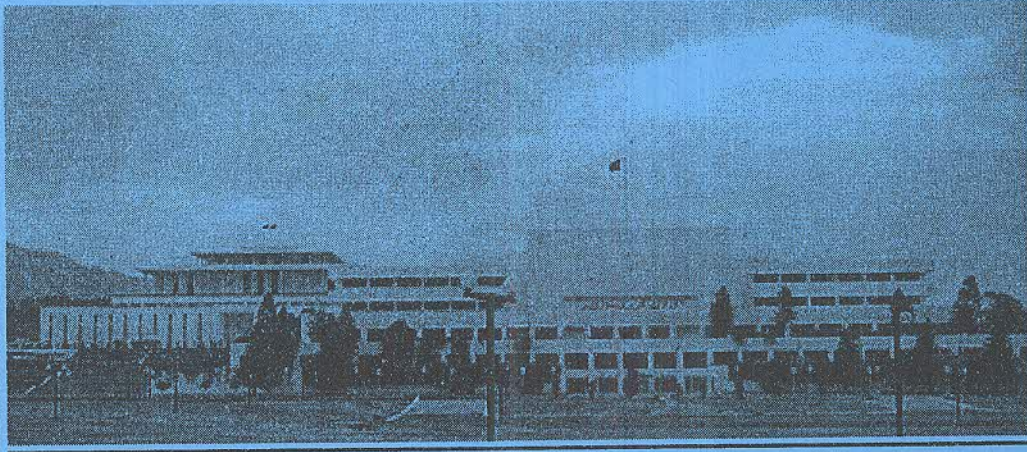




SENATE OF PAKISTAN



REPORT OF THE SENATE SPECIAL COMMITTEE
ON
TWENTY FOUR DEMANDS MADE BY GOVERNMENT OF KPK

In accordance with the directions of the Chairman Senate during Senate sitting held on 20th January, 2016 on 24 Demands made by the Government of Khyber Pakhtunkhwa.



PRESENTED BY
SENATOR SYED MUZAFAR HUSSAIN SHAH
CONVENER

SENATE SECRETARIAT

REPORT OF THE SENATE SPECIAL COMMITTEE ON TWENTY FOUR DEMANDS MADE BY THE GOVERNMENT OF KHYBER PAKHTUNKHWA

I have the honour to present the report on behalf of the Special Committee in accordance with the directions of the Chairman Senate during Senate sitting held on 20th January, 2016 on 24 demands made by the Government of Khyber Pakhtunkhwa.

2. The composition of the Committee is as under:

1.	Senator Syed Muzafar Hussain Shah	Convener
2.	Senator A. Rehman Malik	Member
3.	Senator Muhammad Talha Mehmood	Member
4.	Senator Saleem Mandviwala	Member
5.	Senator Mir Israrullah Khan Zehri	Member
6.	Senator Col (R) Syed Tahir Hussain Mashhadi	Member
7.	Senator Sardar Fateh Muhammad Muhammad Hassani	Member
8.	Senator Taj Haider	Member
9.	Senator Sardar Muhammad Yaqoob Khan Nasir	Member
10.	Minister Incharge for Cabinet Division	Ex-officio Member
11.	Minister for Water and Power	Ex-officio Member
12.	Minister for Petroleum and Natural Resources	Ex-officio Member
13.	Minister for Planning Development & Reforms	Ex-officio Member
14.	Minister for Railways	Ex-officio Member
15.	Minister for Finance Revenue, Economic Affairs, Statistics & Privatization	Ex-officio Member

The Honourable Chairman of the Senate was pleased to constitute a special committee with the undersigned as its convener to consider the above said Twenty Four Demands after hearing viewpoints of the Provincial Government of Khyber Pakhtunkhwa and the Federal Government and thereafter to make such recommendations as the committee feels necessary.

It may be mentioned here that the members of the committee consisted of mostly chairmen of standing committees who had earlier submitted a report on the above said Twenty Four Demands. It would also be relevant to mention here that it became increasingly difficult to convene meetings of Special Committee due to absence of most of the members and the question of quorum as such

became an issue. Nevertheless, the Special Committee is submitting herewith its views/recommendations on the same demands.

The Special Committee heard the views of the provincial Government of KPK on the Twenty Four Demands and the position of the relevant Ministries of the Federal Government also in the Twenty Four Demands. The Committee had partially formulated its recommendations when Senator Nauman Wazir, who was the special invitee to the meetings of the Special Committee, requested time so as to verify the position of the KPK Government on the Twenty Four Demands. On the basis of such a request the KPK Government was granted time to verify its position and because of the same, extension in time had to be sought from the House. Thereafter the KPK Government took a substantially long time to verify its position and the same was submitted which was then forwarded to the relevant Ministries of the Federal Government for their views and comments.

After the receipt of the comments of the position of the Federal Government, the Special Committee, after taking into consideration the position taken by the KPK Government and the Ministries of the Federal Government and all other facts and circumstances relating thereto, has formulated the Recommendations placed below.

Demand No.1, 2 & 3

The demands pertain to the profit of Net Hydel Profit (NHP). It is the case of provincial government of Khyber Pakhtunkhwa that proportionate share of KP government under this head has not been received. The Khyber Pakhtunkhwa government in its additional comments suggested that uncapping by NEPRA was an interim arrangement and the permanent solution of the problem would be AGN Qazi Formula of 1991 as approved by the CCI and which needs to be implemented.

The CCI in its decision on the summary dated 24th December, 1990 decided that the methodology of calculation of net profit of bulk generation should be decided in accordance with the decision given by the AGN committee and that the net profit up to the end of financial year 1990-91 should be adjusted against the deficit grant release to the provinces from 1973-74 onwards. In addition thereto, an MOU has been signed through mutual agreement between the federal government and the KPK government. Copy of the agreement is attached as **Annexure 'A'**.

The committee is of the opinion that since the CCI has decided on the summary on the issue of calculation of net profits from bulk generation of electricity as proposed by the AGN Qazi committee should be implemented. The photocopy of the decision taken under summary of 1st January, 1991 is attached herewith market as **Annexure 'B'**.

Demand No.4

This demand pertains to the grant by the federation for issuing the requisite sovereign guarantee on behalf of the provinces in case of provincially managed /supervised power plants. This matter was taken up by the provincial government with the Ministry of Finance in the National Economic Council which considered the proposal submitted by finance division regarding "fixation of provincial debt raising sealing" and approved the provisions as contained in the proposals in Para, 10 of the said summary. Copy of the decision of the NEC is attached as Annexure 'C'.

It has been stated by the federal government that all provinces are empowered to obtain international loans from multilateral and bilateral institutions through economic affairs division, government of Pakistan. There is no limit on international borrowing of the provinces.

