

ANNUAL REPORT ON THE COUNCIL OF COMMON INTERESTS

UNDER ARTICLE 153 (4)

OF THE CONSTITUTION OF THE ISLAMIC REPUBLIC OF

PAKISTAN

INTER PROVINCIAL COORDINATION DIVISION SECRETARIAT OF COUNCIL OF COMMON INTERESTS



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FOREWORD

The Constitution of Islamic Republic of Pakistan envisages and covers all shades of statecraft, the institutional framework, their organisational parameters and functions, all aimed at attaining the laid down objectives.

- 2. Under Article 153 (4) of the Constitution of the Islamic Republic of Pakistan, the Council of Common Interests is responsible to {Majlis-e-Shoora (Parliament)} and has to submit an Annual Report to both Houses of Majlis-e-Shoora (Parliament).
- 3. In terms of rule 3(3) of the Rules of Business, 1973 the Prime Minister was pleased to order the transfer of "all secretarial work for the Council of Common Interests" from Cabinet Division to Inter-Provincial Coordination Division vide Cabinet Division's memorandum dated March 4, 2010. This is the first annual report of the Council of Common Interests to be presented before the Houses of Parliament covering the period from July, 2010 to June 30, 2011. The objective of this report is to meet constitutional obligations and inform the Houses about the decisions taken by the Council during the year.
- 4. The Secretariat of the Council of Common Interests established in the Inter Provincial Coordination Division has the responsibility to keep track of formulation and regulation of policies in respect of matters enumerated in Part-II of Federal Legislative List and to ensure arrangements for CCI's supervision and control over related institutions. The tasks entrusted are sensitive and time consuming and were accomplished satisfactorily due to the hard work and commitment of our officers and staff in the CCI Secretariat. Their contribution in compilation of this report is acknowledged with gratitude.
- 5. As authorised by the Council of Common Interests (CCI), the Report is laid before the National Assembly and Senate of Pakistan as required under Article 153 (4) of the Constitution.

Anisul Hasnain Musavi SECRETARY

COUNCIL OF COMMON INTERESTS (CCI)

Prior to 4th March, 2010, Cabinet Division, in terms of entry 3 under serial. No. 1 of Schedule-II of the Rules of Business, 1973, was the Secretariat of the Council of Common Interests (CCI). In March, 2010, on a proposal of IPC Division, the Prime Minister was pleased to transfer the Secretarial work of the Council to the Ministry of Inter-Provincial Coordination.

Articles 153, 154 and 155 of the Constitution of Islamic Republic of Pakistan deals with the forum of Council of Common Interests (CCI):

- Article 153 provides the forum of CCI and deals with constitution and composition of the Council;
- Article 154 deals with functions and rules of procedure of the Council; and,
- Article 155 deals with complaints as to interference with water supplies and the manner in which the Council should deal with such complaints.

Constitutional (Eighteenth Amendment) Act, 2010

Constitutional (Eighteenth Amendment) Act, 2010 notified on 20th April, 2010 has enhanced the role and functions of the Council. Important changes brought out by the Eighteenth Amendment in respect of CCI are:-

- Article 153(2) The Council shall consist of:-
 - (a) the Prime Minister who shall be the Chairman of the Council;
 - (b) the Chief Ministers of the Provinces; and
 - (c) three members from the Federal Government to be nominated by the Prime Minister from time to time.
- Article 153(4) The Council shall be responsible to Majlis-e-Shoora (Parliament) and shall submit an Annual Report to both Houses of Majlis-e-Shoora (Parliament).
- Article 154(1) The Council shall formulate and regulate policies in relation to matters in Part-II of the Federal Legislative

List and shall exercise supervision and control over related institutions.

- Article 154(2) The Council shall be constituted within thirty days of the Prime Minister taking oath of office.
- Article 154(3) The Council shall have a permanent Secretariat and shall meet at least once in ninety days:

Provided that the Prime Minister may convene a meeting on the request of a Province on an urgent matter.

Articles 155 and 157 authorizes the Council to deal with complaints as to interference with water supplies or reservoirs and to resolve disputes with respect to construction of hydro or thermal power stations in any Province and laying of Inter-Provincial transmission lines.

Secretariat of the Council

In terms of entry 4 under serial No. 18-A of the Schedule-II of the Rules of Business, 1973 inter-alia, the Secretarial work of CCI stands allocated to the Ministry of IPC. The Prime Minister was pleased to designate the IPC Division as Secretariat of the Council as required under Article 154(3) of the Constitution. Creation of a separate Secretariat would be reviewed once the justification for that is established.

Rules of Procedure of the Council

The Council in its meeting held on July 18, 2010 approved its Rules of Procedure (Annex-I). Matters enumerated in Schedule-I of these Rules fall under the purview of CCI. In terms of Rule 3(1) of the Rules of Procedure of the Council, Secretary Inter Provincial Coordination Division, is the Secretary of the Council. The Secretary of the Council is assisted by a Sr. Joint Secretary, a Deputy Secretary and two Section Officers.

Strengthening of the Council

With Eighteenth Constitutional Amendment the Concurrent Legislative List was abolished and Federal Legislative List Part-II was introduced. This expanded the purview of the Council of Common Interests. This was a major breakthrough in the Constitutional History of Pakistan. The Eighteenth Amendment has strengthened and introduced the concept of participatory management both by the Federation and the Federating Units through the forum of CCI. The subjects transferred from Part-I to Part-II of Federal Legislative List and those transferred from the Concurrent Legislative List to Part-II of Federal Legislative List and new subjects added to the Part-II of the Federal Legislative List are indicated below:-

Subjects shifted from the Federal Legislative List Part-I to Part-II

- Major ports, that is to say, the declaration and delimitation of such ports, and the constitution and powers of port authorities therein.
- · Census.
- Extension of the powers and jurisdiction of members of a
 police force belonging to any Provinces to any area in another
 Province but not so as to enable the police of one Province to
 exercise powers and jurisdiction in another Province without
 the consent of the Government of that Province; extension of
 the powers and jurisdiction of members of a police force
 belonging to any Province to railway areas outside that
 Province.
- National Planning and National Economic Coordination including Planning and Coordination of Scientific and Technological Research.

Subjects transferred from Concurrent Legislative List to Federal Legislative List Part-II

- Electricity
- Legal, medical and other professions.

New subjects added to the Federal Legislative List- Part-II

- All regulatory authorities established under a Federal law.
- · Supervision and management of public debt.

- Standards in institutions for higher education and research, scientific and technical institutions.
- Inter-Provincial matters and Coordination.

Present Composition of CCI

The Council of Common Interest (CCI) was reconstituted vide notification No.1(2)/2010-CCI dated 21st November, 2011 as under: -

1.	The Prime Minister	Chairman
2.	The Chief Minister, Balochistan	Member
3.	The Chief Minister, Khyber Pakhtunkhwa	Member
4.	The Chief Minister, Punjab	Member
5.	The Chief Minister, Sindh	Member
	Mir Changez Khan Jamali, Minister for Science & Technology	Member
7.		Member
8.	Mir Hazar Khan Bijarani, Minister for Inter Provincial Coordination	Member

Meetings of the Council of Common Interests

Prior to the Eighteenth Constitutional Amendment, only eleven meetings of the Council were held since 1973. However, after passage of the Eighteenth Constitutional Amendment, it is mandatory for the Council to meet once in ninety days. As such, the Council held its six meetings on July 18, September 6, November 8, 2010, February 1, April 28, and June 1, 2011.

Cases considered and decisions by the Council of Common Interests

The Council in its meetings has deliberated on vital issues of national importance and taken decisions on matters relating to the

Federation with the full participation of the provinces. 36 cases have been deliberated upon by the Council in its six meetings. Decisions taken by the Council in its six meetings alongwith implementation status are given hereunder:

Case No. CCI. 1/1/2010 Dated 18th July, 2010 Rules of Procedure of Council of Common Interests, 2010.

DECISION

The Council of Common Interests (CCI) considered the Summary dated 12th July, 2010 submitted by Ministry of Inter Provincial Coordination /Secretariat of Council of Common Interests on "Rules of Procedure of Council of Common Interests, 2010" and approved the Rules of the Council at Annex-VII of the Summary.

Implementation Status

Implemented

Case No.	CCI.	2/1/	201
Dated 18t	h Jul	v. 20	10

0 Implementation of the Eighteenth Amendment.

DECISION

The Council of Common Interests (CCI) considered the Summary dated 12th July, 2010 submitted by Ministry of Inter Provincial Coordination/Secretariat of Implementation Commission on "Implementation of Eighteenth Amendment" and noted the progress in the matter.

Implementation Status

Implemented

Case No. CCI. 3/1/2010 Dated 18th July, 2010 NEPRA's Annual Report, 2008-09 and State of Industry Report, 2009.

DECISION

The Council of Common Interests (CCI) considered the Summary dated 15th February, 2010 submitted by Cabinet Division on "NEPRA's Annual Report, 2008-09 and State of Industry Report, 2009" and decided to set up a Committee comprising the following, to examine the working and functioning of the NEPRA within the Constitution:-

- Syed Naveed Qamer, Minister for Petroleum & Natural Resources.
- ii. Dr. Arbab Alamgir Khan, Minister for Communications
- iii. Mir Humayun Aziz Kurd, Minister for Livestock and Dairy Development.
- Senator Mian Raza Rabbani, Advisor to the Prime Minister on IPC/Chairman Implementation Commission.
- One nominee each from the Provincial Governments, to be nominated by the respective Chief Ministers.
- II. The Committee shall submit its report within one month.

Implementation Status

The report of the Committee has been received and forwarded to Cabinet Division for bringing up a Summary for the CCI for placing the same in its next meeting.

		O-conigation	of
Case No. CCI. 4/1/2010	Intellectual Prope	erty Organization	O.
Case No. CCI. 4/1/2010	Pakistan (IPO-Paki	istan)'s issues.	
Dated 18th July, 2010	Pakistan (110 2 mil		

DECISION

The Council of Common Interests (CCI) considered the Summary dated 12th July, 2010 submitted by Cabinet Division on "Intellectual Property Rights Organization of Pakistan (IPO-Pakistan)'s issues" and directed that the Summary may be resubmitted after examining the legal

position, defining a role for the Provincial courts, and, in consultation with the stakeholders suggesting appropriate changes in the law.

Implementation Status

In spite of repeated reminders, IPO-Pakistan has not yet submitted a fresh Summary.

Case No. CCI. 5/1/2010	National con	sensus 1	for	construction	of
Dated 18th July, 2010	Diamer Basha	Dam Pro	oject		

DECISION

The Council of Common Interests (CCI) considered the Summary dated 7th July, 2010 submitted by Ministry of Water & Power on "National consensus for construction of Diamer Basha Dam Project" and approved the draft resolution at Annex-V of the Summary with the modification that the last paragraph of the resolution shall be amended to read as;

"To recommend to the Government of Pakistan to initiate implementation policy concerning the construction of Diamer Basha Dam"

II. The Council also directed that water distribution from the source shall be as per Water Apportionment Accord, 1991.

Implementation Status

Implemented

Non-Agenda Items of the CCI Meeting dated 18th July, 2010

The Council also took the following decisions:-

- Ministry of Water & Power should develop a scheme with foreign funding for development of infrastructure to support the early completion of Thar Coal Project.
- Ministry of Railways to give a detailed briefing on their working in the next meeting of the Council.

position, defining a role for the Provincial courts, and, in consultation with the stakeholders suggesting appropriate changes in the law.

Implementation Status

In spite of repeated reminders, IPO-Pakistan has not yet submitted a fresh Summary.

Case No. CCI. 5/1/2010	National	consensus	for	construction	of
Dated 18th July, 2010	Diamer B	asha Dam P	rojec	t.	

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Implementation Status

Implemented

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- ii. Ministry of Railways to give a detailed briefing on their working in the next meeting of the Council.

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Implementation Status

Implemented

Non-Agenda Items of the CCI Meeting dated 18th July, 2010

The Council also took the following decisions:-

- Ministry of Water & Power should develop a scheme with foreign funding for development of infrastructure to support the early completion of Thar Coal Project.
- ii. Ministry of Railways to give a detailed briefing on their working in the next meeting of the Council.

iii. Statistics Division to give briefing on Population Census in the next meeting of the Council.

Implementation Status

- The Ministry of Water & Power has been raising the issue of arranging foreign funding for the project. Economic Affairs Division is working for finding donor for the project. Decision is yet to be implemented.
- Summary submitted by Ministry of Railways contained a number of mistakes, as such was returned. Revised Summary is awaited.
- iii. Implemented.

Meeting dated September 6, 2010	Flood situation and strategy to deal with it with Focus on relief measure and rehabilitation/ reconstruction plan
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Following decisions were taken in the meeting:-

- Composition and terms of reference of National Oversight
 Disaster Management Council may be notified immediately
 after getting two nominations each from the Provinces.
- ii. The process of payment of Rs. 20,000/- to the affected families be initiated immediately, at least in one district in each Province. The details of funds to be shared by the Provinces may be immediately settled in the meeting with the Chief Secretaries.
- CCI will provide policy guidelines for equitable and transparent distribution of foreign funds.
- iv. DNA exercise should be completed at an early date.
- v. Government should consider implementation of GST reforms in consultation with the Provincial Governments.
- vi. Finance Division to undertake an exercise for finding additional resources for rehabilitation/reconstruction work.

- vii. M/o Food and Agriculture should ensure that free seeds and fertilizer are distributed amongst the affected farmers having land holding up to 25 acres, before the next sowing season.
- viii. Finance Division in consultation with the Provincial Governments may consider the possibility of extending agricultural loans in the flood affected areas.
- ix. M/o Information to launch active publicity campaign through advertisements giving details of relief work.
- x. An interactive state of the art website be created giving details of all Government of Pakistan flood related activities. This website be updated regularly.

Implementation Status

Implemented

Case No. CCI. 1/3/2010 Dated 8 th November, 2010	Damage and Needs Assessment (DNA) and External Assistance for Floods.
Case No. CCI. 2/3/2010 Dated 8 th November, 2010	Implementation Mechanism and Post-Flood Reconstruction.

DECISION

Council of Common Interests (CCI) noted the position of fiscal framework 2011, DNA and availability of external assistance, reconstruction efforts and their monitoring presented by the Finance, Economic Affairs and Planning and Development Divisions and agreed to the need for common voice and one national agenda, in the forthcoming PDF meeting.

- 2. The criteria for payment of compensation of remaining amount of Rs.80,000/- would be decided in a meeting by the Finance Minister in consultation with Provincial Chief Secretaries.
- 3. The Committee comprising Minister for Finance, Minister for Petroleum and Natural Resources, Minister for Labour and Manpower and

Chief Minister Sindh already setup, would look into the matter of Reformed General Sales Tax and finalize before PDF meeting.

- 4. Committee comprising Minister for Finance, Minister for Petroleum and Natural Resources, Minister for Water & Power and Chief Minister Sindh earlier setup under a Cabinet Decision should look into the matter of Power companies' receivables and settle the issue.
- It was directed that NADRA should look into the matter of non issuance of cards in Balochistan and expedite the issuance of cards to the affectees.

Implementation Status

Decisions at Sr. No.1-3&5 have been implemented. Implementation report regarding decision at Sr. No.4 is awaited.

	A Concue
Case No. CCI. 3/3/2010 Dated 8th November, 2010	6th Population and Housing Census
Dated 8 November, 2010	

DECISION

Council of Common Interests considered the Summary submitted by the Statistics Division on 6th Population and Housing Census and approved the following schedule for Census operations:

10	House Listing Operation	March/April, 2011
-,		August/September, 2011
ii)	Population and Housing Census	August/September, 2011

2. As assistance of Army personnel was required for conducting the above operation, the availability of Armed Forces personnel during that period may be checked/ ensured.

Implementation Status

Implemented

Case No.	CCI. 4/3/2010	
Dated 8th	November, 2010	

Special Economic Zones Bill, 2010

DECISION

Council of Common Interests deferred the consideration of the Summary, dated 31st August, 2010 submitted by the Board of Investment, regarding Special Economic Zones Bill, 2010 and decided that BOI may place the revised Summary in some subsequent meeting of CCI after consulting the Provincial Governments on the proposed Bill.

Implementation Status

Implemented.

Case No.	CCI. 5/3/2010
Dated 8th	November, 2010

Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2010.

DECISION

Council of Common Interests considered the Summary dated October. 2010 submitted by the Cabinet Division and decided that the matter may be referred to the Committee comprising Mr. Naveed Qamar, Minister for Petroleum and Natural Resources, Mr. Arbab Alamgir Khan, Minister for Communications, Mr. Humayun Aziz Kurd, Minister for Livestock and Dairy Development, Mian Raza Rabbani, Adviser to the Prime Minister on IPC and Provincial representatives already set-up under an earlier decision of CCI dated 18th July, 2010 to examine the working and functioning of the NEPRA within the Constitution. Cabinet Division should submit revised Summary on the subject alongwith views of that Committee on the proposed Bill.

Implementation Status

Implemented.

Case No. CCI. 6/3/2010 Dated 8th November, 2010 Sugar Availability

DECISION

Council of Common Interests decided that in line with the decision of ECC, TCP would have no role in future in the import of sugar. The stocks of sugar available with TCP would be off loaded. A transparent mechanism for release of available stocks of TCP in the market will be determined by the Finance Minister in consultation with the Chief Ministers.

Implementation Status

Implemented

Case No. CCI. 1/1/2011 Dated 1st February, 2011 Financing for the Organizations / Projects transferred to the Provinces.

DECISION

Council of Common Interests considered the Summary submitted by the Inter Provincial Coordination Division on "Financing for the Organizations / Projects transferred to the Provinces" and decided as under:

- Committee comprising Secretary Finance and four Chief Secretaries should work out the financial impact of the devolution and suggest various possible scenarios to meet the said liability by the Federation / Provinces. These recommendations would be sent to IPC Division for submission to Implementation Commission and the Prime Minister.
 - The Prime Minister would hold a meeting with the Chief Ministers to resolve the matter at political level.
- The Prime Minister also directed for a status report on the implementation of directions to stop fresh recruitments in the devolvable Ministries.

Implementation Status

Implemented

Case No. CCI. 2/1/2011 Tight Gas (Exploration & Production) Policy, Dated 1st February, 2011 2011

DECISION

Council of Common Interests (CCI) considered the Summary submitted by M/o Petroleum & Natural Resources on "Tight Gas (Exploration & Production) Policy, 2011" and approved in principle the Tight Gas (Exploration & Production) Policy, 2011, subject to further consultations with the Provinces and suitable modifications / improvements, if required.

2. It was directed that in future the Ministries / Divisions initiating the Summaries for CCI should ensure their prior circulation to the Provinces and their comments should be incorporated in the Summary.

Implementation Status

Implemented

	Subsidy to Agricultural Tube Wells
Dated 1st February, 2011	

DECISION

The Council of Common Interests considered the Summary submitted by the Ministry of Water and Power regarding subsidy to Agricultural tube wells and observed that the matter did not fall under the purview of the CCI and directed that the Ministry of Water and Power should resolve the matter with the respective Provincial Governments separately.

Implementation Status

No further action required.

Case No. CCI. 4/1/2011 Dated 1 st February, 2011	Management Outsourcing of Power Sector Entities through Public Private Partnership (PPP) Mode.
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DECISION

The Council of Common Interests deferred the consideration of the Summary submitted by Ministry of Privatization regarding "Management Outsourcing of Power Sector Entities through Public Private Partnership (PPP) Mode" and decided that the summary should be revised after consultation with the Provincial Governments, and be placed in some subsequent meeting of the Council.

Implementation Status

Implemented.

Case No. CCI. 1/2/2011	Report on implementation of Council of
Dated 28 th April, 2011	Common Interests (CCI) Decisions

DECISION

The CCI considered the Summary submitted by the Ministry of Inter Provincial Coordination / Secretariat of Council of Common Interests regarding implementation of decisions of Council of Common Interests (CCI) and noted the position contained therein.

Implementation Status

Progress noted by the CCI.

Case No. CCI. 2/2/2011 Dated 28th April, 2011

NEPRA's Annual Report 2009-10 and State of Industry Report 2010

DECISION

The CCI considered the Summary dated 26th November, 2010, submitted by the Cabinet Division, on "NEPRA's Annual Report 2009-10 and State of Industry Report 2010" and took note of the Report. It was also decided that an Energy Conference should be held early to consider various options for the resolution of energy crisis.

Implementation Status

Implemented

Regulation of Generation, Transmission
and Distribution of Electric Power (Amendment) Bill, 2010.

DECISION

The Council of Common Interests deferred the consideration of the Summary submitted by the Cabinet Division on "Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2010" till submission of the report of the Sub-Committee constituted under the Chairmanship of Syed Naveed Qamar.

Implementation Status

The report of the Committee has been received and forwarded to Cabinet Division for bringing up a Summary for the CCI for placing the same in its next meeting.

Case No.CCI.4/2/2011, Dated 28-04-2011.	Approval for Negotiations and Signing of Memorandum of Understanding on Cooperation between Korea Rail Road Corporation (Korail), Republic of Korea and Pakistan Railways, Ministry of Railways, Government of the Islamic Republic of Pakistan
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DECISION

The CCI agreed to the request of Ministry of Railways for withdrawal of their Summary dated 1st March, 2011 on "Approval for Negotiations and Signing of Memorandum of Understanding on Cooperation between Korea Rail Road Corporation (Korail), Republic of Korea and Pakistan Railways, Ministry of Railways, Government of the Islamic Republic of Pakistan".

Inter Provincial Coordination Division was directed to examine the legal position and the modalities for setting up a Sub-Committee of CCI. Recommendations / views in the matter may be submitted for consideration of the Council.

Implementation Status

Implemented. As regards part 2, proposal on setting up of subcommittee of CCI will be submitted to the CCI after consultation with Law, Justice and Parliamentary Affairs Division.

Law, Justice and Faritaine	Privatization of Power Sector Entities
Cace NO. CLISTAN	Privatization of Fower Ser
Dated 28-04-2011.	THE RELEASE OF THE PARTY OF THE

DECISION

The CCI considered the Summary submitted by the Privatization Division and approved the privatization of three Generation Companies (GENCOs) and nine Distribution Companies (DISCOs). A proposal on the mode of privatization which ensure contributions / inputs by the Provinces would be brought up in the next meeting of the Council.

Implementation Status

Implemented

Case No.CCI.6/2/2011, Dated 28-04-2011. Dispute arising from the interpretation of Article 157 of the Constitution by the Federation & appropriate amendment in the policy for power generation projects 2002 so as to bring it in line with the letter and spirit of the said article.

DECISION

The Council considered the Summary submitted by the Government of the Punjab on "Dispute arising from the interpretation of Article 157 of the Constitution by the Federation & appropriate amendment in the policy for power generation projects 2002 so as to bring it in line with the letter and spirit of the said Article" and approved the interpretation of Article 157 as explained in the Summary by the Punjab Government. It was, however, decided that amendments if required, in NEPRA Act etc shall be finalized by Secretary, Ministry of Water & Power, Chairman, NEPRA and representatives of Provincial Governments.

Implementation Status

Implemented. The Summary submitted by Government of the Punjab is placed as Annexure-II.

Case No. CCI. 7/2/2011	Funding for devolved Organizations /
Dated 28-04-2011	Institutions / Departments and Projects
Dateu 20-04-2011	of Defunct Ministries / Divisions beyond 30 th June, 2011

DECISION

Council of Common Interests considered the Summary on "Funding for devolved Organizations / Institutions / Departments and Projects of Defunct Ministries / Divisions beyond 30th June, 2011" submitted by the Finance Division and decided as under:-

> The current expenditures of the devolved institutions / organizations / departments shall be borne by the Provincial Governments beyond 30th June, 2011.

- ii). Federal Government will provide funding only for the vertical programs in Health. The vertical projects of Ministry of Food and Agriculture being of physical nature and creating assets for the Provinces, would be funded by the Provinces themselves. Financing for development Programme of Population Welfare beyond June, 2011 would depend upon the approval of ECNEC for this Programme.
- iii). Provinces would also finance the development projects of the devolved Ministries transferred to them. Provinces would be at liberty to continue or other-wise, these projects.
- Funding for the implementation of President's / Prime Minister's directives shall continue to be made by the Federal Government.
- v). The Council approved that financing for current expenditure of Universities as hitherto would be picked up by the Federal Government till the period of the current NFC Award. Federal Government would during this period also pick up the development expenditure of the Universities depending upon the resources available with the Federal Government.

Implementation Status

Implemented

Case No. CCI.8/2/2011 Dated 28-04-2011	Devolution Foundation Commission (NCHD).	of (NI for	National EF) and Human	Education National Development
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DECISION

The CCI deferred the consideration of the Summary dated 25th April, 2011 submitted by Ministry of Inter Provincial Coordination / Secretariat of Implementation Commission on "Devolution of National Education Foundation (NEF) and National Commission for Human Development (NCHD)" till the next meeting.

Implementation Status

Implemented.

C. M. COY OR GOOD		-			
Case No.CCI.9/2/2011,	Private	Power	and	Infrastructure	Roard
Dated 28-04-2011.	(DDID) I	2011 2011	0	THE STATE OF THE STATE OF	Dould
Dateu 20-04-2011.	(PPIB) I	5III, 2010	0		

DECISION

The CCI considered the Summary submitted by Ministry of Water & Power on "Private Power and Infrastructure Board (PPIB) Bill, 2010" and approved the PPIB Bill, 2010.

Implementation Status

Implemented

Case No. CCI. 1/3/2011	Harmonisation of Agriculture Income Tax
Dated June 1, 2011	Policy in the Provinces

DECISION

The Council of Common Interests (CCI) considered the Summary submitted by Finance Division on "Harmonisation of Agriculture Income Tax Policy in the Provinces" and decided to constitute a Committee, under the Chairmanship of the Minister for Finance, to deliberate upon measures of rationalisation of Agriculture Income Tax in their respective provinces after announcement of the federal budget but prior to the announcement of provincial budgets. Provincial Ministers for Finance and Agriculture shall be members of the Committee. It was decided further that the Federal Board of Revenue shall share data with the provinces to enable them to identify potential tax-payers.

Implementation Status

In pursuance of the decision, a meeting of the committee set up by CCI was held on 07-06-2011. Following decisions were taken in the meeting:-

(i) The Committee felt that there is a need to harmonize the agriculture income tax policy in the country. The Provinces would take positions after consultation with their respective Chief Ministers and the Provincial Cabinets.

- (ii) A sub committee consisting of Federal and Provincial Finance Secretaries and a representative from FBR will look into the technical and legal aspects of the matter and submit a report to this Committee for firming up its recommendations to the CCI.
- Various meetings of the Committee were held and yet were in the process of developing a Consensus.

Case No. CCI. 2/3/2011	Revenues of Regulatory	Authorities	of
Dated June 1, 2011	Federal Government.		

DECISION

The Council of Common Interests (CCI) considered the Summary submitted by the Finance Division on "Revenues of Regulatory Authorities of Federal Government" and approved the proposed amendments in the laws of the following regulatory authorities so as to place their surplus revenues in the Federal Consolidated Fund:

- i. Oil & Gas Regulatory Authority (OGRA)
- ii. Pakistan Telecommunication Authority (PTA)
- iii. National Electric Power Regulatory Authority (NEPRA)
- iv. Pakistan Electronic Media Regulatory Authority (PEMRA)
- v. Pakistan Nuclear Regulatory Authority (PNRA)
- vi. Securities & Exchange Commission of Pakistan (SECP)

It was further decided that the Finance Division shall ensure that after transfer of surplus revenues to the Federal Consolidated Fund, the deficits of such regulatory authorities, if any, shall be picked up by the Federal Government.

Implementation Status

The amendment was withdrawn for further consultation.

Case No. CCI. 3/3/2011 Dated June 1, 2011 Approval of Draft Securities and Exchange Commission of Pakistan Bill, 2011

DECISION

The Council of Common Interests (CCI) considered the Summary submitted by Finance Division on "Approval of Draft Securities and Exchange Commission of Pakistan Bill, 2011" and approved the draft Securities and Exchange Commission of Pakistan Bill, 2011.

Implementation Status

Implemented

Case No. CCI. 4/3/2011 Dated June 1, 2011	Devolution Foundation Commission (NCHD).	of (N)	National EF) an	
		for	Human	Development

DECISION

The Council considered the Summary submitted by Ministry of Inter Provincial Coordination / Secretariat of Implementation Commission on "Devolution of National Education Foundation (NEF) and National Commission for Human Development (NCHD)" and directed that negotiations may be held with the provinces for adoption of useful components of both the projects. The Finance Division would liaise with the provinces to provide a partial funding mechanism to alleviate the financial burden on the provinces. In case an arrangement cannot be reached, the two organisations would be wound up after June 30, 2011. The component related to the Federal areas shall be protected for the duration of the projects.

Implementation Status

Implemented

Allocation of Water for Islamabad / Rawalpindi.

DECISION

The Council of Common Interests considered the Summary submitted by the Ministry of Water and Power on "Allocation of Water for Islamabad / Rawalpindi" and in principle agreed to the allocation of water out of the share of the Punjab for Rawalpindi, and by the provinces of the Punjab, Balochistan and Khyber Pakhtunkhwa for Islamabad to be shared in accordance with their prescribed share according to the Water Accord 1991. The Minister for Water & Power shall hold consultations with the Chief Minister Sindh to obtain agreement of that province for allocation a part of its share for Islamabad without re-referring the matter to the Council of Common Interests. The Council noted that Khyber Pakhtunkhwa would be duly compensated for potential losses of net profits from hydel generation in case the water is drawn upstream of Tarbela / Ghazi power stations.

Implementation Status

Minister for Water and Power discussed the issue with the Chief Minister, Government of Sindh on 1st July, 2011. The Chief Minister, Government of Sindh has again not acceded to the said proposal.

Financial Autonomy of Indus River System Authority.

DECISION

The Council of Common Interests considered the Summary submitted by the Ministry of Water & Power on "Financial Autonomy of Indus River System Authority" and approved following levies by IRSA:-

 paisa 30 per acre foot of water released for irrigation and hydro power generation from provinces and WAPDA. paisa 0.5 per Kwh for managing water for hydro power generation and cooling water needs of nuclear power generation to be paid by WAPDA and PAEC.

Implementation Status

Implemented

DECISION

The Council of Common Interests (CCI) considered the Summary submitted by the Ministry of Water and Power on "Policy Guidelines for Power Generation through Small Independent Power Projects (SIPPs) below 50 MW Capacity" and approved in principle the policy guidelines subject to resolution / settlement of issues of approving authority by the Ministry of Water and Power in consultation with the provincial governments.

Implementation Status

Implemented

Case No. CCI. 8/3/2011 Dated June 1, 2011	Allocation of Water for AJ&K for Drinking and Irrigation Purposes.
Dated June 1, 2011	and Irrigation Purposes.

DECISION

The CCI agreed to the request of the Ministry of Water and Power for withdrawal of the Summary on "Allocation of Water for AJ&K for Drinking and Irrigation Purposes".



RULES OF PROCEDURE OF THE COUNCIL OF COMMON INTERESTS (CCI)

2010

GOVERNMENT OF PAKISTAN
MINISTRY OF INTER PROVINCIAL COORDINATION
(IPC DIVISION)

GOVERNMENT OF PAKISTAN MINISTRY OF INTER PROVINCIAL COORDINATION (IPC DIVISION)

In exercise of the powers conferred by clause 5 of Article 154 of the Constitution of the Islamic Republic of Pakistan, the Council of Common Interests has made the following Rules of Procedure, namely:-

RULES OF PROCEDURE OF THE COUNCIL OF COMMON INTERESTS

- Short Title and commencement.—(1) These rules shall be called the Rules of Procedure of the Council of Common Interests, 2010.
 - (2). These rules shall come into force at once.
- Definitions.—In these rules, unless there is anything repugnant to the subject or context;
 - a) "Article" means an Article of the Constitution;
 - b) "Chairman" means the Chairman of the Council of Common Interests;
 - "Constitution" means the Constitution of the Islamic Republic of Pakistan;
 - d) "Council" means the Council of Common Interests constituted under Article 153;
 - e) "department" means a department of a Provincial Government;
 - "Division" means a self-contained administrative unit of the Federal Government responsible for the conduct of its business in a distinct and specified sphere and declared as such by the Federal Government;
 - g) "Federal Government" means the Government of Pakistan;

- h) "Provincial Government" means the Government of a Province;
- i) "Secretariat" means the Secretariat of the Council established under rule 3;
- j) "Secretary" means the Secretary of the Council appointed under rule 3; and
- k) "Schedule" means schedules to these rules.
- 3. Secretariat of the Council.—(1) There shall be a permanent Secretariat of the Council. The Federal Government, with the approval of the Chairman, shall appoint Secretary of the Council:

Provided that till such time a separate Secretariat is established, the Inter Provincial Coordination Division of the Federal Government shall act as the Secretariat of the Council and till such time a Secretary of CCI is appointed the Secretary, Inter Provincial Coordination Division shall act as Secretary of the Council.

- (2) The Secretary shall be the administrative head of the Secretariat of the Council and shall be responsible for its efficient functioning.
- (3) The Secretary shall appoint such other officers and officials for the Secretariat, as he may think appropriate, in accordance with the rules prescribed by the Council:

Provided that appointment to the posts in BS-20 and above shall be made with the approval of the Chairman:

Provided further that representation of all the Provinces and regions in the service of the Council shall be ensured on the basis of provincial and regional quotas.

4. Functions of the Council.— The Council shall formulate and regulate polices in respect of matters given in the Schedule I and shall exercise supervision and control over related institutions.

- 5. Meetings of the Council.— (1) The Chairman may summon the meetings of the Council, to meet at such time and place as he thinks fit.
 - (2) The Council shall meet at least once in ninety days:

Provided that the Chairman may convene a meeting on the request of a Province on an urgent matter.

- (3) The meetings of the Council shall be attended by its members.
- (4) The Chairman may permit any other Federal Minister, or a Provincial Minister and any official to attend the meeting of the Council by special invitation.
- (5) In a meeting of the Council, four members, shall form the quorum; provided that at least two Chief Ministers are present:

Provided further that a matter relating to a Province shall not be discussed unless the Chief Minister of that Province is present in the meeting.

(6) No case shall be discussed nor any issue be raised in a meeting unless summary relating to it has first been circulated:

Provided that the Chairman may dispense with this requirement in exceptional circumstances.

- (7) Notice for the meeting shall ordinarily be issued at least ten working days in advance.
- (8) For inclusion in the agenda of a meeting summary relating to the case shall reach the Secretary at least fifteen days in advance of the meeting:

Provided that, if a case is urgent and is required to be taken up at a short notice, the Secretary of Division or Chief Secretary of the concerned Province shall obtain approval of the Chairman for its inclusion in the agenda before it is transmitted to the Secretary.

(9) The Secretary of the Division or Chief Secretary of the Province concerned shall attend the meeting of the Council for the purpose of the case relating to his Division or Province. However, these officers may be asked to withdraw from the meeting before the Council starts discussion on the issue.

- (10) The decisions of the Council shall be expressed in terms of the opinion of the majority.
- 6. Circulation and confirmation of minutes and decisions.—
 The Secretary shall circulate to the members, within seven working days of the meeting, a copy of the minutes and decisions of the Council for perusal. The members shall return the aforesaid copy of the minutes and decisions to the Secretary within fifteen working days of issue. The Secretary shall also supply to the Secretary of the Division or the Chief Secretary of the Province concerned for action, a copy of the relevant decision of the Council, and wherever considered necessary, of the relevant excerpts of the points made during the discussion.
- Committees of the Council.— The Council may constitute
 its standing committees or special committees laying down their terms of
 reference and membership.
- 8. Procedure regarding Committees of the Council.—
 Meetings of a Committee of the Council shall be convened by the chairperson of the Committee concerned who shall also preside over such meetings:

Provided that the procedure for the meetings of the Council shall apply mutatis mutandis for the meetings of the Committees except that the recommendations of the Committee shall be placed before the Council.

- 9. Cases to be submitted to the Council.— The Council shall consider the cases mentioned in Schedule-I of these rules or those notified by the Federal Government from time to time in the Gazette of Pakistan.
- 10. Manner of submission of cases to the Council.— The manner of submission of the cases before the Council and preparation of summaries therefor shall be as given in Schedule-III and Schedule-III to these rules, respectively or as notified by the Secretariat from time to time.
- 11. Implementation of decisions of the Council.— (1) When a case has been decided by the Council, the Federal Government or Provincial

Government concerned shall take prompt action to give effect to the decision unless it conveys its intention to make reference to the Parliament within fifteen days of its communication.

- (2) When the decision of the Council is received by the Secretary of the Division or the Chief Secretary of the concerned Province, he shall
 - (a) acknowledge the receipt of the decision in the form provided;
 - (b) transmit the decision to his Division or Department for action;
 - keep a register with him of the decisions received, for the purpose of ensuring that prompt and complete action is taken on those decisions; and
 - (d) coordinate action with any other Division or a Province, which may be concerned with the decision.
- (3) The Secretary shall monitor the implementation of decisions and the Secretary of the Division or Chief Secretary of a Province concerned shall supply to the Secretary such documents as the latter may, by general or special request, require, enabling him to complete his record of the case and to satisfy himself that the decision of the Council has been fully implemented.
- 12. Correction of minutes and decisions of the Council.— If a Member considers that there has been a mistake or omission in recording the minutes or decisions of the Council, he shall point it out to the Secretary in writing within fifteen working days of their issuance. The Secretary shall obtain orders of the Chairman and circulate the same to Members.
- 13. Reference against the decisions of the Council.— If the Federal Government or a Provincial Government is not satisfied with a decision of the Council, it may refer the matter to the Parliament in a joint sitting whose decision in this behalf shall be final.
- Repeal.— The Rules of Procedure for the Council of Common Interests 1991, are hereby repealed.



SCHEDULE-I

[See rule 4]

CASES TO BE SUBMITTED TO THE COUNCIL

- (1) Railways;
- (2) Mineral oil and natural gas, liquids and substances declared by Federal law to be dangerously inflammable;
- (3) Development of industries, where development under Federal control is declared by Federal law to be expedient in the public interest; institutions, establishments, bodies and corporations administered or managed by the Federal Government immediately before the commencing day, including Water and Power Development Authority and Pakistan Industrial Development Corporation and all undertakings, projects and schemes of such institutions, establishments, bodies and corporations; industries, projects and undertakings owned wholly or partially by the Federation or by a corporation set up by the Federation;
- (4) Electricity;
- (5) Major ports, that is to say, the declaration and delimitation of such ports, and the constitution and powers of port authorities therein;
- (6) All regulatory authorities established under a Federal law;
- (7) National planning and national economic coordination including planning and coordination of scientific and technological research;
- (8) Supervision and management of public debt;
- (9) Census;
- (10) Extension of the powers and jurisdiction of members of a police force belonging to any Province to any area in another

Province, but not so as to enable the police of one Province to exercise powers and jurisdiction in another Province without the consent of the Government of that Province; extension of the powers and jurisdiction of members of a police force belonging to any Province to railway areas outside that Province;

- (11) Legal, medical and other professions;
- (12) Standards in institutions for higher education and research, scientific and technical institutions;
- (13) Inter-provincial matters and co-ordination;
- (14) Council of Common Interests;
- (15) Fees in respect of any of the matters specified in Part-II of the Federal Legislative List but not including fees taken in any court;
- (16) Offenses against laws with respect to any of matters in Part-II of the Federal Legislative List;
- (17) Inquiries and statistics for the purposes of any of the matters in Part-II qf the Federal Legislative List;
- (18) Matters incidental or ancillary to any matter enumerated in Part-II of the Federal Legislative List;
- (19) Complaints as to interference with water supplies (Article 155);
- (20) Implementation of the directions given by the Parliament for action by the Council under Article 154(6);
- (21) Submission of Annual Report to both Houses of Parliament (Article 153(4); and
- (22) Resolution of disputes with respect to construction of Hydro electric station in any Province Article 157(3).

SCHEDULE-II

[See rule 10]

MANNER OF SUBMISSION OF CASES TO THE COUNCIL

- In respect of all cases to be submitted to the Council, Secretary
 of the Division or Chief Secretary of the Province concerned, shall transmit
 to the Secretary a concise, lucid and printed Summary, giving the
 background and relevant facts, points for decision and recommendations of
 the Federal Government or Provincial Government concerned, as the case
 may be.
- The Summary shall be self-contained as far as possible, not exceeding two printed pages and may include as appendices only such relevant papers as are necessary for proper appreciation of the case.
- Where a reference is made to a previous decision of the Council, the decision of the Council shall invariably be reproduced in the Summary or annexed to it.
- 4. Where a case concerns more than one Division or the Province, the Summary shall normally not be submitted to the Council until it has been considered by the Divisions and/or the Provinces concerned. In case of difference of opinion, the point of difference should be stated in the Summary.
- 5. The Provinces and the Divisions concerned of the Federal Government should furnish their comments or views on the summaries for the Council circulated for the purpose, within two weeks. The requirements of prior consultation may be waived in very exceptional circumstances but the Summary must, in that case, be sent to others concerned with the request to send their views direct to the secretariat of the Council by a given date. The secretariat would circulate the views, if received in time, alongwith or in continuation of the Summary.
 - 6. It shall be the duty of the Secretary to satisfy himself that the summary submitted by the Federal or a Provincial Government is complete and in the prescribed form. He may return a case until the requirements of these rules, have been complied with.

SCHEDULE-III

[See rule 10]

PREPARATION OF SUMMARIES AND DOCUMENT

A Summary for the Council shall include-

- (a) name of the sponsoring Division of the Federal Government or Department of the Provincial Government;
- (b) subject of the case;
- (c) name and designation of the officer submitting the Summary (Secretaries/Additional Secretaries-in-Charge of Divisions concerned in case of Federal Government and Chief Secretaries in case of Provincial Government);
- (d) place and date of submission; and
- (e) serial number.
- (2) The words "SUMMARY FOR THE COUNCIL OF COMMON INTERESTS" shall invariably appear at a prominent place, above "Subject". It shall be marked as "SECRET" at the top right corner on first page.
- (3) All papers submitted to the Council shall be marked "SECRET" until discussion on them has taken place in the meeting. Thereafter, unless the Council has decided otherwise, the sponsoring Government shall decide the de-classification of these documents under intimation to the secretariat.
 - (4) The members shall return to the Secretary -
 - (a) the summaries supplied to them for decision by discussion in a meeting of the Council or a Committee of the Council immediately after the discussion has taken place; and

(b) minutes and decisions circulated by the Secretar immediately after they have perused them, but not late than fifteen days.

[F.No.1(1)/2010-IPC-III date 19th July, 2010]

QURAT-UL-AIN, Deputy Secretary (IPC)

GOVERNMENT OF THE PUNIAB

SUMMARY FOR THE COUNCIL OF COMMON INTERESTS

SUBJECT: DISPUTE ARISING FROM THE INTERPRETATION
OF ARTICLE 157 OF THE CONSTITUTION BY THE
FEDERATION & APPROPRIATE AMENDMENT IN
THE POLICY FOR POWER GENERATION
PROJECTS 2002 SO AS TO BRING IT IN LINE WITH
THE LETTER AND SPIRIT OF THE SAID ARTICLE

Article 157 of the Constitution provides as under:

157. Electricity.- (1) The Federal Government may, in any province, construct or cause to be constructed hydroelectric or thermal power installations or grid stations for the generation of electricity and lay or cause to be laid interprovincial transmission lines:

Provided that the Federal Government shall, prior to taking a decision to construct or cause to be constructed, hydroelectric power stations in any province, shall consult the provincial government concerned.

- (2) The Government of a province may:
 - (a) to the extent the electricity is supplied to that province from the national grid, require supply to be made in bulk for the transmission and distribution within the province;
 - (b) levy tax on consumption of electricity within the province;
 - (c) construct power houses and grid stations and lay transmission lines for use within the province; and
 - (d) determine the tariff for distribution of electricity within the province;

- (3) In case of any dispute between the Federal Government and a Provincial Government in respect of any matter under this article, any of said governments may move the Council of Common Interests for resolution of the dispute.
- 2. Prior to the Constitution (Eighteenth Amendment) Act 2010, the subject of Electricity was on the Concurrent Legislative List. On omission of the said List, the subject stands transferred to Part-II of the Federal Legislative List. However, the said 18th amendment has kept the provisions of Article 157(2) consciously intact so that the powers of the Provinces before the 18th amendment are not affected and the Provinces continue to contribute towards promotion of energy sector.
- 3. To mitigate electricity crises in the country, Government of the Punjab (GoPb), in consultation with Federal Government, WAPDA, and PPIB, announced "Punjab Power Generation Policy 2006 (revised 2009)" inter alia to encourage private investment in power sector within the province. One-window facilitation to private sector was provided through establishment of Punjab Power Development Board (PPDB). The Punjab also established Punjab Power Development Company Limited (PPDCL) for the development of the projects in public sector. PPDB was mandated to process power projects up to 50 MW capacity in accordance with the limit set in the Federal Power Generation Policy 2002.
- 4. The Punjab subsequently requested the Federal Government to enhance the limit up to 200 MW. Government of Khyber Pakhtun Khwa (GoKPK) also took up the matter for increase in the Water Use Charges (WUC) from Rs.0.15/KWh to Rs.0.85/KWh.
- 5. Federal Government/PPIB Board constituted a Committee, headed by Secretary Water & Power to consider the said requests from the provinces. The Committee held its 6th meeting on 24 March 2011. The Working Paper for the Committee meeting was circulated vide letter No.7(808) PP-PPIB/11/FIN dated 27-01-2011. A legal opinion, prepared by PPIB, on federal and provincial mandate on the subject of electricity/power generation was made

part of the Working Paper. The following position was spelled out in the said working paper:

- The Provincial Governments were not in the business of bulk purchase and sale of electricity under Article 157(2) of the Constitution.
- (ii) Provincial Governments entrusted their functions under Article 157 to the Federal Government or its authorities pursuant to Article 147.
- (iii) After the enactment of the 18th amendment, the subject of 'Electricity' is no longer a concurrent subject which means that Parliament enjoys exclusive legislative competence and provinces cannot legislate on this subject.
- (iv) The provinces cannot exercise the power and jurisdiction of Executive Authority in relation to the subject 'Electricity' under Article 142 of the Constitution.
- (v) The Provinces do not have the legislative competence or executive authority to issue Letter of Interest, Letter of Support, or execute the Project agreements with the private sector developers.
- 6. On the basis of the provisions of Article 157(2) of the Constitution, the Punjab contested the said restrictive interpretation of the Constitution. The views of GoPb duly approved by Chief Minister, were shared with the Federal Government during 5th meeting of the Committee. The matter was also raised before the Policy Amendment Committee during its meeting on 24-03-2011. The Punjab inter alia pointed out that Article 157(2) of the Constitution empowered the Provinces to undertake power projects of any size in public or private sector. The narrow interpretation laid on the said provisions by the Federal Government was in derogation of the spirit and objective of the Constitution. It was also suggested that the bar of 50 MW, not being in consonance with the said Article 157(2), be removed inter alia to facilitate the Provinces to play their role in coping with the power crises. All the other provinces including GoAJK endorsed the viewpoint of the GoPb.

- 7. The Convener of the Committee decided that pursuant to Article 154 and Article 157 of the Constitution, Council of Common Interests (CCI) was the constitutional forum to resolve the differences and develop consensus among the Federal Government and the Provinces. The said Council also had the jurisdiction, competence, and power to formulate and regulate Power Policy including the issue of processing of private power projects by the provinces. So the matter needs to be placed before the CCI.
- 8. In view of the foregoing, the Punjab proposes that the following matters may be discussed in the CCI and appropriate decisions taken:
 - (i) While Provinces, at the moment, are not in the business of bulk purchase and distribution of electricity under Article 157(2), nothing in the Constitution bars the provinces from doing so and a Province may, at any time, enter into such an arrangement with PEPCO or any other power producer.
 - Provincial Governments entrusted their functions under Article 157 to WAPDA at a time when the supply and demand situation was quite satisfactory. The underlying rationale was that the Federal Government would be able to meet the entire demand of electricity in the Provinces. However, in the current situation when the Federal Government is not able to fulfill the requirements, the provinces have a legal constitutional right to withdraw from the arrangement. or make additional generation arrangements and undertake their functions in terms of Article 157(2) of the Constitution.
 - (iii) The transfer of the subject of electricity to Federal Legislative list does not per se bar the provinces from legislating on the subject for purposes of Article 157(2) of the Constitution and the levy of duty on electricity. In the circumstances, the provinces continue to have executive authority in terms of the said Article.

- (iv) The expression "Provinces can construct" used in Article 157(2) cannot be interpreted to imply that provinces should construct power houses only themselves and cannot engage private sector or any other outside agency for construction. Such an interpretation negates the very objective of the provisions. If the provinces are empowered to carry out a function, they can get the function performed through an agency as well.
- (v) A project constructed under Article 157(2) of the Constitution has to be treated as public sector power project if any entity, autonomous body, institute or department of the province has any stake of any size in the project.
- (vi) If there is still any doubt, appropriate remedial steps need to be taken by the Federal Government to remove ambiguities so that the Provinces can play their rightful role in generation of electricity.
- 9. The above position is placed before Council of Common Interests in terms of Article 157(3) of the Constitution for appropriate decision in this matter of urgent national importance.

(NASIR MAHMOOD KHOSA) CHIEF SECRETARY PUNJAB

Lahore, the 22 April, 2011