

OFFICE OF THE MINISTER OF STATE  
FOR HOUSING AND WORKS



Under-mentioned observations discussed in the BOD Meeting of PHA Foundation held on 04-11-2013 be incorporated in the minutes:-

1. Agenda item No.-1

Minutes of BOD Meeting held on 31-07-2013 were not put up for confirmation before the Board.

2. Agenda item No.2

Decision

After thorough deliberations and exhaustive discussions on time and cost overrun of 07 stalled projects, the Board unanimously resolved and decided as under:-

“Committee comprising

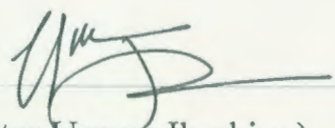
- i) Hassan S Haqqani, MD, NCL (Convener)
  - ii) Raja Muhammad Akhtar, DFA(Works)
  - iii) Ch. Muhammad Nawaz, Pak PWD
- be constituted with a mandate:-

a. To verify the validity / justification of formula of revised cost overrun estimates of Rs. 889,499(million) of 07 stalled projects.

b. To verify the work done viz-a-viz payments made and justification of payment of outstanding bills without obtaining policy decision from the BOD especially in the light of clear directions issued by Minister of State for Housing and Works/ Chairman PHAF on 27-09-2013, that no further action be taken in respect of seven stalled projects unless the matter is thoroughly thrashed-out in the BOD Meeting.

- c. Whether approval of BOD was obtained before making payments especially when minutes of BOD Meeting dated 31-07-2013 were yet to be confirmed.
- d. To verify justification of cost overrun of seven projects at Wafaqi Colony Lahore( including UET Shops) as compared to cost overrun projects of G-10/ G-11, Islamabad.
- e. To vet the pending liabilities which are yet to be paid to contractors.

“The Ministry of Law may be approached to seek legal opinion on legality of clause 8.1 (General Public Brochure for G-11/3, G-10/2 Islamabad projects) and clause 10.1 (FGE Brochure for G-11/3, G-10/2, Islamabad and Wafaqi Colony, Lahore Projects) of terms and conditions of allotment (copies annexed) duly agreed by the allottees of 07 stalled projects empowering PHA to recover cost overrun from the allottees in order to avoid further delay and completion of the projects within the timeframe approved in the 9<sup>th</sup> BOS. The option 3 presented to the Board was approved in principle subject to the vetting of cost overrun by early constituted Committee and Ministry of Law regarding recovery of additional cost from allottees.”



( Barrister Usman Ibrahim )  
 Minister of State (H&W)  
 08<sup>th</sup> Nov, 2013

MD PHAF  
JS(H&W)



**PHA FOUNDATION  
MINISTRY OF HOUSING & WORKS**

No. PHA-F/10<sup>th</sup> –Board Meeting/2013/247  
November 12, 2013

**SUBJECT: MINUTES OF 10<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS (BOD) OF PHA FOUNDATION.**

I am directed to enclose copy of approved minutes of 10<sup>th</sup> meeting of the BoD of PHA Foundation which was held on November 04, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works please.

**Encl: As above**

*Zaheer*  
12-11-13  
(Zaheer Hasan)

**Director (Admin)/ Company Secretary**

**Distribution:**

1. Barrister Usman Ibrahim,  
Minister of State for Housing &  
Works/ Chairman, PHA  
Foundation, Islamabad.
2. Mr. Omer Rasul,  
Joint Secretary,  
M/o Housing & Works,  
Islamabad.
3. Mr. Ruhail Muhammad  
Baloch,  
FA (Works) / Joint Secretary,  
Finance Division, Islamabad.
4. Mr. Sanaullah Aman,  
Member Engineering,  
CDA, Islamabad.
5. Mr. Malik Zafar Abbas,  
Director General (FGEHF),  
FGEHF, Islamabad.
6. Mr. Shah Din Sheikh,  
Joint Engineering Advisor,  
M/o Housing & Works,  
Islamabad.
7. Mr. Atta-ul-Haq Akhtar,  
Director General,  
Pak PWD, Islamabad.
8. Mr. Aurangzeb Maral,  
Deputy Secretary (Admin)  
M/o Housing and Works,  
Islamabad.

**C.C.**

1. PS to MD/ Chief Executive Officer, PHA Foundation, Islamabad.
2. All Directors, PHA Foundation.





# PHA FOUNDATION MINISTRY OF HOUSING & WORKS

## MINUTES OF THE MEETING

**SUBJECT: 10<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS (BOD) OF PHA FOUNDATION HELD ON NOVEMBER 04, 2013.**

10<sup>th</sup> meeting of the Board of Directors of PHA Foundation was held under the Chairmanship of Honorable Minister of State for Housing & Works/ Chairman, PHA Foundation on November 04, 2013 at 0900 hours in the Committee Room of Ministry of Housing & Works. List of participants is annexed.

The meeting started with recitation of the Holy Quran. The MD, PHA Foundation gave a detailed briefing to the members of the Board regarding decisions of the 9<sup>th</sup> Board meeting held on July 31, 2013 and a quick recap on the implementation of the decisions of previous Board meeting was shared with the members of the Board. Afterwards business as per following agenda items was conducted:

### AGENDA ITEM NO.1

#### CONFIRMATION OF MINUTES OF 9<sup>TH</sup> BoD MEETING

The Managing Director/ Chief Executive Officer, PHA Foundation briefed the Board and stated that minutes of previous meeting held on July 31, 2013 were already circulated among the members. However, no objection has been raised/received; therefore, the Board may confirm the minutes of the 9<sup>th</sup> BoD meeting.

#### DECISION:

“Minutes of BoD meeting held on July 31, 2013 were not put up for confirmation before the Board.”

DETAIL REGARDING SEVEN STALLED PROJECTS

PHA has launched different housing projects for General Public as well as low paid Federal Government Employees. Detail of these projects is placed at **Annex-A**.

2. The status of construction work before 9th BoD meeting at above mentioned projects is placed at **Annex-B**.

3. The construction work at the above mentioned projects remains at halt since January 2012 due to different inquiries at different levels and the cost of the projects has been increased. Main reasons for cost overrun are as under:

- i. Change in quantities
- ii. Foundation design
- iii. Incorrect estimation
- iv. Re-claiming of Nullah for 12 additional Blocks
- v. Planning of some blocks in steep slopes / slushy land
- vi. Cost overrun was not got regularized by the Competent Authority (the then PHA Board)

4. In its 9<sup>th</sup> meeting the Board decided to restart the construction work at the seven stalled projects and gave following decision:

**“The Board unanimously approved that the revised cost of Rs. 889.494 may be recovered on the basis of the formula of per sq. ft. from the allottees in terms of clause 8.1 of terms of conditions of allotment”.**

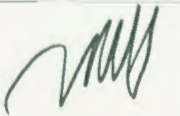
5. The working of revised completion cost of seven stalled projects is placed at **Annex - C**. It is to mention here that the resumption of work at sites by contractors was not possible without clearing of the pending liabilities of Rs. 192.697 Million (pending since January 2012). The Engineering Wing has recommended clearing the pending liabilities of Contractors and Finance Wing has cleared the liabilities of Contractors up to Rs. 118.137 Million after the approval of the Competent Authority. Detail and justification of the same is placed at **Annex - D**.

6. As PHA is a self financed organization, therefore, it has no other option except to charge the additional cost from its allottees. Therefore, the additional cost as worked out by Engineering Wing may be distributed among the allottees. Three options to distribute the additional cost are placed at **Annexure “E” & “F” & “G”** respectively.

7. Decision from the Board is solicited to approve any option deemed appropriate to charge the additional cost from the allottees.

**DECISION:**

After thorough deliberations and exhaustive discussions on time and cost overrun of 07 stalled projects, the Board unanimously resolved and decided as under:



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**“A Committee comprising of following members,**


- i. Mr. Hassan S. Haqqani, Managing Director, NCL (Convener)**
- ii. Mr. Raja M. Akhtar Iqbal, Deputy Financial Advisor (Works)**
- iii. Ch. Muhammad Nawaz, Pak PWD**

**be constituted with a mandate:**

- i. To verify the validity/ justification of formula of revised cost overrun estimates of Rs. 889.494 Million of 07 stalled projects.**
- ii. To verify the work done viz-a-viz payments made and justification of payment of outstanding bills without obtaining policy decision from the BoD especially in the light of clear directions issued by Minister of State for Housing & Works/ Chairman PHAF on September 27, 2013, that no further action be taken in respect of seven stalled projects unless the matter is thoroughly thrashed-out in the BoD meeting.**
- iii. Whether approval of BoD was obtained before making payments especially when minutes of BoD meeting dated July 31, 2013 were yet to be confirmed.**
- iv. To verify justification of cost overrun of seven projects at Wafaqi Colony, Lahore (including UET Shops) as compared to cost overrun projects of G-10/ G-11, Islamabad.**
- v. To vet the pending liabilities which are yet to be paid to contractors.”**

The Board also decided that:

**“The Ministry of Law may be approached to seek legal opinion on legality of Clause 8.1 (General Public Brochure for G-11/3, G-10/2, Islamabad projects) and Clause 10.1 (F.G.E. Brochures for G-11/3, G-10/2, Islamabad and Wafaqi Colony, Lahore projects) of terms & conditions of allotment (copies annexed) duly agreed by the allottees of 07 stalled projects empowers PHA to recover cost overrun from the allottees in order to avoid further delay and completion of the projects within the timeframe approved in the 9<sup>th</sup> BoD meeting. The option 3 presented to the Board was approved in principle subject to the vetting of cost overrun by early constituted Committee and Ministry of Law regarding recovery of additional cost from allottees.”**

  
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During the course of discussion the Chair also desired implementation of the decisions given below:

DECISION NO. 1:

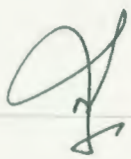
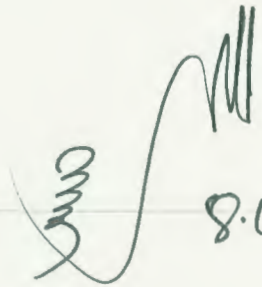
“A briefing covering all ongoing projects of PHA Foundation may be organized as soon as possible for Minister of State for Housing & Works.”

DECISION NO. 2:

“Decision for forwarding a summary to the Prime Minister for allocation of an amount of Rs. 254 Million as cost of land for launching of low cost housing scheme at Sector I-16/3, Islamabad was approved.”

DECISION NO. 3:

“The Honorable Minister of State for Housing & Works also inquired about the causes and factors that led to the cost escalation of PHA projects at Lahore.”

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LAUNCHING OF HOUSING PROJECTS AT  
SECTORS I-16/3 & I-12, ISLAMABAD

**1. I-16/3 PROJECT:**

As per announcement of the Prime Minister of Pakistan, PHA launched a housing scheme for low paid Federal Government Employees and for General Public at Sector I-16/3, Islamabad in 2011. The status of land and payment made to CDA on account of land charges along with the status of applicants is placed at **Annex – H**.

2. Decision from the Board is solicited to pay the balance payment of land and to take over the possession of land at I-16/3 project.

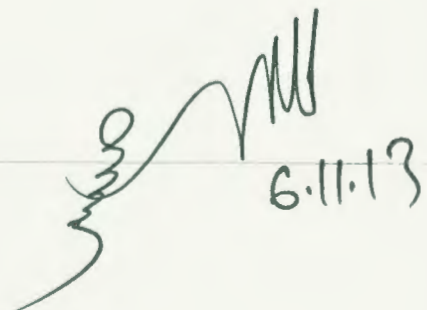
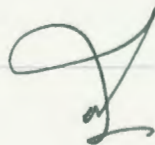
**2. I-12 PROJECT:**

The Capital Development Authority has offered 15 acres land at Sector I-12 and PHA has planned to construct apartments for officers of BS-17 to 19. Accordingly PHA has already issued offer letters for deposit of 25% down payment to those officers of Federal Occupational Group as per their seniority so that PHA can start the physical activities at the site and make payment to CDA against cost of land. The status of land and payment made to CDA on account of land charges along with the applicants status is placed at **Annex – H**.

2. Decision from the Board is solicited to pay the balance payment of land and to take over the possession of land at I-12 project.

**DECISION:**

**Deferred.**



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RESTRUCTURING OF MANAGEMENT SERVICES (MS) WING

**1. PROVISION OF MAINTENANCE SERVICES BEFORE ESTABLISHMENT OF MS (MANAGEMENT SERVICES) WING:**

PHA started provision of maintenance services at its projects situated in Karachi & Lahore on requests of the residents / allottees in July, 2007 to facilitate them.

2. On recommendations of Regional Manager, Karachi and Marketing Officer, Lahore PHA hired a maintenance team which included site supervisors, plumbers, electricians, mali, sweepers and security guards.

3. PHA used to collect an amount of Rs. 800/- per month at Karachi projects and Rs.500/- per month at Lahore and Islamabad projects. Six monthly payments were collected in advance at Karachi & Lahore projects only. A separate account titled as "Maintenance Account" was opened at Askari bank for collection of maintenance funds. Following services were included in maintenance:

SN	Description
1	Security Services
2	Services of Electrician, Plumber & Sweeper
3	Maintenance of Open Area / Green Area
4	Payment of electric bills for Street Lights and Water Pumping Station
5	Maintenance of Street Lights, Pumping Station and Water Pipeline

4. As far as procedure of working is concerned, it is to inform that petty cash of Rs. 50,000/- out of Maintenance Account was released to Regional Manager / Marketing Officer / Site Supervisor for day to day expenditure.

5. Detail of maintenance staff, monthly and annual expenditure incurred on account of maintenance services and salaries of maintenance staff deputed at each project site for period between 2007 to 2012 is placed at **Annex - I**.

6. In pursuance to the decision of 29<sup>th</sup> Authority meeting held on January 03, 2012 (**Annex - B**) PHA discontinued provision of maintenance services in February, 2012 and accordingly the allottees of respective projects were intimated (**Annex - J**).

**2. CREATION OF MS WING:**

In response to the decision of 29<sup>th</sup> Authority meeting several allottees approached PHA and Ministry of Housing & Works and requested that maintenance services should not be left entirely with the associations and should be managed and supervised by PHA. Therefore, the 2<sup>nd</sup> Board Meeting of PHA Foundation granted approval for establishment of Management Services Wing (MS Wing) with following decision (**Annex - K**):

“The Board directed to rationalize the staff strength for the proposed Maintenance Services Wing with minimum required staff. The Board further directed that the PHA should own up the responsibility of maintenance on self-financed basis by charging from the residents.”

2. It is pertinent to highlight that in 3<sup>rd</sup> Board meeting PHAF submitted that in pursuance to the approval of 2<sup>nd</sup> Board meeting it established MS Wing in 08 completed projects (04 projects at Islamabad and 02 each at Lahore & Karachi) and got approval for the head quarter and site wise distribution of employees (**Annex – L**).

3. The detail of existing number of employees in MS Wing and their monthly and annual financial impact based on their salaries is given below:

SN	Post	Existing Strength	Per Head Salary (Rs.)	Per Month Salary (Rs.)
1	Assistant Director	18	25,000	450,000
2	Assistant	18	18,000	324,000
3	Steno typist	01	14,000	14,000
4	Site Supervisor	12	18,000	216,000
5	UDC	20	14,000	280,000
6	LDC	06	12,000	72,000
7	Electrician	09	10,000	90,000
8	Plumber	03	10,000	30,000
9	Mali	13	8,000	104,000
10	Security Guard	17	10,000	170,000
11	Naib Qasid	25	10,000	250,000
12	Sweeper	01	7,000	7,000
13	Sewerage Man	01	7,000	7,000
<b>Total</b>		<b>144</b>	<b>--</b>	<b>2,014,000</b>
<b>Total Salary Per Anum</b>				<b>24,168,000</b>

### 3. WORKING OF MS WING:

The MS Wing was established on self-finance basis to generate its revenue through collection of maintenance charges from allottees and meet the maintenance and salary expenses from them.

2. Owing to the new creation and non-availability of funds with MS Wing, the Head of MS Wing requested for provision of initial 03 months' salaries for its 209 hired employees which amounted to Rs. 8,070,000/- which was duly approved by the then MD,

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PHAF with the condition to recover the amount by December, 2012. However, PHAF released only first installment amounting to Rs. 2,690,000/- so far (**Annex – M**).

3. The site wise maintenance charges for collection is given as below:

Site No.	Project	Type	Monthly Rate (Rs.)
1	G- 7, Islamabad	B	2,000
2	G - 8, Islamabad	B	2,000
3	G-11/4, Islamabad	C	1,000
	G-11/4, Islamabad	D	1,000
4	I-11, Islamabad	C&D	500
	I-11 Shops, Islamabad		500
5	Shabbir Town,Lahore	B	800
	Shabbir Town,Lahore	D	1,200
6	Shabbir Town (Adtl Appts),Lahore	B	1,200
7	UET, Lahore	C	800
	UET, Lahore	D	800
8	Gulistan-e-Johar, Karachi	B	2,000
9	PBC, Landhi	C&D	1,000

#### 4. ISSUES/ PROBLEMS:

The MS Wing has been established since May, 2012 and so far it has not been able to generate reasonable revenue instead the Wing is becoming a financial burden for PHAF because of following reasons:

- 3/6.11.13
- i. The Associations of allottees have got Stay Orders from the Court of law at 07 out of 09 completed PHAF project sites with a view that PHAF has very inconsistent policy/behavior and there is no clear policy regarding this particular matter which hampers the MS Wing to provide maintenance services at sites resultantly, collection of revenue suffers adversely.
  - ii. The MS Wing has been callously mismanaged from the process of recruitment to the provision of services for which it was established. The decision to imply large number of Assistant Directors, Assistants, UDCs etc. is not only irrational but also financially not sustainable. The MS Wing can only survive with the provision of civic amenities by professionally trained team of technicians. Large number of Assistant Directors, Assistants, UDCs etc. are not required to say the least.
  - iii. The MS Wing has not returned the first loan installment of Rs. 2,690,000/- so far which was taken on account of salaries of employees. It is pertinent to



highlight that MS Wing is further requesting for more finances and loan just to pay the salaries without attending to the actual provision of services and collect revenues from the allottees.

- iv. It is pertinent to inform that there is an order of the Islamabad High Court about the employees of MS Wing conveying that *no adverse order shall be passed against the incumbents till next date of hearing (Annex – N)*.

#### **5. PROPOSALS/ RECCOMENDATIONS:**

In light of the above discussion following two options are submitted for consideration and decision of the Board please:

##### **Option – a:**

Whether it is financially and administratively expedient to have a full fledged MS Wing whereas the relevant services can be outsourced with lesser financial implication and zero administrative cost as it was done by PHA previously. If this proposal is acceded to then the said Wing may completely be abolished and previous practice may be restored.

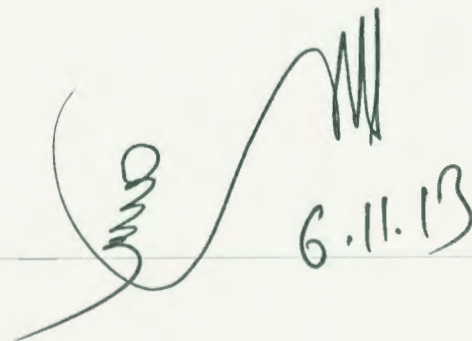
or

##### **Option – b:**

However, if the Board decides to maintain an effective MS Wing which is financially sustainable then the rationalization and retrenchment of staff with clearly defined TORs need to be approved by the Board in order to avoid any financial, administrative and legal implications.

#### **DECISION:**

**Deferred.**



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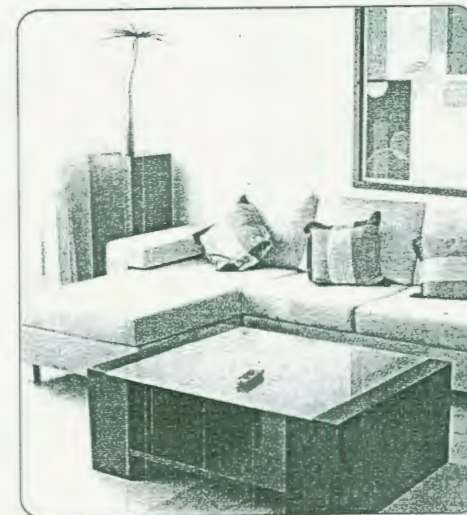
## 8. Cost of Apartments

8.1 The cost is tentative and is subject to variations on account of escalation in prices and unforeseen circumstances. The cost of apartment, if increases due to factors beyond the control of PHA, shall be finally determined and charged from the allottees on the basis of actual expenditures incurred on completion of the apartments which will be communicated to the allottees in due course of time.

8.2 Illegible entries, incomplete or photostate copies of the applications will not be entertained.

8.3 The allottees shall be required to bear, if in case required in future, the increase in expenses on account of consultancy charges and any unforeseen expenses contingent on the execution of the scheme or in the form of taxes, overheads etc., which includes the expenditure on account of the establishment / service charges of PHA that may finally be determined and approved by the Authority.

8.4 The one time or recurring charges / expenditures on account of individual external water, electric and gas connections and other services shall have to be borne by the allottees themselves.





## 10 Cost of Apartments

- 10.1 The costs are tentative and are subject to variations on account of escalation in prices and unforeseen circumstances. The cost of apartment, if increases due to the factors beyond control of PHA, shall be finally determined and charged from the allottees on the basis of actual expenditures incurred on completion of the apartments which will be communicated to the allottees in due course.
- 10.2 Ineligible entries, incomplete or photostate copies of application will not be entertained. More than one applications submitted by same person for both categories shall not be entertained. The applicant can not apply to lower or higher category of apartment with respect to his/her BPS.
- 10.3 The allottees shall be required to bear, if in case required in future, the increase in expenses on account of consultancy charges and any unforeseen expenses contingent on the execution of the scheme in the form of taxes, overheads etc., including the expenditure on account of the establishment / service charges of PHA as may finally be determined and shall be approved by the Authority.
- 10.4 The one time or recurring charges / expenditures on account of individual external water, electric and gas connections and other services shall have to be borne by the allottees themselves.



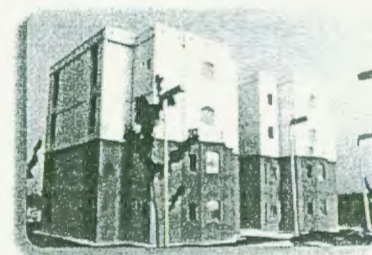
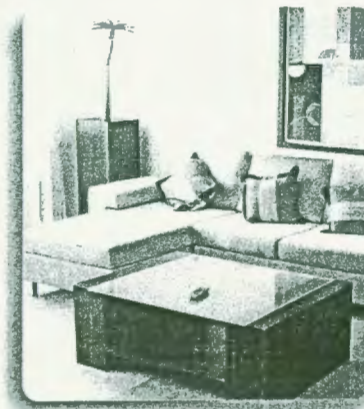
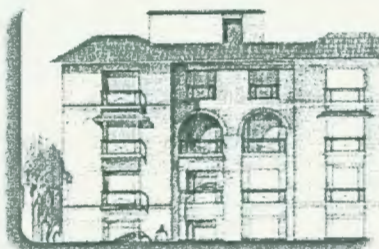


## 9. Cancellation of Apartment

- 9.1 In case the successful applicant after balloting does not raise the down payment up to 15% of the apartment price within the given time, the allotment shall stand cancelled and amount deposited with application shall be forfeited.
- 9.2 The allottee, at any stage can opt for the cancellation of his/her allotment subject to deduction of cancellation charges @ 10% of price of the apartment.
- 9.3 Allotment will be cancelled in case of non-payment of three consecutive installments. In such cases penalty/cancellation charges @ 10% of price of the apartment shall be imposed and balance payment, if any, will be refunded. PHA shall have the right to either retain or dispose off the said property as shall deem appropriate.
- 9.4 Allotment shall stand cancelled in case of concealment of facts as defined in para-5 and penalty, as defined in para 9.3, will be imposed.


## 10. Cost of Apartments

- 10.1 The cost is tentative and is subject to variations on account of escalation in prices and unforeseen circumstances. The cost of apartment, if increases due to factors beyond the control of PHA, shall be finally determined and charged from the allottees on the basis of actual expenditures incurred on completion of the apartments which will be communicated to the allottees in due course of time.
- 10.2 Illegible entries, incomplete or Photostat copies of application will not be entertained. More than one application forms submitted by the same person for both the categories shall not be entertained. The applicant can not apply to lower or higher category of apartment with respect to his/her BPS.



## List of Participants

Barrister Usman Ibrahim, Minister of State for Housing & Works/ Chairman PHAF, Islamabad.	Chairman	Attended
The Secretary, M/o Housing & Works, Islamabad.	Deputy Chairman	Not Posted
Mr. Omer Rasul , Joint Secretary, M/o H&W & Acting MD, PHA Foundation.	Member	Attended
Mr. Ruhail Muhammad Baloch, Financial Advisor (Works), M/o Housing & Works, Islamabad.	Member	Attended
Mr. Sana Ullah Aman, Member Engineering, CDA, Islamabad	Member	Attended
Mr. Malik Zafar Abbas, Director General, FGEHF, Islamabad.	Member	Attended
Mr. Shah Din Shaikh, Joint Engineering Advisor, M/o Housing & Works, Islamabad	Member	Not Attended
Mr. Atta-ul-Haq Akhtar, Director General, Pak PWD, Islamabad	Member	Attended
Mr. Aurangzeb Maral, Deputy Secretary (Admin) M/o Housing & Works, Islamabad	Member	Attended
Company Secretary		Attended
Director (Finance/ Land & Estate), PHAF		Attended
Director (Engineering), PHAF		Attended

  
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