

SENATE OF PAKISTAN
House of the Federation



REPORT OF THE SENATE STANDING COMMITTEE ON AVIATION

**REPORT OF THE SENATE STANDING COMMITTEE ON AVIATION ON
"THE PAKISTAN INTERNATIONAL AIRLINE CORPORATION
(CONVERSION) ACT, 2016 [THE PAKISTAN INTERNATIONAL AIRLINE
CORPORATION (CONVERSION) (AMENDMENT) BILL, 2023"
INTRODUCED BY KHAWAJA SAAD RAFIQUE, MINISTER OF AVIATION,
IN THE SENATE SITTING HELD ON 4TH AUGUST, 2023**

PRESENTED BY

**Senator Hidayat Ullah
Chairman
Senate Standing Committee on Aviation**

SENATE SECRETARIAT

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"THE PAKISTAN INTERNATIONAL AIRLINE CORPORATION
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I, Senator Hidayat Ullah, Chairman Standing Committee on Aviation, have the honor to present, on behalf of Committee, this report on "The Pakistan International Airline Corporation (Conversion) Act, 2016 [The Pakistan International Airline Corporation (Conversion) (Amendment) Bill, 2023]" referred by the House in its sitting held on 4TH August, 2023, to the Committee for consideration and report.

2. The composition of the Committee is as under:-

1	Senator Hidayat Ullah	Chairman
2	Senator Syed Muzafar Hussain Shah	Member
3	Senator Syed Muhammad Sabir Shah	Member
4	Senator Faisal Saleem Rahman	Member
5	Senator Mian Raza Rabbani	Member
6	Senator Sherry Rehman	Member
7	Senator Aon Abbas	Member
8	Senator Umer Farooq	Member
9	Senator Mohsin Aziz	Member
10	Senator Saleem Mandviwala	Member
11	Senator Afnan Ullah Khan	Member
12	Senator Dilawar Khan	Member
13	Minister for Aviation Division	Ex-Officio Member

3. The Committee took up discussion on the amendments of the Bill at 'Annex-A' in its meeting held on 5th August, 2023.

4. The following members of the Committee attended the meeting on 5th August, 2023:

i.	Senator Hidayat Ullah	Chairman
ii.	Senator Saleem Mandviwala	Member
iii.	Senator Umer Farooq	Member
iv.	Senator Mohsin Aziz	Member
v.	Minister for Aviation Division	Ex-Officio Member

5. The meeting started with the recitation from the Holy Quran. The hon'ble Chairman of the Committee, Senator Hidayat Ullah welcomed all participants and expressed his gratitude for making it convenient to attend the meeting. Thereafter, the proceedings started.

6. The Committee was told that PIA, being the national Airline, has not been able to fulfill its statutory mandate and incurring huge losses in recent times. The quality of services deserved by the people of Pakistan as mandated by law has also deteriorated. Therefore, there is a need to revamp the national Airline. The main objective of this Bill is to ensure its continued operations as the country's national airlines; to promote rapid development and modernization of the Airline to encourage injection of capital, skills and latest technology; to upgrade the Airline operational and financial performance and to achieve improvement in performance and operational efficiency in various business segments of the Airline. In order to achieve these objectives, it is imperative that the Airline be corporatized and converted in to a public limited company, incorporated under the Companies Ordinance, 1984. This conversion will enable the Government of Pakistan to revitalize the Airline and develop a healthy, competitive aviation sector in Pakistan.

7. The Committee deliberated upon the amendments proposed in the Bill titled "The Pakistan International Airline Corporation (Conversion) Act, 2016 [The Pakistan International Airline Corporation (Conversion) (Amendment) Bill, 2023]". After discussions and deliberations, the Committee agreed to amendment in section 1 and 2 of the bill and passed the amendments with consensus, whereas, amendment in section 3, after detailed discussion, was withdrawn by the Ministry of Aviation. Regarding amendment in section 4, the Committee proposed the following:

Amendment of section 4, Act XV of 2016.— In the said Act, in section 4,—

- (a) for sub-section (4), the following shall be substituted, namely:-

“(4) Representation on the Board of Directors and all other rights and privileges of shareholders of the company, or any of its subsidiary companies, shall be proportionate to their shareholding”;


Explanation to sub-section (4) omitted; and

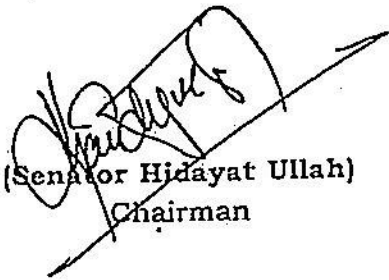
- (b) for sub-section (6), the following shall be substituted, namely:-

“(6) Notwithstanding anything contained in the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002) and the rules and regulations made thereunder, the procurement, rent and lease of aircraft and parts thereof and such other items as the Federal Government may from time to time specify through a notification in the official Gazette, by the Company shall be made through one or more committees in the manner prescribed by the rules.”

8. Thereafter, the Chairman Committee Senator Hidayat Ullah put the amendments in the bill to vote before the Committee and the amendment bill was passed unanimously.

9. Accordingly, The Committee recommended that the amendments proposed in the bill titled “The Pakistan International Airline Corporation (Conversion) Act, 2016 [The Pakistan International Airline Corporation (Conversion) (Amendment) Bill, 2023]” as introduced in the Senate may be passed by the Senate of Pakistan. Copy of the amended bill as introduced in the Senate is annexed. The Committee also gave approval for presentation of this report to the house.


(Syed Khurram Hussain Naqvi)
Secretary Committee


(Senator Hidayat Ullah)
Chairman

[TO BE INTRODUCED IN THE SENATE]

A

Bill

to amend the Pakistan International Airline Corporation (Conversion) Act, 2016

WHEREAS it is expedient to amend the Pakistan International Airline Corporation (Conversion) Act, 2016 (XV of 2016) in the manner and for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement- (1) This Act shall be called the Pakistan International Airline Corporation (Conversion) (Amendment) Bill, 2023.

(2) It shall come into force at once.

2. Amendment of section 2, Act XV of 2016.- In the Pakistan International Airline Corporation (Conversion) Act, 2016 (XV of 2016), hereafter called the said Act, in section 2, for clause (p), the following shall be substituted, namely:-

“(p) validity period” means the period starting on the commencing date and ending on the 30th day of June, 2025 or on such date as the Federal Government may, by notification in the official Gazette, appoint;”.

3. Amendment of section 3, Act XV of 2016.- In the said Act, in section 3, for subsection (3), the following shall be substituted, namely:-

“(3) The Shareholders of the Company shall be deemed to own and hold the same number of fully paid shares with such rights and privileges, including as to class, kind and face value, as they owned and the Federal Government may, during the validity period and by notification in official Gazette, issue fresh shares or cancel any shares as it may deem fit.”.

4. Amendment of section 4, Act XV of 2016.— In the said Act, in section 4,-

(a) for sub-section (4), the following shall be substituted, namely:-

“(4) Representation in management of the Company and its subsidiaries shall be proportionate to the shareholding.”; and

(b) for sub-section (6), the following shall be substituted, namely:-

“(6) The procurement, rent and lease of aircraft and parts thereof and such other items relating thereto shall be made in the prescribed manner notwithstanding anything contained in the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002) and rules and regulations made thereunder.”.

STATEMENT OF OBJECTS AND -REASONS

Restructure PIA's financial health and operations, aimed at profitability and growth, has become inevitable. Prime Minister constituted a Committee on PIACL restructuring headed by Minister for Finance, comprising of Ministers for Aviation, Commerce, Planning & Development, SAPMs, Secretary Aviation and CEO PIACL with mandate to:

- i. To recommend a policy framework in the light of proposed options for making PIA a profitable and self-sustaining organization
- ii. Devising an execution plan for said policy framework,

2. In the light of above, PIACL Management after reviewing the detail study conducted internally and externally including Dubai Islamic Bank Report, Dr. Ishrat Hussain's report and IATA Consultants Business Plan and consequent upon the meetings and thorough deliberations, restructuring framework has been carved out. A Committee proposed certain amendments in the PIACL (Conversion) Act 2016.

3., Under the proposed legislation, PIACL will be able to cope with the present financial losses.

4. The Bill has been designed to achieve the aforesaid objective.

Minister-in-charge

[AS REPORTED BY THE COMMITTEE]

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(a) for sub-section (4), the following shall be substituted, namely:-

“(4) Representation on the Board of Directors and all other rights and privileges of shareholders of the company, or any of its subsidiary companies, shall be proportionate to their shareholding”;

Explanation to sub-section (4) omitted; and

(b) for sub-section (6), the following shall be substituted, namely:-

“(6) Notwithstanding anything contained in the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002) and the rules and regulations made thereunder, the procurement, rent and lease of aircraft and parts thereof and such other items as the Federal Government may from time to time specify through a notification in the official Gazette, by the Company shall be made through one or more committees in the manner prescribed by the rules.”

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