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Outcry causes govt rethink of gas cess relief

ISLAMABAD: Amid growing criticism over a lucrative amnesty being extended to fertiliser plants, power plants and other businesses before audit, the federal cabinet on Tuesday directed the law ministry to examine how another amendment could be made to a recently introduced Gas Infrastructure Development Cess (GIDC) Amendment Ordinance, 2019.

The government has come under pressure in recent days for allowing 50 per cent discount on around Rs420bn GIDC, payable by fertiliser plants, power plants, general industry and CNG sector without a pre-audit.

The cabinet directed the law ministry to consider the amendment to the ordinance to ensure forensic audit before extending the lucrative Rs210bn amnesty to the big businesses.

On Tuesday, key cabinet members held separate briefings for different sections of media besides those for the cabinet to what was described as a way to counter “a targeted and planned campaign” against the leadership that brought to an end corruption and nepotism and introduced meritocracy in the country.

“The prime minister expressed displeasure over this,” said Special Assistant to the PM on Information Dr Firdous Ashiq Awan while briefing the media persons about the cabinet meeting.

This was the fourth news conference in as many days by Energy Minister Omar Ayub Khan and Special Assistant to the Prime Minister on Petroleum Nadeem Babar on the issue since the GIDC amendment ordinance had been introduced last week.

Energy minister says relief for fertiliser sector and other businesses not new as PML-N govt, too, struck a deal with CNG sector

Asked about parliamentary cover to the ordinance, Mr Babar said the transaction could be completed within the legal life of the ordinance.

Dr Awan was of the opinion that the energy minister and the special aide to the premier on petroleum had briefed journalists on the issue on Monday too but the message had not reached the people with the vigour it required, as the controversy had not ended in social media and electronic media.

On PM’s directive, two separate briefing sessions were arranged for the media.

Mr Ayub said the cabinet had detailed discussions on the GIDC issue and various questions being raised in the media. He said the cabinet noted that even though forensic audit was not mentioned in the ordinance because it was a sector specific issue, the previous cabinet

meeting had linked the settlement of GIDC with fertiliser industry to forensic audit of accounts of the fertiliser companies.

The prime minister after detailed discussions on the matter ordered the law minister to examine how another amendment could be inserted in the GIDC Amendment Ordinance 2019 to ensure forensic audit. He said it was incorrect to suggest that the GIDC amnesty came about all of a sudden, because it had been initiated by former finance minister Asad Umar eight to nine months ago and ministries of finance, petroleum, industries and production and law had been involved in the finalisation of a summary that was discussed threadbare last week by the federal cabinet.

Mr Babar, in response to a question, said it was also incorrect to suggest that the PM had been misled on the issue, explaining that he himself had conducted two briefings for the prime minister on the subject in recent days.

The PTI government promulgated a presidential ordinance on Aug 27 for out-of-court settlement of Rs420bn GIDC dispute with the industry. The ordinance allowed the industry, fertilizer sector and CNG sector to pay 50pc of their outstanding bills within 90 days in advance and secure 50pc discount on future bills provided they withdraw their court cases.

The PM's aide said the government was expecting net receipts of Rs150-Rs160bn under the proposed amnesty provided all the stakeholders availed the government offer.

The minister said the 50pc discount offered to the industry through the ordinance was not something new, as the previous government had struck a deal with the CNG industry on the same lines in March 2018.

Asked as to why the rulers claiming to be fair and transparent were following the path of those who they often called corrupt, Mr Babar said the government would have never opted this if there were no multiple stay orders in high courts for years and no final decision in sight.

Also, he said, the government had received only 15pc of the billed amounts with the remaining 85pc being stuck in courts. Reminded that last fiscal year, the government collected Rs25bn (25pc) of budgeted target of Rs100bn, Mr Babar said some amounts must have been carried forward from the previous fiscal year, otherwise actual receipts to the governments remained 16pc to 18pc.

Mr Ayub chipped in that the motivational factor behind reduced GIDC facility was to reduce the burden of inflationary pressure to reduce the prices of fertilizer.

“The impact of increase in gas price is being offset by reduction in GIDC rate on fertilizer,” he said.

In response to a question about conflict of interest, Mr Babar claimed he had set up two power plants in the private sector and one of them had been sold years ago while he had reduced his stakes in Orient Power to about 25pc that had made an overpayment of Rs28 million to the SNGPL before 2011.

Curfew in India-held Kashmir

Dr Awan said the cabinet condemned the continuation of curfew in India-held Kashmir for over 30 days and decided to exploit all international forums to highlight the sufferings of the Kashmiris. The cabinet also decided to continue with the weekly initiative to show solidarity with the people of Kashmir.

She said the cabinet was also given a briefing on the issue of waste management in Karachi and told that 500 million gallons of sewage was going into the sea on a daily basis. Hospital waste, too, was also draining into the sea.

She said it was decided that all the provincial chief secretaries would hold consultation for solution to safe disposal of waste. The cabinet also decided to introduce real estate regulatory authority in consultation with the provinces to control ill-planned and mushroom growth of housing societies across the country.

While considering the regularization of 666 contract teachers and creation of more posts in the education department, the cabinet directed the federal ministries and departments to compile detail of the employees on a contract basis and those on a daily wage basis so that a uniform regularization policy was formulated to avoid discrimination.