

Minutes of 105th meeting of the Board of Trustees, EOBI.

The 105th meeting of the Board of Trustees of EOBI was held on 24th April, 2013 at 11:00 am in the Committee Room of Ministry of Human Resource Development, Block B, Pakistan Secretariat, Islamabad to consider the following agenda:

S. No	Agenda Items
01.	Confirmation of the Minutes of 104 th BOT Meeting;
02.	To Consider Compliance/Implementation on the Decision taken by the Board in its 104 th BOT Meeting.
03.	To Consider Performance of the Institution. a) Investment b) Operations c) I.T d) PRIMACO
04.	Recommendations of Audit Committee: a) Revised Budget for 2011-2012 and proposed budget for 2012 - 2013. b) To consider Annual Audited Accounts for the Financial Year 2010-2011.

2. The meeting was presided over by the Secretary, Ministry of Human Resource Development (HRD)/President Board of Trustees. The following attended the meeting:

1. **Mr. Muhammad Ahsan Raja,** President
Federal Secretary,
M/o Human Resource Development.
2. **Mr. Zafar Iqbal Gondal,** Member
Chairman, EOBI.
3. **Rao Liaquat Munir,** Member
Financial Adviser,
M/o Human Resource Development.



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| 4. | Mr. Abid Mahmood,
Joint Secretary,
M/o Human Resource Development. | Member |
| 5. | Capt. (rtd) Muhammad Yousaf,
Secretary Labour, Punjab. | Member |
| 6. | Mr. Muhammad Akber Khan,
Secretary Labour, KPK. | Member |
| 7. | Mr. Khalid Sherdil,
Secretary Labour, Balochistan. | Member |
| 8. | Syed Iqbal Hussain Shah,
Employers' Representative, Balochistan. | Member |
| 9. | Mr. Habib-ud-Din Junaidi,
Employees' Representative, Sindh. | Member |
| 10. | Malik Imtiaz Mehfooz,
Employees' Representative, Balochistan. | Member |
| 11. | Mr. Gul Rehman,
Employees' Representative, KPK. | Member |
| 12. | Syed Nazar Hussain Shah,
Employees' Representative, Punjab. | Member |

3. **Present:**

- i. Mr. Wahid Khursheed Kunwar, I.A
- ii. Mr. Najmul Saqib Siddiqi, FA/DG (F&A)
- iii. Mr. Parvaiz Ahmad, Director General (Audit)
- iv. Mr. Javed Iqbal, Director General (HR & GA)
- v. Syed Iqbal HaiderZaidi, Director General (Ops South)
- vi. Mr. Ayaz Ahmed Uqaili, Deputy Director General (IT)
- vii. Mr. Sheraz Siddiqui, Director (F & A)
- viii. Mr. Mukhtar Simon, Director (CS)

4. Syed Abid Ali Shah Secretary Labour Sindh, Malik Zahid Hussain, Employees' Representative KPK and Ms. Sumera Rizwani, Secretary BOT sent their apologies for not being able to attend the meeting.

5. Mr. Sheraz Siddiqui, Director (F & A), in place of the Secretary BOT, commenced the proceedings with the permission of the President, BOT.

6. The meeting started with the recitation of the Holy Quran. After recitation President, BOT welcomed all members of BOT and other officers present in the meeting.

Agenda Item No.1: Confirmation of the minutes of 104th BOT meeting

7. The acting secretary BOT, informed the Board that the Board secretariat has not received any observations from any member of the Board. However, DG (F&A) noted a minor inconsistency in the minutes of 103rd BOT Meeting agenda item no. 4 Appointment of Auditors for the year 2011-12. The correct details are as follows:

Annual audit of books of accounts for the year 2011-12

EOBI	- Rs660,000
PRIMACO	- Rs110,000
EOBI Employees' Pension Fund Trust	- Rs30,000
EOBI Employees, Contributory Provident Fund Trust	- Rs25,000
Out of Pocket Expenses	-Rs75,000
Sahara Insurance Company Ltd	<u>-Rs25,000</u>
Total	<u>-Rs950,000</u>

8. The President BOT, invited observations from the members. Following comments were made by various members:

- i. The Secretary Labour KPK asked as to what was the formula/Quota for the Baluchistan and KPK for recruitment in EOBI. The Chairman, EOBI, informed the Board that the Quota for the recruitment in EOBI is the same as in the Federal Government.



- ii. The Financial Advisor (HRD) observed that for item # 6 in the minutes of the 104th meeting, the decision of the Board has not been correctly recorded. The Board decided that the matter regarding relaxation of age and experience for the post of deputy director would be referred to HR committee to recommend the amendments in the EOBI (Employee's Service) Regulations, 1980. However, in the minutes it was recorded that **"the Board did not approve the recommendations of HR Committee in this regard which was not correct."**
- iii. The Chairman EOBI informed the Board that Institution took up the matter of recovery of EOBI contribution under Land Revenue Act with the Punjab Government, the matter is under process.
- iv. The Joint Secretary, HRD informed the Board that a meeting on 18-04-2013 was held under the convener-ship of Financial Advisor HRD, to discuss the matter of restoration of matching grant to EOBI. The Financial Advisor, HRD informed the Board that in the EOBI Act there isn't any provision for the payment of matching grant by the Federal Government. However, there was a provision for payment of token money as determined by the Federal Government from time to time. The President, BOT observed that the Federal Government has to pay its share/contribution towards EOBI to support the viability of EOBI Fund in the long run. He desired that the matter may be once again taken up with the Ministry of Finance. The Financial Advisor, HRD stated that a fixed amount could be paid by the Ministry of Finance but not matching contribution under the present provision of EOBI Act. The Joint Secretary, HRD informed that there was a backlog for the payment of matching grant. The Financial Advisor, HRD again stressed the same point that there is no provision in EOBI Act for payment of matching grant.
- v. **'Since, there were no other observations/suggestions; therefore, the minutes of the 104th meeting were confirmed.'**



Agenda ItemNo.2:

To consider compliance/implementation on the decisions taken by the Board in its 104th BOT meeting.

9. The Board reviewed the progress of the implementation on the decisions of the Board taken in its 104th BOT meeting. **The Board expressed its satisfaction on implementation of its decisions by the Institution.**

Agenda ItemNo.3: To Consider Performance of the Institution.

- a) Investment
- b) Operations
- c) I.T
- d) PRIMACO

10. The Investment Adviser gave the briefing about Investments in the equity market and informed the Board that the EOBI Investment has reduced the loss occurred in the equity market from 10 billion to 4.6 billion. He informed the Board that the gain is due to timely sale and purchase of the shares. He further informed that the Institution has earned dividend of Rs. 3 billion up to March 2013 and that 60% of the portfolio was invested in the fixed income. He said that there will be less earning from the Fixed Income investment as compared to previous years which will be balanced by earning from the equity market. The President, Board of Trustees, EOBI appreciated the efforts of EOBI Investment and desired that the investments should be made with prudence and care should be taken while investing in the share market. The investment adviser stated that Board in its 104th meeting decided that there should be a separate briefing / presentation on the EOBI Investment portfolio. The President, BOT advised the Investment Advisor that they should prepare the presentation with their projections / plans up to 30-06-2013. When the EOBI investment has prepared such briefing / presentation, the meeting of the BOT for this purpose could be held at a short notice.

11. The Director General (Ops) South gave the presentation on the operational activities of EOBI by briefing to Board regarding achievement of targets pertaining to registration of new employers/insured persons, collection of contribution and disbursement of Pension for the period from July 2012 - March 2013. He also gave the presentation pertaining to accumulative figures since inception of EOBI. The President BOT observed that the DG (Ops) has given historical prospective of the EOBI operational activities. The Institution should compare its operational activities with the previous year and evaluate whether they were better than previous year and what handicaps were felt to achieve the targets. They should make projections for the next year. The operational department of EOBI should also propose measures for improvement of the operational activities of the Institution. The President, BOT desired that the targets should be realistic. The Chairman, EOBI informed the Board that Lahore High Court, Lahore vide its decision has barred the Institution to collect contribution at the rates and from the organizations which had been approved through the Finance Act from time to time. He informed the Board that the Institution has proposed draft amendment ordinance to amend the EOB Act, to provide legal cover to such amendments. The Joint Secretary HRD informed the Board that the Law and Justice Division has some reservations to amend EOB Act in the aftermath of the 18th amendment in the Constitution. The Secretary Labour, Punjab inquired from the DG Operation whether EOBI would be able to achieve the targets up to 30th June 2013. The DG Ops informed that they will exceed the targets pertaining to operational activities.

12. The Employees' Representative from Baluchistan stated that he was not satisfied with the performance of EOBI Quetta Region. He asked the Director General, Ops as to what was the target for Baluchistan and whether those target has been achieved or not so far. Mr. Malik Imtiaz Mehfooz informed the Board that Quetta Region should issue cards to all workers. The Chairman EOBI informed the Board that the Institution has allocated 10 additional posts of Assistant Directors over and above of the quota share of the Baluchistan Province. The Chairman informed that the

officers were not willing to work in Baluchistan. He further informed that the coverage of EOBI was better than Baluchistan Employees Social Security Institution.

13. The President, BOT observed that there should be capacity building of the officers serving in Baluchistan Province. Those officers should be provided incentives/extra salary for serving in the Baluchistan Province. They should be provided with an enabling environment and the Chamber of Commerce and Industries be involved for enhancing the coverage of EOBI. He suggested that if required, a separate meeting could be convened for this purpose. The Chairman EOBI appreciated the ideas/concerns of the President, BOT for the officers serving in the Baluchistan. He then proposed that a committee should be formed under the convener-ship of Secretary Labour, Baluchistan to work out a package for the employees serving in Baluchistan. The President BOT seconded the proposal of constituting a committee and proposed that some good officers from Baluchistan service could be hired on deputation basis. **The following committee was constituted to work out a workable incentives/package for the officers serving in Baluchistan.**

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| a) Secretary Labour, Balochistan. | Convener |
| b) Malik Imtiaz Mehfooz,
Employees' Representative, Balochistan. | Member |
| c) Syed Iqbal Hussain Shah,
Employers' Representative, Balochistan. | Member |
| d) Syed Iqbal Haider Zaidi,
Director General (Ops) South | Member
/Secretary |

14. The President, BOT desired that the workable solution for officers posted in Baluchistan of EOBI be proposed. The DG Ops stated that he had served in Baluchistan and he could look into the issue. The President, BOT desired he should camp his office in Baluchistan for few days to gain firsthand knowledge of the problem. The Financial Adviser (HRD) proposed that officers who serve in Baluchistan could be offered a

posting of their choice after completion of their tenure. They could be awarded additional marks towards their promotions for having posted in Baluchistan for a certain period of time. The DG (Ops) South requested the Secretary Baluchistan to extend his help for coverage of fisheries sector of the Baluchistan. The President BOT proposed that the survey of fishing villages needed to be carried out. Director fishery of the area could be helpful for provision of suitable data of fishermen.

15. Mr. Gul Rehman, Employees' Representatives KPK, suggested that the staff members of Worker Welfare Boards and Worker Welfare Fund be allowed to pay contribution to EOBI, like workers of other establishments. These would include teachers, chowkidars and peons of worker welfare school so they could have benefits of pension at their retirement. He also stated that as per EOBI procedure, the pension claims are settled within 30 days but nowadays it was taking much longer to verify the record of a worker for award of pension. He also proposed that the officers of the Institution by themselves should verify the record of the widows instead of calling them in their offices. The Chairman EOBI informed the Board that the Institution was in process of cleansing the ghost pensioners, whereby in the 1st phase, the record of pensioners over 80 years of age was being verified and the pension was being paid through Easy Paisa therefore the pensioners have to visit the place for receipts of pension. He further explained that in 2nd phase the pensioners over 70 years of age would be checked.

16. The DDG (IT) gave the presentation on the automation of EOBI record/data. He informed the Board that pension was being paid through branch less banking, NADRA and Easy Paisa Schemes. He informed that the UK Government has awarded a grant of Rs. 100 million through the State Bank of Pakistan as a Public - Private Partnership project to enhance the efficiency for the disbursement of benefits to claimants. He informed the Board that the Institution has developed the facility of online registration of employers and Insured persons on the basis of their CNIC. The Institution was also working to provide facility of on-line payment. The Chairman EOBI



informed the Board that the registration on the basis of IPs could not be started at once because contribution collection will fall drastically. He stated the Chamber of Commerce and Industries has to play their role to educate their employers to provide their employees particulars for issuance of EOBI cards.

17. The DDG IT informed the Board the process of demand show cause notices that were being issued through the IT system. The internal audit information system has also been in place through I.T system. The President, BOT advised that the Institution should be careful and the system should be fool proof so that the data should not be hacked or stolen. The President informed the Board that he received some useless E-mails from the employees of EOBI which he did not like and this practice should be curtailed. The DDG IT informed the Board that they have a limited team and it was very difficult for them to manage all IT affairs, therefore, they were outsourcing some of its tasks. The President observed that the outsourcing is a risky affair therefore the Institution should enhance the capacity of its IT Personnel and guard the data itself. The Secretary Labour Baluchistan informed the Board that recently he has visited the EOBI I.T department regarding the computerization of data of Baluchistan Employees Social Security Institution (**BESSI**). He also informed the Board that the EOBI coverage was far better than BESSI as it has covered only 33% of the workers covered by EOBI. He stated that the EOBI was best in respect of IT as compared to all other Government offices. The President BOT also appreciated IT department and overall performance of the Institution.

18. The Chairman EOBI gave the briefing on the 18 ongoing projects of PRIMACO. The Chairman informed that the Institution has been constructing a 5 star hotel near Lahore Airport which will be operated by Serena. The Chairman also informed that in I- 8 Markaz Islamabad and Johar Town Lahore, Cineplex's were being constructed. The Secretary Labour Punjab stated that the completion date of some projects has already been expired and enquired whether these projects were complete or their

completion date has been extended. The Chairman EOBI informed the Board that some of the projects were rescheduled because of redesigning and most of the projects will be completed in time.

Agenda Item No.4:

Revised Budget Estimates for Year 2011-12 and Proposed Budget for 2012-13.

19. In accordance with decision of the Board of Trustees of EOBI, two meetings of Audit Committee of EOBI were held on 1st and 29th March, 2013 to consider the revised budget for 2011-12 and proposed budget for 2012-13. The Committee in its meeting held on 29th March 2013 proposed some cuts on the Proposed Budget for 2012-13 and suggested that the Proposed Budget may be presented to the Board on the basis of actual expenditure for 8 months (from July-February 2013). The F&A Department presented the Revised Estimates 2011-12 and Proposed Budget for 2012-13 which was as under:

Description	2011 - 12		2012-13
	Budget Estimates	Revised Estimates	Budget Estimates
A Receipts	32,742,360	32,742,360	32,682,900
1 Contribution Income	10,000.000	10,051.500	10,940.000
2 Arrears PTCL	-	948.500	
3 Fixed Investment Income	21,119.260	19,000.700	17,500.000
4 Equity Income	2,495.000	2,677.210	3,995.000
5 Special UK Grant			100.000
6 Other Income	88.535	64.255	147.902
B Expenditure	49,209,910	49,209,910	37,995,140
1 Benefits payment	11,753.000	10,658.530	13,697.000
2 Non-Development	13,993.760	12,528.430	15,881.780
3 Management Expenses	2,240.760	1,869.910	2,184.780
4 Development	11,928.710	24,153.040	6231.580

20. The President BOT observed that the budget preparation exercise and its approval by the Board should be done well in time. There should be a separate meeting for the budget. This year there was a special

dispensation, therefore the approval of the Budget of EOBI was delayed. The President BOT, inquired from the Financial Advisor M/o HRD if he has any observation/suggestion on the revised Budget for 2011-12 and Budget Estimate for 2012-13. The Financial Advisor stated that he was in the audit committee and the committee proposed the budget estimates in accordance with the trend of the expenditures for the last 8 months. The Revised Budget and the Proposed Budget were in accordance with the recommendations of the Audit Committee, therefore he did not have any observations. The President BOT observed that the budget for the next year should be prepared in the month of May 2013 and the Budget meeting of the BOT should be convened in the 1st week of June 2013 in Karachi. The Secretary Labour Punjab inquired as to what was the estimate of total income for 2012-13. The Director (F&A) informed the Board that the total estimated income for the year 2012-13 was 32,682.90 Millions. He also informed that due to reduction in the bank rate by the state bank of Pakistan, the return on the fixed income investment will be less as compared to the previous year however; this will be balanced by the income from the equity market.

"The Board after discussion approved the revised Budget for the year 2011-12 and proposed Budget for 2012-13 as given in the above table."

Agenda Item No.5:

To consider annual audited accounts for the financial year 2010-11.

21. The Annual Audited Accounts of EOBI for the year 2010-11 were audited by M/s Awais Hyder Liaqat Noman, Chartered Accountant without any qualification. However, they advised the Institution for the improvement of its internal audit system. The Board was informed that the same has also been considered by the Audit Committee of the Board and that Committee has recommended the Audited Accounts of the Institution for the year 2010-11 for the approval of the Board.

"The Board after discussion approved the Audited Accounts of the Institution for the year 2010-11."

There being no other item the Meeting ended with a vote of thanks to and from the Chair.

