is responsible in balancing between these two factors. After removing the floor rate in last year, the Commission approved unlimited on net voice packages this year. This was a good move which helped the sustainability of the industry. This year the data charges were also dropped marginally enabling a healthy competition in the market.

Study of “Gamata Sannivedanaya” was commenced to identify unserved and underserved areas in the country. First stage of this project was conducted in Polonnaruwa, Kalutara, Kurunegala Districts. Discussions were made with PSTN operators and they agreed to make their contribution to improve the telecommunications network coverage.

Awareness campaigns have been conducted on proper disposal or reuse of telecommunication/ICT waste material at 12 Divisional Secretariat offices in Hambantota district and 16 Divisional Secretariat offices in Rathnapura district.

Collection of Audited Accounts of licensed Operators was completed. International Telecommunication Operator Levy was received and the outgoing international telephone call tax amount of Rs. 3.00 was removed by the Ministry of Finance with effect from 1st June 2019 through the Extraordinary Gazette Notification 2123/19 dated 14.05.2019. Issuance of Internet Service Provider licenses (non-facility based) for Dialog Broadband Networks (Pvt) Ltd is being processed and the public notice is ready to be published before it is recommended to the Minister in charge of Telecommunications Regulatory Commission.

Deployment of telecommunications infrastructure such as copper or optical fiber networks, undersea cable landing stations, and telecommunication antenna towers is supervised under the Infrastructure Development. Telecommunications operators make requests to obtain the clearance for expansions of existing networks to introduce new services using above mentioned physical infrastructure facilities.

TRCSL issues approvals relating to telecom infrastructure through coordination with other relevant Government organizations. Besides, matters relating to environmental impacts, health and safety issues, national security and public interests are also being considered in this approval process while maintaining sustainable development of the telecommunication industry. The cumulative number of telecommunication towers constructed has been increased up to 7160. This includes 275 new towers.

It has been taken steps to identify specific areas where broadband capacity has to be upgraded. In this regard, details relating to the network performance were submitted by the telecom operators.

Network division has taken necessary steps to prepare a guideline for Telecommunications Pole and laying of Copper and Fiber cables. The draft guideline is being prepared by obtaining the views, observations and comments from relevant institutions and the expected progress of this activity has been achieved.

A questionnaire regarding the preparation of IPv6 roadmap was disseminated among operators to collect data involved in international best practices of IPv6 implementation. It is expected to continue this work with the consultation of international experts.

A Gazette notification has been issued to formulate a plan for NGN implementation. A committee will be appointed from relevant divisions to monitor actions relating to the implementation plan.

Telecommunications Numbering is considered as a scarce resource and TRCSL manages the National Numbering Plan of Sri Lanka. Short codes are assigned to organizations where expeditious access by public or customers is required. Short codes were assigned to 11 Government Organizations and 07 Private Sector Organizations this year. It was decided to hold the preparation of the charging system for numbering blocks assigned to operators until the Telecommunications Act amendment is finalized. It has been taken steps to review the existing numbering plan and propose necessary amendments. A Commission approval was obtained for a new 3-digit short code range and emergency calling numbers.

Updated information from the Cable TV network systems was collected and started to monitor their operations.

Commission approval was obtained for modifying the application of issuing vendor license. It has been taken necessary steps to restructure the procedure of issuing vendor licenses.

A committee has been appointed to amend the existing license guidelines for licence issuing procedure as well as renewal and modification of Section 17 licences and the work is in progress.

The existing draft licensing framework was studied. It was found that the public consultation of draft licensing framework cannot be processed as it requires amendments to the Act. To address the main practical issues in current licensing regime, it was proposed to obtain the services of an ITU consultant to implement the unified licensing



regime within the existing legal framework. Amendment of existing licensing framework will be done after conducting a public consultation. The requirement of the services of an ITU consultant has been informed to ITU and it is in process.

Legal Advices were provided on matters referred by the Spectrum, Networks, Compliance, Competition, Licence Management, Administration and Policy and International Relations Divisions this year. Provided legal advice for regulatory actions and initiatives of the Commission. Six court cases have been concluded.

Drafted and provided legal clearance for several Agreements. Reviewing of draft letters, Agreements, Tender Documents etc. staff loan attestations, processing of Court Orders, RTI requests were completed for the period under review.

Sri Lanka is a member of international organizations such as the International Telecommunications Union (ITU), Asia Pacific Telecommunity (APT), South Asian Telecommunications Regulators Council (SATRC), Commonwealth Telecommunication Organization (CTO) and South Asian Federation for Infrastructure Regulation (SAFIR) etc. Subscriptions payments are made on annual basis to continue the membership of these international institutions. TRCSL received technical assistance, expert assistance, project programs, and fellowship opportunities from these international organizations for capacity building in the field of telecommunication/Information Communication Technologies.

The “World Telecommunication and Information Society Day” (WTISD) falls every year on 17th May. WTISD theme for 2019 was “Bridging the Standardization Gap”. ITU invited member states to celebrate its 154<sup>th</sup>

anniversary and raise awareness of the theme of the WTISD among the Sri Lanka community on this day. Arrangements were made to create public awareness through the print media and electronic media regarding the aforementioned theme. WTISD special messages from H.E. the President, Hon. Prime Minister, Hon. Minister of Telecommunications and ICT, Secretary General of the ITU, Chairman and Director General of the TRCSL were published in our website.

TRCSL conducts Research and Development of the field of telecommunications with the support of universities and research institutions of Sri Lanka. The University of Ruhuna conducted a research on “EO/IR based Maritime Surveillance in Sri Lanka” during 2018/2019 period and two progress presentations were conducted. Universities and research institutions were invited to submit research proposals for 2019/2020 period. Out of seven research proposals, the Research Committee of TRCSL approved two proposals and their initial presentations were conducted.

With the guidance of ITU, TRCSL organized a local ICT volunteer programme this year as a pilot project by restructuring the International ICT Volunteer Programme. The programme was organized in collaboration with Ministry of Education, Vocational Training Authority (VTA), NAITA and with the assistance of universities as well as telecom operators. The purpose of this programme is to promote ICT literacy especially among marginalized communities and students in remote areas. Upon a request made by TRCSL, VTA and NAITA organizations recommended over fifty students who have passed NVQ level 4 & 5 (National Certificate in ICT) for this programme. Sixteen students were selected as ICT volunteers through an interview. These volunteers were trained for one month through a boot camp. Thereafter, they were dispatched (one volunteer per

school) to sixteen schools in Anuradhapura, Polonnaruwa, Kalutara & Gampaha districts for a period of two months. It has been reported that the beneficiaries of the local ICT volunteer programme include over 300 students and a few teachers. This local ICT volunteer programme was conducted as a pilot project and based on the outcome TRCSL could initiate a major project to develop ICT skills by training the trainer in the following years.

For overseas Training/Study visits, 54 Officials were selected with recommendations of the Advance Training Committee and approval by the Training Selection Committee. 11 Advanced Training Committee meetings (ATC) & 10 Training Selection Committee (TSC) meetings were conducted during this period.

Telecommunications Regulatory Commission of Sri Lanka (TRCSL) hosted the meeting of the SATRC Working Group on Policy and Regulation which was held from 25 to 26 July 2019 in Colombo, Sri Lanka. SATRC members and Affiliate members were participated to this meeting and discussed policy and regulatory issues, challenges of common concerns to its members that arose, find solutions and shared their experiences to overcome problems of member countries. There were 19 country representatives attended for this meeting.

Upon the ITU's request, ITU Telecommunications/ICT Regulatory Survey 2019, ITU ICT Indicators Questionnaire and Global Cybersecurity Index (GCI) Questionnaire were conducted with the support of the other divisions of TRCSL and stakeholders. The provided data was used to update the World Telecommunication/ICT indicators database, ITU's statistical publications and World Bank publications etc.

TRCSL collected an amount of Rs. 16,175 Mn on System, Frequency, Vendor, Amateur Radio, Ship Station, Aircraft license fees, Cess,

Frequency Upfront, Codeless Phone dealer charges, examination, application processing, Short Code fees and charge as per the power vested by the Sri Lanka Telecommunications Act No. 25 of 1991, as amended by the Sri Lanka Telecommunications Amendment Act No. 27 of 1996, as at 31<sup>st</sup> December 2019 and the collection of other levies as per relevant Acts for the same period were Rs. 22,400 Mn.

The Total Revenue collected as per the Telecommunication Act, Telecommunication Levy Act and Finance Act was Rs. 38,575 Mn. A sum of Rs. 62.7 Mn was spent on office equipment, furniture, computers and other office requisites. And Rs. 310.4 Mn was earned as interest from daily money market transactions in People's Bank.

TRCSL has transferred Rs. 27.6 Bn to the consolidated fund. The income generated by the Commission in following years through its means of regulatory measures has been a considerable income source for the Government consolidated fund in the country.

During this period, TRCSL conducted four audit committee meetings to discuss the audit queries and necessary actions were taken accordingly.

The Commission hold eleven board meetings to address matters relating to legal, regulatory, technical and administrative aspects.

Reports relating to Annual Budget 2019, Statement of Delegation of Financial Authority 2019, Annual Financial Statement 2018 were completed and submitted after obtaining the Commission approval.

Quarterly financial statements were completed and submitted to Ministry of Finance, Department of Public Enterprises, Ministry of Defence and National Audit Office.



Quarterly income tax on self-assessment basis for the year of assessment 2019/20 was completed and payments were made to the Department of Inland Revenue as follows; Rs. 940.6 Mn in 1<sup>st</sup> quarter, Rs. 934.7 Mn in 2<sup>nd</sup> quarter, Rs. 926.2 Mn in 3<sup>rd</sup> quarter and 4<sup>th</sup> quarter payment is to be made on February 2020.

Calculations of final payments of Income Tax for the year of assessment 2018/2019 was made in September 2019 and the amount is Rs. 1,524 Mn.

As per the old Inland Revenue Act No. 10 of 2006, the TRCSL is liable for Income Tax only on interest income. The main source of income is exempted from Income Tax. Therefore, Rs. 627 Mn of amount was the Income Tax per annum under the said Act.

As per the new Inland Revenue Act No. 24 of 2017, TRCSL is now liable for Income Tax on total revenue with effect from 01/04/2018. All exemptions enjoyed earlier were abolished by the new Act. Therefore, the new Income Tax amount per annum would be approximately Rs.3, 600 Mn.

Monthly Statutory Collection under Telecommunications Levy Act and Finance Act were collected and remitted to the General Treasury within stipulated time period as follows; 1<sup>st</sup> Quarter - Rs.4, 890 Mn, 2<sup>nd</sup> Quarter - Rs.5, 170 Mn, 3<sup>rd</sup> Quarter - Rs. 4,900 Mn & 4<sup>th</sup> Quarter - Rs. 4,708 Mn.

Necessary steps have been taken to implement and develop the organization cadre and Scheme of Recruitment (SOR) based on the current requirement of TRCSL and with the aim of improving productivity and providing up to date service to the Telecommunication sector in Sri Lanka. A committee has been appointed to review and make recommendations in this regard.

Vacancies in the Executive Staff are to be filled according to the approved Scheme of Recruitment and prevailing requirements. Open competitive examination was held to recruit for the post of Assistant Director - Finance position, while 14 candidates passed the examination and called for an Interview. Two qualified candidates have been selected for the positions and one assumed duty on 01.08.2019 and the other selected candidate will be assumed duties in due course. During this year, 29 employees have been recruited on permanent basis and 17 employees on contract basis for other vacant positions.

Necessary steps have been taken to conduct Efficiency Bar examinations for Telecommunications Officers (Grade II), Development Officers (Grade I), Management Assistants (Technical - Grade I and II), Management Assistants (non-Technical – Grade I and II), Office Aide (Grade I), Internal Auditor.

With the Commission approval, internal applications were called and conducted written competitive examination/interviews to fill vacant positions of the organization by promoting Personal Assistants to the posts of Secretary to Chairman and Secretary to Director-General. Besides, four Office Aide employees were also promoted to the post of Management Assistant (Grade II). Another two Management Assistants were promoted from Grade II to Grade I after completing their service requirement. Applications from qualified officers of TRCSL were called for the post of Consumer Relations officer and results of selection are yet to be released. A paper advertisement was published to call applications for the post of Internal Auditor (Technical - Assignment basis). Internal transfers and duty covering replacements were arranged to deliver an efficient service for the required divisions. Pension gratuities were calculated and paid for the retired staff.

Audit queries on staff inspection 2018, officers recruited on secondment basis and promotions for officers of TRCSL were replied.

TRCSL conducted quarterly progress review meetings to improve the performance of regulatory activities in the year with the participation Head of Divisions. Action Plan, Periodic Corporate Plan, Progress Reports and Annual Report 2018 were prepared and submitted to the relevant institutions. As per the Government directives, circulars on overseas programmes were issued for streamlining and improving the activities of the organization.

TRCSL facilitated 55 local and overseas training programmes for the staff to enhance their knowledge, attitude, skills and performance for the benefit of the organization. In addition, the senior staff of the TRCSL attended several high-level international study group meetings, conferences and forums related to telecommunications regulatory affairs.

The Commission approved annual procurement plan for 2019. During this period, 14 meetings of Minor Procurement Committee and 18 meetings of Senior Procurement Committee were held.

As per the master procurement plan 2019, procurements relating to office equipment, Computer accessories, computer system software, technical equipment, office furniture, works and services have been completed.

Productivity concept awareness programme was introduced to TRCSL staff with assistance of the Productivity Secretariat.

Board of Survey of TRCSL has been completed and submitted.

TRCSL has established a high-end security system to protect TRCSL network environment from unauthorized access, device

vulnerabilities & virus attacks. The system was able to speed up the network and filtering the internet access through advance security policies.

Microsoft Office 365 trainings was organized and completed to improve the IT knowledge of staff.

Information was gathered regarding the implementation of the ERP (Enterprise Resource Planning) system and preliminary works have been started in the Administration and Finance divisions.

Installation of 20 access points have been completed and awaiting to import 10 access points to enhance the wi-fi capacity. A new structure has been designed for Manageable high-end switches and drafted version of the specification has been finalized to enhance the network security of the TRCSL.

Vulnerability assessment of the TRCSL LAN was initiated and the request has been sent to CRD unit of MoD. Its been planned to implement a customer log system in the entrance. The specification has been finalized in this regard. This will be continued after completing the ERP project.

Drafted proposals have been forwarded to the Administration division to convert the ground floor auditorium into a smart auditorium and to establish a smart conference hall in the Director General office. Finalized specifications of smart conference and smart auditorium have already been handed over to the Special Projects Division. The special project division confirmed that they include this project to the scope of the construction of TRCSL's new building

Re-designing and development of the TRCSL website is in the process. Renewal of Office 365 license for TRCSL was completed.

The Colombo Lotus Tower was inaugurated by H.E. the President on 16.09.2019. The opening ceremony of the Lotus Tower was graced by the Chinese Ambassador to Sri Lanka, Speaker of the Parliament, the Commander of the Army and Navy as well as other local and international dignitaries. The Colombo Lotus Tower operations will be initiated after the completing the project commercialization and it is in process.

Initiatives have been taken to develop adjoining 3-acre land into a multifunctional recreational complex under the Lotus Tower phase 02 mix development project with vehicle parking facilities. The Cabinet has approved the land allocation. Land acquisition is being processed by the TRCSL. The Commission of TRCSL has decided to develop the adjoining land on Build Operate and Transfer (BOT) basis. TRCSL initiated the approval process in this regard.

As per a directive given by Cabinet Committee on Economic Management, Telecommunications Regulatory Commission of Sri Lanka decided to hold the construction of

IT Park Hambanthota building temporarily. The construction will be commenced after identifying suitable investor for Public Private Partnership arrangement. The dispute on contractor's claim is now in arbitration.

Construction of TRCSL Head office extension building project is in progress and it was planned to complete it in 2020. This five-stored steel structured new building project is being constructed under the supervision of the project consultancy unit of University of Moratuwa (PCU). The Cabinet approval was obtained to utilize TRCSL funds for this project. Development permits were obtained and detailed designs as well as bidding process of the project were completed.






University of Moratuwa prepared and submitted cost estimates building plans, bidding document and the engineer's estimate for the renovation, refurbishment and rehabilitation of Kadirana Frequency Monitoring Complex project. Development permits were obtained. Detailed design as well as bidding process were completed.









## Performance of TRCSL initiatives for achieving Sustainable Development Goals - 2019










The global understanding of development is now moving towards Sustainable Development which promotes prosperity, economic opportunity, protection of the environment and greater social well-being. In this context, Telecommunications/Information and Communication Technologies (ICTs) are considered as the main enablers in achieving the Sustainable Development Goals (SDGs).








Sustainable Development Goals adopted by the United Nations General Assembly recognizes that the proliferation of ICTs associated with global interconnectedness has great potential in accelerating the human progress and bridging the digital divide.








We incorporated SDG initiatives in our action plan for 2019 to accelerate the achievement of the SDGs in the telecommunication/ICTs sector.

TRCSL Actions	Achievements	SDG Goals/Objectives
Issue rules/regulations to monitor quality of services of voice and data/broadband services by licensed telecommunication operators.	<ul style="list-style-type: none"> <li>Analyzed the existing Quality of Service parameters.</li> <li>Discussed with the operators on amendments to be made.</li> <li>Measured internet speed in different locations in the country prior to the discussion with operators to make amendments to existing broadband parameters.</li> <li>New rules/regulations will be issued in 2020 after the implementation of the amended parameters.</li> </ul>	 <b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.   <b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.
Ensure the Operators' adherence to the Quality of Service Parameters set by TRCSL for voice and data/broadband services.	<ul style="list-style-type: none"> <li>Adhered to Quality of Service parameters by Fixed Operators.</li> <li>Adhered to Quality of Service parameters by Mobile Operators.</li> </ul>	 <b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.   <b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.
Formulation of new amendments to the current Sri Lanka Telecommunication Act to meet the rapid developments of the telecom industry.	<ul style="list-style-type: none"> <li>Act amendments were referred to the Legal Draftsman Department after obtaining inputs from the divisions.</li> <li>Consultation was held with the Department of Legal Draftsman. Legal Draftsman Department advised to obtain the Cabinet approval.</li> </ul>	 <b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.








<p>Conduct awareness programmes for general public on the requirement of obtaining licenses under the provisions of the Act to provide various telecommunication services.</p>	<ul style="list-style-type: none"> <li>• Awareness programmes were conducted in conjunction with the Section 17 and 21 inspections.</li> </ul>	 <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>
<p>Improvement of Spectrum Licensing Mechanism.</p>	<ul style="list-style-type: none"> <li>• New licence renewal methodology is in operation.</li> </ul>	 <p><b>SDG 7 – Affordable and clean energy.</b> Ensure access to affordable, reliable, sustainable and modern energy for all.</p>  <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>  <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>
<p>Processing of Tariff proposals submitted by the operators.</p>	<ul style="list-style-type: none"> <li>• Processed promotional/seasonal offers, promotional tariffs and permanent tariffs proposals.</li> </ul>	 <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>
<p>Conduct ‘Gamanata Sannivedanaya’ project program.</p>	<ul style="list-style-type: none"> <li>• Completed investigations in Matara district.</li> <li>• Technical investigation is to be conducted in Rathnapura district.</li> <li>• Data collected from Hambanthota district is being processed.</li> </ul>	 <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>  <p><b>SDG 11 – sustainable cities and communities.</b> Make cities inclusive, safe, resilient and sustainable.</p>

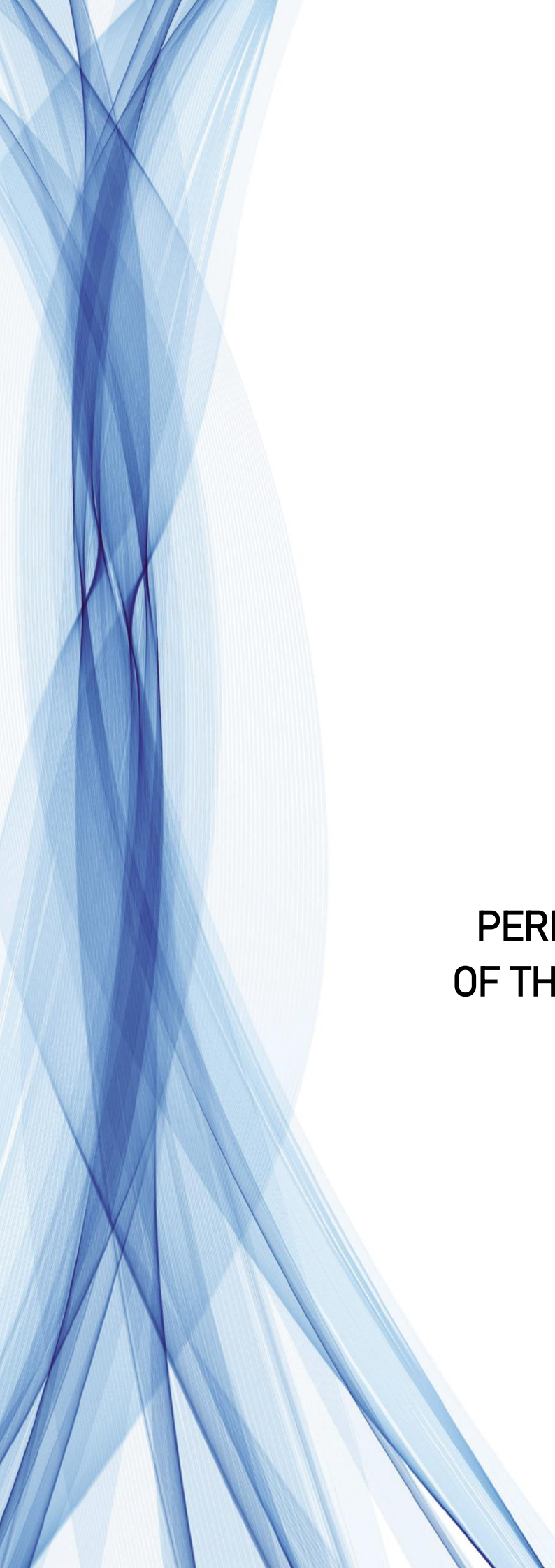
<p>Ensure fair Regulatory environment through Awareness.</p>	<ul style="list-style-type: none"> <li>Conducted community awareness programs, school awareness programs and Pilot Mobile Service program.</li> </ul>	 <p><b>SDG 7 – Affordable and clean energy.</b> Ensure access to affordable, reliable, sustainable and modern energy for all.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>
<p>Conduct Telecommunications and ICT waste management project program.</p>	<ul style="list-style-type: none"> <li>Conducted awareness campaigns for Grama Niladaries &amp; their staff in divisional secretariat offices in Ratnapura and Hambanthota districts.</li> </ul>	 <p><b>SDG 3 – Good health and well-being.</b> Ensure healthy lives and promote well-being for all at all ages.</p>  <p><b>SDG 11 – sustainable cities and communities.</b> Make cities inclusive, safe, resilient and sustainable.</p>  <p><b>SDG 12 – Responsible consumption and production.</b> Ensure sustainable consumption and production patterns.</p>
<p>Ensure reasonable and Justifiable solutions to Customers and Operators.</p>	<ul style="list-style-type: none"> <li>Processed correspondence of consumer complaints on; nuisance calls, SMS, social media, fixed lines, tower faults &amp; SIM, PEO TV and Internet, billing, CDMA.</li> <li>Handled requests on misplaced mobile phones and use newly introduced system simultaneously to trace loss mobiles.</li> </ul>	 <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>  <p><b>SDG 16 – Peace, justice and strong institutions.</b> Promote just, peaceful and inclusive societies.</p>
<p>Ensure Customer protection regard to telecommunication environment.</p>	<ul style="list-style-type: none"> <li>Conducted meetings with licenced operators.</li> <li>Steps have been taken to solve the issues existed.</li> </ul>	 <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>

<p>Identify specific areas where the broadband capacity should be upgraded.</p>	<ul style="list-style-type: none"> <li>• Obtained the infrastructure plan from licenced operators.</li> <li>• Monitored operators’ achievements along with the targets according to the plan.</li> </ul>	 <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>
<p>Preparation of guideline for Telecommunications Pole and laying of Copper and Fiber cables.</p>	<ul style="list-style-type: none"> <li>• Drafted the guideline for poles and fiber cables.</li> </ul>	 <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>
<p>Preparation of IPv6 roadmap for Sri Lanka</p>	<ul style="list-style-type: none"> <li>• Obtained information for the preparation of IPv6 roadmap from operators.</li> <li>• Request was made to obtain an expert assistance from APT (APNIC).</li> </ul>	 <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>
<p>Review the existing numbering plan and propose necessary amendments.</p>	<ul style="list-style-type: none"> <li>• Reviews have been conducted.</li> <li>• Identified a numbering plan of 3-digit code for IOT, M2M and internal communications.</li> </ul>	 <p><b>SDG 8 – Decent work and economic growth.</b> Promote inclusive and sustainable economic growth, employment and decent work for all.</p>  <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>
<p>Monitoring the operations of Cable TV Service Providers.</p>	<ul style="list-style-type: none"> <li>• Collected and updated the details of cable TV network systems.</li> </ul>	 <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>

<p>Coordinating with international organizations regarding the training activities for 2019.</p>	<ul style="list-style-type: none"> <li>• Selection of officials to participate in overseas training/study visits after obtaining recommendation of Advanced Training Committee (ATC) &amp; approval of Training Selection Committee (TSC) and Ministry.</li> <li>• Knowledge sharing programs were conducted after the training programs/study visits.</li> <li>• Licence operators were invited conferences and training programs conducted in collaboration with international organizations and foreign experts.</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>  <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>
<p>WTISD theme programme 2019.</p>	<ul style="list-style-type: none"> <li>• Conducted awareness program on the theme of WTISD 2019 "Bridging the Standardization Gap".</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>
<p>ICT capacity building for TRC staff.</p>	<ul style="list-style-type: none"> <li>• Conducted workshops on IT risk assessment, database security for the IT staff, Office 365 training, firewall training for IT Staff and Road Map Content</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>
<p>Introduction of international best practices involved in ICT for SDG developments in Sri Lanka. Organizing the Local ICT Volunteer program with the assistance of local universities, operators, Vocational Training Authority and NAITA.</p>	<ul style="list-style-type: none"> <li>• The pilot program was jointly organized with ICT Branch, Ministry of Education to develop ICT literacy especially among marginalized communities and students in remote areas. The volunteers were trained and dispatched to selected schools in Gampaha, Anuradhapura, Polonnaruwa and Kaluthara to work as ICT volunteers. Both students and teachers of selected schools were benefited by this program.</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>  <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>



<p>ITU / TRC assistance programmes for achieving ICTs for Sustainable Development Goals.</p>	<ul style="list-style-type: none"> <li>Organized a training program with APT and GSMA on “The Role of Mobile in achieving the SDGs &amp; Enabling Mobile Technology for the SDGs” . The program was conducted by APNIC experts.</li> </ul>	 <p><b>SDG 17 – Partnerships for the goals.</b> Revitalize the global partnership for sustainable development.</p>
<p>Organizing international conferences, workshops, seminars, study group meetings / online consultation/ local training programs in collaboration with ITU, APT etc.</p>	<ul style="list-style-type: none"> <li>Co-ordinated RSF &amp; ITU T study group meeting and APT GSMA &amp; APT APNIC local training program.</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>  <p><b>SDG 9 – Industry, innovation and infrastructure.</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation.</p>  <p><b>SDG 10 – Reduced inequalities.</b> Reduce inequality within and among countries.</p>  <p><b>SDG 17 – Partnerships for the goals.</b> Revitalize the global partnership for sustainable development.</p>
<p>WTISD theme programme 2019.</p>	<ul style="list-style-type: none"> <li>Conducted awareness program on the theme of WTISD 2019 "Bridging the Standardization Gap”.</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>
<p>ICT capacity building for TRC staff.</p>	<ul style="list-style-type: none"> <li>Conducted workshops on IT risk assessment, database security for the IT staff, Office 365 training, firewall training for IT Staff and Road Map Content</li> </ul>	 <p><b>SDG 4 – Quality education.</b> Ensure inclusive and quality education for all and promote lifelong learning.</p>



PERFORMANCES  
OF THE DIVISIONS

CHAPTER  
**05**

As per the provisions in Section 17 of the Telecommunication Act no.25 of 1991 as amended by Act No.27 of 1996, no person shall operate a public telecommunication system in Sri Lanka except under the authority of a system licence. The system licences are formally granted by the Minister, subject to public consultation and recommendation of the Commission.

Currently type of Licences can be broadly categorized as follows in terms of telecommunications infrastructure and services.

### Facility based Service Licences

This category of licence authorizes setting up of its own infrastructure using scarce resources such as frequency spectrum and/or right of way, numbering that require for the establishment and operation of public telecommunication network in providing telecommunication services.

### Non-Facility based Service Licences

Operators who are not authorized to setup its own infrastructure and required to lease telecommunication network elements (Backbone, Backhaul and Access) from any facility-based operators in order to provide their own telecommunication services to the public.

### Facility Licences

Operators who are authorized to construct the infrastructure for the use of other authorized telecommunication service providers. They are not authorized to provide any service to the public.

### Licence Categories

The Section 17 Licences issued by TRCSL are under following service categories.

- Fixed Operators
- Mobile Operators
- International Telecommunication Operators (External Gateway Operators)
- Data Communication Operators
- Internet Service Providers (Non-Facility based)
- Cable Distribution Network Operators (Cable TV)
- Direct to Home Satellite Broadcasting Operators (DTH)
- Trunk Radio Operators
- Satellite Services

Operators are free to select the most appropriate technology for their operations as per the international technology trends, optimizing the efficiency of use of natural and limited resources and harness benefits of such technology to bring about social and economic values to the country. TRCSL will estimate benefits of such technology and facilitate operators for smooth migration with minimal impact. Once the licence is granted Licensee will be required to seek TRCSL's prior approval for any subsequent changes to their networks and service offerings.

Scarce resources required to establish the telecommunication network will be assigned to respective operators through a fair, non-discriminatory and transparent manner.

Facility based Licences are issued for a period of ten years and five years, but validity of the non-facility based Licence is limited to five years. Licences can be renewed under the same or/and different conditions, depending on the performance, for a period not exceeding its original duration.

Licence fees will be determined by TRCSL from time to time depending on the type of the service to be offered. In addition, the Licensees are required to pay Cess and Telecommunications Levy.

## Licensing procedure at TRCSL

The processing of applications for licences should be in accordance with the provisions in Section 17 of Sri Lanka Telecommunications Act and licensing guidelines and procedures published by TRCSL in the Gazette Notification No1435/20 of 2006.03.10. In granting licences, TRCSL adopts open fair and transparent process. TRCSL currently does not pre-determine the number of Licences to be issued. However, due to public interest TRCSL may limit the number of licences under certain services due to natural and/or limited resources constraints.

- Parties interested to apply for a Licence under section 17 of Sri Lanka Telecommunications Act should submit their proposal to TRCSL in accordance with the guide line stipulated in the Gazette Notification No1435/20 of 2006.03.10.
- TRCSL will evaluate a licence application to determine the eligibility of the applicant as per the above guidelines.
- If the application is successful, Commission will grant approval for the draft Licence.
- The draft Licence will be made available for public to make representations /objections.
- TRCSL will investigate the representations / objection if any from the public and make necessary amendments if acceptable to the Commission.
- The Licences are issued by the Minister in charge of telecommunications upon the recommendation of the Commission.

## Licensing Framework

Underlining principles with regard to current licensing regime is

- Promote the competition
- Improved Quality of service
- Efficiency and Deployment of New technology
- Affordability
- Variety of Telecommunication Services
- Customer Protection

## Issuance of New Licence

Currently a new application is under review for the provision of DTH service in Sri Lanka.

## Renewal of Licences

City Cable Links (Pvt) Ltd. - Cable Distribution Network Operator Licence for the provision of Data Communications Services including Internet and Cable TV services.

## Work in Progress

Current licence framework is based on the infrastructure prominence with restricted service platform. However, with advent of technological convergence a wide spectrum of services can be availed with a single infrastructure. Limiting of services may impose constraints to the ever-developing telecommunications industry. Therefore, the importance of introduction of new licensing framework to facilitate application service provision has emerged.

Therefore currently, the existing licensing framework is under review and introduction of new licensing frame work is underway, to remove the unintended regulatory barriers to the telecommunications industry arising from technological development. Assistance will be given by International Telecommunication Union (ITU) for this activity.

Similarly, the network approval which is of extreme requirement of Section 17 licence has not been properly annexed to the licence in the past. Therefore, an activity is underway to implement this based on operator network/service survey.

The use of rights of way has been an obstacle for the deployment of Access networks in the localities and it is intended to develop a guideline for the efficient use of same as per provisions given in the Telecommunication Act No 25 of 1991 as amended by Act no 27 of 1996.

## Network Division

### O V E R V I E W

Network Division of the Telecommunication Regulatory Commission is responsible for regulating issues related to public and private telecommunication networks operating in Sri Lanka.

Areas that comes under the purview of Network Division are managing the National Numbering Plan 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.

### Functions

Main functions carried out by Network Division under different areas in the year 2019 in accordance with the Telecommunications Act are described below.

#### 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

#### 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 Network 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. Network 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. At the end of year 2019, 90% 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.

#### **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.

#### **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.

Network 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.

### 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.

### 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.

## Performance

### Statistics Related to Network Division for 2018-2019

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

*Table 02: Statistics of the Network Division*

Description	2018	2019
Total No. of Vendor licenses issued	821	845
Cumulative No. of Towers constructed	6885	7160
Total No. of Tower complaints received	196	168
Total No. of investigations handled (Tower related)	29	80
Total No. of court cases related to towers	0	0
Total No. of public awareness programs held	09	03
Total No. of New Type Approvals given	21	14
Total No. of issuance of Import clearances	4098	3797
Total No. of Individual Clearances	29	15
Cumulative No. of New Short codes issued	77	78



## 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.

### Government Organizations

In the year 2019, eleven (11) short codes in 19xx range were assigned to Government organizations. Names of the organizations and the respective short codes are listed in table given below.

*Table 03: Short codes assigned for Government Organizations*

Organization	Short Code
Ministry of Power & Energy	1910
Ministry of Health, Nutrition & Indigenous Medicine	1995
National Authority for the Protection of Victims of Crime and Witness	1985
Office for National Unity & Reconciliation	1928
Excise Department of Sri Lanka	1913
Ministry of Megapolis & Western Development	1916
Sri Lanka Tea Board	1978
Agriculture & Agrarian Insurance Board	1918
Geological Survey & Mines Bureau	1921
Sri Lanka Railway Department	1963
Ministry of City Planning water supply & Higher Education	1914

### Private Sector Organizations

In 2019, Six (06) short codes in 13xx range were assigned to Private sector organizations. Names of the organizations and the respective short codes are listed in Table No. 1.2.2 given below.

*Table 04: Short codes assigned for Private Organizations*

Organization	Short Code
Lift Holdings (Pvt) Ltd	1332
Unilever Sri Lanka Limited	1323
Softlogic Life Insurance PLC	1312
VirTrans Capital (Pvt) Ltd.	1350
Ruhunu Maha Katharagama Devalaya	1379
Rakwana Mineral Exploration (Pvt) Ltd	1326

## Infrastructure Deployment

### Construction of Telecommunication Towers

The cumulative number of telecommunication towers constructed increased up to 7160 which includes 275 new towers constructed in 2019.

### Handling of Infrastructure Deployment Complaints

Networks Division carried out 80 investigations in 2019 for the complaints against tower construction made by general public. There were no telecommunication towers related court cases in 2019. 168 towers related public complaints were received in the year 2019.

### Public Awareness Programmes

In 2019, Networks Division conducted three (03) 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.

### Vendor Licensing

There were issued 845 vendor licenses for different type of telecommunications equipment during the year 2019.

### 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 05: No. of Equipment Clearance & Type Approvals issued*

Description	No. of documents issued in 2019
Equipment clearances	3812
Type Approvals	14

## Policy & International Relations Division

### O V E R V I E W

In accordance with the Telecommunication Act, TRCSL provides advices to the Government on policy matters relating to provision of public telecommunication services. Promoting research & development in the field of telecommunications is one of the objectives of the TRCSL. In this regard, the division involves in organizing relevant regulatory research studies with local universities and research institutions. TRCSL also implements new projects and organize programs relating to promotion of international best practices/emerging regulatory trends for the development of the telecom sector.

As the focal point of international organizations, the division undertakes a wide range of telecommunication sector development programmes and regulatory as well as coordinating activities with the assistance of international organizations including International Telecommunications Union (ITU), Asia Pacific Telecommunity (APT), South Asian Association for Regional Co-operation (SAARC) Commonwealth telecommunications Organization (CTO).

### Functions

#### Policy

- Provide advices on regulatory matters relating to the telecommunication sector.
- Research studies with the assistance of universities and research institutions.
- Projects.

#### International Relations

- Co-ordinating the Commission's participation in various international organizations [e.g. International Telecommunications Union (ITU), Asia Pacific Telecommunity (APT), South Asian Association for Regional Co-operation (SAARC) etc.]
- Circulating information received from international organizations within the Commission.
- Co-ordination of information gathering within the Commission and in the country as required by international organizations of which Sri Lanka is a member.
- Provide required information surveys and questioners to international organizations.

### Activities carried out in 2019

#### Research & Development in the field of telecommunications

TRCSL conducts Research and Development of the field of telecommunications with the support of universities and research institutions of Sri Lanka. During the 2018/2019 period, the University of Ruhuna conducted a research on "EO/IR based Maritime Surveillance in Sri Lanka" and two progress presentations were also conducted at TRCSL. Universities and research institutions were invited to submit research proposals for 2019/2020 period and seven research proposals were received. The Research Committee of TRCSL approved two proposals and their initial presentations were conducted.

#### TRCSL ICT Volunteer Programme

Over the past few years, TRCSL has organized several programmes for the ICT development, empowerment of disabled/ marginalized groups and uplifting special education in Sri Lanka. ITU/NIA International ICT Volunteer(IIV) Programme is one of those initiatives taken by TRCSL with the

assistance of International Telecommunications Union (ITU) & National Information Agency (NIA) of Korea for the capacity development of students with Special Education Needs, teachers involved in Special Education and students in rural schools. TRCSL has dispatched over 100 Korean ICT volunteers for periods ranging up to 3 months, throughout the country during the last 8 years.

With the guidance of ITU, TRCSL organized a local ICT volunteer programme this year as a pilot project by employing local ICT volunteers and restructuring the International ICT Volunteer Programme. The programme was organized in collaboration with Ministry of Education, Vocational Training Authority, and with the assistance of universities as well as telecom operators to promote ICT literacy especially among marginalized communities and students in remote areas.

Upon a request made by TRCSL, Vocational Training Authority (VTA) and NAITA organizations recommended over fifty students who have passed NVQ level 4 & 5 (National Certificate in ICT) for this programme. About twenty-five students from Anuradhapura, Polonnaruwa, Kalutara & Gampaha were interviewed by a panel including two external members from Ministry of Education and VTA. Then sixteen students were selected as ICT volunteers. These volunteers were trained for one month through a boot camp. During the first month, they were taught computer programming, web application development and pedagogical aspects. Thereafter, they were dispatched (one volunteer per school) to sixteen schools in Anuradhapura, Polonnaruwa, Kalutara & Gampaha districts for a period of two months. Throughout the programme, ICT volunteers were encouraged to be interactive with the organizers as well as among themselves through an online learning management system which allows students to ask questions in a forum-type format and facilitates instructors to moderate the discussions, share study materials, publish important notices & send email notifications.

It has been reported that the beneficiaries of the local ICT volunteer programme include over 300 students and a few teachers. ICT volunteers were also considered as target beneficiaries since the experience and exposure that they obtained through this programme enable them to find better employment opportunities. At the end of the assignment, a certificate was awarded to every volunteer appreciating their active participation. This local ICT volunteer programme was conducted as a pilot project and based on the outcome TRCSL could initiate a major project to develop ICT skills by training the trainer in the following years.

**Figure 01: Opening Ceremony of ICT Volunteer Programme**



*Figure 02: Practical sessions of ICT Volunteer Programme*



*Figure 03: TRCSL Inspection visits of ICT Volunteer Programme*



*Figure 04: Closing ceremony of ICT Volunteer Programme*





## **World Telecommunication and Information Society Day 2019**

World Telecommunication and Information Society Day (WTISD) is celebrated every year on 17th May marking the establishment of the International Telecommunication Union (ITU). The theme of this WTISD 2019 was focused on “Bridging the Standardization Gap”. The main objective of the WTISD is to raise global awareness on how ICTs can be adopted in socio-economic development and bridging the digital divide. Accordingly, arrangements were made to create public awareness through the print media and electronic media regarding this year’s WTISD theme. Besides, WTISD special messages from H.E. the President, Hon. Prime Minister, Hon. Minister of Telecommunications and ICT, Secretary General of the ITU, Chairman and Director General of the TRCSL were also published in our website.

## **SATRC Working Group on Policy, Regulation & Services (29-30 April 2019)**

The Asia-Pacific Telecommunity (APT) together with TRCSL organized the meeting of the SATRC Working Group on Policy, Regulation and Services from 29-30 April 2019 at the Global Towers Hotel Colombo. The meeting was hosted by Telecommunications Regulatory Commission of Sri Lanka. Twenty foreign participants attended this workshop. The objective of the meeting was to conduct the Working Group activities on the work items assigned by the Council.

*Figure 05: SATRC Working Group on Policy, Regulation & Services*



## **ITU Regional Standardization Forum (RSF) & ITU -T SG3 Regional Group for Asia & Oceania (SG3RG-AO)**

The International Telecommunication Union (ITU) organized the ITU Regional Standardization Forum on “Addressing Competition Issues in ICT Economy” on 01 October 2019 at Taj Samudra Hotel, Colombo, Sri Lanka. The Forum was followed by the meeting of the ITU-T Study Group 3 Regional Group for Asia and Oceania (SG3RG-AO) which was held from 2th to 4<sup>th</sup> October 2019. The meeting was preceded by a Bridging the Standardization Gap (BSG) Interactive Workshop on Effectiveness in Standardization. Both events were hosted by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL).

*Figure 06: ITU Regional Standardization Forum*



The main objective of the event was to provide an open forum for debating and exchanging views on a number of standardization topics and to highlight activities related to the Bridging the Standardization Gap (BSG) Program including the work of Regional Groups.

About 30 participants attended the event including ITU Member States, national standards bodies, ICT regulators, ICT companies, ICT research organizations, service providers, and academia.

#### **APT-APNIC- TRCSL Local Training Course on “Introduction to SDN”**

APT-APNIC-TRCSL Local Training Course on “Introduction to SDN” was jointly organized by the Asia Pacific Telecommunity (APT) and Asia Pacific Network Information Center (APNIC). The training program was held from 15<sup>th</sup> to 17<sup>th</sup> October 2019 at the Telecommunications Regulatory Commission of Sri Lanka.

The training course provided an understanding of the key technology elements of Software Defined Networks (SDN) via a combination of lectures and hands-on exercises.

The course was conducted by Mr. Paresh Khatri & Mr. Sarada Hettiarachchi of APNIC. The target group of this training was technical staff of TRCSL and local operators. More than 40 participants followed the training course.

*Figure 07: APT-APNIC- TRCSL Local Training Course on “Introduction to SDN”*



#### **APT-GSMA-TRCSL Local Training Course on SDGs**

APT-GSMA-TRCSL Local Training Course on SDGs was jointly organized by the Asia Pacific Telecommunity (APT) and the GSMA. TRCSL staff participated for this training. The training program was held from 14-15 November 2019 at the Telecommunications Regulatory Commission of Sri Lanka.

The key areas of the course content included the role of mobile in achieving the SDGs & enabling mobile technology for the SDGs. The course was conducted by Mr. Kalvinder Singh of GSMA and 40 participants took part in the training course.

*Figure 08: APT-GSMA-TRCSL Local Training Course on SDGs*



### 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 (IDI). The ICT Development Index is used to measure the level and evolution over time of ICT developments within countries and the experience of those countries relative to others and it is recognized as the analysis on the state of global ICT development. The data provided by the ITU member states was used to update the World Telecommunication/ICT indicators database, ITU's statistical publications and World Bank publications etc. The results of the survey were featured in the reports such as *Measuring the Information Society Report* and these resources are widely recognized as the repositories of the world's most reliable and impartial global data.

### 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.

### Telecommunication Regulatory Survey 2019

The annual World Telecommunication/ICT Regulatory Survey is a tool for collecting first-hand information from ITU Member State administrations. The survey covers a wide range of ICT policy and regulatory issues and allows to track the latest ICT trends and evolutions. The division collected relevant data with the assistance of other divisions and submitted the completed survey to ITU within the given time frame.

### 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 06: Annual Subscriptions*

ITU	APT	CTO	SAFIR
CHF 159,000 Mar.2019	USD 15,420 Jan.2019	GBP 25,000 Aug. 2019	Invoice not received

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

### Study Group Working Group Questionnaire 2019

The division was involved in submitting the Study Group Questionnaires of ITU & APT with the coordination and support of other divisions of the TRCSL.



## Spectrum Management Division

### O V E R V I E W

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 fulfil 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

- Allocating frequency bands in accordance with the Radio Regulations (Article 5) of International Telecommunications Union and the national priorities;
- Spectrum planning;
- Maintaining Master Frequency Register (MFR) such as frequencies, the locations, transmitting power, call signs, etc.
- Assigning frequencies through the issuance of Section 22 licences;
- Monitoring of radio spectrum to detect illegal use, unused spectrum and under-utilized spectrum;
- Establishing regulations, technical parameters and standards governing the use of radio spectrum and use of satellite orbit belonging to the country;
- 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;
- 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;
- 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;
- Maintaining regional and international co-ordination and co-operation for the use of radio frequencies;
- 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 Amateur Radio and Global Maritime Distress Safety System (GMDSS) examinations;
- Granting Type Approvals for Radio Terminal Equipment (RTE)

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

The National Table of frequency allocation was prepared and posted on the website for the information of the public. IMEI Verification System is used to enable the public to ascertain the phones, sold at the market are approved by the Telecommunications Regulatory Commission of Sri Lanka. This system performance has become low and action was initiated to upgrade the system to include all radiocommunication apparatus type approval process.

Master Frequency Register was updated by System Management Database cleansing. Action was initiated to issue licences to all users who have been exempted from frequency licence fee. (Spectrum licences fee have been amended some and approved by the Commission) Some of the current fees have not been revised for more than 20 years.

### Issuance of frequency licenses

*Table 07: Number of Licenses issued for Spectrum Users in 2019*

Category of Service	No. of Licenses	
	2018	2019
Fixed service	167	160
Broadcasting service (Television and Radio)	39*	49
Trunking/Paging/Citizen Band	10	7
Data / Radio Telemetry Service	20/28	45/47
Aeronautical and Maritime Services		
(i) Aircraft stations	74	69
(ii) Ship stations	94	121
(iii) Maritime mobile	1041	575
(iv) Aeronautical mobile	12	8
Private mobile radio service	361	193
Amateur Radio	33	64

\* Only Main Licence count

## Complaints Received and Investigations Undertaken in 2019

*Table 08: Complaints Received and Investigations Undertaken in 2019*

Service	No. of Complaints Received		No of Investigations Undertaken	
	2018	2019	2018	2019
TV and Sound Broadcasting	5	5	5	5
Other Services	32	22	30	22

## Complaints Received and Investigations Undertaken in 2019

*Table 09: Complaints Received and Investigations Undertaken in 2019*

Category	No. of Illegal Users Identified		Action Taken
	2018	2019	
Broadcasting (TV and Radio)	02	00	-
Other Services	08	04	Action is taken to prevent the illegal use/ Complaint to police (DEC6.0 cordless phone)

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

*Table 10: Number of Clearance Letters Issued in 2019*

Category of Service	No. of Clearance Reports	
	2018	2019
Fixed service including CDMA	506	765
Broadcasting service (TV and Radio)	57	81
Cellular Mobile Services		
(i) Dealer Licence	6526	7263
(ii) Mobile Operators	757	11011
(iii) Private Mobile Radio	190	155
Data Service/ Radio Telemetry	173	130
Satellite Service	153	222
Amateur Radio	21	78
Low Power Devices	1036	1215

## Frequency Monitoring and Investigation

Radio Frequency Spectrum Monitoring is an integral part of spectrum management activities. Issuance of Section 22 licence is ensured a guaranteed use of interference-free radio communication system. The use of radio communication service without interference is extremely difficult as RF 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 maintains three Regional Monitoring Centers (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 have been 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 of equipment for this purpose.

## Legal Division

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Legal Division plays a 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 TRC.

### Functions

Drafting of agreements, interpreting, advising and reviewing primary and secondary legislation pertaining to telecom sector e.g.: 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 2019 legal Division was involved and contributed towards many regulatory activities of the Commission.

Rules were gazetted to facilitate enforcement of 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 several complaints in order to resolve customer issues. Legal Division has processed over 441 number of Court Orders relating to requests for information on mobile / fixed phones in the year 2019 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. Act amendments were referred to the Legal Draftsman Department after obtaining inputs from the divisions and consultation was held with the Department of Legal Draftsman. The Legal Draftsman Department provided their advised to obtain the Cabinet approval.

### Litigation

There were new ten Court cases filed against TRC in year 2019. Six matters were successfully concluded in the year 2019. There are several pending matters in Courts on issues ranging from revocation of licences, frequency spectrum assignments, Section 17 System licence matters etc.

## Competition Division

### O V E R V I E W

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

- Monitor trends through the analysis of financial and operational performance of licensed operators.
- Collect and analyze statistical information of the industry.
- Collection of Government taxes/levies (Telecommunications Levy, Cess, Cellular Tower Levy and Mobile Short Message Service Levy) from the industry.
- Facilitate to obtain relevant visas of foreign experts who are involved with the Telecommunications related projects in Sri Lanka.
- Collect information relating to interconnection & handle relevant issues when arise

### Progress of the Year

#### Subscriber base

The Mobile and Fixed Access Subscriber base as at 31<sup>st</sup> December 2019 was 35,183,866. In the year 2019 Cellular Mobile Operators demonstrated an increase in subscriber base compared to the year 2018 and Fixed Access Operators demonstrated a decrease in subscriber based compared to the year 2018.

*Table 11: Number of Mobile and Fixed Access Subscriber bases for the period 2015-2019*

Category	Year					% of change			
	2015	2016	2017	2018	2019*	2015-2016	2016-2017	2017-2018	2018-2019*
Mobile	24,384,544	26,227,631	28,199,083	32,528,104	32,884,099	8%	8%	15%	1%
Fixed Access	2,601,196	2,550,432	2,603,178	2,484,616	2,299,767	-2%	2%	-5%	-7%
Total	26,985,740	28,778,063	30,802,261	35,012,720	35,183,866	7%	7%	14%	0.4%

\* Provisional (2019 December)

#### Average Revenue per User (ARPU)

The ARPU (per annum) for the year 2019 for Mobile Operator category was Rs. 4,441 (estimated) and demonstrated a 3.3% decline compared to ARPU of 2018. As well, the Fixed Access Operator category demonstrated a 9% decline against last year.

The change in the definition of the subscriber base in 2013 resulted the year on year increase of 36% in ARPU in the year 2013 for the fixed access category.

**Table 12: The ARPU of Mobile and Fixed Access Operator for the period 2015-2019**

Category	Year					% of change			
	2015	2016	2017	2018	2019*	2015-2016	2016-2017	2017-2018	2018-2019
Mobile	5,131	5,258	4,977	4,591	4,441	2%	-5%	-8%	-3%
Fixed Access	19,659	21,691	22,911	30,745	30,171	10%	6%	34%	-2%

\* Provisional (2019 December – estimated)

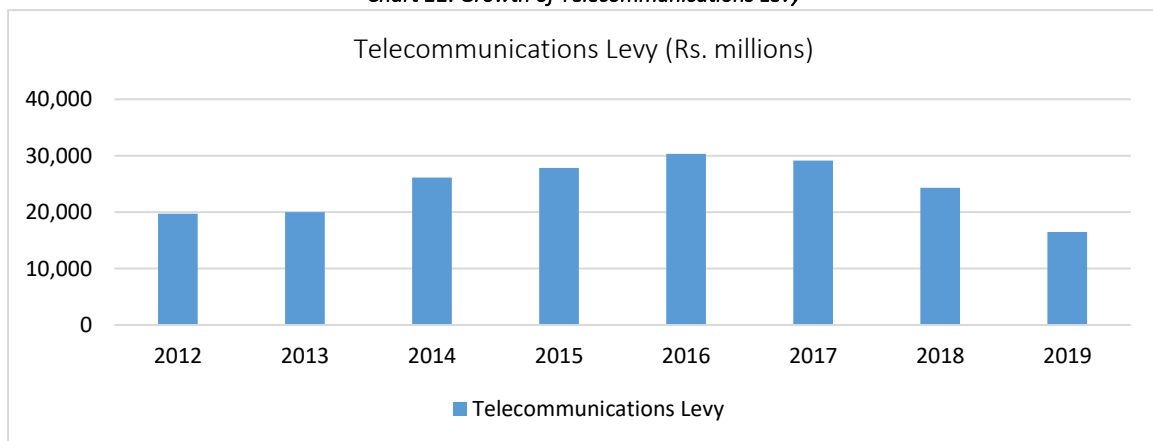
### Telecommunications Levy (TL)

Telecommunications Levy was introduced by the government of Sri Lanka as a “single rate tax” for the telecommunications industry in 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 10<sup>th</sup> November 2018. Again, the TL rate was reduced in December 2019 by 25% and as a result of that the current TL rate is 11.25%.

**Table 13: Telecommunications Levy 2012-2019**

Year	2012	2013	2014	2015	2016	2017	2018	2019
Telecommunications Levy (Rs. Mn)	19,746	20,027	26,152	27,837	30,347	29,128	24,319	16,486

**Chart 11: Growth of Telecommunications Levy**



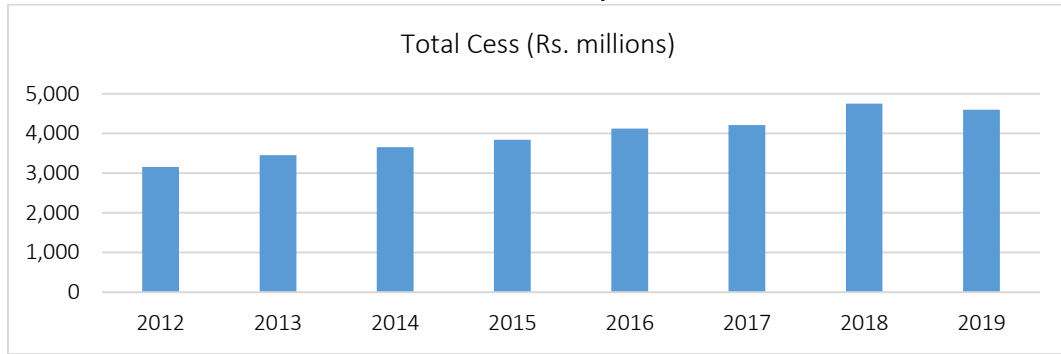
### Cess

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 14: Cess 2012-2019**

Year	2012	2013	2014	2015	2016	2017	2018	2019
Total Cess (Rs. Mn)	3,152	3,455	3,652	3,841	4,127	4,209	4,443	4,498

**Chart 12: Growth of Cess**



### Cellular Tower Levy

Cellular Tower Levy was imposed under the Part XII of the Finance Act No. 35 of 2018 with effect from 01<sup>st</sup> January 2019. As per the afore said Finance Act, each Mobile Operator must annually pay Rs. 200,000 per tower. Further Mobile Telephone Operator has to pay cellular tower levy for the towers which is not own by mobile operator, but they use it. Levy of Rs. 200,000 has to be equally shared by the operators who shared the tower. The Levy should be paid to the Telecommunication Regulatory Commission on quarterly basis.

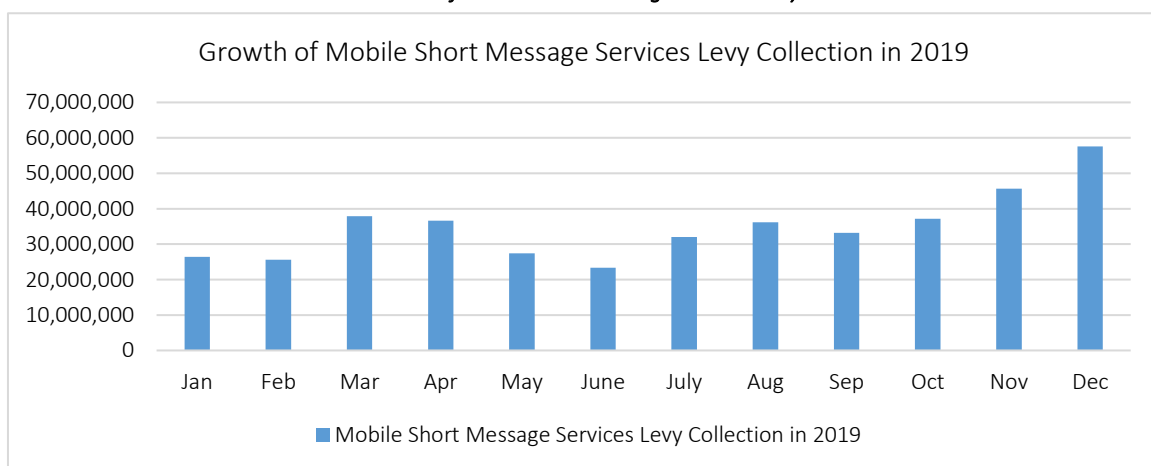
**Table 15: Cellular Tower Levy Collection - 2019**

2019	Quarter 01	Quarter 02	Quarter 03	Quarter 04	Total
<b>Cellular Tower Levy</b>	355,946,675	340,886,660	348,416,666	339,276,667	<b>1,384,526,668</b>

### Mobile Short Message Services Levy

Levy on Bulk SMS was imposed by the Part XIII of the Finance Act No 35 of 2018 and regulations for the implementation have been given by the Gazette Notification No. 2014/16. Accordingly, Mobile Operators require to pay Rs. 0.25 per SMS which send through mobile phones to group of recipients for commercial purposes. This Levy is collected by the Telecommunications Regulatory Commission on monthly basis with effect from 01<sup>st</sup> January 2019.

**Chart 13: Growth of Mobile Short Message Services Levy Collection**





**Table 16: Mobile Short Message Services Levy Collection**

Month	Total
January	26,372,122
February	25,594,677
March	37,858,060
April	36,666,675
May	27,418,164
June	23,381,413
July	31,981,284
August	36,170,925
September	33,221,155
October	37,141,574
November	45,677,321
Decembers	57,540,518
<b>Total for the year 2019</b>	<b>419,023,886</b>

### **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 line ministry. During the year 2019 a total no. of 186 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 initiated process to review the existing Interconnection rates which was determined in 2010. As the first step of the process the Commission requested Operators to submit their views inwriting to the Commission and the process is continuing.

## Operator Analysis

### Functions

1. “Gamata Sannivedanaya” Project Telecommunication for all – 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. Analyzing of PSTN Operators Revenue, profit & loss and Investments

### “Gamata Sannivedanaya” Project

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

In the year 2019, Competition Division completed a survey in Matara, Rathnapura and Hambantota districts to identify requirement of telecommunication and Broadband facilities.

Survey was conducted in above three district and information received from Grama Niladaries (GN) on availability of telecommunication Facilities (Fixed and Mobile) and Broadband facilities.

**Table 17: Matara District information**

Item	Numbers
No of Divisional Secretaries	16
No of Grama Niladari Divisions	650
Responded Grama Niladari Divisions	638
Non-responded Grama Niladari Divisions	12
Investigated Grama Niladari Divisions	19

Based on the survey Physical investigation was carried out in 19 GND in Akuressa, Thihagoda, Kotapola and Pitabeddara Divisional Secretariat areas in Matara District.

**Table 18: Rathnapura District information**

Item	Numbers
No of Divisional Secretaries	16
No of Grama Niladari Divisions	575
Responded Grama Niladari Divisions	499
Non-responded Grama Niladari Divisions	76
Under served Grama Niladari Divisions	19

Survey and Data Analyzing were completed. Physical investigation will be commenced in February 2020.

**Table 19: Hambantota District information**

Item	Numbers
No of Divisional Secretaries	12
No of Grama Niladari Divisions	576
Responded Grama Niladari Divisions	543
Non-responded Grama Niladari Divisions	33

Survey data collection was completed in Hambantota district. Data entering & analyzing will be commenced January 2020.

## Telecommunications and ICT waste management awareness program

Rathnapura District awareness campaign conducted in 16 Divisional Secretariat offices and Hambantota District awareness campaign conducted in 12 Divisional Secretariat offices with their staff & Grama Niladaries.

*Figure 09: Telecommunications and ICT waste management awareness program*



## ISP Licensee Issuance

### 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 handled Issuance and renewal of Internet Service Provider 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 three Operators are providing 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. TATA Communications Lanka Ltd
3. Lanka Education and Research Network

Evaluation process commenced of License renewal application of internet service provider License (Non-Facility based) of Dialog Broadband Networks (Pvt) Ltd and TATA Communications Lanka Ltd. The Evaluation Committee submitted a report to Director General with Committee recommendations.

## 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). (OLAC terminated since May 2019)

### TDC Levy Collection

*Table 20: Telecommunications Development Charges Levy Collection*

Year	2015	2016	2017	2018	2019*
TDC collection (Rs Million)	5,861	8,689	6,202	5,579	4,970

\* Provisional (up to November 2019)

*Table 21: Total Revenue for the years 2017-2018*

Operator	2017 (Rs. Mn)	2018 (Rs. Mn)
Mobile	139,990	147,815
Fixed	59,718	67,374
Total	199,708	215,189

*Table 22: Total profit & Loss for the years 2017-2018*

Operator	2017 (Rs. Mn)	2018 (Rs. Mn)
Mobile	-2,437	-19,733
Fixed	1,897	5,179
Total	-540	-14,554

## Tariff

There were 12 seasonal tariff offers, 34 promotional basis tariff approvals and 17 permanent basis approvals were granted for licenced telecom operators during the year 2019.

Collaboration with the Central bank of Sri Lanka, a progressive digitization initiative has taken by the Commission by approving affordable tariff for SMS notification/ alerts services for the digital transactions. Real time information would increase the transparency, thereby it is expected a boost in the Digital Financial transactions.

Considering the request made by the Ministry of Telecommunication, Digital Infrastructure an affordable Data tariff plan was approved for the E-Gramasevaka Project to empower Grama Niladhari's information technology usage.

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 and broadband 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 2019

- 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, analyze 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 2019

- Investigations into 15 instances of sale of non-type approved telecommunication equipment by vendors have been completed
- Investigations into 8 instances of offer of unapproved tariff packages by licensed operators have been completed
- Investigations into 5 instances of illegal cable tv operations 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 *On-line 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;

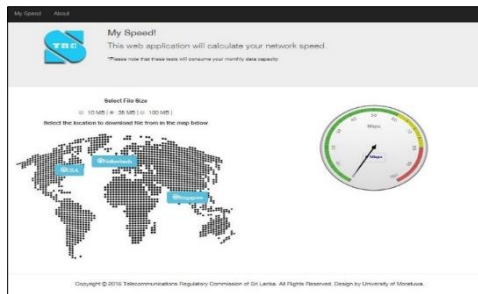
- Asynchronous and event-driven
- Rich library of various JavaScript modules
- Very fast in code execution
- Single Threaded but Highly Scalable

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](http://www.trc.gov.lk)) or directly accessing the speedtest application URL (<http://speedtest.trc.gov.lk>).

Figure 10: 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](http://www.trc.gov.lk)) on daily basis.

Figure 11: NetSpeed Test Results (Location - TRCSL)

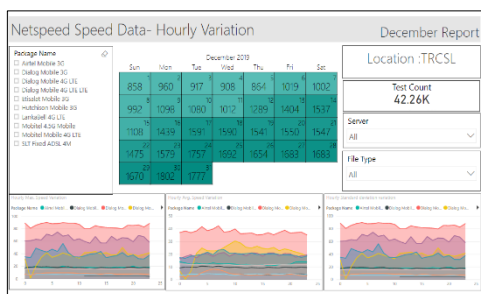
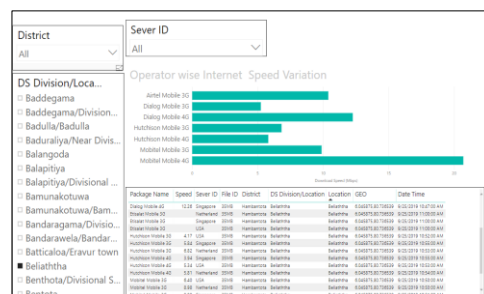


Figure 12: NetSpeed Test Results (Outstation)



## Compliance Division (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

#### 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 TRCSL acts as a mediator in the process of finding loss mobile phones. We forward complaints received daily to telecom operators and responses received on the same are sent to relevant police stations.

#### 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 convey important messages delivered at workshop and 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 framework 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

Objective		Activities	Details	Current Progress
Make the people aware on the telecommunication facilities for social and commercial benefit	1.1	Awareness Programs	1. Awareness program for Grama Niladari / Government Office 2. Police officers - Training college	90%
	1.2	TV/ Radio Programmes	Published	
	1.3	Poster/ Leaflet /Stickers	Published	
Ensure Consumer protection	2.1	Study the existing consumer issues and customer protection guidance	Continue process	95%
Ensure resolve customer complaint	3.1	Facilitate customers to obtain amicable settlement	Continue process	90%

## Special Projects Division

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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.

### Functions

In the year 2019 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 3<sup>rd</sup> 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. 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 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.

**Table 23: Summary of Contract**

Client (investor)	TRCSL
<b>Contractor</b>	CEIEC & ALIT
<b>Type of Contact</b>	Design and Build
<b>Engineer to the Project</b>	Project Consultancy Unit of University of Moratuwa
<b>Contracted Price</b>	USD 104.3 Mn.
<b>Date of Commencement</b>	16 <sup>th</sup> November 2012
<b>Contractual project Completion Date</b>	31 <sup>st</sup> October 2017 (Initial construction period of 912 days + TRCSL granted Extension of Time)
<b>Tentative Project completion date committed by main Contractor and Engineer to the Project</b>	31 <sup>st</sup> December 2019

**Table 24: Progress as at 31st December 2019 of the Colombo Lotus Tower Project**

Description	% Completion
Antenna Mast	100%
Cleaning & Painting of Mast Base	99%
Installation at Tower House	99.9%
Tower Body Painting	99.9%
Interior Decoration	90%
Electrical installation tower house	92%
Fire Water at Tower House	92%
Water Supply & Drainage at Tower House	93%
Electrical Installation at Tower base	96%
Water Supply & Drainage at Tower Base	99%
Outdoor Electrical Installation	97%
Tower Base roof	99%
Illumination Tower House, Base and Body	99%
Lift and escalators	98%
Building Management Intelligent System	78%

**Chart 14: Planned Vs Actual Progress and continue without target completion date**

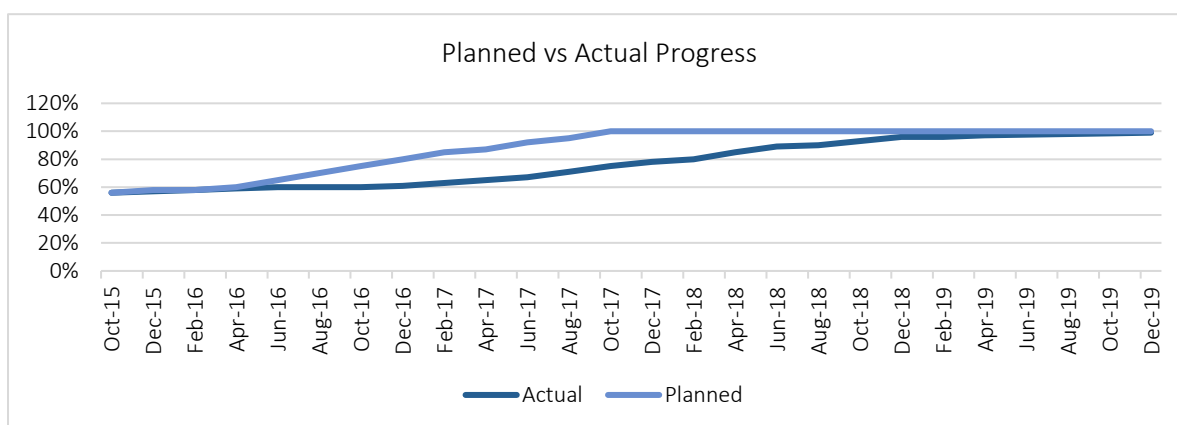


Figure 13: Civil Works of the Colombo Lotus Tower

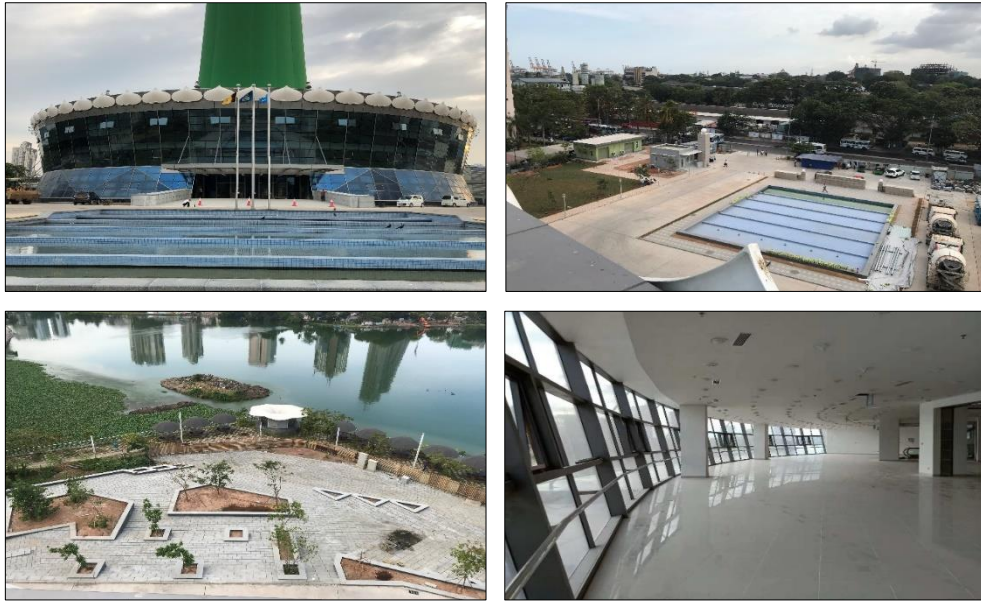


Figure 14: Steel Structure of the Colombo Lotus Tower



Figure 15: Tower House of the Colombo Lotus Tower

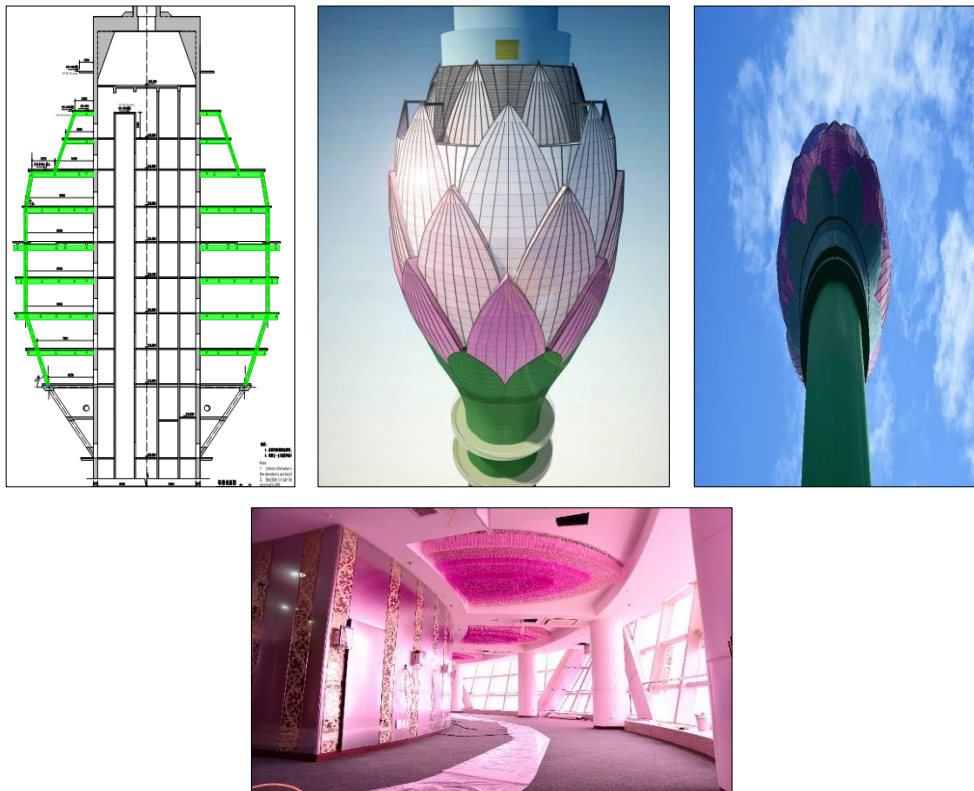




Figure 16: Tower Base of the Colombo Lotus Tower



Figure 17: Antenna Mast of the Colombo Lotus Tower

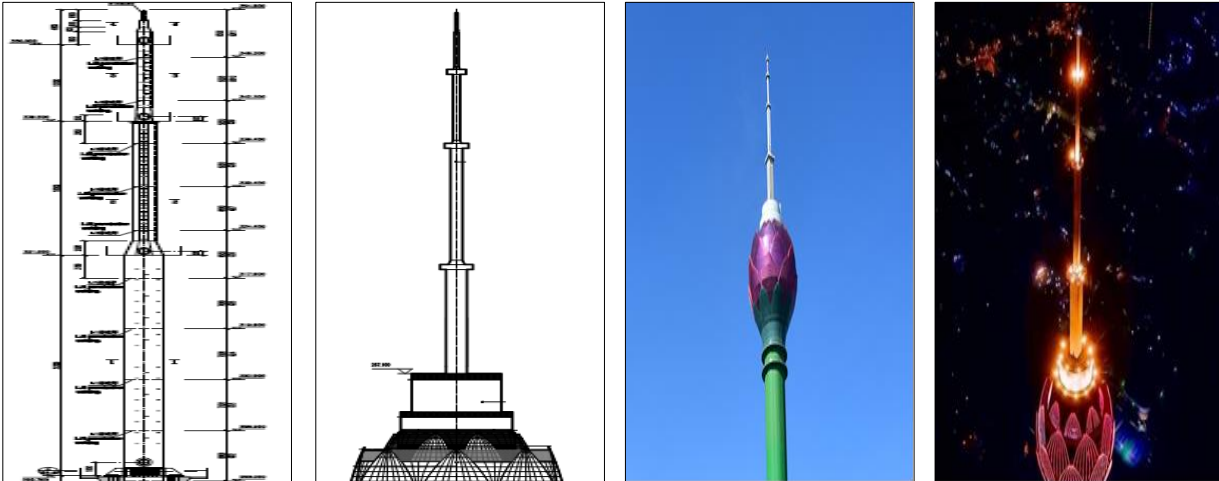


Figure 18: Curtain Wall of the Colombo Lotus Tower

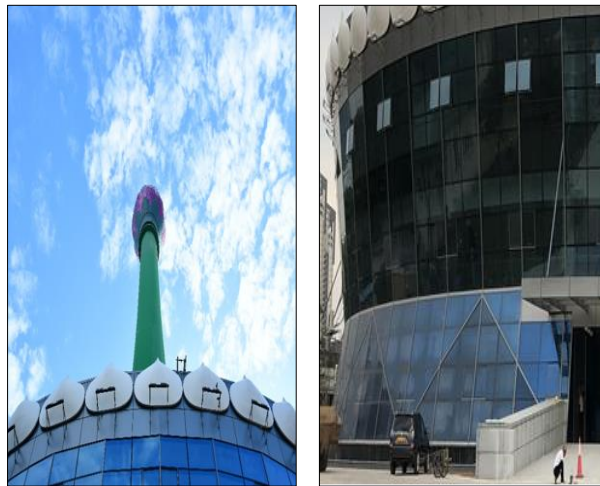


Figure 19: Interior Decoration of the Colombo Lotus Tower

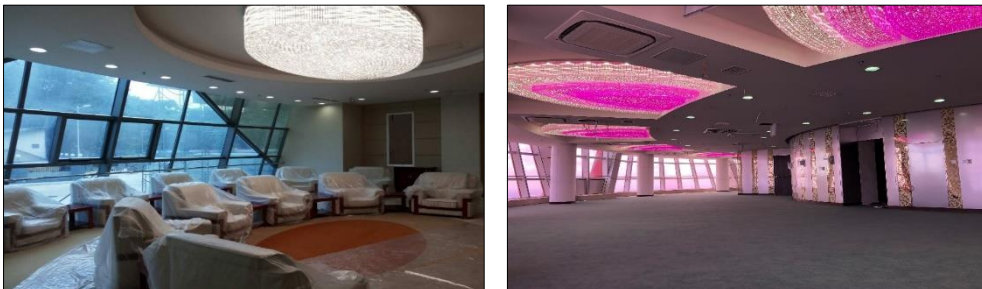
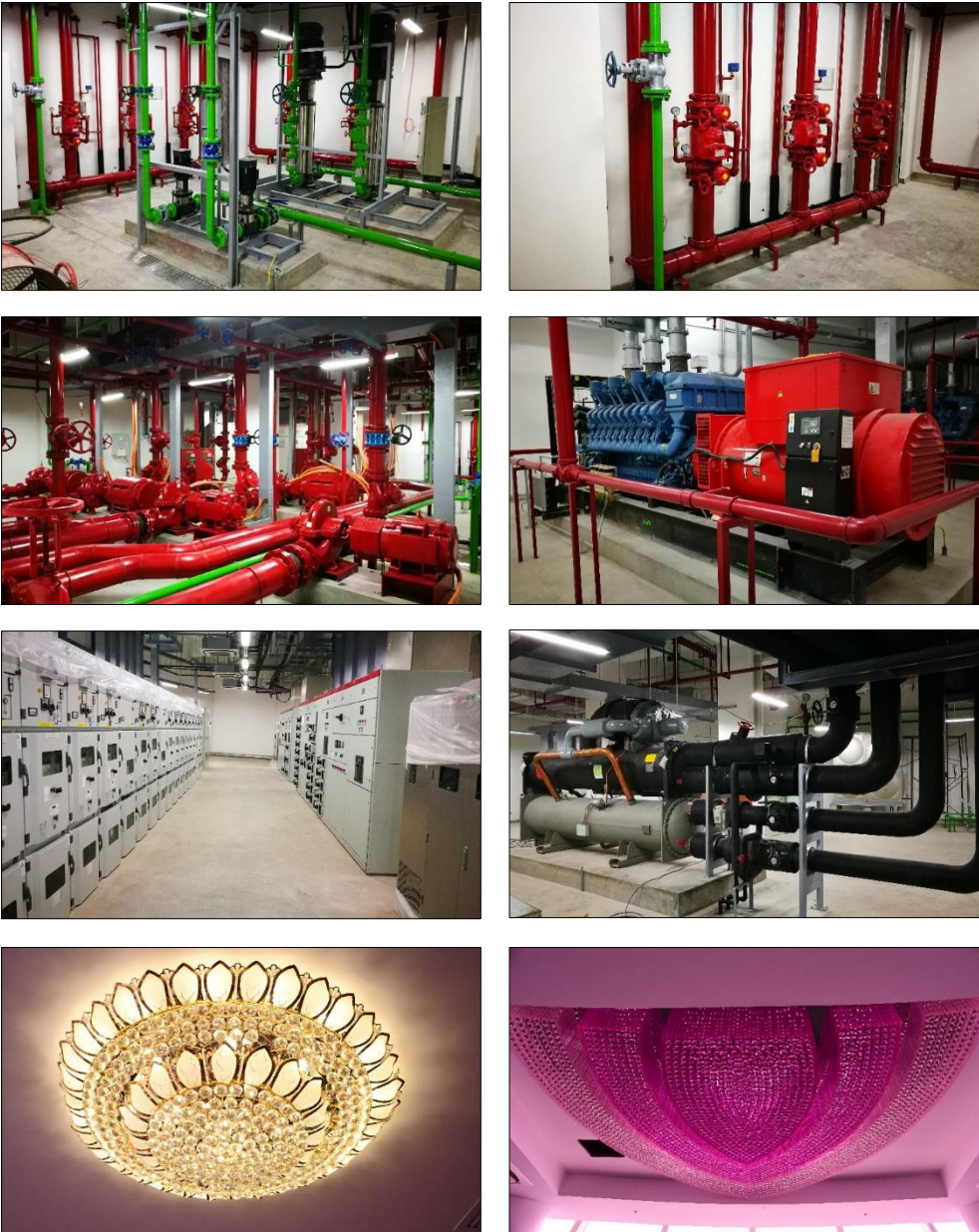


Figure 20: Kitchen of the Colombo Lotus Tower



Figure 21: Mechanical, Electrical & Plumbing Works of the Colombo Lotus Tower





## 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 04<sup>th</sup> 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.

*Figure 22: Hambantota IT Park*



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 11<sup>th</sup> July 2014 and the construction work started on 11<sup>th</sup> August 2016. The construction period is 730 days.

The contractor had completed the superstructure of the building up to the 3<sup>rd</sup> 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 31<sup>st</sup> Dec 2019**

The project is under the Arbitration.

## 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.

*Table 25: Progress of the Colombo Head Office Extension Building Project*

Description	% Completion
Filling	100%
Steal Structure	60%
Concrete works	20%
Electrical works	0%
Plumbing works	0%
IT infrastructure	0%
Painting & Finishing	0%

*Figure 23: Construction of the Colombo Head Office Extension Building*





#### 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 rainwater.

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 workload 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 Negombo 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.

**Table 26: Progress of the Kadirana Rehabilitation and Renovation Project**

Description	% Completion
Demolition Work	100%
Renovation of Old Building	60%
Foundation work of New Building	100%
Civil Construction of New Building	60%
Electrical works	20%
Plumbing works	50%
Painting & Finishers	50%

*Figure 24: Kadirana Rehabilitation and Renovation Project*



## **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. Ministry of Defence submitted the Cabinet Memorandum seeking approval to appoint Cabinet Appointed Negotiation Committee and Project Committee to guide the Procurement process and the development.

## Administration, Human Resource, Corporate Affairs & Planning Division

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The role of the division is crucial for the smooth functioning of the entire organization and the scope of it encompasses a wide range of tasks. This includes areas such as directing in administration, managing human resource & creating a physical environment conducive for the employees to improve their quality of work. Besides, the scope of the division extends to corporate affairs, planning & monitoring, coordination within the organization & with other organizations, provision of office requisites and supportive facilities for staff, ensuring welfare of the staff, providing library facility and media coverage of important events of the organization.

### Functions

- Preparation of rules, circulars, 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.
- Coordinating training activities (both local and foreign) and making necessary travel, registration and other arrangements for staff.
- Coordination of activities relating to outsourced services such as security, cleaning, building maintenance and repair and purchase of machinery and equipment.
- Ensuring efficient supply of utility services such as electricity, water and telephone services.
- Maintenance of vehicle fleet.
- Provision of logistic support for other divisions of TRCSL.
- Preparing and implementing the annual procurement plan
- Make recommendation/approval of payments as per the delegation of financial authority.
- Maintenance of archives/record-room
- Make arrangements to dispose condemned items based on annual Board of Survey
- Ensuring occupational health and safety measures.
- Communication with Department of Public Enterprises, Department of Management Service, and National Salaries and Cadres Commission.
- Administering the life assurance and medical insurance scheme for employees.
- Coordination of welfare activities to provide welfare services to the staff and handling grievances.
- Coordination of activities relating to preparation of the action plan, corporate plan, progress report and annual report.
- 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.
- Coordination with other intuitions on matters relating to the general functions of the TRCSL.
- Attending to matters regarding previous Corporate Social Responsibility (CSR) activities.
- Introduction and implementation of productivity/5S concept.
- Administration of the Library and Media units.

## Performance

### Establishment Work and Revision of the Cadre

The Administration Division carried out the establishments work of the staff such as maintenance of personal files, recruitment, confirmation, promotions, leave records, attendance, performance appraisal of employees, disciplinary inquiries etc.

In 2019, necessary actions were taken by the division to prepare the performance evaluation for employees and to provide salary increments for 186 permanent staff officers. As per the circular no 01/2016, salary conversions of 218 officers were also prepared for the year 2020 and the related documents have been handed over to Finance division. Besides, the division was engaged in preparation of employees' progress review reports, preparation of salary conversions regarding the confirmation and promotion of officers and Registration of Officers in the Employees Provident Fund. A preliminary disciplinary inquiry and two formal disciplinary inquiries were also conducted.

The total number of 2/3<sup>rd</sup> reimbursements, distress loans, vehicle loans arranged by the division were 259, 49 and 18 respectively. Gratuity payments have also been arranged for three retired employees and one interdicted employee.

The total staff as at 31<sup>st</sup> December 2019 was 237. Out of the total staff, 05 were in Senior Managerial posts, 27 were in Middle managerial posts, 159 were in subordinate ranks and 44 were in minor grades. The number of cadre approved for the TRCSL was 290.

A committee has been appointed to review the cadre, organization chart and Scheme of Recruitment (SOR). According to the current requirements of TRCSL, necessary steps have been taken to develop the organization chart and Scheme of Recruitment (SOR) with the intention of providing a productive and up to date service. A consultancy service is expecting to be obtained in this regard. Furthermore, the Committee organized sector presentations to identify skill gaps based on the current requirement, capacity planning, training towards new industry development.

29 employees have been recruited on permanent basis (01 Assistant Director, 03 Telecommunication Officers, 01 Technical Officer, 02 IT Assistants, 01 Audit Assistant, 15 Management Assistants, 05 Office Aides, 01 Driver) and 15 on contract basis. The vacancies in the Executive Staff are required be filled as per the prevailing requirements of the approved Scheme of Recruitment. Open competitive examination and a structured interview were held to recruit two Assistant Directors for the Finance division. Out of 14 candidates, two qualified candidates were selected for the above positions. Applications were called through a paper advertisement for the post of Internal Auditor (Technical) – Assignment basis.

17 students from Government universities and vocational training institutes were recruited as trainees for a 06-month in-plant training by enabling them to gain industry exposure.

Under the internal promotion scheme, a written competitive examination and a structured interview were conducted to promote 04 employees from Office Aide category to Management Assistant – Grade II category. Internal promotion examinations and interviews were held for the post of Consumer Relations Officer by calling applications from qualified officers of TRCSL. Efficiency bar examinations were held for Telecommunications Officers – Grade II, Development Officers – Grade I, Management Assistants (Technical) – Grade I and II, Management Assistants (non - Technical) – Grade I and II, Office Aide – Grade I employment categories in order to assess attributes such as problem solving, service orientation and subject knowledge that support to develop the efficiency of their duties. Structured Interview and a practical test were held for Personal Assistants to promote for the posts of Secretary to Chairman and Secretary to Director-General. Internal applications were called from qualified officers

in TRCSL and two candidates were selected for the aforementioned posts. As per the Commission decision and SOR guidelines, 02 Management Assistants were promoted from Grade I to Grade II

40 Internal transfers and duty covering replacements were arranged to deliver an efficient service for the required divisions.

### Issuance of Office Circulars and Introduction of Office Procedures

During 2019, the following circulars were issued by the Administration & Human Resources Division to streamline and enhance the productivity of the organization. In addition, necessary steps were taken by the division to introduce office procedures to improve the consistency, efficiency and professionalism within the organization.

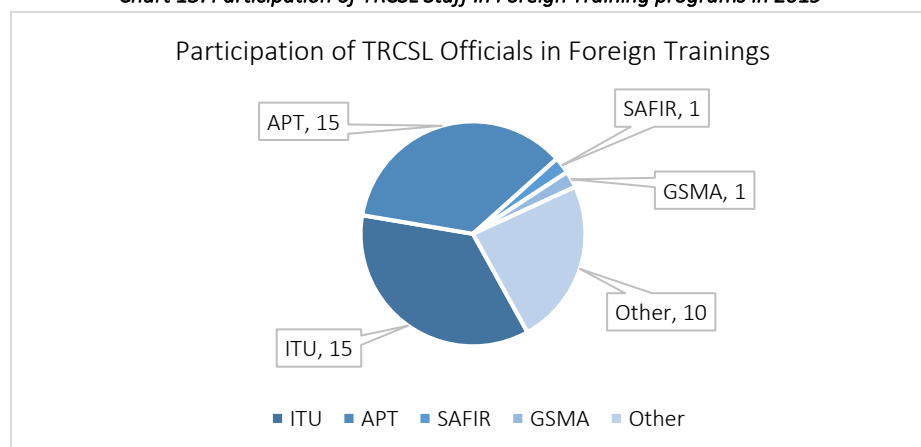
**Table 27: Internal Circulars issued in 2019**

No	Circular No.	Particular	Date of issue
1	TRC/01/2019	Participation of TRC officers in foreign training programs, workshops, meetings and seminars	12.02.2019
2	TRC/02/2019	Participation of TRC officers in foreign training, workshops, meetings and seminars	25.02.2019
3	TRC/03/2019	Scheme of Granting Financial Assistance to Higher Studies for TRCSL Staff	01.04.2019
4	TRC/04/2019	Entitled Allowance on Foreign Training for the Officers of the Telecommunications Regulatory Commission of Sri Lanka	31.05.2019
5	TRC/05/2019	Developing prudence in public spending	02.07.2019
6	TRC/06/2019	No financial support should be obtained for any kind of needs by external agencies	02.12.2019
7	TRC/07/2019	Leaving office during office hours	05.12.2019

### Training

The TRCSL provided local as well as overseas training opportunities for the staff to enhance their knowledge, develop skills and change attitudes. Information relating to the participation of TRCSL officials in training programmes/fellowships/seminars for 2019 are given below.

**Chart 15: Participation of TRCSL Staff in Foreign Training programs in 2019**



**Table 28: Foreign Programmes attended in 2019**

	Scope of Training/Fellowship/Seminar	Country	Period		Number Participated
			From (D/M/Y)	To (D/M/Y)	
01	01 <sup>st</sup> ITU Centre of Excellence (CoE) Steering Committee Meeting for the Asia Pacific Region.	Bangkok, Thailand	30 January 2019.	31 January 2019.	01
02	GSMA Ministerial Program Mobile World Congress.	Barcelona	25 February 2019	27 February 2019	01
03	ITU-T Study Group II - Signalling, Requirements, Protocols, Test Specifications & Combating Counterfeit Products.	Switzerland	06 March 2019	15 March 2019	01
04	ITU-D Study Groups for the 2018-2021 Study period Study Group 1.	Switzerland	18 March 2019	22 March 2019	01
05	ITU-R Working Party 6A and Study Group 6 - Geneva	Switzerland	25 March 2019	07 April 2019	01
06	02 <sup>nd</sup> Meeting of ITU-D Study Group 2 – Geneva	Switzerland	25 March 2019	29 March 2019	01
07	17 <sup>th</sup> Core Course on Infrastructure Regulation and Reform - South Asia Forum for Infrastructure Regulation (SAFIR)	India	05 April 2019	08 April 2019	01
08	ITU Study Group Meeting on Internet of Things and Smart Cities	Geneva Switzerland	09 April 2019	18 April 2019	02
09	Study Tour-Sky Tree, Japan & Canton Tower, China	Japan & China	20 April 2019	30 April 2019	08
10	Training Programme on Human Resources Management in ZUEL	China	21 April 2019	30 April 2019	01
11	Meeting of ITU-T Study Group 3	Geneva, Switzerland	22 April 2019	03 May 2019	01
12	ITU Meeting of Working Party 5B	Geneva, Switzerland	29 April 2019	10 May 2019	01
13	ITU-R Working Party 3K - Point to area propagation and Study Group 3 Radio wave propagation	Geneva, Switzerland	13 May 2019	24 May 2019	01
14	ITU-T Study Group 5/Infrastructure related Environmental & Climate aspects	Geneva, Switzerland	13 May 2019	22 May 2019	01
15	Study Group 1 & Working Party 1C - Meeting on Spectrum Monitoring	Geneva, Switzerland	28 May 2019	06 June 2019	01
16	ITU Study Group 1/ ITU-R Working Party 1B - Spectrum Management Methodologies & Economic Strategies.	Geneva, Switzerland	28 May 2019	07 June 2019	01
17	The 01 <sup>st</sup> Meeting of the APT Preparatory Group for WTS A-20 (APT WTS A-20-1) and the 31 <sup>st</sup> APT Standardization Program Forum (ASTAP-31)	Tokyo, Japan	11 June 2019	15 June 2019	01
18	ITU 19 <sup>th</sup> Global Symposium for Regulators (GSR)	Port Vila, Vanuatu	09 July 2019	12 July 2019	01
19	The 25 <sup>th</sup> Meeting of APT Wireless Group (AWG-25)	Tangerang, Indonesia	01 July 2019	05 July 2019	01



20	APT Training Course on Spectrum Management & Monitoring (RGM TTC), BSNL	Chennai, India	31 July 2019	06 August 2019,	01
21	APT-NIA ICT Training Course on AI & Machine Learning	Seoul, Republic of Korea	02 July 2019	05 July 2019	01
22	The 20 <sup>th</sup> Meeting of the South Asian Telecommunications Regulators' Council (SATRC-20)	Paro, Bhutan	28 August 2019	29 August 2019	01
23	The 19 <sup>th</sup> APT Policy and Regulatory Forum (PRF-19)	Thimphu, Bhutan	14 August 2019	16 August 2019	01
24	APT Training Course on Block Chain, Technologies Regional Telecom Training Centre (RTTC), BSNL	Hyderabad, India	26 August 2019	30 August 2019	01
25	The 16 <sup>th</sup> APT Telecommunication /ICT Development Forum (ADF-16)	Phnom Penh, Cambodia	10 September 2019	12 September 2019	01
26	APT Training Course on State of Computing in 5G Network and IoT Analytics	Nonthaburi, Thailand	7 October 2019	11 October 2019	01
27	APT Symposium on Disaster Management	Quezon City, Philippines	24 September 2019	26 September 2019	01
28	APT Symposium on Cybersecurity 2019 (APT-SC 2019)	Kuala Lumpur, Malaysia	08 October 2019	10 October 2019	01
29	The ICT Expert Training Program (K-Link) - AI & 04 <sup>th</sup> Industrial Revolution Course Seoul	Republic of Korea	23 September 2019	02 October 2019	01
30	"ITU Cyber Drill for Asia-Pacific and CIS Regions".	Kuala Lumpur, Malaysia	23 September 2019	27 September 2019	01
31	APT Training Courses on Satellite Communication, ALTTC	Ghaziabad, India	14 November 2019	20 November 2019	01
32	The APT Training Course on Sensing, Connection and Applications for Intelligent Internet of Things	Xi'an, P.R. China	21 October 2019	31 October 2019	01
33	APT Training course on Radio Spectrum Management and Monitoring for Wireless Broadband Infrastructure	Tokyo, Japan.	26 November 2019	04 December 2019	01
34	APT Training Courses on Security Measures for the Era of Artificial Intelligence, NJUPT.	Nanjing, P. R. China	02 December 2019	10 December 2019	01

**Table 29: Local Programmes attended in 2019**

Programme	Venue	Duration	Number Participated
Risk Based Internal Audit Planning	Prag Institute, Col-11	22 <sup>nd</sup> January 2019	01
Assets Management	Skill Development Fund Ltd., Col-08	29 <sup>th</sup> January 2019	03
Association of Public Finance Accounts of Sri Lanka Annual Conference	Association of Public Finance Accounts of Sri Lanka	30 <sup>th</sup> January 2019	01
Disciplinary Inquiries	Prag Institute, Col-11	01 <sup>st</sup> February 2019/	01
How to Minimize Audit Queries in Government Institutions	Skill Development Fund Ltd., Col-08	28 <sup>th</sup> February-01 <sup>st</sup> March 2019	01
Transport Management Programme	Construction Industry Development Authority	28 <sup>th</sup> February - 01 <sup>st</sup> March 2019	01
Workshop on public procurement procedures	Skill Development Fund Ltd., Col-08	22 <sup>nd</sup> & 23 <sup>rd</sup> February 2019	25
Sound Contract Administration	The College of Engineering & Business School	03 <sup>rd</sup> -05 <sup>th</sup> March 2019	01
Official Bank Accounts & Cheques	Prag Institute, Col-11	14 <sup>th</sup> March 2019	02
Work shop on Salary Conversion	Skill Development Fund Ltd., Col-08	18 <sup>th</sup> & 19 <sup>th</sup> March 2019	05
Work shop on Ethics & Disciplines for Driver & Minor staff	Skill Development Fund Ltd., Col-08	18 <sup>th</sup> & 19 <sup>th</sup> March 2019	02
Workshop on office management & financial regulation	Skill Development Fund Ltd., Col-08	21 <sup>st</sup> & 22 <sup>nd</sup> March 2019	02
Training on personality development through motivation and customer care 1/2-day programme	Link Consultancy Services	28 <sup>th</sup> March 2019	05
Workshop on effective internal auditing	Skill Development Fund Ltd., Col-08	23 <sup>rd</sup> & 24 <sup>th</sup> May 2019	01
Cash flow statements & control accounts	Prag Institute, Col-11	21 <sup>st</sup> June 2019	04
Responding to audit queries, corrective procedure & performance audit	Prag Institute, Col-11	10 <sup>th</sup> September 2019	01
Operation & Maintenance of Generators	Construction Industry Development Authority	03 <sup>rd</sup> & 04 <sup>th</sup> October 2019	02
International conference on best practices in solid waste management	The Institution of Engineering Technology	09 <sup>th</sup> October 2019	01
40 <sup>th</sup> National conference of the institute of chartered accountants of Sri Lanka	The institute of chartered accountants of Sri Lanka	14 <sup>th</sup> -16 <sup>th</sup> October 2019	03
CPM regional Management Conference 2019	The institute of chartered Professional Managers of Sri Lanka	30 <sup>th</sup> October 2019	02
Cisco certified network associate course	WinSYS Network (Pvt) Ltd	08 Weeks	01
Financial Analysis & Forecasting	The institute of chartered accountants of Sri Lanka	05 Weeks	02
Two-day workshop on office management & financial regulation	Skill Development Fund Ltd., Col-08	24 <sup>th</sup> & 25 <sup>th</sup> October 2019	25

## **Procurement Activities**

The division coordinated activities in the supply of different types of goods and services to the Commission. These activities include preparation of bidding documents, publication of notices, appointment of Technical Evaluation Committees (TECs) and Procurement Committees (PCs), preparation and submission 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 and taking corrective measures when deviations from the service agreements were observed.

During the period under review, the number of Minor Procurement Committee and Senior Procurement Committee meetings were 14 and 18 respectively. The total approximate value of the procurement approved by the Minor Procurement Committee was Rs. 20,600,000. The total approximate value of the procurement approved by the Senior Procurement Committee was Rs. 84,307,000.

The division ensured an efficient supply of electricity, water and telephone services and also took every possible measure to ensure timely supply of stationary, office equipment, machinery to all the divisions of TRCSL.

These activities were carried out in time to supply the required services and materials in a transparent, cost effective and fair manner for smooth functioning of the organization.

## **Maintenance of Fleet of Vehicles**

In 2019, the fleet of vehicles of TRCSL consisted of eleven cars, two double cabs, four jeeps, six vans, one bus, three lorries and two motor bikes. The bus was allocated for inspection visits, transporting officials for exhibitions, staff welfare activities etc. Some vehicles of the fleet were allocated to directors and the other vehicles were used for official work such as inspection visits, participation in meetings/workshops/seminars, organizing exhibitions and delivery of official letters etc.

An amount of Rs. 4,468,122.00 Mn was spent in 2019 for the repairs, replacement of tires, batteries and obtaining revenue licenses for the vehicle fleet.

## **Preparation of Action Plan, Corporate Plan, Progress Reports and Annual Report**

TRCSL Plan of Action 2019, Corporate Plan 2019-2021, progress reports and Annual Report of 2018 were submitted to relevant Ministries and Authorities within the time limits. Remaining work relating to Annual Reports of previous years were also completed during this year.

## **Attending to matters regarding previous Corporate Social Responsibility (CSR) activities.**

Information papers were submitted to the Commission regarding two previous CSR matters. The Commission has decided to obtain Attorney General's opinion regarding one CSR matter through legal division of TRCSL. Two consultations with Attorney General's departments were conducted and TRCSL is looking forward to receiving their opinion.

The Commission decisions were implemented regarding the other CSR matter and the expected outcome couldn't be achieved.

The progress of these two previous CSR matters were informed to Audit and Management committee as well as the newly appointed Commission.

## **Productivity/5S Concept**

TRCSL conducted awareness programme for all staff on the productivity/5S concept with the support of productivity secretariat. Preliminary work of 5S concept implemented at the division levels are as follows; set up operational committee and productivity circles, appointed an audit committee to evaluate the progress, conducted a survey & prepared radar charts to estimate unnecessary items in the workplace (sorting process), organized a half-day cleaning programme, started 2<sup>nd</sup> stage of the 5S concept(set in order) to arrange a place for everything and everything in its place, appointment of a TEC to arrange sign boards and file racks and made arrangements for garbage bins.

Furthermore, an awareness programme on the new Audit Act has been organized for the executive staff and Finance division staff as well as Internal Audit division staff with the support of National Audit Office. Under the e-NIC project, a programme has been organized with the Department of Registration of Persons to arrange its mobile service for TRCSL staff to obtain the new National Identity Card(eNIC).

## **Annual Survey**

The annual survey for year 2018 was carried out in January 2019. A board comprising of five members was appointed to carry out the survey. Items to be disposed were identified and necessary actions were taken to dispose these items according to a standard procedure.

## **Logistics Support**

The Administration Division provided logistical support for activities of other divisions of TRCSL for conducting of meetings, workshops, seminars, inspection visits, implementation of projects etc.

## **Recommendation/Approval of Payments**

An important activity of the Administration Division is granting approval for a variety of payments related to increments, overtime, arrears, traveling and subsistence, disciplinary inquiry fees, vehicle repairs, purchase of perishable items, equipment and machinery, books and periodicals and supply of services (security, cleaning, water, telephone, electricity). The Division carefully examined payment vouchers and made recommendations or granted approval depending on the nature of the payment and the financial authority limit. Action was taken to make the payments without delay.

## **Welfare Activities**

The following welfare activities were carried out with coordination of TRCSL Welfare Society:

- A melodious musical show “*Swara Wasanthaya*” was held on 29<sup>th</sup> March 2019 at the *Nelum Pokuna* Theatre in aid of the Welfare Society of TRCSL.
- Donation of an artificial leg to an employee of the TRCSL whose leg has been amputated due to an illness.
- Staff Retreat Programme held at the Hotel Rue Ahungalla (12<sup>th</sup> to 13<sup>th</sup> October 2019). The objective of this programme was to develop team building and bonding, motivate the staff, heighten employee morale, produce fresh ideas and renew enthusiasm.
- Providing gifts to encourage children of TRCSL Welfare Association members who have passed Grade 5 Scholarship Examination.
- A Dansala Programme was organized by the Welfare Society of the organization to commemorate the Vesak Festival.

## **Sports Meet**

Due to unavoidable circumstances, the Annual Sports Meet of the Telecommunications Regulatory Commission of Sri Lanka (TRC) was postponed and it was decided to hold the programme in February 2020.

The staff of the organization have participated in various national competitions such as Nationalists Services Championship and won 1 Bronze Medal for High Jump, 1 Silver Medal for Javelin Throw, 1 Silver Medal for Disc throw and a Runners-up medal for Carrom.

## **Library**

The TRCSL library has been established with the purpose of assisting the individuals engaged in the telecom industry and other interested parties to update their knowledge. The TRCSL library has a large collection of textbooks and magazines on telecommunications and it is being continuously strengthened in order to fulfill the requirement 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 etc. The following activities were carried out in 2019;

### **Maintenance & strengthening of the library**

- Renewed Periodical Subscription for 2019 and Pay subscription for the new Magazines.
- Building up articles (Original) collection in Newspapers by special subjects for future reference.
- Commenced documentation services and abstracting services using TRCSL documents.
- Collected documents related on TRCSL and gathered separately for easy reference.
- Prepare Amateur Radio Information collection including amateur radio syllabus, Examination papers, newspaper article collection and publications published by radio society and the gazette which is published date of examination.
- Started to prepare thesaurus on telecommunications using subject headings on telecommunications industry.
- Scanned and entered data of Extra Ordinary Gazettes and Acts to the database to retrieve information using via intranet.
- Renewed PURNA Library Database Maintenance Agreement.
- PURNA Library Database Maintenance System Convert to the PURNA: Web based Integrated Library System.
- Data processing was made for specific original articles of the News Papers in order to provide Selective Dissemination of Information (SDI) for users via internet and intranet. Library lending services were commenced electronically Using PURNA Database.

### **Renewal of membership to obtain facilities of other libraries**

- Renewed British Council membership and assisted our staff to obtain public mobile library membership.

### **Collection of important information and preparation of indexes**

Prepared Indexes of the following areas for easy reference of users.

- Newspaper article collection of Consumer Affairs.
- Newspaper article collection of Lotus Tower
- Index of the Advertisements of TRCSL.
- Index of the Short Code
- Newspaper article collection of Facebook.

- Index of the Act.
- Index of the Extra Ordinary Gazettes.
- Index of the Vacancy Notices

#### **Facilitated programmes**

- Organized a lecture on “Prevention of Cancer” to create awareness among the staff
- Represented National Reading month programme on “Advantage of Reading “organized by the National Library
- Provided information to researchers and persons who required information.

#### **Media related activities**

During the year 2019, the Media unit provided media coverage for inaugurations as well as important events including local & international conferences organized by the TRCSL. In this regard, the media unit visited the venues, captured photographs, recorded videos, edited them and stored them in the archival collection using latest technologies. It also stored photographs & videos captured in CDs/USB flash drives and disseminated them among participants of the events. The unit also assisted for the Sinhala language proof reading of the Annual Report, designing cover page/CD covers of the Annual report and burn it in CDs to be sent the Parliament.

Furthermore, the unit provided assistance in making promotional materials & documentary videos (Girls in ICT Day & e-Waste Management Programme), creating public awareness through social media (Twitter, YouTube & Facebook) and through TRCSL website. After obtaining approval of the management, the photographs and the edited videos footages were sent to various institutions with a view to make public awareness.

The Media Division was also tasked with filming, covering and storing the specific development stages of the Lotus Tower project & the construction of the TRCSL new office building.

## Finance Division

### O V E R V I E W

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.
- Preparing the delegation of Financial Authority annually and make necessary amendments subject to Commission approval.
- Ensuring the prompt and due remittance of the funds collected to the Government Treasury, under the Finance Act & Telecommunications Levy Act.
- Ensuring the Optimum usage of the excess funds, if any by way of low risk, high return investment.
- 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 under Telecommunication Act No. 27 of 1996

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. Commission’s Revenue is highlighted as below.

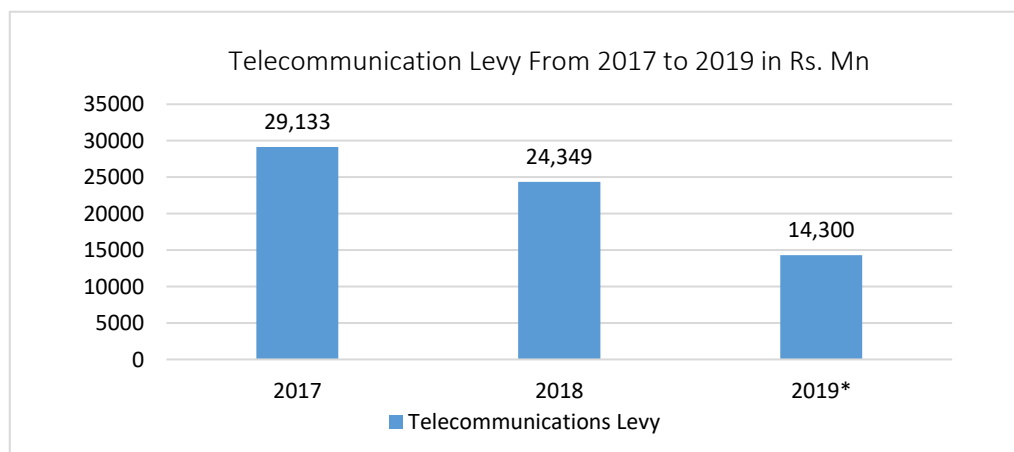
*Table 30: Revenue of the Commission from 2017 – 2019*

Source of Income	2017 (Rs. '000)	2018 (Rs. '000)	2019* (Rs. '000)
System Operator License Fees	690,143	122,449	168,367
Cess Fees	4,211,920	4,550,706	4,319,458
Radio Frequency License Fees	6,861,209	10,789,520	2,224,433
Frequency Upfront Fees	4,509,184	1,071,429	2,807,653
Vendors License Fees	13,664	13,818	13,726
Amateur Radio License Fees	29	164	18
Ship Station License Fees	440	450	-
Aircraft License Fees	396	401	-
Cordless Phone Dealer Charges	109,217	114,619	116,388
Examination Fees	458	368	312
Application Processing Fees	1,428	1,020	1,016
Short Code Charges	27,704	26,531	31,888
Sundry Income (Interest income from Fixed Deposits, Staff loans etc.)	2,272,462	1,108,519	349,554
<b>Total</b>	<b>18,698,254</b>	<b>17,799,994</b>	<b>10,032,813</b>

### Collections under the Telecommunication Levy Act No. 21 of 2011

The present rate of Telecommunication levy was 15% up to 01<sup>st</sup> November 2019. 25% reduction was anointed by the Government & the new Telecommunication Levy rate is 11.25% with effect from 01<sup>st</sup> December 2019. on the value of the supply of Telecommunication Services in terms of the provision of Telecommunication Levy Act, No. 21 of 2011.

*Chart 16: Telecommunication Levy (Rs. Mn)*





## Collections under Finance Act

### (i) International Telecommunication Operators' Levy

In addition to the above revenue, 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 a 50% were remitted to the Consolidated Fund and balance 50% is 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, which was abolished with effect from 01<sup>st</sup> July 2019.

### (ii) Cellular Tower Levy

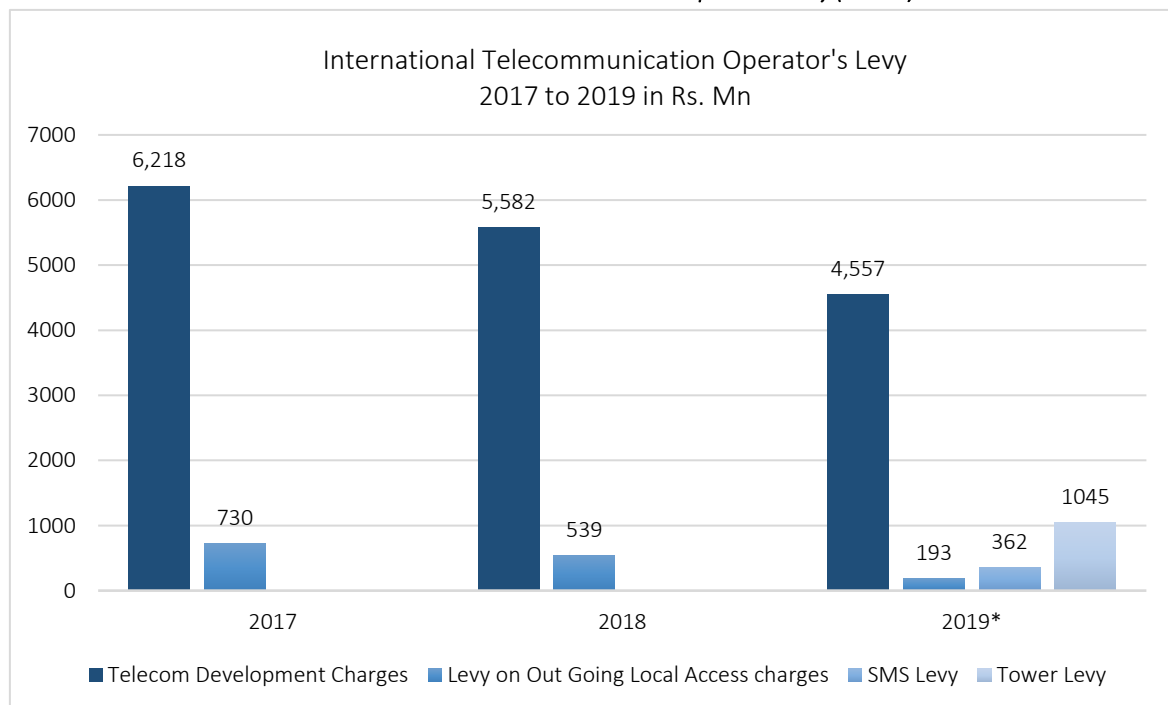
This levy was introduced with effect from 01<sup>st</sup> January 2019 as a new levy and to be collected by TRCSL quarterly & remitted to the Consolidated Fund.

### (iii) SMS Levy

This is charged as bulk SMS and introduced with effect from 01<sup>st</sup> April 2019 at the rate of Rs. 0.25 per SMS.

The following chart depicts last three years Revenue pattern.

*Chart 17: International Telecommunication Operator's Levy (Rs. Mn)*

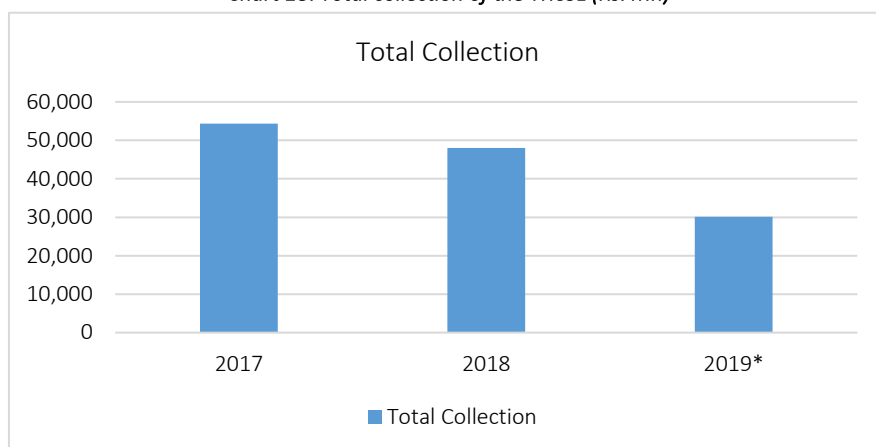


## Total Collections of Telecommunications Regulatory Commission of Sri Lanka

The total collection of the commission consists 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 18: Total collection of the TRCSL (Rs. Mn)**



## Remittance to the Consolidated Fund

In 2019, Rs.27 billion was transferred to the Government Treasury by TRC to strengthen the Government Revenue as follows.

**Table 31: Remittance to the Consolidated Fund**

Description	2017 Rs. Bn	2018 Rs. Bn	2019* Rs. Bn
Telecommunication Act / TRC Funds	22.80	21.85	8.95
Telecommunication Levy	29.13	24.35	14.30
Telecom Development Charges 50%	3.11	2.79	2.27
Levy on Outgoing Local Access Charges	0.73	0.54	0.19
SMS Levy	-	-	0.36
Tower Levy	-	-	1.05
<b>Total</b>	<b>55.77</b>	<b>49.53</b>	<b>27.12</b>

## Property, Plant & Equipment

Rs.0.69 million, Rs.11.11 million, Rs.0.09 million, Rs.1.56 million, Rs.3.58 million, Rs.12 million, Rs.0.29 million & Rs.31.88 million were spent to purchase Air Conditioners, Other Office Equipment, Mobile Phones, Office Furniture, Technical Equipment, Computers, Video Unit Equipment & Servers respectively out of Rs.61.2 million of additions to the Property, Plant & Equipment during the year 2019.

## Investment

The Commission maintained Money Market Daily Transaction account with People's Bank and earned Rs.292 million interest income through such money market transactions during the year 2019.

\*Note: All the relevant figures for 2019 are provisional

## Information Communication Technology Unit

### O V E R V I E W

Information Communication Technology (ICT) Unit introduced latest ICT enabled working environment and engaged with the relevant stakeholders to provide information technology-based solutions for 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 capacity building of staff
- Align with the ICT Road Map
- Introduces and maintains computerized information systems to process data efficiently to produce useful information for the collaborative working environment.
- Provides the highest level of data security, confidentiality, integrity, and availability.
- Provides a high degree of availability and recovery of systems.
- Ensures a safe and reliable computing environment.
- TRCSL Website re-design and develop.
- Updating TRCSL website contents regularly.
- Maintaining the IT Asset Management System of TRCSL.
- Initiate Procure and implement the ERP for Finance & Admin Divisions
- Take necessary measures to enhance Wi-Fi capacity and Network Security
- Involvement in Server Maintenance Agreements
- Office 365 License Renewal
- ICT policy formulation and amendments.
- Provides the appropriate hardware, software, networking and communications infrastructure.
- Identify system requirements of TRCSL and provide solutions.
- Maintain the software and hardware systems with minimum downtimes.
- Effective cooperation with peer Government organizations to be in-line with the e-government process and the implementation of interoperability platform of Sri Lanka.
- Provide required technical assistance to Government Organizations in developing existing IT systems and criteria.
- Managing the Official Social Media Front of TRCSL.
- Working jointly with the Police Unit of TRCSL, SLCERT and CRD of MoD in solving issues related to cyber security and ethical user behavior in cyber space.

### ICT Capacity Building of Staff

In growth of the technology, knowledge of ICT is required for the organization employees. To maximize the technical awareness of TRCSL employees, ICT Unit had organized several ICT related technical sessions to enhance the knowledge of the internal employees. Mainly, Microsoft basis knowledge had been shared with most of the employees since most of them are using the Microsoft products and we have conducted a workshop on database security for the IT staff of TRCSL. Also, we have arranged the

workshop on IT Risk Assessment for the TRCSL as well as to the operators. This session was conducted by Mr Klaid Mägi, Cyber Security Key Expert, EU Cyber Resilience 4 Development Project.

### **Enhance Network Security and Wi-Fi Capacity**

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 and Security Information Event Manager (SIEM) are essential for a network environment in order to obtain network activity insights, monitor firewall logs, monitor security events and 24/7 bandwidth utilization. FortiAnalyzer 400E and FortiSIEM was installed in the network to get the whole advantage of the TRCSL security system (Firewall). Increase the Wi-Fi capacity was another major thing cause of the usage of devices. ICT Unit installed new wireless access points (FortiGate AP) to cover the whole office area to use internet service whenever employees need with some restrictions.

### **Initiation of ERP Solution**

Enterprise resource planning (ERP) systems are used by organizations looking to manage their business functions within a centralized and integrated system. ICT unit initiate the ERP solution for TRCSL cause to reduce the paper file process and automate each and every process which currently process in TRCSL. After implement the solution ERP stores all entered data into a single database, allowing all departments to work with the same information. Additionally, all this data can be organized, analyzed and made into reports. ERP systems bring together customer management, human resources, business intelligence, financial management and inventory into one system. As an Initiation we start to Procure and implement the ERP for Finance & Admin Divisions.

### **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 is currently in the finalizing process. The final policy will be submitted for the Commission approval.

## Internal Audit Division

### O V E R V I E W

Internal auditing is an independent activity aimed at adding value to the organization and its stakeholders 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 systematic 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 Auditor 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 2019, 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 14<sup>th</sup> March 2019

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

Subject Area	Action / Decision taken
Engineering Audit of Colombo Lotus Tower	National Audit Office agreed to carry out an Engineering Audit / Special Audit including all risk areas in Colombo Lotus Tower by hiring expertise persons (if needed).
Recruiting an Internal Auditor with Engineering expertise for audit of all special projects undertaken by TRCSL	To submit a Commission Paper on recruiting an Internal Auditor with Engineering expertise (preferably retired Chartered Engineer) on Contract basis to carry out the internal audit of all special projects undertaken by TRCSL.
Report on IT Park Hambantota	Advised to inform investigation report to the Commission.
Corporate Plan, Action Plan, Budget and Procurement Plan	It was instructed to follow up and to prepare all reports on or before the due dates.
File Storage at Kadirana	To keep the documents safe until new construction is completed.
Checking of Vehicle Loan	To follow up the implementation status of the audit recommendations made in the audit report.
Report of the Investment of TRCSL	To verify with the General Treasury about the legality of investing of surplus funds in Government Securities through the state banks.
Receivables and Payments of Telecommunication Levy 2017/2018	To change license condition to one-year probation period and if the business is not commenced during one-year probation period.
Audit on the checking on Distress Loan	To ensure the compliances with the Internal circulars issued by TRCSL.

2. Audit Committee meeting held on 09<sup>th</sup> May 2019.

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

Subject Area	Action / Decision taken
Engineering Audit of Colombo Lotus Tower	To speed the process of hiring expertise persons.
Recruiting an Internal Auditor with Engineering expertise for audit of all special projects undertaken by TRCSL.	Commission approved to recruit Internal Auditor on contract basic. Terms of Reference for the said Internal Auditor should be prepared.
Action Plan, Annual Report and SOR	<ul style="list-style-type: none"> <li>• To review the progress of the Action Plan for the year 2019.</li> <li>• To review the carder, organization chart and SOR</li> </ul>
File Storage at Kadirana	To make the racks for two containers.
Checking of Vehicle Loan	To revise the vehicle loan circular.
Report of the Investment of TRCSL	To verify with the General Treasury about the legality of investing surplus funds.
Receivables and Payments of Telecommunication Levy 2017/2018	To inform the operators regarding submit of reconciliations to the Auditor General.
Audit on the process of granting and settlement of advances of TRCSL	To ensure the adherence to the requirements of Financial Regulations and internal circulars of TRCSL.
Payments (except salaries and related payments, loans and advances to employees)	To send a Memo to all staff members informing them to place their signatures.
Query received from Auditor General	<ul style="list-style-type: none"> <li>• To perform an island wide Physical Verification of Telecommunication Towers.</li> <li>• To implement the provisions of the Circular M.F.01/2015/01 dated 15.05.2015 for release of foreign exchange on official travels and related expenses.</li> </ul>

### 3. Audit Committee meeting held on 30<sup>th</sup> July 2019

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

Subject Area	Action / Decision taken
Recruiting an Internal Auditor with Engineering expertise for audit of all special projects undertaken by TRCSL	<ul style="list-style-type: none"> <li>• To select suitable applicant.</li> <li>• To appoint the committee for prepare Terms of Reference (TOR) for the Internal Auditor Engineering.</li> </ul>
Action Plan, Budget and Procurement Plan	<ul style="list-style-type: none"> <li>• To review the progress of the Action Plan for the year 2019.</li> <li>• Copy of the approved Budget and Procurement plan for the year 2019 should be sent to the AG.</li> </ul>
File Storage at Kadirana	To complete that making the racks for two containers.
Checking of Vehicle Loan	To submit report for next meeting.
Report of the Investment of TRCSL	To submit progress for next meeting.
Audit on the Checking on Distress Loan	To follow up the implementation status of the audit recommendations.
Audit on the Procurement of TRCSL	Audit Committee instructed Administration division should adherence to the requirements of GPG in all circumstances during the procurement processes.
Queries received from Auditor General	<ul style="list-style-type: none"> <li>• To perform an island wide Physical Verification of Telecommunication Towers.</li> <li>• To issue the Internal Circular for foreign travel.</li> <li>• To obtain the necessary permission from telecasting media board of the channel.</li> </ul>
Audit Report pertaining to TRCSL as per Section 12 National Audit Act, No.19 of 2018 on the Financial statements for the year ended 31 <sup>st</sup> December 2018.	To consider all matters.



4. Audit Committee meeting held on 30<sup>th</sup> August 2019.

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

Subject Area	Action / Decision taken
Engineering Audit of Colombo Lotus Tower	To arrange a discussion with Auditor General and inform progress to the Committee.
Recruiting an Internal Auditor with Engineering expertise for audit of all special projects undertaken by TRCSL	The committee prepared the Terms of Reference (TOR) for the Internal Auditor Engineering.
Action Plan, Budget, and Procurement Plan	Revised action plan, Budget will be reviewed and submitted to Commission for its approval.
Checking of Vehicle Loan	To submit the progress report to the next Audit Committee Meeting.
Report of the Investment of TRCSL	To submit the draft letter to Treasury.
Audit on the Collection of Cess Fees 2018/2019	To submit reconciliation statements of Cess fees for the period 01.01.2018 to 31.12.2018.
Audit Report pertaining to TRCSL as per Section 13 (7) (a) of Finance Act, No38 of 1971 on the Financial statements for the year ended 31 <sup>st</sup> December 2018.	To observe and reply all the matters.
Query received from Auditor General	<ul style="list-style-type: none"> <li>• To carry out reconciliation regarding the number of towers approved by Network division, frequency Licences granted by the Spectrum Management division and tower levy charged by Competition division.</li> <li>• To obtain the necessary permission from telecasting media board of the channel.</li> </ul>

5. Audit Committee meeting held on 10<sup>th</sup> October 2019.

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"> <li>• To arrange a discussion with Auditor General and inform progress to the Committee.</li> <li>• To send a letter to Secretary of COPE</li> </ul>
Recruiting an Internal Auditor with Engineering expertise for audit of all special projects undertaken by TRCSL	<ul style="list-style-type: none"> <li>• To arrange an interview with the applicant and inform the Audit Committee.</li> </ul>
Action Plan, Budget, and Procurement Plan	<ul style="list-style-type: none"> <li>• Revised action plan, Budget will be reviewed and submitted to Commission for its approval.</li> <li>• To obtain the approval of Cabinet of Ministers for Annual report 2018.</li> <li>• To review the Carder, Organization Structure and Scheme of Recruitment (SOR).</li> <li>• To submit the progress for the next Audit Committee.</li> </ul>
Checking of Vehicle Loan	To submit the revised loan circular next Audit Committee.
Report of the Investment of TRCSL	To meet treasury officials to discuss the subject matter.
Audit on the Collection of Cess Fees 2018/2019	<ul style="list-style-type: none"> <li>• To charge delay payment.</li> <li>• To appoint a committee to observe the matters.</li> </ul>
Audit Report pertaining to TRCSL as per Section 13 (7) (a) of Finance Act, No38 of 1971 on the Financial statements for the year ended 31 <sup>st</sup> December 2018.	To appoint the committee for observe the matters.
Query received from Auditor General	<ul style="list-style-type: none"> <li>• To carry out reconciliation regarding the number of towers approved by Network division, frequency Licences granted by the Spectrum Management division and tower levy charged by Competition division.</li> <li>• To obtain the necessary permission from telecasting media board of the channel.</li> <li>• To obtain approval for the consultancy services from UOM from Cabinet.</li> </ul>



**FINANCIAL STATEMENT**  
OF THE YEAR 2019

**CHAPTER**  
**06**

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER 2019  
*(Expressed in Sri Lankan Rupees)*

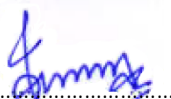
	<u>NOTES</u>	<u>Year as at 31.12.2019</u>	<u>Year as at 31.12.2018</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	4	12,142,180,868	12,175,521,837
Intangible Assets	4.1	1	2,277,255
Work in Progress	5	21,719,123,143	17,803,105,479
Investment	6	354,000,000	354,000,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>34,215,304,011</u></b>	<b><u>30,334,904,571</u></b>
<b>CURRENT ASSETS</b>			
Accounts Receivable	7	2,467,771,521	3,813,836,424
Prepayments and Advances	8	225,504,893	581,638,428
Loans and Other Receivables	9	2,977,579,154	262,911,918
Cash & Cash Equivalents	10	3,624,973,581	3,647,565,507
<b>TOTAL CURRENT ASSETS</b>		<b><u>9,295,829,149</u></b>	<b><u>8,305,952,278</u></b>
<b>TOTAL ASSETS</b>		<b><u><u>43,511,133,160</u></u></b>	<b><u><u>38,640,856,849</u></u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Government Contribution	11	526,214,744	526,214,744
Accumulated Surplus		19,764,217,681	10,568,790,416
Revaluation Surplus		37,380,000	37,380,000
<b>TOTAL EQUITY</b>		<b><u>20,327,812,426</u></b>	<b><u>11,132,385,160</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Project Loan - Exim Bank (Lotus Tower)		5,775,390,598	7,436,902,525
Retention	12	46,152,801	46,152,801
Retirement Benefit Obligation	13	22,756,459	14,042,084
Urban Development Authority		9,450,000,000	9,450,000,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>15,294,299,858</u></b>	<b><u>16,947,097,410</u></b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 31<sup>ST</sup> DECEMBER 2019  
 (Expressed in Sri Lankan Rupees)

(Contd...)

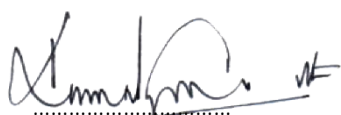
	<u>NOTES</u>	<u>Year as at 31.12.2019</u>	<u>Year as at 31.12.2018</u>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	<b>14</b>	138,715,771	1,934,110,203
Advances, Deposits and Other Payables	<b>15</b>	4,295,761,430	5,222,557,527
Payable To Treasury	<b>16</b>	1,560,142,776	1,497,163,849
Lotus Tower Delay Damages		1,894,400,900	1,907,542,700
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,889,020,877</b>	<b>10,561,374,279</b>
<b>TOTAL LIABILITIES</b>		<b>23,183,320,735</b>	<b>27,508,471,689</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,511,133,160</b>	<b>38,640,856,849</b>

Accounting Policies and Notes to the Financial Statements 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 31<sup>st</sup> December 2019 and its surplus for the period then ended.



Jayantha MK  
 Director - Finance

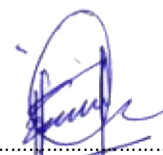
The Commission is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Commission.



Kamal Gunaratne WWV RWP RSP USP  
 ndc psc  
 Major General (Retd)  
 Chairman



Oshada Senanayake  
 Director General



Chaminda Kumarasiri  
 Member of the Commission

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Expressed in Sri Lankan Rupees)

	<u>NOTES</u>	<u>Year Ended 31.12.2019</u>	<u>Year Ended 31.12.2018</u>
<b>Revenue</b>			
Income	17	38,575,208,162	48,032,936,440
<b>Total Operating Income</b>		<b>38,575,208,162</b>	<b>48,032,936,440</b>
<u>Less:</u> Regulatory Expenses	18	(78,881,625)	(82,245,610)
<b>Net Total Operating Income</b>		<b>38,496,326,537</b>	<b>47,950,690,830</b>
<u>Less: Other Expenses</u>			
Administration & Establishment	19	682,031,488	611,910,909
Finance & Others	20	4,471,433	4,522,806
Provision for Bad Debtors		0	1,308,496
(Gain) / Loss on Foreign Currency Transactions		(73,717,095)	1,626,395,795
<b>Total Expenditure</b>		<b>612,785,826</b>	<b>2,244,138,006</b>
<b>Profit for the Year from Continuing Operations Before Income Tax</b>		<b>37,883,540,711</b>	<b>45,706,552,824</b>
<u>Less:</u> Income Tax		0	(2,349,240,362)
<b>Profit for the Year from Continuing Operations After Income Tax</b>		<b>37,883,540,711</b>	<b>43,357,312,462</b>
<b>Other Comprehensive Income</b>			
Gain/(Loss) on Retirement Benefit Obligation		(7,142,875)	(5,056,066)
<b>Total Other Comprehensive Income for the Year</b>		<b>(7,142,875)</b>	<b>(5,056,066)</b>
<b>Total Comprehensive Income for the Year After Tax</b>		<b>37,876,397,836</b>	<b>43,352,256,396</b>
<u>Less:</u> Contribution to the Consolidated Fund	21-1	(27,680,970,570)	(34,529,046,037)
<b>Total Comprehensive Income for the Year After Contributing to the Consolidated Fund</b>		<b>10,195,427,265</b>	<b>8,823,210,358</b>
<u>Add:</u>			
<b>Total Comprehensive Income Brought Forward</b>		<b>10,568,790,416</b>	<b>16,745,580,058</b>
<u>Less:</u> Contribution to the Consolidated Fund	21-2	(1,000,000,000)	(15,000,000,000)
		<b>9,568,790,416</b>	<b>1,745,580,058</b>
<b>Total Comprehensive Income Carried Forward</b>		<b>19,764,217,681</b>	<b>10,568,790,416</b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 STATEMENT OF CASH FLOW  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (Expressed in Sri Lankan Rupees)

	<u>Notes</u>	<u>Year Ended 31.12.2019</u>	<u>Year Ended 31.12.2018</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Generated from Operations	22	38,034,421,151	45,293,062,841
Tax Paid		(4,531,974,300)	(565,611,140)
Retirement Benefit Obligation Paid		(3,750,811)	(4,635,950)
<b>Net Cash Generated from Operating Activities</b>		<b><u>33,498,696,040</u></b>	<b><u>44,722,815,751</u></b>
<b><u>Cash Flow from Investing Activities</u></b>			
Purchase of Property Plant & Equipment		(62,791,020)	(4,897,318)
Purchase of Intangible Assets		0	(3,530,936)
Projects under Work in Progress		(3,916,017,664)	(2,957,593,599)
Net Investment in Fixed Deposit		0	5,867,020,046
Interest Income from Fixed Deposit		32,741,587	0
Investment in Fixed Deposit - Gratuity Obligation		(7,650,000)	(900,000)
Interest Income from Fixed Deposit - Gratuity Obligation		6,654,523	806,301
Interest Income from Government securities under Re-Purchase Agreement		0	683,832,865
Proceed from sale of Property, Plant & Equipments		225,836	0
<b>Net Cash used in Investing Activities</b>		<b><u>(3,946,836,738)</u></b>	<b><u>3,584,737,359</u></b>
<b><u>Cash Flow from Financing Activities</u></b>			
Mobilization Advance Payment	23	389,770,474	502,589,529
Interest Income from Money Market Transactions		310,471,287	384,498,838
Remittance to the Consolidated Fund		(28,680,970,570)	(49,529,046,037)
Project Loan - Exim Bank (Lotus Tower)		(1,592,699,043.9)	(1,659,286,484)
<b>Net Cash used in Financing Activities</b>		<b><u>(29,573,427,853)</u></b>	<b><u>(50,301,244,155)</u></b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b><u>(21,568,551)</u></b>	<b><u>(1,993,691,045)</u></b>
<b><u>Movement in Cash and Cash Equivalents</u></b>			
As at 01 <sup>st</sup> January 2019	10	3,647,565,507	5,624,491,369
(Decrease) / Increase		(21,568,551)	(1,993,691,045)
Exchange (Losses) / Gains on Cash and Cash Equivalent		(1,023,374)	16,765,184
<b>As at 31<sup>st</sup> December 2019</b>	<b>10</b>	<b><u>3,624,973,581</u></b>	<b><u>3,647,565,507</u></b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (Expressed in Sri Lankan Rupees)

	Government Contribution	Revaluation Surplus	Accumulated Surplus / (Deficits)	Total Equity
<b>Balance at 01st January 2018</b>	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)
	<b>526,214,744</b>	<b>37,380,000</b>	<b>1,745,580,059</b>	<b>2,309,174,803</b>
Total Comprehensive Income for the Year Ended 31st December 2018	-	-	8,823,210,358	8,823,210,358
<b>Balance at 31st December 2018</b>	<b>526,214,744</b>	<b>37,380,000</b>	<b>10,568,790,416</b>	<b>11,132,385,160</b>
<b>Balance at 01<sup>st</sup> January 2019</b>	526,214,744	37,380,000	10,568,790,416	11,132,385,160
<b>Less:</b> Transfer to Consolidated Fund	-	-	(1,000,000,000)	(1,000,000,000)
	<b>526,214,744</b>	<b>37,380,000</b>	<b>9,568,790,416</b>	<b>10,132,385,160</b>
Total Comprehensive Income for the Year Ended 31 <sup>st</sup> December 2019	-	-	10,195,427,265	10,195,427,265
<b>Balance at 31<sup>st</sup> December 2019</b>	<b>526,214,744</b>	<b>37,380,000</b>	<b>19,764,217,681</b>	<b>20,327,812,426</b>



## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

*(All amounts in notes 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, in Sri Lanka.

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 said 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 well being.
- (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.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

- (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. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

The Commission prepares its financial statements in accordance with the Sri Lanka Accounting Standards (“SLFRSs”) and Sri Lanka Accounting Standards (“LKASs”) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements and Sri Lanka Accounting and Auditing Standards Act No.15 Of 1995.

#### 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 (“SLFRSs”) and Sri Lanka Accounting Standards (“LKASs”). The financial statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting these Accounts.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.1.1 Post Balance Sheet Events

All material events occurring after the Balance Sheet date have 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 to 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 in 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.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### (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

#### (c) 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 a period of one year.

#### (d) 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 for capitalization.

#### (e) 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 the amount is recognized within "Other Income" in profit or loss.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.2.2 Investments

In the year 1998, the commission has remitted a sum of Rs. 354,000,000.00 and shown under the investments, as Treasury Deposit.

During the year 1998, a sum of Rs. 354,000,000/- was remitted to General Deposit of account which was maintained by the General Treasury. As per the Section No. (2.5.1) (f) of the report of the Auditor General on the Accounts of the commission for the year ended 31<sup>st</sup> December 1998 in terms of section 14 (2)(C) of the Finance Act No. 38 of 1971, quoted “Interest Receivable from the General Deposits had not been taken into account. The amount could not be ascertained. The Deposit balance as at 31<sup>st</sup> December 1998 was Rs. 354 Million.”

So that a sum of Rs. 25 Million each was provided in the Financial Statement as Interest receivable from Treasury Deposit for the years ended 31<sup>st</sup> December 1999, 2000 and 2001.

During the year 2002, General Treasury informed that no interest will be paid for the amounts deposited in the General Deposit account and therefore the accumulated interest income accounted for Treasury Deposit was reversed from accumulated surplus. This was notified in the Financial Statements which were prepared for the year ended 31<sup>st</sup> December 2002 and audited by the Auditor General.

#### 3.2.3 Accounts Receivable

Accounts receivable are recognized and carried at original invoice amount and less/after deducting an 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

##### Mobilization Advance

- (a) Lotus Tower – 100% recovered during the year.
- (b) IT Park – The Arbitration process of the IT park project is in progress as per the ICTAD conditions.

#### 3.2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and money market savings account at bank.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 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 from the last date of financial year are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the last date of financial year 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 Statement of Financial Position 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

	2019 (Rs.)	2018 (Rs.)
<b>Balance at the beginning of financial year</b>	<b>62,930,515</b>	<b>49,963,007</b>
Current Service Cost	3,683,105	3,359,039
Interest Cost	4,171,706	3,993,620
<b>Charged as other expenses to the Statement of Comprehensive Income</b>	<b>7,854,811</b>	<b>7,352,659</b>
Actuarial losses / (gains)	7,142,875	5,056,066
Benefits paid	(3,750,812)	(4,635,950)
<b>Add: Interest earned on the investment which is to cover gratuity obligation</b>	<b>6,654,523</b>	<b>5,194,733</b>
<b>Balance at the end of financial year</b>	<b>80,831,913</b>	<b>62,930,515</b>

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019 (Contd...)

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 the 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 the Statement of Comprehensive Income. The amount equals to the gratuity obligation is invested in a fixed deposit by the Commission.

The principal actuarial assumptions used were as follows.

Discount Rate	-	8% per annum
Rate of salary increment	-	1% - 6.7%
Retirement Age		60 years

#### (b) Defined Contribution Plans

Obligation for contributions to defined contribution plan is recognized as an expense in the statement of comprehensive income as incurred.

#### (c) Employee Provident Fund (EPF) and Employee Trust Fund (ETF)

All employees of the Commission are members of Employee Provident Fund (EPF) and Employee Trust Fund (ETF).

The Commission contributes 15% and 3% of the gross emoluments of employees' to Employee Provident Fund (EPF) and to Employee Trust Fund (ETF) respectively, and employees contribute 10% to the EPF.

### 3.4 REVENUE RECOGNITION

**3.4.1** Revenue is recognized in accordance with Sri Lanka Accounting Standard -LKAS 18, except revenue items in notes from 3.4.1.2 to 3.4.1.4.



## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### **3.4.1.1 Frequency License Fee**

The system of issuing invoices for frequency license fee has been changed during the period under review. As per new system, frequency license fee is also recognized on cash basis. Accordingly, frequency license fee which was collected for the period of following year is recognized as Revenue in Advance and classified under the heading of Advances, Deposits and other payables.

As per sec. 22 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act No. 27 of 1996, Frequency license fee is the license fee which has to be paid by the frequency user for the use of any radio frequency or radio frequency emitting apparatus. Therefore, since 2019, Ship station fee and Aircraft license fee were classified under the Radio Frequency license fee.

#### **3.4.1.2 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.

#### **3.4.1.3 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.

#### **3.4.1.4 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.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.4.2 Telecommunication Levy

Telecommunication Levy (TL) 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.

Telecommunication Levy rate on telecommunication service was reduced to 15% from 25% with effect from 05.11.2018 and again it was reduced to 11.25% from 15% with effect from 01.12.2019 with an amendment to the Telecommunication Levy, Act No. 21 of 2001, which was decided in a meeting of Cabinet of Ministers held on 27.11.2019.

Recovery process of unpaid telecommunication levy and Cess fee from Lanka Cable Satellite Network (Pvt) Ltd, Ask Cable Vision (Pvt) Ltd., SupremeSAT (Pvt) Ltd, Lanka Broadband Network (Pvt) Ltd and City Cable Links (Pvt) Ltd has been commenced.

Legal action for default TL payment from Lanka Cable Satellite Network (Pvt) Ltd and Lanka Broadband Network (Pvt) Ltd 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 is remitted to the State Consolidated Fund, on or before the stipulated due dates.

#### 3.4.4 International Outgoing Call Levy

International Outgoing Call Levy received from the External Gateway Operators under the Part III of the Finance Act, No.11 of 2004 and the Regulations published in Extraordinary Gazette Notification No. 1738/15 dated 29<sup>th</sup> December 2011 are recognized as revenue and remitted to the State Consolidated Fund, on or before the stipulated due dates.

Outgoing Local Access Charges (OLAC) was abolished with effect from 01.06.2019 as per 2019 budget decision which was published via Extraordinary Gazette No. 2123/19 on 14<sup>th</sup> May 2019 under Finance Act No. 11 of 2004.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.4.5 Levy on Bulk Short Message Service (SMS)

Levy on Bulk Short Message Service (SMS) was imposed with effect from 01.01.2019 under the part xiii of the Finance Act No. 35 of 2018 and regulations published in the Extraordinary Gazette No. 2104/16.

#### 3.4.6 Cellular Tower Levy

Cellular Tower Levy was imposed with effect from 01.01.2019 under the part xii of Finance Act No.35 of 2018 and the regulations published in the Extraordinary Gazette No. 2104/16.

#### 3.4.7 Sundry Income

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

#### 3.4.8 Income Taxes

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. 24<sup>th</sup> of 2017 and the effective date of which starts since, 1/4/2018.

Payment made to consolidated fund by any public corporation is considered as a qualifying payment and could be deducted in calculating income tax of such corporation with effect from 01.04.2019. Accordingly, an amount of Rs. 2,878,983,488.00 was paid quarterly, under self-assessment tax payments together with ESC and WHT to the Department of Inland Revenue, which is treated as tax credits for the financial year, under review.

The Tax period of TRCSL is from 1<sup>st</sup> January to 31<sup>st</sup> December as approved by the Commissioner General of Inland Revenue. Accordingly, the tax liability for 2019 is shown below.

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

	2019 (Rs.)
Accounting Profit before Taxation	37,883,540,711
<b>Add:</b> Tax effect of disallowable expenses in determining taxable income/ (loss)	24,014,640
<b>Less:</b> Tax effect of allowable expenses in determining taxable income/ (loss)	(29,931,933,517)
Adjusted Accounting profit/ (loss) chargeable to income taxes	7,975,621,834
Interest Income	352,651,807
<b>Assessable Income</b>	<b>8,328,273,641</b>
<b>Less:</b> Qualifying Payment	8,950,000,000
<b>Total Taxable Income</b>	<b>NIL</b>
Tax rate for the year	28%
<b>Tax effect for the year</b>	<b>NIL</b>
<b>Tax Credits</b>	
1 <sup>st</sup> Installment	940,626,309
2 <sup>nd</sup> Installment	934,796,003
3 <sup>rd</sup> Installment	926,281,750
Withholding Tax (WHT) Payment	18,928,094
Economic Service Charges (ESC) Payment	58,351,332
<b>Total Tax Credit</b>	<b>2,878,983,488</b>

### 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 future income tax liabilities as per the relevant provision in the Act.

ESC was abolished with effect from 01.12.2019.

### 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.

Insurance expense and Repair & Maintenance cost in Comprehensive Income Statement for the year ended 31.12.2019 is recorded on accrual basis in the Statement of Financial Position, whereas it was recorded on cash basis in previous financial years.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.6 PROJECTS

##### 3.6.1 COLOMBO LOTUS TOWER

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 27<sup>th</sup> October 2010 and 14<sup>th</sup> 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 2<sup>nd</sup> 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 was borne by the TRCSL.

The percentage completed of the project was 90% as at 31.12.2019. The cumulative delay damages of US\$ 10,430,000 was deducted from the Interim payment certificates 20, 21 & 22 and treated as a current liability in the Statement of Financial Position as at 31.12.2019. Retention was released as per the condition of contract and submission of irrevocable on-demand bank guarantee from HSBC, upon the recommendation and approval of Project Consultancy Unit (PCU) of University of Moratuwa and acknowledgement from Cabinet Appointed Negotiation Committee (CANC).

The EXIM bank loan was expired at US\$ 67,259,754 and the cabinet approval by its decision dated 11.01.2018 under the reference No. 17/3004/701/059 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.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 3.6.2 LAND – LOTUS TOWER

The Land of the Lotus Tower Colombo 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 22<sup>nd</sup> December 2011 by the Urban Development Authority (UDA).

Having signed a Memorandum of Understanding (MOU) between TRCSL & UDA bearing the reference No. 5023 dated 23<sup>rd</sup> January 2012, it was agreed to make an initial payment of Rs.1,500 Million and Rs.300 Million each for 34 years by TRCSL 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 18<sup>th</sup> 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.

TRCSL has already paid Rs. 2,250 Million to UDA, but UDA failed to transfer the land to TRCSL as per the MOU. As such TRCSL suspended further payments.

#### 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 04<sup>th</sup> July 2012 based on the Cabinet Paper No 12/0836/501/019 dated 14<sup>th</sup> 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.

## TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### IT PARK HAMBANTHOTA SOORIYAWEWA (Contd.)

The contractor had completed the superstructure of the building up to the 3<sup>rd</sup> 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.

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 10<sup>th</sup> 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

### NOTES TO THE FINANCIAL STATEMENTS – 31.12.2019

#### 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 19<sup>th</sup> 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 (Ref. SLNAC/33-10-2018)

Tudawe Brothers (Pvt) Limited (Claimant) has filed this action to recover damages for sum of Rs. 706,066,168.44 from TRCSL (Respondent) for breach of the agreement entered between the Claimant and Respondent to construct a building for TRCSL at Sooriyawewa, Hambantota on 29<sup>th</sup> July 2013. This matter is pending before the Arbitration Tribunal. Attorney General's Department is appearing on behalf of the respondent – TRCSL.

(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, for which the plaintiff is seeking Rs. 14,800,000,000 as damages.

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2019  
 (Expressed in Sri Lankan Rupees)

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**4. PROPERTY, PLANT & EQUIPMENT**

COST	BALANCE AS AT 01.01.2019	For the Year 2019		BALANCE AS AT 31.12.2019
		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	16,454,854	695,641	12,691	17,137,804
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	99,334,787	13,582,682	138,749	112,778,720
Web Server	2,213,661	31,881,890	0	34,095,551
Other Office Equipment	35,276,177	11,107,703	8,739	46,375,141
Mobile Phones	1,175,049	89,000	0	1,264,049
Office Furniture	23,641,029	1,562,199	65,657	25,137,571
Technical Equipment	70,126,463	3,579,105	0	73,705,569
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	292,800	0	12,865,066
	<b>1,556,930,722</b>	<b>62,791,020</b>	<b>225,836</b>	<b>1,619,495,906</b>
Land Lotus Tower	11,715,212,127	0	0	11,715,212,127
	<b>13,272,142,850</b>	<b>62,791,020</b>	<b>225,836</b>	<b>13,334,708,033</b>

DEPRECIATION	BALANCE AS AT 01.01.2019	For the Year 2019		BALANCE AS AT 31.12.2019
		ADDITIONS	DISPOSALS/ TRANSFERS	
Buildings	124,956,621	4,341,069.85	0	129,297,691
Kokavil Tower	244,537,474	31,493,347.93	0	276,030,822
Vauniya Tower	23,920,593	2,990,074.14	0	26,910,667
Vehicles	130,238,799	16,242,756.72	0	146,481,556
Air Conditioners	12,121,620	771,774	12,691	12,880,703
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	93,881,642	6,756,394	138,749	100,499,287
Web Server	2,213,661	5,227,511	0	7,441,172
Other Office Equipment	25,482,324	2,444,922	8,739	27,918,507
Mobile Phones	804,382	72,135	0	876,517
Office Furniture	16,598,757	1,378,596	65,657	17,911,697
Technical Equipment	33,329,670	6,044,261	0	39,373,931
FMMS Project Surveillance Vehicles	26,500,498	7,164,016	0	33,664,514
FMMS Project Equipment	337,145,861	10,760,214	0	347,906,076
Gymnasium Equipments	5,629,707	0	0	5,629,707

Video Unit Equipment	11,910,126	444,917	0	12,355,043
	<b>1,096,621,013</b>	<b>96,131,988</b>	<b>225,836</b>	<b>1,192,527,165</b>

**NET BOOK VALUE**

**12,175,521,837**

**12,142,180,868**

**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 Road 01 and P 10.5. Approximately a 69% 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 in this financial year too.

Even though, the Valuation Department has made a valuation dated 02.04.2019 under the letter bearing No. GM/LM/5549, the land extent of 35 Acres 02 Roods & 30 Perches which is the present extent under the possession of TRCSL from above land slot, was valued for Rs. 359,375,000, It is not reflected in Financial Position as at 31.12.2019 since the requirement of LKAS 16 to revalue entire class of assets of TRCSL is still not satisfied.

**4.1 INTANGIBLE ASSETS**

COST	BALANCE AS AT 01.01.2019	For the Year 2019		BALANCE AS AT 31.12.2019
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	21,455,861	0	0	21,455,861
	<b>21,455,861</b>	<b>0</b>	<b>0</b>	<b>21,455,861</b>

AMORTIZATION	BALANCE AS AT 01.01.2019	For the Year 2019		BALANCE AS AT 31.12.2019
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	19,178,605	2,277,255	0	21,455,860
	<b>19,178,605</b>	<b>2,277,255</b>	<b>0</b>	<b>21,455,860</b>
<b>NET BOOK VALUE</b>	<b>2,277,255</b>			<b>1</b>

**5. WORK IN PROGRESS**

	BALANCE AS AT 01.01.2019	For the Year 2019		BALANCE AS AT 31.12.2019
		ADDITIONS	(TRANSFERS)	
Main H/O Building	10,057,910	0	0	10,057,910
Construction of Lotus Tower	17,108,423,931	3,766,965,543	0	20,875,389,474
IT Park - Hambantota	684,015,309	0	0	684,015,309
Construction of TRC H/O - New Building	608,329	79,548,047	0	80,156,376
Construction of Kadirana	0	47,366,941	0	47,366,941
Frequency Monitoring-Network	0	249,900	0	249,900
Work In Progress	0	21,887,232	0	21,887,232
	<b>17,803,105,479</b>	<b>3,916,017,664</b>	<b>0</b>	<b>21,719,123,143</b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
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	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>06. INVESTMENTS</b>		
Treasury Deposits	354,000,000	354,000,000
	<b>354,000,000</b>	<b>354,000,000</b>
<b>07. ACCOUNTS RECEIVABLE</b>		
CESS Receivable	429,991,796	465,636,257
TDC Receivable	782,030,936	957,178,524
Levy on OLAC Receivable	0	39,280,793
Telecom Levy Receivable	772,310,122	977,293,794
Kokavil Tower Recoverable	81,776,444	83,297,174
Tower Levy Receivable	339,276,667	0
SMS Levy Receivable	57,540,518	0
Outstanding Staff Loans Recoverable	2,461,716	2,547,337
Kokavil Lease Rental Receivable	2,138,310	700,561
Air Ticket Receivable	148,200	97,920
Trade Debtors	96,811	1,287,804,064
	<b>07 A</b>	
	<b>2,467,771,521</b>	<b>3,813,836,424</b>
<b>07 A. Trade Debtors</b>		
Radio Frequency Fees	373,775,691	1,661,483,613
Armature Radio License Fees	32,790	39,981
	<b>373,808,482</b>	<b>1,661,523,593</b>
<b>Less - Provision for Bad Debtors **</b>	<b>(373,711,670)</b>	<b>(373,719,529)</b>
	<b>96,811</b>	<b>1,287,804,064</b>

**Note: (1)**

**\*\* Provision for Bad Debtors**

	<u>Debtors</u>		<u>Provisions</u>
More Than 02 Years	373,700,914	100%	373,700,914
More Than 01 Year Less Than 02 Years	107,568	10%	10,757
More Than 6 Months & Less Than 01 Year	0	0%	0
More Than 2 Months & Less Than 6 Months	0	0%	0
More Than 01 Month & Less Than 2 months	0	0%	0
Less Than 01 Month	0	0%	0
	<b>373,808,482</b>		<b>373,711,670</b>

**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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	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>08. PREPAYMENT AND ADVANCE</b>		
Special Advances	575	575
Festival Advances	158,000	205,111
Purchase Advances	77,140	202,140
Pre-payments	43,487,917	2,464,652
Mobilization Advance Payment - (LOTUS TOWER)	0	421,684,520
Mobilization Advance Payment - (IT PARK)	157,081,430	157,081,430
Mobilization Advance (H/O New)	13,387,576	0
Mobilization Advance (Kadirana)	11,312,256	0
	<b>225,504,893</b>	<b>581,638,428</b>
<b>09. LOANS AND OTHER RECEIVABLES</b>		
Distress Loans	35,629,277	34,555,456
Motor Vehicle Loans	193,991,532	184,937,193
Property Loans	1,362,749	1,724,586
Motor Cycle Loans	1,138,315	203,298
Salary Deduction Recoverable	506,643	16,987
Other Receivables	2,210,000	2,086,122
Election Duty Payment	398,738	0
CEB Security Gurantee Deposit A/C (IT Park)	125,000	125,000
Commissioner General of Inland Revenue (WHT)	0	17,861,411
Commissioner General of Inland Revenue (Income Tax Over Provision)	2,713,380,890	0
Claimable Economic Service Charges	25,711,011	18,276,866
Lotus Tower Electricity Security Deposit	3,125,000	3,125,000
	<b>2,977,579,154</b>	<b>262,911,918</b>
<b>10. CASH &amp; CASH EQUIVALENTS</b>		
Cash At Bank	10 A 246,410,798	866,915,447
Cash In Hand	10 B 35,000	70,000
Money Market Saving Account - (No.119-2-001-2-3693169)	3,378,527,783	2,780,580,061
	<b>3,624,973,581</b>	<b>3,647,565,507</b>
<b>10 A. CASH AT BANK</b>		
People's Bank - Narahenpita Branch, (Deposit Account) A/c No.119402113960300 (RFC USD 0032)	106,926,792	106,141,131
People's Bank - Narahenpita Branch, (Collection Account) Current A/c No.119-1-001-4-3693169	138,726,159	737,578,215
People's Bank - Narahenpita Branch, (ITO Levy) Current A/c No. 119-1-001-3-3693264	258,338	312,076
Bank of Ceylon - Narahenpita Branch Current A/c No.2323167	499,509	22,884,024
	<b>246,410,798</b>	<b>866,915,447</b>
<b>10 B. CASH IN HAND</b>		
Petty Cash - Head Office	10,000	10,000
Petty Cash - Admin & HR Division	5,000	5,000
Petty Cash - Kokavil	0	10,000
Petty Cash - Lotus Tower	0	25,000
Petty Cash - DG Office	15,000	15,000
Petty Cash - Compliance	5,000	5,000
	<b>35,000</b>	<b>70,000</b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
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	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>11. GOVERNMENT CONTRIBUTIONS</b>		
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
	<b>526,214,744</b>	<b>526,214,744</b>
<b>12. RETENTION</b>		
Retention - IT Park	46,152,801	46,152,801
	<b>46,152,801</b>	<b>46,152,801</b>
<b>13. RETIREMENT BENEFIT OBLIGATION</b>		
Provision for Gratuity	80,831,913	62,930,515
Fixed Deposit (Gratuity)	(52,150,000)	(44,500,000)
Interest Receivable on Fixed Deposit for Gratuity Benefits	(5,925,454)	(4,388,432)
<b>Net Benefit Liability</b>	<b>22,756,459</b>	<b>14,042,084</b>
<b>14. ACCOUNTS PAYABLE</b>		
<b>ACCRUED EXPENSES</b>		
Telephone - Office	717,013	1,010,070
Communication Allowance	0	219,112
Salaries Control	99,183	99,183
Salaries Payable	185,884	185,634
W & O.P. Payable	99,981	97,280
Electricity	933,903	1,047,053
Water	28,560	66,751
Janitorial Services	662,593	553,741
Security Services	3,428,717	2,573,800
Overtime	1,027,507	1,385,575
E.P.F	3,719,311	3,354,845
E.T.F	446,316	402,581
Internet	335,143	317,243
Medical Insurance Claims	250,995	250,995
Travelling & Subsistence Payable	2,400	6,156
Staff Welfare	88,490	794,091
News Papers & Notifications	447,988	84,080
Audit Fees	2,518,460	2,367,460
Bonus	39,079,628	35,263,211
Retention - General	363,965	66,279
Commissioner General of Inland Revenue (ESC & NBT)	29,915,560	56,290,538
Salary Deductions	134,101	132,189
Repairs & Maintenance	17,987,507	3,653,025
Stamp Duty Payable	1,027,622	993,032
PAYE Payable (Commission Members Allowances)	56,537	2,338,664
Provision for Income Tax	0	1,818,593,410
Misc. Purchase & Supplies Payable	9,140,515	716,286
Over Recoveries of Staff Loan	12,657	13,657
Fuel Payable	112,224	150,698
Printing & Stationery Payable	1,111,771	1,023,437
With Holding Tax Payable	0	12,628
Annual Subscrip Payable	877,920	0
Miscellaneous Payable	365,000	0
Unclaimed Employment Emolument	2,146,762	0

Filling & Depend Court	25,500	47,500
Miscellaneous Creditors	21,366,057	0
	<u>138,715,771</u>	<u>1,934,110,203</u>

#### **15. ADVANCES, DEPOSITS AND OTHER PAYABLES**

Revenue Received in Advance	2,601,814,402	3,312,802,741
Refundable Deposits for Tender	1,566,167	1,524,167
Refundable Deposits - Employees	2,086,843	2,086,843
Advances Received for 1800 MHz Band	57,500,000	57,500,000
ICT for Effective Disaster Management Summit	34,210	34,210
Insurance Claim for Damaged Antenna	0	25
Over recovery of Frequency Licence Fee	2,158,081	2,129,435
C.T.O Telecenter Project	924,492	924,492
VAT Control Account	18,649,359	223,392,670
Construction Creditors	751,650	751,650
Project Loan - Exim Bank (Lotus Tower)	1,610,276,227	1,621,411,295
	<u>4,295,761,430</u>	<u>5,222,557,527</u>

#### **16. PAYABLE TO TREASURY**

50% TDC Payable to Treasury	391,015,467	478,589,261
Levy on OLAC Payable to Treasury	0	39,280,793
Telecom Levy Payable to Treasury	772,310,124	979,293,795
SMS Levy Payable to Treasury	57,540,518	0
Cellular Tower Levy Payable to Treasury	339,276,667	0
	<u>1,560,142,776</u>	<u>1,497,163,849</u>

#### **17. INCOME**

	<b>17</b>		
Income - License Fee	<b>A</b>	16,175,312,122	17,563,075,810
Telecommunications Levy		15,065,669,041	24,349,276,331
	<b>17</b>		
Telecom Development Charges	<b>B</b>	5,337,850,939	5,581,629,186
Levy on Out Going Local Access Charges		192,765,504	538,955,113
Mobile Short Messages Services Levy		419,083,887	0
Cellular Tower Levy		1,384,526,669	0
		<u>38,575,208,162</u>	<u>48,032,936,440</u>

#### **17 A. INCOME - LICENSE FEES**

System Operator License Fee	168,367,347	122,448,980
Cess Fee	4,713,114,906	4,550,705,960
Radio Frequency Fee	7,048,993,937	10,789,520,442
Frequency Upfront Fee	4,032,142,857	1,071,428,571
Vendor License Fee	13,726,325	13,818,111
Amateur Radio License Fee	85,364	163,630
Ship Station License Fee	0	449,994
Aircraft Station License	0	401,530
Cordless Phone Dealer Charges	116,388,349	114,619,244
Examination Fee	312,140	367,511
Application Processing Fee	1,016,327	1,020,408
Short Code Charges	31,887,730	26,530,612
Sundry Income - <b>17 A (1)</b>	369,991,603	1,108,518,638
	<u>16,496,026,883</u>	<u>17,799,993,632</u>
<b>Less :</b> Nations Building Tax	(320,714,761)	(236,917,822)
	<u>16,175,312,122</u>	<u>17,563,075,810</u>



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2019  
 (Expressed in Sri Lankan Rupees)

(Contd...)

	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>17 A (1). SUNDRY INCOME</b>		
Interest Income from Staff Loans	9,438,934	7,800,124
Interest Income from Fixed Deposits	32,741,587	683,832,865
Interest Income from Money Market Transactions	310,471,287	384,498,838
Kokavil Lease Rental	16,700,091	15,406,525
Other Income - Miscellaneous	406,009	4,199,591
Fixed Assets Disposal	225,836	0
Recovery of Film & Teledrama	0	10,400,000
Recovery of Bad Debts	7,859	0
Loss recovery from Court Case	0	2,380,696
	<b>369,991,603</b>	<b>1,108,518,638</b>
<b>17 B. TELECOMMUNICATION DEVELOPMENT CHARGES (TDC)</b>		
TDC Revenue	5,337,850,939	5,581,629,186
	<b>5,337,850,939</b>	<b>5,581,629,186</b>
<b>18. REGULATORY EXPENSES</b>		
ITU Annual Subscription	28,697,136	26,636,951
APT Annual Subscription	2,753,480	2,397,118
SAFIR Annual Subscription	877,920	1,071,157
Library Annual Subscription	81,042	127,145
CTO Annual Subscription	5,566,525	5,666,572
Participating in Regulatory Affairs Work	17,891,406	35,381,542
Conduct Research Studies	20,000	0
Filing & Depending Court Actions	3,538,600	3,577,430
Visiting of Foreign Delegates	0	114,128
Lotus Tower Project	14,153,285	136,522
Connect School/Connect Community	0	24,190
Traveling & Subsistance for Regulatory Affairs	1,198,978	1,351,666
Hosting International Conference	0	1,500
ITU/TRC Assistance Programme for Entrepreneurs	0	36,821
Public Aware Programme	0	10,000
Project of Gamata Sannivedanaya	95,410	168,130
Local Training Programme - ITU/APT	3,452,612	5,544,739
Miscellaneous Regulatory Expenses	48,021	0
Conduct Amature Radio Exa	49,750	0
Frequency Licence PYT	189,880	0
Annual Forum of C.T.O.	249,500	0
ITU World Tele inf Society	18,080	0
	<b>78,881,625</b>	<b>82,245,610</b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2019  
 (Expressed in Sri Lankan Rupees)

(Contd...)

	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>19. ADMINISTRATION &amp; ESTABLISHMENT EXPENSES</b>		
Salaries	185,045,114	167,042,327
E.P.F. (15% Contribution)	26,246,905	23,444,942
E.T.F. (3% Contribution)	5,249,381	4,695,918
Transport Allowance	21,084,665	19,374,024
House Rent Allowance	16,080,690	14,736,703
Other Allowances	6,340,833	3,313,674
Performance Incentive	39,840,973	36,602,559
Special Allowance	367,785	348,871
Additional Allowance	358,689	2,476,023
Bonus	59,735,832	40,519,848
Overtime	16,360,234	15,247,454
Chairman's Remuneration	1,106,667	1,200,000
Unutilized Vacation Leave Allowance	10,830,714	10,420,588
Commission's Contribution for Pension	1,254,606	1,345,161
Communication Allowance	2,566,493	2,701,852
Uniforms	752,428	785,254
Staff Welfare	4,629,803	7,934,824
Development of Sports Activities	3,063,696	1,500,000
Staff Professional Membership Subscription	595,016	626,006
Local Training	1,102,863	1,395,770
Commission Members Allowance	113,500	262,500
Audit Committee Allowances	171,750	168,250
Housing Loan 2/3 Interest Reimbursement	4,942,774	5,126,002
Gratuity	3,683,105	3,359,039
Electricity	12,894,921	13,380,319
Water	526,342	487,685
Janitorial Services	6,409,796	6,454,720
Security	13,657,530	11,086,450
Rates & Taxes	885,207	3,000
Library Books	109,979	68,356
Printing and Stationery	14,139,701	11,733,439
Fuel	3,756,142	3,885,742
Postage	797,618	878,625
Telephone, Fax and PABX	4,687,070	6,076,255
Insurance (Property & Medical)	16,334,036	52,889,494
Internet Charges	6,684,363	4,414,579
Newspapers & Notifications	2,761,495	5,044,512
Consultancy fees	356,003	179,500
Seminars & Conferences	376,283	681,499
Professional Allowance	6,525,690	0

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2019  
 (Expressed in Sri Lankan Rupees)

(Contd...)

	Year Ended 31.12.2019	Year Ended 31.12.2018
Audit Fee	2,500,000	1,100,000
Legal Expenses/Deciplinary Inquiries/Preliminary Investigation	574,296	318,348
Depreciation	96,131,988	89,018,668
Amortization	2,277,255	9,807,868
Administration Miscellaneous	3,484,240	2,241,500
Purchases & Supplies Miscellaneous	1,996,474	1,965,189
Operating Cost Miscellaneous	658,840	571,444
Office Equipment Maintenance	18,260,969	11,174,579
Generator Maintenance	0	49,725
Vehicle Maintenance	5,839,317	4,397,987
Building & Structure Maintenance	3,638,485	4,313,054
Technical Equipment Maintenance	10,979,766	93,840
Software Maintenance & Development	24,554,235	1,831,728
Towers Maintenance	20,667	244,262
Generators Repairs & Maintenance	123,729	0
Maintenance of Monitoring Station	7,896,225	2,563,522
Maintenance - IT Park Sooriyawawa	0	12,310
Repairs & Maintenance - Miscellaneous	17,143	0
Internet Lease Line	0	289,364
CCTV Maintenance	3,170	25,760
Rent for Leased Premises	648,000	0
	<b>682,031,488</b>	<b>611,910,909</b>
<b>20. FINANCE &amp; OTHER EXPENSES</b>		
Bank Charges	299,727	279,186
Stamp Duty	0	250,000
Interest on Gratuity Provision	4,171,706	3,993,620
	<b>4,471,433</b>	<b>4,522,806</b>
<b>21. CONTRIBUTION TO THE CONSOLIDATED FUND</b>	<b>21-1</b>	
Contribution under Telecommunication Act for the Year Ended 31.12.2019	7,950,000,000	6,850,000,000
Contribution under Finance Act for the Year Ended 31.12.2019		
Telecommunication Levy Paid	15,065,669,041	24,349,276,331
50% Telecommunication Development Charges	2,668,925,470	2,790,814,593
Levy on OLAC Paid	192,765,504	538,955,113
SMS Levy Paid to Treasury	419,083,887	0
Cellular Tower Levy Paid to Treasury	1,384,526,669	0
	<b>27,680,970,570</b>	<b>34,529,046,037</b>
<b>CONTRIBUTION UNDER TELECOMMUNICATION ACT</b>	<b>21-2</b>	
Out of total comprehensive income for the year ended 31.12.2018	<b>1,000,000,000</b>	<b>15,000,000,000</b>

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA  
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2019  
 (Expressed in Sri Lankan Rupees)

(Contd...)

	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>22. CASH GENERATED FROM OPERATIONS</b>		
<b>Net profit before tax</b>	<b>37,883,540,711</b>	<b>45,706,552,824</b>
<b>Adjustments for</b>		
Depreciation on Property, Plant and Equipment	96,131,988	89,018,668
Amortization of Intangible Assets	2,277,255	9,807,868
Provision for Bad & Doubtful Debtors	0	1,308,496
Recovery of Bad Debts	(7,859)	0
Retirement Benefit Obligation	3,683,105	3,359,039
Interest Income from Fixed Deposit	(32,741,587)	(683,832,865)
Interest Income from Money Market Transactions	(310,471,287)	(384,498,838)
Interest Cost on Retirement Benefit Obligation	4,171,706	3,993,620
(Gain) / Loss on Foreign Currency Transactions	(73,717,095)	1,626,395,795
Gain on Disposal of Fixed Assets	(225,836)	0
<b>Changes in Working Capital</b>		
Accounts Receivable	<b>22-1</b> 1,346,072,763	2,523,876,193
Prepayment and Advance	<b>22-2</b> (40,851,154)	(2,522,763)
Loans and Other Receivables	<b>22-3</b> (1,286,345)	(106,485,077)
Interest Receivable in FD - Gratuity	(1,537,022)	0
Accounts Payable	<b>22-4</b> 23,198,978	(30,369,935)
Advances, Deposits and Other Payables	(926,796,097)	(4,496,881,931)
Payable to Treasury	62,978,927	(647,202,434)
Lotus Tower Delay Damages	0	1,680,544,180
<b>Cash Generated from Operations</b>	<b>38,034,421,151</b>	<b>45,293,062,841</b>
<b>22-1. Accounts Receivable</b>		
CESS Receivable	429,991,796	465,636,257
TDC Receivable	782,030,936	957,178,524
Levy on OLAC Receivable	0	39,280,793
Telecom Levy Receivable	772,310,122	977,293,794
Kokavil Tower Recoverable	81,776,444	83,297,174
Tower Levy Receivable	339,276,667	0
SMS Levy Receivable	57,540,518	0
Outstanding Staff Loans Recoverable	2,461,716	2,547,337
Kokavil Lease Rental Receivable	2,138,310	700,561
Air Ticket Receivable	148,200	97,920
Radio Frequency Fees	373,775,691	1,661,483,613
Armature Radio License Fees	32,790	39,981
	<b>2,841,483,191</b>	<b>4,187,555,954</b>
	<b>1,346,072,763</b>	
<b>22-2. Prepayment and Advance</b>		
Special Advances	575	575
Festival Advances	158,000	205,111
Purchase Advances	77,140	202,140
Pre-payments	43,487,917	2,464,652
	<b>43,723,632</b>	<b>2,872,478</b>
	<b>(40,851,154)</b>	

	Year Ended 31.12.2019	Year Ended 31.12.2018
<b>22-3. Loans and Other Receivables</b>		
Distress Loans	35,629,277	34,555,456
Motor Vehicle Loans	193,991,532	184,937,193
Property Loans	1,362,749	1,724,586
Motor Cycle Loans	1,138,315	203,298
Salary Deduction Recoverable	506,643	16,987
Other Receivables	2,210,000	2,086,122
Election Duty Payment	398,738	0
CEB Security Gurantee Deposit A/C (IT Park)	125,000	125,000
Commissioner General of Inland Revenue (WHT)	0	17,861,411
Commissioner General of Inland Revenue (Income Tax Over Provision)	2,713,380,890	0
Claimable Economic Service Charges	25,711,011	18,276,866
Lotus Tower Electricity Security Deposit	3,125,000	3,125,000
	<b>2,977,579,154</b>	<b>262,911,919</b>
Commissioner General of Inland Revenue (Income Tax Over Provision)	<b>(2,713,380,890)</b>	<b>0</b>
	<b>264,198,264</b>	<b>262,911,919</b>
	<b>(1,286,345)</b>	
<b>22-4. Accounts Payable</b>		
As per Statement of Financial Position	138,715,771	1,934,110,203
Less: Provision for Income Tax	0	(1,818,593,410)
	<b>138,715,771</b>	<b>115,516,793</b>
	<b>23,198,978</b>	
<b>23. Mobilization Advance Payments</b>		
Mobilization Advance Payment - (LOTUS TOWER)	7,214,214	421,684,520
Mobilization Advance Payment - (IT PARK)	157,081,430	157,081,430
Mobilization Advance (H/O New)	13,387,576	0
Mobilization Advance (Kadirana)	11,312,256	0
	<b>188,995,476</b>	<b>578,765,950</b>
	<b>389,770,474</b>	



**REPORT OF THE  
AUDITOR GENERAL**

**CHAPTER  
07**





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தேசிய கணக்காய்வு அலுவலகம்  
NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல. }  
My No. }

CMU/A/TRC/01/19/15

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

31 August 2020

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 2019 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 2019 comprising the statement of financial position as at 31 December 2019 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 Commission as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දඹ පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව | இல. 306/72, பொல்துவா வீதி, பத்தரமுல்லை, இலங்கை | No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.



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## 1.2 Basis for Qualified Opinion

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- (a) The cost of Rs. 13,334,708,033 applicable to the property, plant and equipment of the Commission had not been stated in its financial statements at their fair value according to the Sri Lanka Accounting Standards 16. Further, although the Divisional Secretariat had acquired approximately 69 percent of the 112-Acres 01 Rood and 10.5 Perches land valued at Rs. 45,000,000 belonging to the Commission, the relevant adjustments had not been made in the financial statements.
- (b) Despite being further in use, the fully depreciated fixed assets costing Rs.12,978,983 had not been revalued in terms of paragraph 51 of Sri Lanka Accounting Standards 16 and stated in the financial statements.
- (c) Computers and office equipment had been excessively depreciated by Rs. 2,182,606 during the year under review.
- (d) Due to non-recording of expenses totalling Rs.3,129,627 including consultancy fees amounting Rs. 2,185,480 pertaining to the year under review in the financial statements, the profit of the year had been overstated by that amount.
- (e) Even though the Turnover Tax payment subject to Economic Service Charge Tax during the year under review amounted to Rs. 16,812,468,625 according to the schedule, it was Rs.15,431,747,032 according to the financial statements. Accordingly, a difference of Rs. 1,380,721,593 was observed.
- (f) The value added tax balance in the tax control account was Rs. 18,649,359 at the end of the year under review and the tax liability payable as per the tax schedule was Rs. 63,459,533. Accordingly, the payable value added tax liability had been understated by Rs. 44,810,174 in the financial statements
- (g) No evidence whatsoever had been presented to confirm the investments of Treasury deposits amounting to Rs 354,000,000 that have not been in operation for more than 09 years and it was not possible to confirm this balance by the Treasury financial statements as well.



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 except for the observations in Paragraph 1.2 (a),(b),(e),(f),(g) of this report 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

<b>Reference to Laws, Rules/Regulations</b>	<b>Description</b>
(a) Section 11 of the Finance Act No. 38 of 1971 and Section 8.2.2 of Public Enterprises Circular No. PED / 12 of 02 June 2003.	Without the approval of the Minister of Finance, the Commission had invested Rs. 1,200,000,000 in fixed deposits during the year under review.
(b) Inland Revenue Act No. 14 of 2017 and Public Enterprises Circular No. 03/2016 dated 29 April 2016.	The Commission had paid Rs. 9,163,291 as Pay As You Earn Tax out of its funds during the year under review without deducting such tax from the salaries of the relevant officers
(c) Telecommunication Tax Act No. 21 of 2011	Even though the Telecommunication tax should have been paid before the 15 <sup>th</sup> of the next month, a sum of Rs. 6,358,657 was due from one institution by 18 August 2020.
(d) Public Enterprises Circular No. PED / 12 dated 02 June 2003	
(i) Section 6.5.1	Although the financial statements should be submitted to the Auditor General together with the draft annual report within 60 days from the close of the financial year, the financial statements and the draft annual report had been submitted to the Auditor General on 21 May 2020 and on 24 July 2020 respectively.

- (ii) Section 8.3.7 Even though the approval of the Board of Directors requires before incurring expenditure not included in the annual budget, such approval had not been obtained for the expenditure of Rs. 46,879,609 incurred in excess of the budget.
- (iii) Section 9.14.2 Although the concurrence of the Secretary to the Treasury is required through the Department of Public Enterprises for the scheme of recruitment, the Commission had approved the scheme of recruitment without obtaining relevant concurrence.
- (e) Paragraph 1 of the Management Services Circular No.39 dated 26 May 2009 Without the recommendation of the Salaries and Cadres Commission and the approval of the Department of Management Services, a sum of Rs. 126,488,209 had been paid to the staff as incentives, bonuses, rental allowances and allowances for unavailed leave during the year under review.
- (f) F.R 757 (2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The Commission had not conducted a Board of Survey for the year under review and submitted the relevant reports to the Auditor General.
- (g) Letter from the National Salaries and Cadres N0. NSCC / 3 / ABC / 24 dated 01 June 2007. Due to making overpayment at Rs. 6,000 in excess of the approved monthly transport allowance of Rs. 2,000 for non-staff grade officers, a sum of Rs. 8,196,000 had been overpaid during the year under review.
- to state that the Commission 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.



- to state that the resources of the Commission 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) Implementation of the Procurement Plan

Due to not properly identified the need to prepare a procurement plan, out of the 101 items included in the procurement plan for the year under review, only 36 procurement activities had been completed during the year and 40 procurement activities worth Rs. 170,569,111 and 04 large scale procurement activities amounting to Rs. 1,175,000,000 had not been implemented due to lack of funds during the year. Also, without being included in the procurement plan, 2019, eight procurements worth Rs. 3,317,736 had been implemented during the year.

(b) Contract Administration

- (i) Water Proofing of the concrete roof of the Mobile Operations Building at Kokavil Center was directly entrusted to the Central Engineering Consultancy Bureau (CECB) in 2017 but heat insulation work was not included in the presented estimate of Rs. 453,430 and therefore, the request of the Commission made for the maintenance had not been fulfilled. In calling for bids for awarding a new contract for this renovation in the year 2018, the contract worth Rs. 1,116,350 had been awarded to a private company on 19 June 2019 without considering the qualifications of the contractor and work had been completed in the year under review. The Commission had not acted in accordance with the procurement schedule and it had taken nearly three years to complete this task.

(ii) Construction of new building of the Commission

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For the construction of a new building for the Head Office of the Telecommunications Regulatory Commission of Sri Lanka, the contract worth Rs. 209,093,034 had been awarded to a private company on 31 January 2019.

- According to the Cabinet Decision No. අමප/16/1604/701/022 dated 24<sup>th</sup> August 2016, approval had been granted to modernize the existing head office of the Telecommunications Regulatory Commission of Sri Lanka, to incur Rs. 502 million for this purpose as the total estimated cost stated by the Consultancy Unit of the Moratuwa University and to authorized the Director General to use the funds of the Telecommunications Regulatory Commission for this purpose. Accordingly, although Cabinet approval had been granted to “modernize the head office. On the contrary, the Director General has stated that Rs. 502 million has been approved by the Cabinet to “construct the new building” of the Telecommunications Regulatory Commission of Sri Lanka and in consultation with consulting firms, it has been reduced to Rs. 344 million. Accordingly, the Secretary to the President had been informed on 10 July 2018 to appoint the necessary committees for that purpose.
- According to the above letter, a Procurement Committee nominated by the Cabinet of Ministers and a parallel Technical Evaluation Committee should be appointed in terms of the Guidelines 2.7.1 and 2.8.2 of the Government Procurement Guidelines relating to the construction of the contract worth Rs. 344 million. Nevertheless, after a delay of 02 years, a purchasing committee had been appointed by the Ministry for this purpose.
- In calling for bids for this purpose, the estimated value had been reduced to Rs. 200 million and it had been renamed as "Extension

to Main Building". On 27 November 2019, the Consultancy Unit of the University of Moratuwa had announced that it would have to bear Rs. 33 million for additional work, even though the estimated value had been reduced. Thus it was observed that this contract had been carried out without proper planning.

- Having stated the effective dated of the agreement for the provision of consultancy services as 30 April 2018, the agreement had been backdated and signed on 10 June 2019.

(iii) Lotus Tower Project

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 The contract for the construction of the Lotus Tower was awarded to two Chinese companies as per Cabinet Decision No. 10/2473/401/031 dated 29 October 2010 and the Telecommunications Regulatory Commission had entered into a contract agreement with these companies on 03 January 2012. The contract value of this project was US \$. 104,300,000 and according to the agreement, the contract was to be completed in 912 days from 12 November 2012 to 12 May 2015, but the Commission had approved to extend the contract period upto 31 October 2017.

The Telecommunications Regulatory Commission of Sri Lanka had entered into a loan agreement with EXIM Bank on 17 September 2012 to procure funds for this construction contract. According to the loan agreement, it had been agreed to award 85 per cent of the contract value, or US \$. 88.655 million and the loan was to be completed by 18 August 2016.

- As per the Cabinet Decision No. 11/2262/501/026/TBR dated 14 December 2011, the 2.59 hectares of land in which the Nelumkuluna was constructed should have been handed over to the Commission by the Urban Development Authority, whereas it had not been so handed over.



- Due to non-compliance of the construction contract according to the schedule, the full loan amount could not be obtained as scheduled and during the relevant period US \$ 67,259,758, which is only 76 per cent of the loan amount had been released. Herein, although it was not possible to obtain a loan amount of US \$. 21,395,242, insurance, agreement and management charges had been paid for the entire loan. The insurance premium paid in proportion to the loan amount not obtained was US \$. 2,091,287, the contract fee was US \$. 627,789 and management fees US \$192,557 and the above sums aggregating US \$ 2,911,633 had become a fruitless expense.
- According to the financial feasibility report prepared on this project, it had been planned to commence the operation of the project from the year 2015 and thereby, earn an annual income of Rs. 1,685 million. Nevertheless, due to the delays in the project activities, the expected annual income had been lost Accordingly, as per the financial feasibility reports, when calculating the expected earnings, the loss of income as at 31 December 2019 was Rs. 7,722 million.
- Although approval had been granted under the Decision No. 5.4 viii of the Cabinet Decision No. 10/2473/401/031 dated 29 October 2010 to establish a Management Consultancy Company under the ownership of the Telecommunications Regulatory Commission of Sri Lanka, the Commission had no powers to establish such a company under the Telecommunications Regulatory Commission of Sri Lanka Act. Therefore, by removing the above matter, the Cabinet Decision No. 11/19/2305/103/140 dated 11 September 2019 had authorized the Treasury to establish a state-owned company to manage the commercial activities of the Lotus Tower in Colombo, but it had not been so done even by the

date of audit. It is observed that due to the above matter, the expected revenue earning capacity of the Lotus Tower will be further lost.

- In terms of Section 8.7 of the Construction Contract Agreement entered into between the Commission and the Contractor, the one day penalty for delay payable by the Contractor to the Commission was 0.05 per cent of the contract amount, and the maximum was 10 per cent of the contract amount. Accordingly, the penalty for delay to be levied on the Contractor was US \$ 10,430,000 and it had been withheld by the Commission from the amount due to the Contractor. But recommendations thereon had not been made by the Project Consultant, the University of Moratuwa.
- The contract for the construction of the Lotus Tower was supposed to be completed and handed over on 31 October 2017 but the contractor had not so far handed over it. Accordingly, it was observed that the delay period as on 31 August 2020 was 1035 days but the levy of late charges had been limited to 200 days as per the contract agreement.
- Although it was planned to pay the loan installments from the project income according to the original plans, due to the non-completion of the construction work of the project as planned, US \$ 39,335,307 had been paid by the Commission from its funds as loan installments and interest by 31 December 2019. Due to the payment of loans and installments, the remittance made to the Consolidated Fund in 2017, 2018 and 2019 had decreased as Rs. 5,200 million, Rs. 6,150 million and Rs. 19,050 million respectively thus aggregating to Rs. 30,400 million in relation to the year 2016.



- Due to obtaining a loan for the construction of the Lotus Tower, the Commission had to bear an additional amount of Rs. 23,775,376 comprising the agreement fees, management fees, insurance premiums, and the interest as on 31 December 2019 at US \$. 1,573,054, US \$. 797,895, US \$. 8,665,620 and US \$. 12,738,807 respectively.

(c) Uneconomic Transactions

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 The following matters were observed.

- Although the tower has not yet been handed over to the Commission by the contractual company, expenditure of Rs.11,325,012 had been incurred for the official opening ceremony of the Lotus Tower on 16 September 2019.
- Although event management activities pertaining to the opening ceremony of the Lotus Tower in Colombo on 16 September 2019 had been awarded to a State Institute at Rs. 6,172,472 without entering into an agreement, it was not included either in the Procurement Plan, 2019 or the Revised Procurement Plan. Also, the Chairman of the Commission had given approval to pay Rs. 1,058,594 to this institution for two additional services provided at the request of the Commission.
- Although the contract for the provision of food and beverages for the opening ceremony for Rs. 900,000 had been awarded to a private company by the order dated 12 September 2019, no formal contract agreement had been entered into including the terms of service according to Guideline 8.9.1 of the Government Procurement Guidelines.

**3. Other Audit Observations**

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- One of the three institutions subject to payment of CESS had not paid Cess to the Commission from April 2016 to December 2019 and the other institutions had not

paid CESS within a period of one year as at 18 August 2020. Similarly, the opening CESS to be received amounting to Rs.1,610,199 had not been recovered even by 31 December of the year under review.

- (b) The surcharge of Rs. 813,505 payable for the late payment of Rs. 6,779,212 made by the Sri Lanka Telecom in May 2017 for telecommunication development charges had not been recovered.
- (c) Since lease agreements had not been entered into with 03 government institutions, leases could not be calculated and recovered from 08 operators who were using Kokavil antenna and transmission tower.
- (d) Further, a lease amount of Rs. 1,323,856 was due from two contracted operators from the months of September and August 2019.
- (e) A sum of Rs. 81,813,102 was due from 05 operators using the Kokavil antenna and transmission for electricity bills and this balance included Rs. 81,314,547 due from three government agencies. Of this, the Independent Television Corporation and the Sri Lanka Broadcasting Corporation were required to pay electricity bills in full from 2012 to 2015, and from the Sri Lanka Rupavahini Corporation in full for 2012 and 2013 and in installments for a few more years. Accordingly, the recovery of the amount of 74,627,891 due from these institutions from the year 2012 to the year 2015 remains uncertain.
- (f) Of the debt balance of the Commission as at the end of the year under review, the debt balance continued to exist over 2 years was Rs. 373,700,914 and it included 38-year-old debt balances. Out of this, debt balances of Rs. 344,792,045 could not be ascertained due to non-receipt of balance confirmation letters from 18 debtors of the debts over Rs. 1 million.
- (g) The recoverable loan balances included the loan balance of Rs. 145,254,449 due from the Sri Lanka Broadcasting Corporation and the Director General had informed that a procedure has already been implemented to recover this amount.

In addition, the balance of loans due from 08 institutions was Rs. 197,130,954 including Rs. 174,800,000 due from one company. Although Rs. Rs. 8,184,000 out of this loan balance was due from the Ministry of Provincial Councils and



Local Government, the balance was not confirmed by the financial statements of the Ministry and as such, recovery of that balance as well as the loan balance of Rs. Rs. 5,613,513 due from 04 institutions even before the establishment of the Commission, remains uncertain.

- (h) Although a private building leased by the Commission had been returned in 2015, the key money Rs. 1,350,000 paid for the building had not been recovered.
- (i) The Commission had failed to recover the overpayment of Rs. 424,000 made to a female officer as incentive during her interdiction period as stated in the disciplinary order dated 29 August 2019 and due to the delay in the payment of gratuity to this dismissed officer, a surcharge of Rs. 166,500 had also been paid.

(j) Staff Administration

- (i) Although the approved cadre of the Commission was 299 at the end of the year under review, the total number of vacancies was 66 as the actual cadre was 212. The revision of the organizational structure of the Commission, cadre and the scheme of recruitment had not been finalized even by the end of the year under review.
- (ii) Two officers who were recruited in 2015 for the post of Assistant Accountant which was not included in the approved cadre of the Commission had been paid salaries, housing allowances, incentives and transport allowances of Rs. 1,939,975 during the year under review without obtaining approval in accordance with F.R.71.

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