

203

**MINUTES OF THE 79th MEETING OF THE BOARD OF TRUSTEES
HELD ON 27th JUNE 2007 AT ISLAMABAD**

The 79th meeting of the Board of Trustees of EOBI was held on 27th June, 2007 at 10:30 am, in the Committee Room of the Ministry of Labour & Manpower, Pakistan Secretariat, Islamabad to consider the following agenda:-

S. #	Agenda
01.	To Consider and Approve Revised Budget Estimates for 2006-2007 & Proposed Budget for 2007-2008.
02.	To Consider and Approve Appointment of Statutory Auditors for Financial Year 2006-2007.
Any other agenda item.	
01.	To Consider and Approve Grant of 15% Increase in Pay as Allowed by Federal Government w.e.f. 1 st July 2007 and Increase in Pension of Retired EOBI Employees w.e.f. 1 st July 2006, as Allowed by The Federal Government.
02.	To Consider and Approve Extra Ordinary Medical Expenditure for the Treatment of the Wife of Mr. Shafiq-ur-Rehman Sheikh, Director (HR).

2. The meeting was presided by Malik Asif Hayat, President, Board of Trustees / Secretary to the Government of Pakistan, Labour and Manpower Division. The following attended the meeting.

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| 1. Malik Asif Hayat
<i>Secretary, Labour and Manpower Division</i> | President, BOT. |
| 2. Brig. Aklitar Zamin (R)
<i>Chairman, EOBI</i> | Member, BOT. |
| 3. Mr. Ajaz Mohiuddin
<i>Senior Joint Secretary Labour & Manpower Division</i> | Member, BOT. |
| 4. Mr. Arshad Jamil Khokhar
<i>Financial Advisor (LM&OPs)</i> | Member, BOT. |
| 5. Mr. Abdul Khaliq
<i>Secretary Labour Department, N.W.F.P</i> | Member, BOT. |
| 6. Mr. Walid Bakhsh Baloch
<i>Secretary Labour Department, Balochistan</i> | Member, BOT. |
| 7. Mr. Noor-ud-Din F. Daud
<i>Employers' Representative, NWFP</i> | Member, BOT. |

- 19 -

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- 8. Mr. Zaheer Ahmed Taj
Employees' Representative, Punjab Member, BOT.
- 9. Mr. Muhammad Zaman
Employees' Representative, NWFP Member, BOT.
- 10. Mr. Abdul Aziz Abbasi
Employees' Representative, Sindh Member, BOT.
- 11. Mr. Sultan Muhammad Khan
Employees' Representative, Balochistan Member, BOT.
- 12. Mushtaq Ahmed Samto
ADG, EOBI Secretary, BOT.

3. The meeting commenced with recitation from Holy Quran. The President, BOT welcomed the participants to the Ministry of Labour & Manpower, Islamabad.
4. Secretary, Board while starting the proceedings, apprised that Mr. Nazam F. Haji, the Employers' Representative, Sindh and convener of Investment and Audit Committee could not attend the meeting due to his ill health/ hospitalization. Also, Mr. Nasar Hayat, Secretary, Labour Department, Sindh, Mr. Mohammad Ali Gardazi, Secretary, Labour Department, Punjab, and Sardar Ahmed Ali Jogezi, Employers' Representative, Balochistan could also not attend the meeting due to other pressing commitments. The Board accordingly granted them leave of absence.
5. Secretary, Board apprised that Mr. Munawar Opel, FA/DG(F&A), EOBI, Mr. Abu Ahmed Akif, DG(Ops) and Mr. Farooq Ahmed Awan, Investment Advisor, EOBI were attending the meeting as co-opted members. The President advised that senior officers of EOBI may attend meetings to assist the Board in its deliberations as and when required but not as co-opted members.
6. While taking up the agenda items, Secretary, Board apprised that as the 79th BOT meeting was a budget meeting therefore, only budget related items had been included in the agenda. The regular items of compliance and performance had not been included.
7. Secretary, Board requested members to consider minutes of the 10th Audit Committee, which had already been circulated in the meeting. He informed that

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 MINISTRY OF LABOUR & MANPOWER
 ISLAMABAD

21

Audit Committee convened its 10th meeting on 25th and 26th June, 2007 in the Ministry of Labour and Manpower, Islamabad. While briefing about the minutes, he apprised that while confirming the minutes of the 9th meeting, the Audit Committee made the following observations:

- a. The Institution must improve its collection of contribution
 - b. The Transactions Confirmation Proforma for sale and purchase of share must contain specific information, as to why the shares under consideration were being sold (i.e. whether it was due to liquidity requirement or to realize capital gains) and if shares were being sold at a loss, the reasons for the same etc.
 - c. That Equity Transaction Committee may purchase or sell shares up to a limit, beyond which approval of the Chairman must be obtained before making sale and purchase. The said limit may be decided by the Investment Committee with the approval of the Chairman, EOBI.
8. The Board while deliberating on audit observations further enquired about the procedure of sale and purchase of those functions and authority of Equity Transaction Committee, the procedure for selection of brokers, payment of commission to brokers and the criteria for allocation of business to brokers. The issue of establishing EOBI's own brokerage house was also discussed. The Board also enquired how equity transactions were conducted, whether by way of joint decision-making or by obtaining views on telephone, fax or by any other means from members of the Investment Committee. The question of analyzing the results of sale and purchase was also raised. The Investment Advisor attended the queries.
9. The Board after considering the minutes of the 10th meeting of the Audit Committee decided, as under:
- a. *Investment Department shall prepare the proposed "transaction confirmation proforma" containing all required details and providing space for review and analysis. Compliance to be reported in the next Board meeting.*

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- b. *Investment Department to brief the Audit Committee about the mechanism for evaluating transactions and the system of conducting equity business.*
 - c. *Investment Department to develop a system for carrying out daily evaluation of all equity transactions for submission to the Chairman*

Agenda Item No. 1 To Consider And Approve The Revised Budget Estimates For 2006-2007 & Proposed Budget For 2007-2008.

10. Secretary, Board requested Mr. Munawar Opal, DG (F&A) to apprise the Board members about the revised budget estimates for 2006-07 and the proposed budget for 2007-2008. The DG (F&A) informed that the budget was prepared in consultation with all departments of the Institution and reviewed by the Audit Committee on 25th and 26th June, 2007. DG (F&A) briefed the members about the salient features of the budget.

	(Rupees in million)		
	<u>Approval</u> 2006-07	<u>Revised</u> 2006-07	<u>Proposed</u> 2007-08
BOB fund at the beginning of the year	109,948.837	109,948.837	129,270.808
Total receipts	23,528.799	23,526.110	27,055.191
Total Management expenses	753.289	731.139	797.425
Total Revenue expenditure	4,047.289	4,204.139	5144.425
Total expenditure	4,168.414	4,255.069	5368.005
BOB fund at the end of the year	129,430.347	129,27,808	151,281.574

11. Secretary, Board informed the members that during Audit Committee meeting the Financial Advisor had enquired about Rs. 85 million being kept in the capital budget under the head of "IT Solution" for 2007-2008. He had further desired that the allocation may be kept at Rs. 80 Million, which includes an amount being approximately three percent (3%) over and above the approved PG-1 (on account of contingencies.) Agreeing with this proposal the Audit Committee decided that IT officers appointed under the Core-IT Project be hired for a maximum period of two years.

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- 12. Mr. Abdul Aziz Abbasi Employees' Representative, Sindh pointed out that besides increasing investment income, the Institution should also improve the collection of contribution. He pointed out that some establishments had not been paying the due contribution. Mr. Zahoor Ahmed Taj, Employees' Representative, Punjab while supporting the contention of Mr. Abdul Aziz Abbasi suggested that the actuary of the Institution may be advised to finalize the actuarial valuation at the earliest, so that the target for collection be fixed on the basis of factual positions. The Investment Advisor said that the government was increasing the rate of pension without considering the sustainability of the EOB fund. He proposed that government should consider allowing matching grant while increasing monthly pension to make the EOB Fund viable.
- 13. Secretary, Labour Department, NWFP while sharing his experience observed that lack of coordination with Provincial Labour Departments was the missing link which would be helpful in improving the number of registered employers as well as the insured persons. The Chairman, EOBI appreciated the concern and promised to develop better liaison with Provincial Labour Departments and other concerned Departments/Agencies.
- 14. Mr. Nooruddin F. Daud Employers' Representative, NWFP appreciated the efforts of the Institution and stated that in view of the practical difficulties and ground realities amount of collections achieved was a commendable task.
- 15. The Board while expressing its concern over the receipts observed that the Institution was short by about seven percent (07%) in its contribution target.
- 16. While discussing the investment income the Board expressed its concern over the assets allocation, and desired that the Investment Department should make a comprehensive briefing to the Board on the issue in the next BOT meeting.
- 17. Discussing investment in properties, Secretary, Board informed that the Audit Committee had discussed the issue and enquired about the approved ratio for making investments in real estate and equities. The Committee was informed that in 71st BOT meeting it had been decided that the ratio would be ten percent (10%)

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of fund each in real estate and equities. The Investment Advisor, however, clarified that later on Investment Committee increased the ratio of investment in equities from ten percent (10) % to thirty percent (30 %). Thereupon, Senior Joint Secretary enquired as to whether decision of the Investment Committee could supersede the decision of the Board. The Secretary, Board apprised the members that Investment Committee being a Committee of the Board decides on behalf of the Board and its decisions are deemed to be the decisions of the Board. He further apprised the members that minutes of the Investment Committee were regularly placed before the Board. The Senior Joint Secretary observed that a simple placement of the Investment Committees minutes before the Board did not constitute a ratification of the decisions, unless approved by the Board itself. The President, BOT observed that the Investment Committee was a Committee of the Board constituted with representation of Board members and that it worked and took decisions on behalf of the Board, therefore, the Investment Committee's decisions constituted the Board's decisions, however, it cannot change the assets allocation ratio approved by the BOT. He further stated that by their very nature, investment transactions were based on opportunities requiring swift decisions in the shortest possible time. Therefore, it would be difficult for Board members to meet so frequently and take decisions accordingly, and thus it was required that the Investment Committee took decision on behalf of the Board.

18. The Board directed as follows:

Regarding Contribution Collection:

- a. The Board while not agreeing with the proposed target for contribution and the number of insured persons (IPs) approved the following targets for the year 2007-08.

	<u>2007-2008</u>
✓ Registration of Insured Person (IPs)	170,000
✓ Registration of Employers	2000
✓ Collection of current contribution	Rs 5,585 million
✓ Collection of arrears	Rs 131 million

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✓ Total collection target Rs 5,716 million

- b. Institution must cover up the shortage in collection target within stipulated time improve its collection. The Institution should also strive hard for recovering the arrears within the financial year.
- c. A detailed report giving break-up of collection region-wise be prepared and targets for collection be given accordingly.

Regarding Capital Expenditure:

The Board while approving the amount of Rs 80 million for the Core-IT Project allowed expenditure of Rupees fifty five (55) million for the year 2007-2008 with the remaining amount to be spent in financial year 2008-09.

Regarding Investments:

Assets allocation must be based on the BOT's decisions. Investment Department to carry on its transactions as per the assets allocation approved by the BOT earlier (71st Board meeting held on 20.12.2004), as under:-

- 10% of fund in equity
- 10 % of fund in real estate

19 42. Any proposal for revising the assets allocation ratios be put up in the next Board's meeting.

- a. The Board approved fifteen percent (15%) increase in investment income for the year 2007-2008.
- b. Investment Advisor was directed to present a comprehensive report on the investments in government securities and bank deposit, in the next BOT meeting
- c. The Investment Department to come up with proposals and plan for exploring new avenues for investments.

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196

d. The Board also advised the Investment Advisor to prepare a working paper mentioning that all EOBI's properties are purchased from the EOB Fund. Therefore, these properties will be considered as investment in Real Estate. Thus, Investment Department may come up with the detailed investments made in EOBI offices/ buildings.

20 42. The Board approved the Revised Budget for 2006-07 and proposed Budget Estimates for 2007-08, as summarized below. The detailed break down of the Budget is placed at Annexure A, A1 and A11:

Rupees in Million			
S.#	PARTICULARS	REVISED BUDGET (2006-07)	PROPOSED ESTIMATES (2007-08)
(A) RECEIPTS:			
1.	Contributions Income	5,000,000	5,716,000
2.	Investment Income	18,482,976	21,000,000
3.	Other Income	43,134	54,830
	Total Income	23,526,110	26,770,830
(B) EXPENDITURE:			
(i) Revenue Expenditure:			
1.	Benefits payments	3,473,000	4,347,000
2.	Management Expenses	731,139	800,925
	Total Revenue Expenditure	4,204,139	5,147,925
(ii) Capital Expenditure			
	Total Expenditure	4,235,069	5,346,505

Agenda Item No. 2

To Consider and Approve the Appointment of Statutory Auditors for the Financial Year 2006-2007.

21 42. Secretary, Board apprised the members that a working paper in respect of appointment of Statutory Auditors for auditing the accounts of EOBI for the year 2006-07 was included in the agenda of 78th BOT meeting. The Board during its deliberations decided that the Audit Committee may examine the working paper and recommend to the Board for its consideration.

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Islamabad

-26-

22

42. The Audit Committee in its 10th Audit Committee meeting held on 25th and 26th June, 2007 at Islamabad had discussed the issue at length and noted that although M/s Awais Haider Liaquat Noman, Chartered Accountants had scored the highest points as per evaluation criteria, but had quoted an amount which was less than the minimum fee prescribed by Institute of Chartered Accounts Pakistan (ICAP) for audit of PRIMACO accounts and for this reason the Internal Committee of the Institution had disqualified the firm. Moreover, M/s Ilyas Saeed and Company, Chartered Accountants, had quoted the lowest fee but was placed at serial No 5 (five) in the comparative evaluation table and thus was not considered by the Internal Committee as it quoted a fee lower than retiring auditors, which was contrary to ICAP directives.

23

42. Mr. Farooq Awan, Investment Advisor clarified that the points scored by the firms included points for fees quoted and accordingly the firm which had scored highest points i.e. ninety-three (93) points deserved to be considered for the assignment provided the grounds on which it was disqualified by the Internal Committee of the Institution was relaxed by the Board.

24

42. The Board was informed that the Committee had recommended one of the following two chartered accountants firms for appointment:-

<u>NAME OF FIRM</u>	<u>POINTS</u>	<u>FEE</u>
(i). M/s Awais Haider Liaquat Noman	93	Rs 687,500
(ii). M/s Ilyas Saeed and Company	90	Rs 520,000

25

42. The Board after due deliberations approved appointment of M/s Awais Haider Chartered Accountant, as statutory Auditors of the Institution for the Financial Year 2006-07 at consolidated fee of Rupees 687,500 (Rupees six hundred eighty seven thousand five hundred only), as per details at Annexure-B.

Any other Agenda Items

Item No.1. Strengthening of F&A & Audit Department

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42. The Chairman, EOBBI requested the President BOT to allow him to present few "other items". With the approval of the President BOT, the Chairman informed that in the last BOT meeting, the recruitment of officers in F&A and Audit Departments was approved in principle and the Institution was advised to put up a review report on salary packages of these officers in the next BOT meeting. The Chairman while presenting the review report on salary packages of regular and contract appointments requested the Board to allow appointment of officers on regular pay package with six (6) advance increments in order to attract the best available candidates. The President, BOT inquired the reason for giving six (6) additional increments. The Chairman explained that recent experience of the interview committees had shown that without offering additional increments it would be difficult to find desired candidates especially for Finance and Audit Departments.

27
42. The Board approved strengthening of the F&A and Audit Department as proposed. Accordingly, Board also approved creation of twelve (12) new positions of officers in Finance and Audit cadres in Grades 7 to 9 and fourteen (14) posts in support staff in Grade 1-5 as per details at Annexure C.

28
42. The Board approved recruitment of the officers for the F&A and Audit Departments positions earmarked for direct recruitment with upto six advance increments on the basis of experience and qualifications over and the above basic requirement as per EOBBI (Recruitment Procedure) Service Regulations 1980.

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42. The Board directed that all newly created posts be filled up strictly according to EOBBI (Recruitment Procedure) Service Regulations 1980.

Any other agenda item No. 2

(a) To Consider and Approve Grant of 15% Salary increase (as per Federal Budget 2007 - 2008.)

(b) 42. Increase in Pension of Retired EOBBI employees with effect from 1st July 2006.

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42. Secretary, Board while apprising the members about the proposed 15% increase in salary of EOBBI employees, informed that the Federal Government had announced

an increase in pay to 15% to its in-service employees w.e.f. 01/07/2007. The above increase was also admissible to the EOBI employees from the same date as per standing instruction. After approval of the Board the case shall be forwarded to the Ministry of Labour & Manpower for obtaining concurrence of the Finance Division and clearance by the standing committee constituted for the purpose in the Finance Division.

31

42. The Board was requested to recommend the grant of 15% increase to EOBI employees w.e.f. 01/07/2007, so that the case may be referred to the Ministry. The Board was informed that approximately Rs. 20 millions (Rupees twenty millions) had already been included in the Budget for Financial Year 2007-08 in this respect.

32

42. The Board approved grant of 15% increase for EOBI Employees w.e.f. 01-07-2007 subject to government directives in the matter.

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42. The Board was informed that the Federal Government had also increased the pension from 01/07/2006 and 01/07/2007 to the retired government servants. He said that Regulation 56 of EOBI (Employees Pension and Gratuity) Regulations 1987 provides for adoption of changes made by the Federal Government.

34

42. The matter for increase in pension from 01/07/2006 was submitted to the Board in its 77th Meeting held on 16-17th January, 2007 and the Board had directed that the matter be referred to the Labour and Manpower Division. Accordingly, the matter was referred to the Labour and Manpower Division, who after consultation with the Finance Division, then replied that the matter be put up in the BOT meeting only for approval of the financial impact from the date. It is proposed to give this increase. This financial impact comes to be Rs. 1.7 million (Rupees one million and seven hundred thousand) per annum and Rs. 2.3 millions (Rupees two million and three hundred thousand) per annum for the pension increases from 01/07/2006 and 01/07/2007 respectively.

35

42. The Board was requested to allow the increase in pension to EOBI retired employees/dependants of deceased employees from 01/07/2006 and 01/07/2007 as per rates allowed by the Federal Government i.e. 15% from 01/07/2006 and 15% to 20% from 01/07/2007.

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42. The Board allowed the increase in pension w.e.f 1-07-2006 and 1-07-2007 as allowed by the Federal Government.

Item No.1 To Consider and Approve an Extraordinary Medical Expenditure for the Treatment of the Wife of Mr. Shafiq-Ur-Rehman Sheikh, Director (HR).

37

42 The members were informed that the Institution has a policy to provide the best possible medical coverage to its employees within its available means. In cases, where employees and their dependents were suffering from life threatening diseases, such as, cancer, tuberculoses, cardiac problems, hepatitis, and diabetes, etc. there was no limit for hospitalization. In certain chronic cases the annual limit of the medicines was also enhanced after thorough medical evaluation. The Board was further apprised that under ECMB (Employees' Medical) Regulations, 1980 there was no limit or ceiling imposed on treatment provided during hospitalization.

38

42. All the same, from time to time certain cases in which the estimated expenditures were on the high side had been referred to the Board for its approval. The instant case pertained to wife of Mr. Shafiq ur-Rehman Sheikh, Director (HR) who was diagnosed with breast cancer in November 2006. She had already undergone two surgical procedures for excision of affected tissues and the biopsy of excised tissue had confirmed cancer. She had been advised further treatment in three consecutive phases.

- ✓ First phase Chemotherapy (FA six sittings).
- ✓ Second phase Radiation Therapy 25 sittings.
- ✓ Third phase Herceptin therapy

39

42. Pathological examination of tissue of excised tissue and tumor had revealed that she had a condition known as HER-2, positive level III, which indicates the extremely high risk of spread of cancer of epithelial cells. In order to control this likelihood of spread of cancer patients with the condition HER-2 positive level had to be treated with the only available medicine HERCEPTIN, which is being manufactured and marketed by M/s. ROCHE Pharmaceuticals. This drug is injected through intravenous infusion following which patient had to be hospitalized for at least one day or more.

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- 30 -

SECRETARY
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40

42 The estimated cost of the treatment given by various hospitals was as under:

a	<u>Aga Khan Hospital</u>	Total 18 doses
	First loading dose	Rs. 260,000/-
	Maintenance: 17 doses @ Rs. 130,000/- Per dose every third week.	Rs. 2,210,000/-
	Total cost	<u>Rs. 2,470,000/-</u>
b	<u>Dr. Zia Uddin Hospital</u>	Total 55 doses
	Initial loading dose	Rs. 260,000/-
	Maintenance dose @ Rs. 65,000/- (Weekly for one year)	Rs. 3,65,000/-
	Total cost	<u>Rs. 3,575,000/-</u>

41 42. The third option was to purchase 20 vials of Herceptin directly from M/s Roche Pharmaceuticals for Rs. 98,000/- per vial, which would cost a total amount of Rs. 1,960,000/-.

42 42 Accordingly the BOI was requested to consider and approve a sum of Rs. 1,960,000/- (Rupees one million nine hundred and sixty thousand) for treatment of the wife of Mr. Shafiq-ur-Rehman Sheikh, Director (HR).

43 42. *The Board members were extremely sympathetic towards the condition of Mrs. Shafiq-ur-Rehman Sheikh and considered the matter at length. However, the final opinion was that if the Board allowed the present expenditure, it will create a precedent for other employees which in turn may be very difficult to manage for the Institution. The Board therefore could not allow payment of Rs. 19,60,000/- as extraordinary medical expenditure. The Board did, however allow a payment up to the maximum amount already approved in such cases by the Board.*

44 42. The meeting ended with a vote of thanks to the chair.

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REVISED BUDGET ESTIMATES FOR 2006-07 AND PROPOSED BUDGET FOR 2007-08
AS APPROVED BY THE BOARD OF TRUSTEES

70
189

PARTICULARS	2004-05	2005-06	2006-07		2007-08		Note / Reference	
	AUDITED	AUDITED	APPROVED	REVISED PROPOSED BY THE INSTITUTION	REVISED APPROVED BY THE BOT	PROPOSED BY THE INSTITUTION		APPROVED BY THE BOT
F.O.B Fund at the beginning of the year	81,641.000	96,000.805	109,948.837	109,948.837	109,948.837	129,270.808	129,270.808	
RECEIPTS								
Contribution Income	2,702.527	3,370.393	5,000.000	5,000.000	5,000.000	5,604.000	5,716.000	
Investment Income								
i) Fixed Investment Income	12,459.395	14,052.943	17,237.799	17,249.928	17,249.928	20,017.031	19,520.690	
ii) Equity Investment Income	1,250.424	(15.371)	1,219.310	1,231.810	1,231.810	1,479.310	1,479.310	
iii) Other Investment Income	477.861	5.037	4.230	1.238	1.238			
Total Investment Income	14,187.680	14,042.609	18,461.359	18,482.976	18,482.976	21,496.361	21,000.000	
Other Income								
i) Rental Income	38.396	29.881	41.440	36.134	36.134	47.330	47.330	
ii) Misc. Income	7.439	10.045	6.000	7.000	7.000	7.500	7.500	
TOTAL RECEIPTS (a + b + c)	16,036.042	17,452.928	23,528.799	23,526.110	23,526.110	27,155.191	26,770.830	
EXPENDITURES								
Revenue Expenditure								
Benefit payments	1,929.413	2,499.362	2,294.000	3,473.000	3,473.000	4,347.000	4,347.000	
Management Expenses								
Human Resource Cost	483.392	482.733	538.420	502.920	502.920	567.050	570.550	Annex - A (I)
Office Expenses	139.432	152,801	214,869	228,219	228,219	230,375	230,375	Annex - A (II)
Total Management Expenses	624.824	635.534	753.289	731.139	731.139	797.425	800.925	
Total Revenue Expenditure (1 + 2)	2,554.237	3,134.896	3,047.289	4,204.139	4,204.139	5,144.425	5,147.925	
Capital Expenditure	37.497	26.162	121.125	50.930	30.930	223.580	198.580	Annex - A (II)
TOTAL EXPENDITURES (A + B)	2,591.734	3,161.058	3,168.414	4,255.069	4,235.069	5,368.005	5,346.505	
Investment in Properties	2,121.912	594.057		1,016.863	1,016.863			
Provision against Investments doubtful of recovery	22.000	(30.000)						
Surplus of Receipts over Revenue expenditure (III-III(A)-VI)	14,359.805	13,948.032	19,481.510	19,321.971	19,321.971	22,010.766	21,622.905	
F.O.B Fund at the end of the year (1+VI)	96,000.805	109,948.837	129,430.347	129,270.808	129,270.808	151,281.574	150,893.713	
Sanctioned Human Resource	1,100	1,100	1,100	1,138	1,138			

As per decision of the BOT in its 71st meeting held on 20-12-2004, the Institution may invest 10% of its funds in equity of companies listed on stock market and 10% of its funds in Real Estate. The BOT in its 79th meeting has revised the allocation for 20% and 7.5% in equity & Real Estate respectively

- 32 -

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MANAGEMENT EXPENSES

APPROVED BUDGET & REVISED ESTIMATES 2006-07 AND PROPOSED BUDGET 2007-08

AS APPROVED BY THE BOT

(Rupees in Million)

TITLE OF ACCOUNT		Actual Expenses (Audited)	Actual Expenses (Audited)	Approved Budget	Revised Estimates Proposed by the Institution & Approved by the BOT	Proposed Budget by the Institution & Approved by the BOT
		2004-05	2005-06	2006-07	2006-07	2007-08
A) HUMAN RESOURCE COST						
1	<i>Pay & Allowances</i>	264.921	254.513	311.500	300.000	326.500
2	<i>Other Benefits</i>					
i)	Employees' medical expenses	35.549	34.652	41.170	41.170	42.000
ii)	Long term compensated absences expenses	41.000	60.740	41.000	41.000	41.000
iii)	Employees' welfare expenses	3.827	3.798	4.700	4.700	4.700
iv)	Overtime / Conveyance / Meal Charges	0.813	0.237	0.400	0.400	0.400
v)	Bonus	3.219	-	-	-	-
vi)	Group Insurance Premium	1.352	1.343	1.800	1.800	1.800
vii)	Employees transfer expenses	0.203	0.751	0.500	1.000	1.000
viii)	Field Officers Transportation Expenses	7.570	8.852	8.500	8.500	8.500
ix)	Leave encashment	6.642	5.712	8.000	8.000	9.000
x)	Honorarium / Cash Awards	0.082	0.006	0.100	0.400	13.000
xi)	Training expenses	-	-	-	-	-
a)	Local Training	0.915	0.622	2.000	4.000	2.000
b)	Foreign Training	0.892	0.425	2.000	1.000	2.000
3	<i>Retiring Benefits</i>					
i)	Provident fund contribution	0.255	0.255	0.350	0.350	0.350
ii)	Employees' gratuity	1.027	1.336	1.400	1.600	1.800
iii)	Employees' pension contribution	88.862	72.669	75.000	37.000	40.000
iv)	Post retirement medical benefits exp.	27.763	36.822	40.000	52.000	73.000
v)	Contribution to Deceased Employees Children Education Fund	0.500	-	-	-	-
Total Human Resource Cost :-		485.392	482.733	538.420	502.920	567.050
Provision for Recruitment of 27 Officials (13 Officers & 14 Support Staff Members) for F & A and Audit Department. Approved by BOT in its 78th & 79th Meetings. (50% of the estimated cost as taken for other vacant posts)						3.500
Total Human Resource Cost :-						570.550

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 Ministry of Labour, Manpower
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 Islamabad

TITLE OF ACCOUNT		Actual Expenses (Audited)	Actual Expenses (Audited)	Approved Budget	Revised Estimates Proposed by the Institution & Approved by the BOT	Proposed Budget by the Institution & Approved by the BOT
		2004-05	2005-06	2006-07	2006-07	2007-08
B) OFFICE EXPENSES						
1	Boards' committee meetings	1.045	0.691	2.000	1.000	2.000
2	Computer stationery and allied charges	3.038	2.100	4.070	4.070	3.425
3	Bank service charges (pension and contribution)	20.952	20.150	41.000	41.000	41.000
4	Office rent and taxes	11.095	13.749	22.000	24.000	25.000
5	Advertisement expenses other than publicity	0.896	0.941	2.000	2.000	2.000
6	Publicity Expenses	3.341	2.483	5.000	5.000	11.600
7	Traveling Expenses	3.336	3.905	4.500	4.500	5.000
8	Printing, stationery and office supplies	5.492	3.604	6.000	6.000	6.000
9	Postage and telephones Exp.	10.627	9.999	11.000	11.000	11.000
10	Vehicle running and insurance	10.511	11.700	12.500	12.500	12.500
11	Utilities Expenses	6.441	6.500	8.000	8.000	8.000
12	Consultancy, legal and professional fees	2.361	4.350	6.765	6.765	6.000
13	Cost of services of CaH Centres	-	-	-	-	1.000
14	Cost of services of Reuters	-	-	0.630	0.630	1.075
15	Cost of services of NADRA	-	-	5.904	5.904	-
16	Repairs and maintenance Exp.	6.892	5.070	10.000	12.000	16.000
17	Maintenance Cost (investment properties)	19.340	15.424	27.350	37.700	32.500
18	Renovation & Shifting of Head Office	-	10.000	-	-	-
19	Auditors' fee and other expenses	0.500	0.580	0.750	0.750	1.000
20	Newspapers and periodicals	0.780	0.397	0.700	0.700	0.700
21	ISSA subscription	0.622	0.666	0.750	0.750	0.800
22	Bad debts Expenses	0.450	0.116	-	-	-
23	Religious Functions & Hajj Expenses	0.120	0.332	0.400	0.400	-
24	Donation to Earthquake Relief Fund	-	10.000	-	-	-
25	Depreciation Expenses	29.527	27.746	40.000	40.000	40.000
26	<i>Others Expenses</i>	-	-	-	-	-
i)	Medical invalidity board expenses	0.793	0.869	1.000	1.000	1.000
ii)	Bank charges	0.155	0.165	0.200	0.200	0.250
iii)	Library books	0.004	0.049	0.100	0.100	0.125
iv)	Cartage and carriage	0.124	0.199	0.200	0.200	0.250

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(Rupees in Million)

TITLE OF ACCOUNT	Actual Expenses (Audited)	Actual Expenses (Audited)	Approved Budget	Revised Estimates Proposed by the Institution & Approved by the BOT	Proposed Budget by the Institution & Approved by the BOT
	2004-05	2005-06	2006-07	2006-07	2007-08
v) Subscription and affiliation	0.126	0.043	0.200	0.200	0.200
vi) Regional heads conference expenses	0.093	0.161	0.250	0.250	0.250
vii) Office shifting expenses other than Head Office	0.002	0.072	0.100	0.100	0.100
viii) Meetings and entertainment	0.607	0.525	1.000	1.000	1.000
ix) Miscellaneous Expenses	0.162	0.215	0.500	0.500	0.600
Total Office Expenses:-	139.432	152.801	214.869	228.219	230.375
Total Management Expenses (A+B)	624.824	635.534	753.289	731.139	800.925

RECONCILIATION OF THE APPROVED BUDGET 2006-07

(Rupees in Million)

TITLE OF ACCOUNT	BOT Meeting	Dated	Amount
Approved Budget 2006-07	76th	30-Jan-06	724.320
Dearness Allowance 15%	77th	16-17 Jan - 07	17.500
Compulsory Vaccination against Hepatitis for all the employees & their dependent	77th	16-17 Jan - 07	3.170
Cost of services of REUTERS	77th	16-17 Jan - 07	0.630
Cost of Actuarial Valuation of Assets, Liabilities & Fund of EOBI	77th	16-17 Jan - 07	0.765
Bank Service Charges to NBP	77th	16-17 Jan - 07	1.000
Cost of Services of NADRA	77th	16-17 Jan - 07	5.904
Total Approved Budget			753.289

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-35-

CAPITAL EXPENDITURE
APPROVED BUDGET & REVISED ESTIMATES FOR 2006-07 AND PROPOSED BUDGET FOR 2007-08
AS APPROVED BY THE BOARD OF TRUSTEES

(Rupees in Million)

Sr. No.	TITLE OF ACCOUNT	Actual Expenses 2004-05	Actual Expenses 2005-06	Approved Budget 2006-07	Revised Estimates Proposed by the Institution 2006-07	Revised Estimates Approved by the BOT 2006-07	Proposed Budget 2007-08	Approved by the BOT 2007-08
1	Furniture & Fixture	0.599	0.237	1.000	1.000	1.000	4.000	4.000
2	Office Machines & Equipment	0.627	0.440	1.900	1.900	1.900	1.900	1.900
3	PABX System	-	-	0.800	0.600	0.600	-	-
4	Generator	-	-	-	-	-	2.000	2.000
5	Cooling & Heating Appliances	0.692	0.202	1.500	1.500	1.500	2.000	2.000
6	Vehicles	11.959	10.133	26.125	-	-	* 35.000	35.000
7	Micro Computers and Computer Accessories & Software	2.469	0.387	1.500	2.000	2.000	2.500	2.500
8	IT Solution Software / Hardware	-	9.498	47.800	1.050	1.050	** 80.000	55.000
9	Purchase of New Buildings	21.019	-	13.000	20.000	-	31.000	31.000
10	Constructions of Buildings	0.132	0.031	6.500	3.500	3.500	20.600	20.600
11	Purchase of plots and land	-	0.244	16.000	13.580	13.580	34.580	34.580
12	Additions / Alterations Buildings	-	-	3.000	4.300	4.300	*** 10.000	10.000
13	Capital Items for GPO Building	-	5.000	-	-	-	-	-
14	Time & Attendance Recording	-	-	0.800	0.500	0.500	-	-
15	Close Circuit TV & Recording	-	-	1.200	1.000	1.000	-	-
	G R A N D T O T A L	37.497	26.162	121.125	50.930	30.930	223.580	198.580

* This represents replacement cost of 44 vehicles & cost of 3 new vehicles. The vehicles will be purchased as per procedure circulated by Cabinet Davison OM # 6-7 (1) / 62 - M - II dated 22-07-2005 under title of "Simplification of procedures relating to requirements / purchases of vehicles" and completion of all codal formalities.

** Amount will be spent subject to feasibility study and approval of PC-I. Its includes provision of 3% over and above the approved PC-I to meet contingencies. The IT personnel appointed under the project will be for a maximum period of two years.

*** The work plan for utilization of the above amount will be prepared and submitted in the next meeting of Board of Trustees for its

(Signature) *Amreshwar A. A. III*

(Signature) *M. Lakshmi*

Annexure "B"

S.#	Particulars		Fee proposed for 2006-07
A.	Audit of the Institution's accounts:		450,000
i)	Professional Fee		
ii)	Charges for visit of offices outside Karachi.	At actual subject to maximum of Rs.	50,000
	Sub-total "A"		50,000/-
B.	Audit of EOBI Employees Pension Fund:		500,000
	Professional Fee		25,000
C.	Audit of EOBI Employees Provident Fund Trust:		
i)	Professional Fee		25,000
	Sub-Total "(B+C)"		50,000
	Total A+B+C		550,000
D.	Audit of the PRIMACO's accounts:		75,000
i)	Professional Fee		
	Total A+B+C+D		625,000
	Out of pocket expenses	At actual subject to maximum to 10% of fee.	62,500
	Grand Total		687,500

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S.#	NAME OF POST WITH GRADES	ADDITIONAL POSTS APPROVED
(A) OFFICERS:		
1.	Director (9)	1
2.	Deputy Director (8)	3
3.	Assistant Director (7)	8
Total Officers		12
(B) STAFF:		
1	Superintendent (95)	2
2.	Private Secretary (5)	2
3.	Personal Assistant (4)	2
4.	Sr. Assistant (4)	2
5.	Assistant (3)	4
6.	Naib Auasids (1)	2
Total Staff		14

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