

NEWS ROUND UP

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CEB unions blame each other for power crisis

The blame game in the power crisis took another turn yesterday, with the Ceylon Electricity Board (CEB) Engineers' Union pointing fingers at the Public Utilities Commission, only a day after the CEB was taken to courts by the regulator for non-compliance with licence conditions.

Engineers' Union President Saumya Kumarawadu claimed that the Public Utilities Commission of Sri Lanka (PUCSL) deliberately delayed giving approval of the Long term Generation Plan submitted for 2014-2034 until the Sampur coal power plant was struck off by the Government. Quoting communications sent by PUCSL on the matter, Kumarawadu said that the regulator delayed giving approval for the plan.

"We take months to get the plan prepared, in consultation with the PUCSL itself, and it was only in 2015 August that we were able to submit the plan, they delayed the approval till 2016 September. But they sent us a letter saying that the coal plant should be removed, and then the plan should be resubmitted without the Sampur Power plant, we put 50% of the blame for causing this current crisis on the PUCSL," he said.

However, PUCSL communications to CEB shows the CEB delayed submitting details requested by the regulator to approve the plan submitted, which led to the late approval. The response from the CEB to a letter sent by PUCSL in December 2015 – which was also quoted by Kumarawadu – was sent only in August 2016. The PUCSL has granted approval for the generation plan one month later, sans approval for the Sampur coal power plant, which by then had been struck off the list by the Government.

Noting that the CEB had plans to establish the coal plant, investing time and resources in planning for the 500MW generator to be set up, Kumarawadu pointed out that changes to a long term generation plan are not easily absorbed with the kind of resource limitations the country is faced with.

However, the CEB Workers' Union, which also held a media briefing on the crisis yesterday, pinned the blame on an alleged mafia run in the Ceylon Electricity Board, promoting coal.

"What we want are green energy, coal may be cheap in the short-term but the environmental cost is too much," CEB Workers' Union chairman Malaka Wickremesinghe said.

Wickremesinghe also refuted the claim that the long term generation plans were not approved, saying that the approval was given by the regulator on time, but delaying tactics were carried out without implementing the plan.

The Engineers' Union also claimed that opaque tender processes followed to bring in plants should be blamed, not the engineers.

"The public shouldn't blame engineers but question the politicians and officials who are attempting to do so, they are the ones to blame," Kumarawadu claimed, saying that a transparent tender process should always be followed to establish plants.

Denying that they are favouring emergency power, the engineers also pointed out that unlike other plants, emergency tenders are competitive, and don't have room in the rates to give commissions as the cost is high, making the option the least favoured to address the current crisis.

“It is the corrupt politicians and connected officials who should be blamed, not CEB engineers, we should follow the tender process to the letter to ensure no corruption, and fight against any mafia,” Kumarawadu claimed.

Prof. Malik Ranasinghe new Sampath Bank Chairman

Sampath Bank yesterday announced the appointment of Prof. Malik Ranasinghe as its new Chairman with effect from 2 April.

Professor Ranasinghe, who was the Deputy Chairman of the bank since August 2016, took on his new role from Tuesday. His rich experience and deep understanding of the bank’s core values will be invaluable in achieving its objectives.

Prof. Malik Ranasinghe

Professor Ranasinghe is a former Vice-Chancellor, University of Moratuwa, Member of the University Grants Commission and Independent Non-Executive Director on a number of corporate boards. He is a Fellow Member, Chartered Engineer and International Professional Engineer of the Institution of Engineers, Sri Lanka, Fellow Member of the National Academy of Sciences, Sri Lanka and The Institute of Project Managers of Sri Lanka and a Graduate Member of the Sri Lanka Institute of Directors.

He obtained his PhD from The University of British Columbia, Vancouver, Canada in Civil Engineering Economics as a Canadian Commonwealth Scholar.

Forbes features Lankan-born Manuri in ‘30 Under 30 Asia’ list

Manuri Gunawardena, a Sri Lankan-born health tech entrepreneur in Australia, has been featured by the Forbes magazine in its latest ‘30 Under 30 Asia’ list.

Manuri Gunawardena

Her Sydney-based startup HealthMatch uses machine learning to sort through the thousands of clinical trials being run by contract research organisations (CROs) in Australia and matches registered patients that are relevant. Gunawardena was also featured as an honoree in the Healthcare and Science category.

Speaking to Daily FT, Gunawardena said: “Making the ‘Forbes 30 under 30 Asia’ list and being featured on the cover as the healthcare honoree has been a surreal experience. It is a great acknowledgement and recognition of the tremendous amount of work and success so far, but it is only the beginning. We are aiming to dramatically improve the future of healthcare by lowering barriers to research and development – and using technology to do so.”

Gunawardena first thought about HealthMatch when she was working at the neuro-oncology laboratory of University of New South Wales as a medical student. While experiencing setbacks in finding patients to participate in clinical trials for potentially-lifesaving treatments, she also observed that there was no convenient way for patients to search for substitute treatments for their conditions. That is when she founded HealthMatch and earlier this year, she launched her online platform in Australia.

Talking about HealthMatch’s future plans, Gunawardena said that she was planning to raise at least \$10 million later this year in a series A funding round that would boost expansion plans outside of Australia.

“We are looking at expansion outside of Australia into Asia and the US. The first stop will likely be Hong Kong and Singapore. Both countries are big pharmaceutical research and development hubs for clinical

trials. This will be followed by the US shortly after. There is also the chance we will do our series A fundraising later in 2019. We are hoping to raise at least \$ 10 million to support our expansion plans,” said Gunawardena.

Last year, HealthMatch successfully raised \$ 1 million capital through seed venturing where the funding round included Sydney-based venture capital fund Tempus Partners, WhatsApp Head of Product Anton Borzov and Google’s Director of Intellectual Property and Litigation Catherine Lacavera.

Gunawardena, with HealthMatch’s Co-Founder Arran Schlosberg, won the inaugural Australian TechCrunch Startup Battlefield event in 2017 where they took home the grand prize of \$25,000 and an all-expenses-paid trip to San Francisco to pitch at TechCrunch’s flagship Disrupt SF 2018 event.

The Forbes ‘30 Under 30’ list features 300 young disruptors, innovators and entrepreneurs across Asia—all under the age of 30—who are challenging conventional wisdom and rewriting the rules for the next generation.

The list includes 30 honorees in 10 categories—Arts (Art & Style, Food & Drink), Entertainment & Sports, Finance & Venture Capital, Media, Marketing & Advertising, Retail & Ecommerce, Enterprise Technology, Industry, Manufacturing & Energy, Healthcare & Science, Social Entrepreneurs and Consumer Technology.

Investor confidence key to development: Cabraal

Improving investor confidence to boost exports and attract investment should be the top priority of the Government, former Central Bank of Sri Lanka (CBSL) Governor Ajith Nivard Cabraal said yesterday, while faulting the Government for failing to boost growth.

“In order to get out of this low growth situation, Sri Lanka has to increase growth to at least 6.5%, but the Government is struggling at 2%. The interest rate has to be brought down as fast as possible, so that companies can have access to capital so that they can expand business activities,” Cabraal told reporters at the Sri Lanka Podujana Peramuna (SLPP) head office in Battaramulla.

He also said import substitution or repatriating foreign exchange within a short time by investors was not the most constructive way to stabilise the rupee. He pointed out that restricting economic activities would not help to stabilise the rupee, insisting such moves would affect the economy adversely.

“Restricting economic activities is not the solution. If the Government wants to stabilise the rupee they should increase export earnings. This is the best way for the Government to increase reserves and encourage growth,” he added.

Cabraal pointed out that restricting imports to stabilise the rupee might create unnecessary pressure for importers and indirectly drive up costs for consumers.

Comparing the economy’s current situation to the pre-2015 era, Cabral claimed the total debt stock reduced by Rs. 19 billion in 2013 and in 2014 it was reduced by Rs. 89 billion due to the appreciation of rupee, but the entire trend had changed from 2015 onwards. He blamed the Government for increased debt repayments due to rupee depreciation.

He said from 2015 onwards, the debt stock of the country had risen due to the depreciation of rupee. “The CSBL annual reports says very clearly that in 2015 the total debt stock increased by Rs. 285.1

billion. In 2016 it was increased by Rs. 186.6 billion. But in 2018 the total debt stock would have increased by at least Rs. 800 billion. Most probably when CBSL report is out for 2019 the figure might increase even more.”

Cabraal also claimed the bond scam that took place on 27 February 2015 had increased the interest rates of the economy, and affected the stability of the economy. “We had shown that due to the notorious bond scam the Government had to incur a colossal Rs. 145 billion loss.”

He said Average Weighted Prime Lending Rate (AWPLR) went up to from 6.3% to 12.1% within a span of four years, claiming that led to the increase of all other interest rates. He claimed due to mismanagement of the Government, the State had to incur a Rs. 2073 billion loss.

“That amount of loss would have been sufficient to construct three additional Hambantota ports, four additional Colombo-Katunayake expressways, eight additional Colombo-Matara expressways, two Norochcholai Coal Power plants, and three Mattala airports,” he claimed.

However, he noted in a future Government the prevailing economic situation could be improved with the support of proper management.

Cabinet nod to award Rs. 13 b Waters Edge construction to Sathuta Builders

Cabinet this week granted approval to award tender to construct a 48-room hotel for Waters Edge Company to Sathuta BuildersLtd. for Rs. 13 billion. The proposal was made by Megapolis and Western Province Development Minister Patali Champika Ranawaka, to award the construction of the small luxury hotel at Battaramulla Waters Edge Hotel premises.

Headed by R. M. Sunil Rathnayake as Chairman and Managing Director, Sathuta Builders Ltd. was the one of the first construction firms in the country to obtain the CIDA gradings of C3, C2, C1 and the prestigious CS2 for Building Construction.

Cabinet also gave approval to another proposal made by the Minister, to develop the land in Peliyagoda, which has been earmarked for a housing project designed for low income people under the Urban Regeneration Program launched by the Ministry.

The Cabinet proposal to award construction work to erect a Gabion Wall and prepare the proposed land to build 600 housing units to Land Reclamation and Development Corporation at a cost of Rs. 217.34 million.

The project aims to build 40,000 housing units for urban poor communities where 8,380 units have already been completed under 16 projects launched in phase I.

India's Ircon International wins \$91 million deal to rebuild part of Northern railway

The Government this week decided to award a contract to rebuild a 128 kilometre-long stretch of rail track worth \$ 91.3 million to India's Ircon International Ltd.

According to the proposal made by Transport and Civil Aviation Minister Arjuna Ranatunga, the track, stretching from Mahawa to Omanthai and using funds from an Indian government loan, is aimed at

improving part of the Northern railway line, a statement released by the Government Information Department said.

The project aims to rehabilitate the rail track to enable running trains at a 100 km/h speed with heavier loads, and to ensure efficient, safe, and comfortable transport service for passengers and freight, the statement said.

BOI establishes one-stop service centre at Hambantota International Port

The Board of Investment of Sri Lanka (BOI) has established a one-stop service centre at the Hambantota International Port (HIP), to provide investors in the port and related services easy access to avail themselves of concessions open to them.

A ceremony was held recently at the Business Centre of the Hambantota International Port to launch this service with the attendance of Minister of Development Strategies and International Trade Malik Samarawickrama, Chinese Ambassador to Sri Lanka Cheng Xueyuan, Board of Investment of Sri Lanka Director General Champika Malalgoda, Hambantota International Port Group (HIPG) CEO Ray Ren, HIPG COO Tissa Wickremasinghe and Hambantota International Port Services (HIPS) CEO Captain Ravi Jayawickrama.

This is a new joint initiative of the BOI with HIP. The BOI would play the role of a facilitator with the long term goal of improving Sri Lanka's ranking on the World Bank's Ease of Doing Business Index. HIPG, whose principal shareholder is CMPort, one of the world's leading port operators, is targeting port related activities within the 3.5 square km area allotted for the port's development. Together with its local partner SLPA, HIPG is working towards making this initiative a reality.

"This is an entirely new concept in Sri Lanka and HIPG is very excited about promoting this locally and internationally, to attract port related industries to Sri Lanka. The Hambantota Port is uniquely placed not just in Sri Lanka but on the global maritime map, the main reason being its positioning in close proximity to the sea lane connecting East and West. The fact that it is not located in a congested city, but has enough land space to expand, will also provide great opportunities for investors," said HIPG COO Wickremasinghe.

It would also be a boon from the point of view of both local and international export related businesses, as they would have easy access to information on incentives and facilities the BOI could offer them. The one-stop service centre would be a launch pad for the next stage in port development, where Sri Lanka would join international trade and commerce, from the southern part of Sri Lanka.

The vision of Hambantota International Port is to create the right mix to take port development from merely a destination for sea going vessels, towards commercial, marine services and lifestyle concepts — more so when one considers how airports have developed in recent years.

HIP operates across five platforms, providing RO-RO, conventional cargo, oil and gas, container, bunkering and cruise services along with a wide range of client and industry-specific services to ensure that fleets remain in operative condition. The services include bunkering, ship repairs, ship chandlers, sea marshals, underwater services, surveys and crew changes.

The Hambantota International Port is positioned to be the one-stop logistics platform that caters to all, offering an integrated package that could be tailor made to their customers' needs. Reinforced by Hambantota's geographic location, the port offers an unparalleled experience of air and sea connectivity.

HIP is also looking at the wider arena of yacht and leisure travel, and working towards facilitating cruise travellers who use the port as a calling destination. In order to achieve these goals, HIP has taken into consideration, their close proximity of the Mattala Airport and built processes for air-sea cargo movement.

The one-stop service centre will be an added advantage to the array of services and incentives, investors could choose from. HIPG CEO Ren said: "While we are looking at developing the various silos of the port such as leisure, commercial, bunkering, transshipment, Ro Ro operations, we also see this as a great opportunity to move the Sri Lankan economy into a super charged position to attract investors. After setting up of the one-stop service centre we are awaiting a national free port policy for the Hambantota Port to encourage investors."

The Hambantota Port is in line with the national vision for port development in Sri Lanka and responds to the SLPA's future growth plans for a modern port, free of urban restrictions, assuring long-term expansion capacity and a world standard industrial and logistics zone. A platform that can receive main players of port, maritime, industrial and logistics sectors, that adhere to the highest standards of integrity.

HIP will provide a variety of services from container handling, general cargo, RORO, passenger, bunkering, bulk terminal, gas to project cargo. It is well on its way to becoming one of a kind, as the only port in the country, designed to handle the full gamut of services in the maritime and logistics area. HIP plans to present economically efficient and environmentally sound incentive benefits and port services to all port users and stakeholders.

China Merchants Port Holdings Company Ltd. (CMPort), is the principal partner of HIPG, has been named the largest globally competitive public port developer, investor and operator in China, with investments in Mainland China, Hong Kong and overseas. CMPort operates in five continents, 18 countries and 34 ports.

In line with its vision to make HIP a world class sea port, the Hambantota International Port Group is focused on continuing to exceed stakeholder expectations, significantly increasing its performance in 2018. Over 300 vessels with different service requirements called at HIP and the port doubled its Ro Ro throughput volumes reaching 235,000 units.

Break-bulk throughput in 2018 was 170,000 tons and the port widened the scope of its services from Ro Ro operations to bulk, break-bulk, project cargo, cruise and are currently working on extending to ship supply services, repairs and layups, bonded warehousing, etc.

Another achievement by HIPG is its partnership with a global player for bunkering expected to begin in the final quarter of 2019. HIP also works closely with Litro and LAUGFS for LPG, bringing them a step closer to the goal of becoming an energy hub.

The port is currently involved in developing port related industry and are looking at setting up a number of industries including construction, food and energy. As a part of giving back to the community, HIP has created approximately 700 jobs directly with another 2,000 job opportunities indirectly for the locale. It has undertaken a number of projects to uplift adjacent communities, recently pledging a sum of Rs. 30 million to completely revamp a school in the Hambantota Tissapura area.