

# **SENATE OF PAKISTAN**



## **REPORT OF THE SENATE STANDING COMMITTEE ON CABINET SECRETARIAT**

**ON**

**“OIL & GAS REGULATORY AUTHORITY (AMENDMENT)  
BILL 2015” MOVED BY SENATOR SASSUI PALIJO IN THE  
SITTING OF THE SENATE HELD ON 21<sup>ST</sup> DECEMBER, 2015.**

**REPORT NO.26**

**PRESENTED BY**

**SENATOR MUHAMMAD TALHA MEHMOOD  
CHAIRMAN**

## SENATE SECRETARIAT

### REPORT OF THE SENATE STANDING COMMITTEE ON CABINET SECRETARIAT ON "OIL & GAS REGULATORY AUTHORITY (AMENDMENT) BILL 2015" MOVED BY SENATOR SASSUI PALIJO IN THE SITTING OF THE SENATE HELD ON 21<sup>ST</sup> DECEMBER, 2015.

I, Chairman of the Standing Committee on Cabinet Secretariat have the honour to present report on the Bill titled "Oil & Gas Regulatory Authority (Amendment) Bill, 2015" moved by Senator Sassui Palijo, in the sitting of the Senate held on 21<sup>st</sup> December, 2015, the Bill was referred to the Standing Committee on Cabinet Secretariat.

2. The composition of the Standing Committee on Cabinet Secretariat is as under:-

|     |  |                   |
|-----|--|-------------------|
| 1.  | Senator Muhammad Talha Mehmood               | Chairman          |
| 2.  | Senator Osman Saifullah Khan                 | Member            |
| 3.  | Senator Nawabzada Saifullah Magsi            | Member            |
| 4.  | Senator Kamil Ali Agha                       | Member            |
| 5.  | Senator Hidayat Ullah                        | Member            |
| 6.  | Senator Shahi Syed                           | Member            |
| 7.  | Senator Haji Saifullah Khan Bangash          | Member            |
| 8.  | Senator Khushbakht Shujat                    | Member            |
| 9.  | Senator Rahila Magsi                         | Member            |
| 10. | Senator Kalsoom Perveen                      | Member            |
| 11. | Senator Mir Muhammad Yousaf Badini           | Member            |
| 12. | Senator Najma Hameed                         | Member            |
| 13. | Minister Incharge for Establishment Division | Ex-officio Member |
| 14. | Minister Incharge for Cabinet Division       | Ex-officio Member |

3. The subject Bill was taken up for consideration in the Committee meeting held on 14<sup>th</sup> January, 2016, whereby Mover briefed regarding the Bill, however, for the comments of Law Division the agenda item regarding the Bill was deferred. Subsequently Bill was taken up for consideration in the Committee meeting held on 25<sup>th</sup> January, 2016, due to absence of mover agenda item was deferred.



4. The Bill was taken up for further consideration in meeting of the Committee held on 8<sup>th</sup> March, 2016, and after hearing all stake holders, it transpired that the intention of the mover of this Bill is representation of all Provinces in the Board of Directors of OGRA, however, Secretary Cabinet was of the view that the existing Act contains international standard and experience for the Members and Chairman of Board of Directors of OGRA and there is no bar for any person from any province of the country for the appointment on said positions. The Bill was deferred with the directions that Secretary Cabinet should come up with some meaning full proposals containing representation of all provinces to make some amendments in the Bill regarding appointment of Members and the Chairman, Board of Directors of OGRA.

5. The Committee considered and discussed the Bill in detail in its meetings held on 8<sup>th</sup> September, 2016, during the meeting the Joint Secretary Cabinet Division, Mr. Zeeshan Ahamd briefed the Committee that the amendment Bill 2015 provides a single provision with reference to specific qualification of a Member, i.e. it contains only the experience of the Member and does not discuss the qualification of the Member. He further briefed the Committee that Oil and Gas sector regularization is highly technical in nature, therefore, nomination of Members of each province; is not necessary. It consists of a Chairman, a Gas Member, a Member of Oil and a Member of Finance, the said board is standing in each province. Senator Kalsoom Parveen and Senator Shahi Syed, supported the Bill. Both the Senators were of the view that all provinces should be given representation in the board, however, they viewed that some amendments in the Bill should be made with regard to the education and expertise of the Members of the Board. However, the agenda item was deferred due to the absence of the mover of the Bill Senator Sassui Palijo.

6. The Committee finally considered the said Bill clause by clause in detail in its meeting held on 4<sup>th</sup> October, 2016, during discussion the Chairperson OGRA while opposing the Bill stated that all seats are on merit and any one can be appointed from any province. Senator Mrs. Kalsoom Parveen urged that Baluchistan is largest province in the production of oil but non from Baluchistan has been appointed as Member of board of OGRA. The Joint Secretary, Cabinet Division, stated that the said Bill does not contain the basic qualification of Members of the Board of Directors; it only contains experience for their appointment. Chairman Committee inquired about the current position of the board. The Joint Secretary, Cabinet Division replied that Chairperson of the Board of Directors is from Punjab, Member Gas is also



from Punjab and Member Finance is from KPK, however, the slot of Member Oil is vacant for two years and the same has been advertised for the four times but no one was appointed because of all short listed persons were not qualified as required under the law. Mover of the Bill Senator Sassui Palijo, explained that after 18<sup>th</sup> amendment most of the laws have been amended, if there is any grey area in the existing laws, same should be addressed and amended. She argued that public at large of the small provinces is in the state of inferiority complex; therefore, this Bill will give share to all the provinces on equality basis and will encourage public at large of the small provinces. Senator Osman Saifullah Khan posed a question to Joint Secretary, Cabinet Division that the Government has any proposal then amendments can be included in the Bill. Senator Nawabzada Saifullah Magsi was of the view that the intent of legislature of 18<sup>th</sup> Amendment of the Constitution was to strengthen the provinces. At this stage Joint Secretary Cabinet Division raised two objections (i) tenure for the slots of Board Members is three years which is not appropriate (ii) the Bill does not contain qualification of the members.

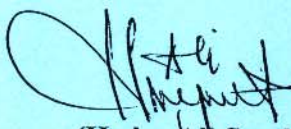
7. After detailed discussion and deliberation the Committee recommends the following amendments in the Bill titled *"Oil & Gas Regulatory Authority (Amendment) Bill 2015"*:-

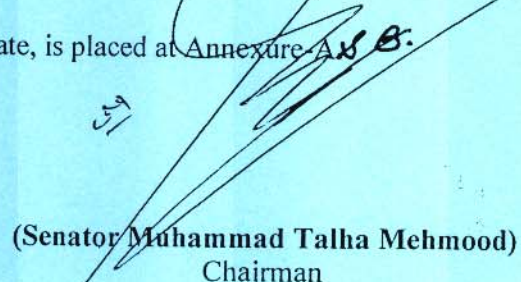
**CLAUSE - 2**

that in clause 2:-

- (a) in sub-clause (i), in sub-section(3) of Section (3), after the word government occurring in the second line a **"Full Stop"** shall be added and the words **"in consultation with concerned provincial government"** occurring in second and third line shall be omitted.
- (b) in sub-clause (iii), in the proposed sub-section (4) of Section (3) a **"Full Stop"** is occurring at the end shall be omitted and the words **"and every Member shall hold an appropriate degree in the relevant field."** shall be added.
- (c) in sub-clause (iii), in the proposed Section (5) of Section (3) for the word **"three"** the word **"four"** shall be substituted.

8. The Bill as introduced in the Senate, is placed at Annexure-A & B.

  
(Hyder Ali Sundrani)  
DS/Secretary Committee

  
(Senator Muhammad Talha Mehmood)  
Chairman



## [TO BE INTRODUCED IN SENATE]

A

## BILL

*further to amend the Oil and Gas Regulatory Authority Ordinance, 2002*

**WHEREAS** it is expedient further to amend the Oil and Gas Regulatory Authority Ordinance, 2002 (Ordinance XVII of 2002) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Oil and Gas Regulatory Authority (Amendment) Act, 2015.

(2) It shall come into force at once.

**2. Amendment of section 3, Ordinance XVII of 2002.-** In the Oil and Gas Regulatory Authority Ordinance, 2002 (Ordinance XVII of 2002), hereinafter referred to as the said Ordinance, in section 3,-

(i) for sub-section (3), the following shall be substituted, namely:-

"(3) The Authority shall consist of four members, one from each of the four Provinces, to be appointed by the Federal Government in consultation with the concerned Provincial Government."

(ii) sub-sections (4), (5), (6) and (7), shall be omitted;

(iii) after sub-section (3), substituted as aforesaid, the following sub-sections (4) and (5) shall be added, namely:-

"(4) Every member shall be a person of known integrity and eminence with a minimum of twenty years of experience in the fields of oil, petroleum and natural gas industry, management, corporate finance, law, administration or consumer affairs.

(5) The term of the office of each member shall be three years."

(iv) for sub-section (8), the following shall be substituted, namely:-

"(8) Subject to sub-section (9), the Chairman of the Authority shall be appointed from amongst the members for a period of one year, by rotation, in the following order, namely:-

(a) the member representing the Province of Balochistan;



- (b) the member representing the Province of Sindh;
  - (c) the member representing the Province of the Punjab; and
  - (d) the member representing the Province of Khyber Pakhtunkhwa.
- (v) in sub-section (10), after the words, "Federal Government" the words, "in consultation with the concerned Provincial Government" shall be inserted.

**3. Amendment of section 9, Ordinance XVII of 2002.-** In the said Ordinance, section 9 shall be re-numbered as sub-section (1) of that section and after sub-section (1), re-numbered as aforesaid, the following new sub-section (2) shall be added, namely:-

"(2) In case any dispute or conflict or conflict of interests arises between the Federal Government and any of the four Provinces or their respective authorities, or among Provinces on any matter that comes under the domain of this Authority, it would be resolved in the Council of Common Interests whose decision shall be final."

#### **STATEMENT OF OBJECTS AND REASONS**

After the 18th Constitutional Amendment in the Constitution of Pakistan, 1973, the Provinces have been granted greater autonomy in matters relating to their natural reserves, hence, any Regulatory mechanism working at Federal level to regulate the affairs of the distribution of these resources and matters connected therewith must be mutually shared and agreed upon. However, this can be made possible only if any regulatory mechanism possesses equal representation from all the provinces; hence, it is necessary to provide for the equal representation from all the provinces in Oil and Gas Regulatory Authority.

2. At the same time, it is also necessary that if any dispute arises in the affairs of the Authority, it is resolved at a Constitutional forum of the Council of Common Interests.

3. The Bill seeks to achieve the aforesaid objectives.

**SENATOR SASSUI PALIJO**  
**Member-in-charge**



**ORIGINAL SECTIONS OF THE OIL AND GAS REGULATORY AUTHORITY  
ORDINANCE, 2002 (ORDINANCE XVII OF 2002) WHICH THE OIL AND  
GAS REGULATORY AUTHORITY (AMENDMENT) BILL, 2015, SEEKS TO  
AMEND [MOVED BY SENATOR SASSUI PALIJO]**

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**3. Establishment of Authority.-** (1) The Federal Government hereby establishes a regulatory authority, which shall be known as the Oil and Gas Regulatory Authority.

(2) Subject to the provisions of this Ordinance, the Authority shall be independent in the performance of its functions. The Authority shall be a body corporate, having perpetual succession and a common seal, with power, subject to the provisions of this Ordinance, to enter into contracts, acquire and hold property, both movable and immovable, and to sue and be sued in its name.

(3) The Authority shall consist of a Chairman and three additional Members out of whom one shall be designated as Member Gas, one Member as Member Oil and one Member as Member Finance.

(4) The Chairman shall be an eminent professional of known integrity and competence with a minimum of twenty years of related experience in law, business, engineering, finance, accounting, economics, public administration or management petroleum technology.

(5) The Member Oil shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of oil, including the transportation thereof.

(6) The Member Gas shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of natural gas, including the transmission and distribution thereof.

(7) The Member Finance shall be a person who holds an appropriate degree in the relevant field and is an experienced, eminent professional of known integrity and competence with a minimum of twenty years of related experience in the field of corporate finance or accounting.

(8) Subject to sub-section (9), -

(a) the Chairman shall be appointed by the Federal Government for an initial term of four years and shall be eligible for reappointment for a similar term;



(b) the Member Oil and Member Gas shall be appointed by the Federal Government for initial terms of three years and shall be eligible for reappointment for a term of four years;

(c) the Member Finance shall be appointed by the Federal Government for an initial term of two years and shall be eligible for reappointment for a term of four years.

(9) The Chairman and the other Members shall retire on attaining the age of sixty-five years.

(10) In case of a vacancy occurring due to the death, resignation, retirement or removal of any Member, the Federal Government shall appoint another qualified person within a period not exceeding three months from the date the vacancy occurred.

(11) Any Member may resign from his office by writing under his hand addressed to the Federal government. The Federal Government may remove a Member from his office if, on an inquiry by the Federal Public Service Commission, he is found unable, to perform the functions of his office due to mental or physical disability, or to have committed misconduct.

(12) Any Member may serve a maximum of two terms.

(13) The Federal Government shall designate one of the Members as Vice-Chairman, who shall act as Chairman at any time during which the Chairman for any reason is incapable of exercising the Chairman's powers or performing the Chairman's and when so acting, the Vice-Chairman shall exercise the power and perform the duties imposed on the Chairman by this Ordinance.

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**9. Authority hearing.-** Unless otherwise expressly provided in this Ordinance or any rule or regulation, any decision that the Authority has the power to make, may be made on its own motion or initiative after the holding of a meeting of the Authority, and without giving of notice to the public, and without holding a hearing:

Provided that if it appears to the Authority that its decision relating to a regulated activity may directly and adversely affect the rights of a person, the Authority shall, prior to reaching the decision, give the person an opportunity of being heard, including presentation of evidence relevant to the decision.

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**[AS REPORTED BY THE COMMITTEE]**

**A**

**BILL**

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