

Loss-making SOEs, Govt decides to resume publishing annual report

ISLAMABAD: The federal government has decided to resume publishing annual report on State Owned Entities' state of affairs, which are swallowing hundreds of billions of rupees of the exchequer annually.

The decision was taken at a recent meeting of Cabinet, presided over by Prime Minister Imran Khan.

The Adviser to the Prime Minister on Institutional Reforms and Austerity (CCIR), Dr Ishrat Hussain gave a presentation to the Cabinet on the Task Force on Austerity & Restructuring of the Government.

He stated that the Task Force which was notified on September 5, 2018 held 16 meetings. The key achievements of the Task Force are as follows: (i) report on reorganizing the Federal Government Public Finance and Management Law; (ii) reforms of key economic institutions such as FBR, SECP, SBP, PIA, CAA, Pakistan Railways, etc; (iii) roadmap for E-Governance including E-Office in the federal government and; (iv) movement of ministries/Divisions from rented building to Kohsar Block, etc.

The Task Force prepared report "reorganization of the federal government" which was approved by the Federal Cabinet in July 2019. The Cabinet constituted implementation committee to oversee implementation process. As a result, the committee held 37 meetings. This effort has reduced federal government entities from 441 in total 324 and reduced the configuration of entities from 14 different kinds to three, ie, Executive Departments, Autonomous Bodies and Constitutional Bodies. Proposal to determine the number of Ministries/Divisions in the federal government has been finalized which is under consideration of CCIR. For austerity and right sizing, posts in BPS-1-16 which have been lying vacant in Ministries/Divisions/departments for more than a year, will be abolished.

The proposal for tiering within each Ministry has already been prepared/finalized which is under consideration by CCIR. IRC is also currently working on reforms with the relevant ministries of the federal government on key economic institutions such as FBR, SECP, SBP, PIA, CAA, Pakistan Railways among others: The reforms within these entities largely relate to improving governance, rationalizing service structure and introducing digitization in service delivery. Roadmap for E- governance has already been approved. E-Office, upgradation of websites to 3G version and launch of web portals is under way. The deadline for all ministries/Divisions is December 30, 2020. Proposals to revise Rules of Business have been drafted after consultation with the Secretaries and are pending with the Law and Justice Division.

Moreover, Establishment of manual is being reviewed for purging the outdated material and making it concise. Updated EstaCode and Establishment Manual would be made accessible on line. Public Finance and Management Law has been passed by the National Assembly for simplification and delegating financial powers from the Finance Division to the Secretaries of the Division.

The report on reorganization of the Federal Government reduced federal government entities from 441 to 324. Furthermore, liquidation, merger and transfer of entities to provinces or relevant ministries would help reduce the fixed and variable costs of the federal government without any loss to efficiency and results.

Current expenditure on running of Civil Administration has been frozen in nominal terms and declined in real terms.

The Pay and Pension Commission 2020 has been formed to consider the existing pay and pension structure of the federal government and provide proposals for any necessary changes.

The Cabinet Committee on MP and SPPS has been constituted to attract best talent and skilled manpower in the public sector international advertisements and head hunting have been allowed to the Ministries and their organizations to attract talent and skilled manpower from across the globe.

Various Ministries/Divisions that were housed in rented buildings were moved to government owned Kohsar Block as part of austerity measures merger of ministries/Divisions to consolidate and improve utilization of resources and achieve savings.

Ban on entertainment and federal government monetization of vehicles policy is being implemented and being monitored.

Maximum limit for approval of PSDP schemes has been raised and the Division can now approve schemes up to Rs 2 billion. Planning and Development has introduced a number of changes to simplify the processing, approval and implementation of development schemes. No unapproved scheme is included in the PSDP budget allocation old and outdated development manual is being replaced by a handbook for project managers for facilitating the expeditious implementation of projects.

The Finance Division has set up a mechanism of quarterly releases of funds on PSDP schemes in timely manner.

During discussion, the Prime Minister enquired about the rationalization of non-wage public expenditure. It was informed that the total expenditure of the federal government was Rs. 400 billion - Rs. 200 billion each for the wage and non-wage expenditure. While the non-wage expenditure had been reviewed, there was little room for rationalization except for subsidies and grants. The Special Assistant to the Prime Minister on Revenue has been working on the rationalization of subsidies and grants, and phase-I recommendations would be presented to ECC shortly.

Minister for Planning, Development & Special Initiatives, Asad Umar pointed out that an annual report on SOEs used to be published by Finance Division which had been discontinued. He stressed that the practice needs to be revived. The Cabinet decided that the Finance Division shall resume the practice of publishing annual report on SOEs.

The issue of difference in pay of government officers working in the federal secretariat with that of officers serving in provincial secretariats was raised. It was highlighted that due to the significant disparity the officers preferred serving in provincial governments causing dearth of competent officers in the federal government. It was noted that executive allowance had been introduced by the provincial governments, which had caused inequality in financial compensation and resultant disgruntlement among the officers working in the federal secretariat. The matter had been discussed at length in the Secretaries' Committee and the recommendations of the committee had been conveyed to the Finance Division but there was no further development. It was apprised that the recommendations were now under consideration by the newly constituted Pay and Pension Commission.