

MINUTES OF THE 51ST MEETING OF THE BOARD OF TRUSTEES OF EOBI HELD AT 10:00 HOURS ON SATURDAY, THE 15TH JULY 2000 AT EOBI HEAD OFFICE, KARACHI.

The 51st Meeting of the Board of Trustees of EOBI was held on Saturday, the 15th July 2000 at 10:00 hours in the Board Room of EOBI Head Office, Karachi. Mr. Farhat Hussain, Secretary, Labour, Manpower & Overseas Pakistanis, Government of Pakistan, presided over the meeting.

2. The following attended the meeting:-

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| 1. | Mr. Farhat Hussain,
Secretary, Labour, Manpower
& Overseas Pakistanis,
Government of Pakistan. | President |
| 2. | Mr. Salim Iqbal,
Joint Secretary (Insurance),
Ministry of Commerce,
Government of Pakistan. | Member |
| 3. | Mr. Naguibullah Malik
Secretary, Labour Department,
Government of the Punjab. | Member |
| 4. | Mr. Ghulam Sarwar Khero,
Secretary, Labour Department,
Government of Sindh. | Member |
| 5. | Mr. Muhammad Riaz Khan,
Secretary, Labour Department,
Government of NWFP. | Member |

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| 6. | Ch. Khurshid A. Aziz
Employers' Representative,
Punjab. | Member |
| 7. | Mr. Arshad Tanveer
Employers' Representative,
Sindh. | Member |
| 8. | Mr. Nooruddin F. Daud
Employers' Representative NWFP. | Member |
| 9. | Mr. Majyd Aziz,
Employers' Representative,
Balochistan | |
| 10. | Ch. Zaheer Ahmed Taj,
Employees' Representative, Punjab. | Member |
| 11. | Mr. Nabi Ahmed
Employees' Representative, Sindh. | Member |
| 12. | Mr. Muhammad Zaman
Employees' Representative, NWFP. | Member |
| 13. | Mr. Abdul Rahim Mirdadkhel
Employees' Representative, Balochistan. | Member |
| 14. | Mr. S. Barkatullah,
Chairman, EOBI | Member |
| 15. | Mr. Abdul Majeed,
Officiating D.G. (F&I), EOBI | Member |
| 16. | Mr. Javed Rashid Siddiqui,
Officiating Director General,
EOBI. | Member |
| 17. | Mr. Muhammad Salim,
Deputy Director General | Secretary, BOT |

3. The meeting began with a recitation from the Holy Quran by Mr. Nooruddin F. Daud.

4. The President welcomed the distinguished members to the meeting and apprised the participants that it was his first meeting after assuming the charge as Secretary, Labour, Manpower & Overseas Pakistanis. He expressed his commitment that with his 35 years experience gained by him, he would discharge his responsibilities to the best of his ability.

5. Mr. S. Barkatullah, Chairman EOBI then placed the resolutions regarding (late) N. A. Jaffery, former Chairman of the Institution, Mr. Muhammad Zafarullah Khan, former President, BOT, Mr. Yousaf Kamal, out-going President, BOT and Mr. Zafar Mahmood, Ex-Financial Adviser, EOBI, Ministry of Finance, Government of Pakistan, which were unanimously adopted by the Board of Trustees (copies annexed as I-(a), 1-(b), 1-(c), 1-(d) to the Minutes). The Board then offered Fateha for all those members who had served on the Board and were no more alive.

6. The Board then moved on to the agenda items and deliberated them one by one.

ITEM NO.01

TO CONSIDER THE CONFIRMATION OF THE MINUTES OF THE 50TH MEETING OF THE B.O.T. HELD ON 02.10.1999.

7. The minutes of the last meeting of the Board were taken up for confirmation. The President enquired as to whether any objection to the

minutes had been received. He was apprised that a clarification sought by Mr. Salim Iqbal, Joint Secretary, Ministry of Commerce was made to him separately. Thereafter, the minutes, with this clarification, as approved by the President, were accordingly confirmed.

ITEM NO.02

TO CONSIDER REPORT ON ACTION TAKEN ON THE DECISIONS TAKEN IN THE 50TH MEETING OF THE B.O.T.

8. The Board expressed its satisfaction on circulation of lists of establishments to the representative of the employers and employees of Punjab, Sindh, NWFP and Balochistan. Mr. S. Barkatullah apprised the participants that in view of voluminous document of establishments, the Institution is converting it on diskettes, which could be viewed on computers easily. Ch. Zaheer Ahmed Taj stated that these lists needed further improvement. He also pointed out that lists contained the names of even those establishments, which had been closed down or have disappeared having a considerable number of registered Insured Persons. Mr. Nabi Ahmed apprised that the relationship of the workers who worked in closed or disappeared units did not sever connection with the Institution. That was why the name of those establishments were appearing in the lists of establishments. He further added that it was the main reason he had been emphasizing that while de-registering the establishments, the particulars of workers of those units must be secured by the Institution.

9. The President desired to know the system/mechanism of de-registration. Mr. S. Barkatullah informed that de-registration of closed/disappeared establishments was a continuous process. It was, as per

procedure, undertaken after thorough checking of record of government agencies in this respect. In some cases physical verification of those establishments by the Committee appointed by the Board of Trustees is also carried out for this purpose. This Committee consists of Zonal Heads, representative of Employers & Employees of concerned province. He also appreciated the personal interest & efforts taken/made by Mr. Arshad Tanveer as one of the members of these Committees in de-registering such establishments. While narrating his experience in this respect, Mr. Arshad Tanveer suggested a clear-cut policy/guidelines in the matter of de-registration of units particularly in view of non-availability of complete record regarding closure of establishments and insured persons working in such establishment etc. Ch. Khurshid A. Aziz desired that this depended on nature of industry and no clear-cut guidelines be devised rather a common sense approach would be sufficient in the matter. Mr. S. Barkatullah apprised that, to avoid these difficulties, the Institution had proposed, in its Expansion Scheme, which is under active consideration of the Federal Government, to cover every establishment even employing one person under Shops & Establishments Ordinance, 1969. Under the said Ordinance, reliable information regarding the status of closure/registration of new establishment etc., was available. Mr. Naguibullah Malik, also supported the need for professional input and documentation of total workforce. Mr. Nooruddin F. Daud emphasized the need for educating the employers to cooperate with government agencies in this respect. He also endorsed the views of Mr. Naguibullah Malik that there was a dire need for development of national data base of Industrial and Commercial establishments and particulars of workforce working in those establishments. Mr. S. Barkatullah informed the participants that for development of the data base

and creation of documentation of total workforce, a reliable base has to be selected for this task i.e. to develop the national data base of establishments and workforce of the country. The only reliable information available regarding establishments and workforce is available under Shops and Establishments Ordinance, 1969 in the country. The Institution, based on recommendations of Task Forces appointed by the previous Governments and in consultation with Actuaries, has developed a comprehensive, progressive pension scheme. That has merit of simplification in implementation keeping the low literacy rate in view in the country. The scheme allows progressive increase in the rate of contribution and pension over a period of 5 years, with a feature of revision for next 5 years' period on advice of the actuarial valuation report. The coverage is aimed to extend every establishment even employing one person registered under Shops and Establishments Ordinance, 1969. It is expected that such an arrangement would not only simplify the scheme, but it would also provide a reliable base to develop data base available under Shops and Establishments Ordinance, 1969. This arrangement would hopefully reduce malpractice and harassment by the officials of the Institution and would reduce the contact with and access to the books of accounts maintained by the employer. He continued that he and other officials of the Institution held meetings with General Ihsan Zahid, Chief of NADRA and his associates, who also appreciated the efforts being made by the Institution and assured of the extension of his full cooperation to the Institution in this regard. Mr. Majyd Aziz desired to equally emphasize the registration of employer and employees. He also supported the view points of M/s. Naguibullah Malik and S. Barkatullah that the Institution should also benefit from NADRA. Mr. S. Barkatullah pointed out that since independence no documentation

was carried out on national level. The progressive contribution rate/progressive benefits as proposed in the Expansion Scheme should also be implemented to improve the deteriorating financial health of the Scheme owing to withdrawal of matching government contribution and increase in minimum pension from Rs.425 to Rs.630 without proper funding alternative. EOB Scheme had best variety of benefits wherein widow continued to draw pension even after she re-married. He also pointed out that publicity to educate the employers would have to be done through T.V. and the Institution would plan and launch a full-fledged publicity programme, as and when the proposed pension scheme was cleared by the Federal Government.

10. Mr. Nabi Ahmed desired that a Research Division may be established in the Institution, to carry out necessary studies on various pension schemes of the world and on relevant local aspects and keep close coordination with International Agencies, such as ILO & ISSA. Mr. S. Barkatullah informed the Board that there is a post of Actuary in the grade of Deputy Director General. As and when it was filled in, he would be given the task of establishing Research & Actuarial Division in the light of the manpower study being conducted by the management consultant appointed for this purpose. He also desired that Computer Division of the Institution also needed to be properly equipped in terms of manpower as well as equipment.

11. The Board decided that:

i) all the members of employers and employees should forward their comments on the lists of establishments circulated among them for improving the same on the part of the Institution within 30 days from

- the date of this meeting. The Board also formulated a Committee consisting of one member each from the Institution, employers and employees to scrutinize the comments received on list of establishments and report its findings in the next meeting of the Board of Trustees.
- ii) The Board also proposed to link the IT Plan contained in the working paper annexed to the Minutes of the F&A Committee Meeting dated 30.06.2000 with the business process/management study being carried out by M/s. Sidat Hyder Morshed Associates (Pvt.) Limited.
- iii) It was unanimously decided that, to simplify the procedure, avoid malpractice & reduce hassle in the execution of scheme and save the EOB Scheme from financial disaster, it is need of the hour that immediate steps should be taken to implement the proposed progressive pension scheme, which was developed on the recommendation of Task Forces and on the basis of sound actuarial advice, and had already been cleared by the Ministry of Labour, Manpower & Overseas Pakistanis having the following main features:-
- (a) Progressive contribution rate.
 - (b) Progressive increase in benefits rate.
 - (c) Extension of coverage to every establishment even employing one employee registered under the Shops and Establishments Ordinance, 1969.
- iv) Thereafter, the Board adopted the report on the decisions taken by the Board in its last meeting.

ITEM NO.03

TO CONSIDER PERFORMANCE OF THE INSTITUTION.

12. The President invited Mr. S. Barkatullah to present performance of the Institution before the Board Members. Mr. S. Barkatullah informed that economic depression and shuttering down & other elements affected economic, business and commercial activity of the country. It is pertinent to mention here that the Institution put in all out efforts not only to achieve the given target, but also surpassed it by 7% despite all odds. The Board allocated a target of Rs. 1430 million for collection of contribution from employers for the year 1999-2000, as against the target of Rs. 1378 million for the previous years. Though the target was 3.77% higher than the previous year, the performance of surpassing it by 7% is highly satisfactory. He continued & stated that the Institution had implemented the directives of the Chief Executive of Pakistan regarding enhancement in the minimum Pension from Rs.425 per month to Rs.630 per month w.e.f. 1st January, 2000 in letter and spirit. The Institution devised a simple methodology to disburse the pension with the assistance of Bank officials, which ensured prompt & complaint free payment of pension to over one lac pensioners in the shortest time, spread in every nook & corner of the country. Generally, most of the pensioners draw their pension on monthly basis some of them draw their pension by accumulating for one to two months and the rest after a quarter or so. It was worth mentioning that about 70% pensioners had already drawn their pension alongwith arrears without any inconvenience. He suggested that a note of appreciation for prompt & complaint free payment of pension to the pensioners by Habib Bank may be placed on

record. The Board adopted the recommendations of the F&A Committee for placing on record its appreciation for efficient, quick and complaint free disbursement of enhanced pension in implementation of the directive of the Chief Executive and approved the resolution to be conveyed to them in this regard (Annex-II).

13. Regarding break-up of contribution into contribution due and arrears, Mr. S. Barkatullah informed that it was very difficult exercise, however, the Institution would undertake it. So far as awarding of assignment regarding giving different yardstick measures at various stages of development of EOB Scheme from the International experience in terms of reference of the Actuaries, the Board adopted the same for inclusion in the terms of reference of Actuaries.

14. The Board highly appreciated the achievements of the Institution and adopted the performance report of the Institution.

ITEM NO.04

TO CONSIDER CONFIRMATION OF FINANCIAL STATEMENT FOR THE YEAR 1998-99 APPROVED BY CIRCULATION UNDER RULE 16 THE OF EOB (BOT) RULES, 1977.

15. The Audited Accounts for the year 1998-99 were placed before the Board for consideration and approval as recommended by the F&A Committee meeting held on 30.06.2000.

16. As recommended by the F&A Committee, the Board decided that in future the annual accounts of the Institution would be placed before the

Board in regular BOT Meeting instead getting the same approved by circulation unless the approval by circulation is absolutely necessary. The Board then confirmed the audited annual accounts of the Institution for the year 1998-99 as already approved through circulation.

ITEM NO.05

TO CONSIDER THE REVISED BUDGET ESTIMATES FOR THE YEAR 1999-2000 AND THE PROPOSED BUDGET ESTIMATES FOR THE YEAR 2000-2001.

17. The Board then took up consideration of revised budget estimates for the year 1999-2000. While reviewing the contribution target, the Board noted with satisfaction that the Institution had exceeded the contribution collection target of Rs.1430 million by 7% to Rs.1530 million and approved the revised contribution target of Rs.1530 million for the year 1999-2000. (Annexure iii(c))

18. The revised revenue expenditure for the year 1999-2000 amounting to Rs.291.303 million, as recommended by the F&A Committee, was approved by the Board as per Annexure-III (a).

19. While considering the revised capital expenditure for the year 1999-2000 the Board noted that an amount of Rs.280 million was included in the revised capital budget. It was informed that since the amount could not be utilized in 1999-2000, the F&A Committee had already recommended the same to include in the proposed budget for the year 2000-2001. Accordingly, the Board approved the revised capital budget for the year

1999-2000 amounting to Rs.48.303 million as recommended by F&A Committee as per Annexure-III (b).

20. While considering the proposed budget estimates for 2000-2001, the Board was informed that the proposed contribution target of Rs.1475 million may be revised upward to Rs.1550 million in view of collection of Rs.1530 million as contribution from the employers during the year 1999-2000. The Board then approved the contribution target of Rs.1550 million for 2000-2001 as per Annexure-III (c).

21. While considering the investment income of the Institution, Ch. Zaheer Ahmed Taj mentioned that the Institution should strive to invest funds in those secured avenues where the investment yield might be maximized. Mr. S. Barkatullah explained that the Institution had mostly invested in government securities, but since the investment in National Saving Schemes have been banned since 25th March 2000 by the Institutions, the EOBI is investing its funds in Habib Bank Limited as a temporary arrangement. He further stated that he took personal initiative for development of long-term government instrument to fill the gap by banning of investments in National Savings Schemes with Governor State Bank of Pakistan and held several meetings with him. It is likely that the government is soon to issue investment bonds and then the Institution will again start investing in government securities.

22. Mr. Majyd Aziz enquired about losses in share-holdings and stated that Rs.28.50 million in shares have reduced to Rs.7.08 million and whether the Institution was still investing in shares. Upon this it was explained that

this investment was made in 1994, when the share-market was in boom. After that, no investment in shares was made and the present holdings will be disposed off as and when the market prices equal the cost of shares held by the Institution is obtained.

23. After this, the Board approved the revised investment income of Rs. 5526 million for 1999-2000 and proposed investment of Rs.5654 million for 2000-2001.

24. As regards increase in medical expenses from the approved budget of Rs.18 million to Rs.23 million, Mr. S. Barkatullah explained that the increase was due to cases of serious illnesses of cancer, hepatitis-C and heart surgery. A list of such cases with financial implications over Rs.5 million was also circulated among the members in the meeting.

25. Mr. S. Barkatullah further stated that since the medical facilities being extended by the Institution were quite liberal and prone to misuse, he proposed that, in order to discourage the tendency, to apply for reimbursement after incurring the expenditure which in some cases amounted to Rs.300,000/- to Rs.500,000/- in single cases, the officials entitled to medical facilities should be advised to avail the facilities of hospitals and clinics on the panel of the Institution and reimbursement should be limited to Rs.100,000 in a single case.

26. After some discussions, the Board decided that a detailed working paper on medical expenditure with recommendations to prevent the misuse

of the facilities and keep the expenditure within budgetary allocations should be put up in the next Board Meeting.

27. As regards allocation of Publicity Budget of Rs.5 million, the Board approved the recommendations of the F&A Committee that Publicity expenditure should be incurred with the concurrence of the Publicity Committee which should formulate the publicity programme of the Institution.

28. The Board approved the proposed revenue expenditure of Rs.327.824 million for the year 2000-2001 as recommended by F&A Committee as per Annexure-III (a).

29. While considering the capital budget for the year 2000-2001, the Board approved the inclusion of Rs.280 million on account of purchase of KDA Commercial Complex including inter-alia payment of 50% balance payment to KDA amounting to Rs.99 million plus interest @ 11% per annum from 1994 to the date of payment. The remaining amount will be utilized for transfer/lease expenses for transfer of title, adjustment of advance payment and expenditure on the Complex by the Institution so far. The Board then approved the proposed cost of expenditure on capital items/goods of Rs.394.990 million for the year 2000-2001 (Annexure-III (b)).

30. While considering the budgetary proposals, Ch. Zaheer Ahmed Taj proposed that the budget meeting should be confined to only the budgetary proposals so that sufficient discussion may be held in view of the importance of the matter. Upon this, the Board decided that in future the budget

meeting will be confined only to the budgetary proposals along with confirmation of minutes, report on actions taken and performance of the Institution.

ITEM NO.06

TO CONSIDER RECOMMENDATIONS OF F&A COMMITTEE HELD ON 09.03.2000 AND 13.04.2000.

(a) **To consider procedure and system for payment of enhanced minimum pension and arrears w.e.f. 01.01.2000.**

31. The Board has already considered the issue in detail under item No. 3.

(b) **To consider acquisition of assets in any form held by the Bankers Equity Limited (BEL) to protect its deposits and accrued interest thereon.**

32. Necessary steps to acquire the property in lieu of deposits of the Institution on their refusal that they did not have capacity to pay its deposits in cash or liquidity and the Institution had already quoted Rs.292 million of carpet area of 39,383.19 sq. ft. (total chargeable area of 81,349.89 sq. ft.). The BEL officials considered this quoted price a throw-away price. It was decided in the 42nd meeting of the Investment Committee held on 24th June, 2000, that the Institution should protect its interest and invest in the real estate transparently, which is backbone of pension fund all over the world, and the Institution should acquire the premises within price range as determined in valuation of that premises by M/s. NESPAK, who are qualified contractors and are operating under the Ministry of Water & Power. However, a written reply from the BEL is still awaited. As per final

valuation of consultants, M/s. NESPAK, the total cost of First floor comes to Rs. 416.35 million as per the following break up:-

Tower 'C'

First floor front portion 37,182.60 sq. ft. = Rs. 199.93 million
@ Rs. 5,377/- per sq. ft.

Tower A&B

Back portion 44,166.78 sq. ft.
@ Rs. 4,900/- per sq. ft. = Rs. 216.42 million
Rs. 416.35 million

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33. The Board appreciated the efforts being made by the Institution to recover its investment from the BEL in the shape of prime/valuable property held by the BEL and also confirmed the recommendation of the F&A Committee for acquisition of the said premises within the price range, as determined by M/s. NESPAK in their valuation from the BEL.

(c) To consider `terms of reference` in respect of Statutory Actuarial Valuation of Assets and Liabilities of EOBI Fund as on 30.06.1999

34. The Board approved the appointment of M/s. Sidat Hyder Morshed Associates (Pvt.) Ltd., for conducting the Statutory Actuarial Study of the Fund and Management Study of the Institution and Manpower Study of Head Office/Divisions/Wings with suggestions for improvement (Right-Sizing) as per above lines and should also include the determination of proper yardsticks for measuring performance of the Institution from the international experience at various stages of progress of the EOB Scheme on total professional fee of Rs.1.350 million. The time frame for the

management study and manpower study would be around two months whereas the actuarial study would take three to four months to complete.

(d) To consider Expenses Ratio vis-à-vis Benefits Paid (i.e. Administrative Expenses over Benefits Paid)

35. The Board expressed its satisfaction as the Institution is operating within the approved budget/yardstick of administrative expenses. While calculating the ratio of administrative expenses to income, the Institution should consider the same on aggregation of contribution collection and investment income and should try to remain within the cost of administration as per formula given by Actuaries in their 1994-95 report. The Board agreed to the formula given by Actuaries in the said report (Annexure-IV).

(e) To consider recovery of Arrears from Punjab Road Transport Corporation (PRTC).

36. Regarding acquisition of prime/valuable properties held by Punjab Road Transport Corporation, Karachi Transport Corporation, SRTC in case of non-recovery of arrears in cash, the Institution should expedite its efforts in acquisition of the same. Mr. Naguibullah Malik informed that he would provide support in assisting the Institution in the acquisition of properties held by PRTC in lieu of its arrears of contribution due against them. The Board desired that officials of the Institution should make personal efforts in this respect, as the matter has already been delayed and to the best knowledge of its members, Punjab Road Transport Corporation had already sold out its most of the properties.

(f) **To consider the proposal regarding extension of benefits to workers engaged in seasonal industries**

37. The Board approved the:-

(i) Extension of pensionary benefits to seasonal workers as recommended by the F&A Committee for amendment by notification in the gazette through Labour Division (Annexure-V);

(ii) the removal of anomaly in granting pension to the widow of insured person who died during his service and the widow whose husband died after he had availed benefits for amendment in EOB Act by gazette notification through Labour Division (Annexure-VI);

(g) **To consider release of balance payment with interest towards acquiring of KDA Commercial Complex (Awami Markaz,) Karachi.**

38. Regarding acquisition of KDA Commercial Complex (Awami Markaz, Karachi), the Board adopted the recommendation of F&A Committee and kept a provision of Rs. 280 million in the proposed budget for the year 2000-2001 under item No. 5.

(h) **To consider investment of the Institutions' Funds with Army Welfare Trust (The AWT).**

39. The Board considered the comments recorded in the minutes of the F&A Committee's Meeting held on 30.06.2000 i.e. the officials of the AWT did not contact to the Ministry as pointed out by Malik M. Zahoor Anwar.

In spite of the fact that the minutes of the meeting held under the Chairmanship of Federal Minister with officials of AWT held on 22.05.2000 were supplied to the Chief Executive Secretariat. Unless they contacted, the Ministry would not take any initiative on its own. The Board expressed its satisfaction on this explanation.

(i) **To consider appointment of Auditors:**

40. The Board has already appointed the auditors vide Item No.9.

(j) **Resolution to appreciate the valuable services rendered by the retiring Director General associated with the Institution.**

41. The Board of Trustees adopted the resolution (Annexure-VII), as recommended by the F&A Committee's meeting dated 13.04.2000.

ITEM NO.07

TO CONSIDER ANNUAL REPORTS OF THE INSTITUTION FOR THE YEARS 1995-96, 1996-97 AND 1997-98.

42. The Board adopted the recommendation of the F&A Committee regarding approval of annual reports for the years 1995-96, 1996-97 and 1997-98 for submission to the Federal Government.

ITEM NO.08

TO CONSIDER THE RE-CONSTITUTION OF SUB-COMMITTEES OF THE BOARD OF TRUSTEES.

43. The President informed the participants that the Board of Trustees reflected a collective wisdom; whereas Committees are constituted

to facilitate the work of the Board of Trustees. The size of the Committee is very important in effective utilization of the Committee. These Committees are working for the last 25 years smoothly. If the size of the Committee is widened, it would become a Mini Board, which was not the intention of creation of these Committees. Mr. Arshad Tanveer pointed out that for effective participation of the members; the F&A Committee suggested the inclusion of all provincial members of employers & employees.

44. After some discussion the Board decided that the size of the membership of the F&A Committee would remain the same. However, the representatives of the employers and employees would be changed according to the province in which its meeting would be held. So far as size and re-constitution of other committees are concerned the Board adopted the proposals with slight amendments in the constitution of the existing Standing Committees of the Board, as contained in the working paper (Annexure-VIII).

ITEM NO.09

TO CONSIDER THE APPOINTMENT OF EXTERNAL AUDITORS FOR THE YEAR 1999-2000.

45. The President informed that for completion of audit work in time, it is necessary that Board should appoint the external auditors without further delay. Mr. Naguibullah Malik desired that a reputed firm may be appointed in view of spirit of Institution's fund. It was also informed to the Board that auditors once appointed may continue for the next five years subject to their appointment on annual basis by the Board. After some discussions, the

Board approved the appointment of M/s. Ibrahim Sheikh & Company who had already audited the Institutions' Accounts during early 80', for the year 1999-2000 at a professional fee of Rs.55,000/= plus out of pocket expenses of Rs.13,000/= totalling to Rs.68,000/=. The renewal of their term for next audit would be reviewed by the Board in the light of their audit performance.

ITEM NO.10

TO CONSIDER DRAFT “ The EMPLOYEES’ OLD-AGE BENEFITS (ACTUARIAL VALUATION) RULES, 2000”.

46. The Board approved the recommendation of F&A Committee regarding approval of draft “ The Employees’ Old-Age Benefits (Actuarial Valuation) Rules, 2000” for publication in the official gazette after having the draft vetted by the Law Division, Government of Pakistan through Labour Division (Annexure-IX).

ITEM NO.11

ANY OTHER ITEM.

(I) TO CONSIDER MANPOWER ASSESSMENT OF THE INSTITUTION BY M/S. SIDAT HYDER MORSHED ASSOCIATES (PVT) LTD.

47. The Board approved the study of manpower on the following lines:-

(i) Existing recruitment/selection process be deferred. Determination of optimal requirement of manpower and its quality vis-à-vis work load and their functional fields be assessed by the consulting actuary;

- (ii) Existing required qualification for various posts, recruitment/selection procedure in the course of management study be reviewed and rationalized;
- (iii) Direct Quota Posts thus determined by the Management Consultants may be advertised for filling the same through open competition on the recommended recruitment/selection process;
- (iv) This will maintain the transparency in recruitment/selection procedure and will cater for the right-sizing of the Institution.

(II) TO CONSIDER EXTENSION OF MEDICAL FACILITIES TO OFFICIAL MEMBERS OF BOT

48. The issue of extension of medical coverage to the official members of BOT, serving/retired, as recommended by F&A Committee of BOT, was discussed, but not agreed.

III) TO CONSIDER EX-POST FACTO APPROVAL OF EXPENSES INCURRED BY THE INSTITUTION FROM 01.07.2000 TO 15.07.2000.

49. Mr. S. Barkatullah informed the participants that 51st Meeting of the Board could not be held before 30.06.2000 in view of change in the President of the Board and occupation of the new President in official matters. In order to run the day to day affairs smoothly, the Institution had incurred expenditure from 1st July 2000 to 15th July 2000 and desired for ex-post facto approval for the same out of Budget of 2000-2001. The Board considering the unavoidable conditions accorded the ex-facto approval for

the expenditures incurred from 01.07.2000 to 15.07.2000 out of the proposed budgetary provisions for the financial year 2000-2001.

(IV) WORKING PAPERS SUBMITTED BY CH. ZAHEER AHMED TAJ FOR CONSIDERATION OF THE BOARD.

50. The President allowed to circulate the paper submitted by Ch. Zaheer Ahmed Taj and was discussed at length item by item. The detail of discussion is given as under:

a) **Conversion of Gilgit Field Office into Regional Office and opening of Field Offices at Skurdu, Muree and Toba Tek Singh.**

51. Mr. S. Barkatullah informed that these offices have already been opened considering the number of insured persons, contribution income, administrative cost and other factors. Since the Institution is a social service oriented organization, the prime objective of opening small offices is to provide service to the insured persons/pensioners to the nearest/ at their door steps to avoid hassle and inconvenience.

(b) **Proposed budget for the year 2000-2001 including medical facility to the employees, employees welfare, transportation charges, late sitting charges, bank services charges**

52. The board was informed that administrative cost is being calculated vis-a-vis investment income, which comes to around 5 %. He added that as per actuarial study the expenses per insured person were projected as Rs.120/- per annum per insured person and Rs.240/ - per pensioner, which would grow 85% of the inflation rate according to date. The figures for the year 1999-2000 comes to Rs.167/- per insured person and Rs.333/- per pensioner as against the estimated expenditure for the year 1999-2000 of Rs.307 million. Whereas, according to the revised budget estimates, the total revenue expenditure of the Institution is estimated at Rs.288 million, which is 6% less than the expenditure computed by the Actuaries.

53. The Institution is managing its country-wide operations including Azad Kashmir and Northern Areas with a manpower of slightly over one thousand employees; as against one officer, there is one staff member.

Whereas, the situation in other similar organizations is that for one officer there are 5 staff members. So far as Bank Charges are concerned the Institution has an arrangement with HBL not to charge any service charges on collection of contribution and remittances/receipts from/to Zonal/Head Office.

(c) **The revised budget for 1999-2000**

54. The position has already been explained in the above paras.

(d) **Investments**

55. Mr. S. Barkatullah stated that he had several meetings with Governor, State Bank of Pakistan and the government is soon to issue investment bonds and then the Institution will again start investing in government securities placing all of its funds in this instrument of investment. Till then it will continue to keep its funds @11% special deposit account with Habib Bank Limited in terms of investment tools, HBL is a guaranteed bank. As such its deposits are guaranteed by the Federal Government of Pakistan. Before placing the fund with them the Institution also invited NBP and UBL being guaranteed banks to provide lucrative rates but they did not turn up. The experience of stock market was also not very good though the Institution invested in blue check with the advice of NIT who are experts of the Stock Market. He apprised that its investments of 50 millions in shares reduced to 22 million. Thereafter, the Institution stopped further investment in the stock market and now it is off loading the shares as and when it receives its cost price from the market.

(e) **Contribution/working paper No. 1 (PR-03 and deficiency in PE-01 and PI-03/working paper No. 2 Works Standard Strength (workers per factory)**

56. The Institution will examine the matter and the same is included in the business process and management study being carried out by M/s. Sidat Hyder Morshed Associates (Pvt.) Limited.

(V) **Suggestion by Mr. Abdul Rahim Mirdad khel**

57. Mr. Abdul Rahim Mirdad Khel also submitted some suggestions about the welfare of mine workers in writing, which will be reviewed by the Institution. Mr. S. Barkatullah informed the Board that extension of coverage to mine workers in Baluchistan has been under active consideration of the Institution. In this connection, the Chairman EOBI had contacted the Secretary, Labour Department, Chief Secretary, Baluchistan, and the Governor of the province and apprised them of the fact that the mine workers are actually the responsibility of mine owners who pay them compensation in the event of death/accident and JOORISAR, contractor is only a supplier of manpower. The subject matter is before the Provincial Cabinet, which needed to be expedited.

58. While concluding the meeting, the President of the Board appreciated the active participation of the members in the affairs of the Institution. M/s. Naguibullah Malik, Nooruddin F. Daud and Zaheer Ahmed Taj placed on record their appreciation for the manner in which the meeting was conducted in which every member was provided the opportunity to express his views candidly.

59. The Board decided that its next meeting will be held on 16th September 2000 at Peshawar.

60. There being no other item/matter, the meeting ended with a vote of thanks to the Chair.

