

April 12, 2021

Illegalities, irregularities by OMCs: Cabinet asks OGRA to redefine punitive measures

ISLAMABAD: The Federal Cabinet has directed Oil and Gas Regulatory Authority (Ogra) to redefine punitive measures and make them more stringent against illegalities, irregularities by the Oil Marketing Companies (OMCs), including figure fudging, to show fake supplies, establishing illegal petrol pumps, sale of smuggled & adulterated products, etc.

The Cabinet gave go-ahead signal to Ogra on Report of the Inquiry Commission on shortage of Petroleum products. Prime Minister Special Assistant on Petroleum, Nadeem Babar resigned soon after the press conference of a four-member Ministerial Committee comprising Minister for Planning, Development and Special Initiatives, Asad Umar, who first asked Babar to resign and then reached his residence in the evening to show solidarity with him.

Referring to the Report of the Inquiry Commission on shortage of Petroleum products, the Minister for Planning, Development & Special Initiatives Asad Umar briefed the forum that the Cabinet in its meeting on December 15, 2020, constituted a Committee comprising the Minister for Planning Development and Special Initiatives (Convener), the Minister for Federal Education & Professional Training, the Minister for Human Rights, the Minister for Railways and the Adviser to the Prime Minister on Accountability & Interior, to make recommendations on the administrative and policy actions that were needed to be taken in the light of the findings of the report. He revealed that the Adviser to the Prime Minister on Accountability & Interior Shahzad Akbar did not participate in the deliberations due to an oversight regarding his inclusion in the Committee.

It was apprised that the Committee, after having carried out a detailed review of the findings and recommendations of the above referred Report, recommended as follows: (i) The following matters may be referred for forensic investigation to FIA to unearth evidence/proof of criminal act/intent, with the direction to submit its report within 90 days; (ii) failure to maintain minimum 20-day stocks as per the licence requirement of OMCs over a prolonged period; (iii) failure to ensure lifting of products by the Oil Marketing Companies (OMCs) from local refineries as per PRM decisions of February, March & April; (iv) failure to ensure implementation of PRM decisions regarding imports; (v) apparent maneuvering of berthing plan of vessels; (vi) fake sales, hoarding and discrepancies between the reported and actual supplies to retail outlets by OMCs; (vii) illegalities regarding provisional marketing licences to OMCs, unlawful JVs and hospitalities, illegal private storages and illegal retail outlets; (viii) inquiry into the affairs of BYCO Refinery and OMC regarding MT Rhea, MT Elsa and reported involvement in sale of illegal petroleum products; and (ix) inquiry of companies involved in adulteration of petroleum products.

The Cabinet was informed that the following issues required legislative and policy changes to fix the gaps in law, regulations and policies: (i) in the legislative sphere, the Committee recommended that the Ogra Ordinance 2002 may be reviewed to remove the ambiguity regarding the roles and responsibilities of the Petroleum Division and the regulator. The task may be assigned to Ministry of Law, Petroleum Division and Cabinet Division; (ii) redefining punitive measures and measures to make them

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more stringent against illegalities, irregularities by the OMCs like figure fudging to show fake supplies, establishing illegal petrol pumps, sale of smuggled and adulterated products, etc. Ogra will take lead in this regard; (iii) construction of strategic storages of refined products and crude oil; and (iv) upgradation of outdated refineries with modern technology to reduce cost, increase efficiency and provision of environment friendly products to the people of Pakistan.

The Cabinet was informed that the following matters required administrative actions by the Petroleum Division, the Maritime Affairs Division and Ogra to address the shortcomings in the present system: (i) removal/transfer of officers of Directorate General of Oil identified in the report; (ii) removal/transfer of relevant officers of Port Authority who were involved in the alleged delay in berthing of ships; (iii) appointment of professional officers on technical positions (such as DG Oil) through objective criteria be ensured; (iv) creation of a Monitoring Cell in the Petroleum Division, for reliable data collection, analysis and decision-making, to do away with reliance on OCAC; and (v) establishment of new, testing labs, able to test all petroleum products, and mandatory testing of imported petroleum products.

The committee also recommended that in the interest of propriety, the Special Assistant to the Prime Minister on Petroleum may step down from his role and the Secretary Petroleum may be asked to report to the Establishment Division. This step will ensure that the investigations were not marred by any accusation of undue influence.

The Cabinet approved the report of the Committee constituted to give recommendations on the administrative and policy actions that were needed to be taken in the light of the findings of the "Report of the Inquiry Commission to probe into the recent shortage of petroleum products in the country and matter related or incidental thereto" and directed that timelines for policy, administrative and legal changes be worked out and presented for approval of the Cabinet, by the Petroleum Division.

The Cabinet appreciated the members of the Committee for an effective analysis of the Report.

<https://www.brecorder.com/news/40083027>

Govt to take action against people involved in petrol crisis, say sources

The federal government on Saturday decided to take action and file criminal cases against those behind last year's petrol crisis, sources said.

Sources said officials from the Oil and Gas Regulatory Authority (OGRA), Petroleum Division, and people from the oil marketing companies would be named in the cases.

The cabinet committee probing the matter has ordered the setting up of a monitoring cell in the Petroleum Division.

It further recommended the government stop relying on the data from the advisory committee and advised it establish a new testing lab.

The committee ordered action against officials who had issued temporary licenses to oil marketing companies.

According to sources, action will also be taken against illegal joint ventures and the setting up of illegal private storages.

The law will also come into effect against people involved in delayed berthing of oil ships.

Last month, Prime Minister Imran Khan had asked Nadeem Babar to step down from his portfolio as special assistant, following recommendations from the committee.

Asad Umar, addressing a presser last month, spoke of a key allegation in the oil crisis report regarding delayed berthing of an oil ship so that when new rates are notified, the product could be sold at a higher rate.

"A forensic investigation and pinpointing in this also needs to be done to ascertain who was responsible," Umar had said.

He said illegal sales will also be covered in the forensic audit.

"Action will not only be limited to fines. [But we will ensure] people are handcuffed and sent to jail."

The minister had further said that although oil retail companies and fuel stations will be probed in the forensic audit, it must also investigate which government officials facilitated such criminal acts.

"The Petroleum Division will be investigated, as well as OGRA, Ministry of Maritime Affairs and Port Authority," for all the illegal, aforementioned acts, Umar had said.

He had added that overall improvements in the Petroleum Division, which must be made, have also been identified and will be sent to them for them to make an action plan.

The plan was to be shared with the Cabinet Committee on Energy and then with the Cabinet for approval.

The minister said that "now the time has come for punishments" and the prime minister has made absolutely clear that this "mafia" and others that have been operating for decades under the "leadership of past rulers", "will not be spared".

<https://www.thenews.com.pk/latest/818070-govt-to-take-action-against-people-involved-in-petrol-crisis-say-sources>

ECC approves tariff for petrol transport through MFM pipeline

ISLAMABAD: The Economic Coordination Committee (ECC) of the federal cabinet has approved the imposition of an 85 per cent railways tariff over the transportation of petrol through the Mahmoodkot-Faisalabad–Machhike (MFM) pipeline.

The development came during a meeting of the ECC held under the chairmanship of Minister for Finance and Revenue, Hammad Azhar.

As per details, the ECC also directed the Oil and Gas Regulatory Authority (OGRA) to consider the tariff for both 870-km Karachi-Mahmoodkot (KMK) Pipeline and MFM pipelines for crude and diesel oil transportation, which has not been revised for two decades.

According to available documents, the existing road tariff for Mahmoodkot-Faisalabad is RS2,268 per metric tonnes and Rs3,031 per MT for Mahmoodkot-Machhike.

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Similarly, the current railway tariff for Mahmoodkot-Faisalabad is Rs2,155/MT and Rs2,620/ MT for Mahmoodkot-Machhike.

Moreover, the proposed MFM pipeline tariff for Mahmoodkot-Faisalabad is Rs1,832/MT and Rs2,227/MT for Mahmoodkot-Machhike.

“The MFM pipeline will help in improving the environment, reducing the burden of tankers, lorries traffic on roads, and heavy annual benefit to consumers in the form of less transportation cost,” said sources.

The MFM Pipeline was commissioned by PARCO in 1997 to transport refined products like diesel and kerosene to Faisalabad and Machhike near Lahore. The pipeline has a pumping capacity of approximately 3.7 million tonnes per year.

Transportation of gasoline through this pipeline will reduce the transportation time and also help improve the environment by reducing the burden of tankers on roads, in addition to benefiting consumers in the form of low price of petrol due to low transportation cost.

In Pakistan, the need to transport oil has been growing at a fast rate, to sustain industrial growth and a progressive agricultural sector. Accordingly, movement by road has been causing congestions, delays, accidents, road degradation and environmental concerns are becoming more acute, particularly in urban areas as the energy requirements grow at a fast pace.

Pipeline transportation of petroleum is the ideal solution to these problems. By contrast, pipeline transportation has almost no negative ecological impact. Similarly, the White Oil Pipeline (WOP) has reduced the movement of about 4,000 trucks operating out of Keamari to Mehmoodkot and back.

<https://profit.pakistantoday.com.pk/2021/04/10/ecc-approves-tariff-for-petrol-transport-through-mfm-pipeline/>

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Criminal proceedings to be initiated against elements involved in petrol crisis

ISLAMABAD: The federal cabinet on Saturday approved to file criminal cases against people involved in causing a petrol crisis last year, sources familiar with the matter said.

Sources said officials from the Oil and Gas Regulatory Authority (OGRA), Petroleum Division, and people from the oil marketing companies would be named in the cases. The cabinet's committee probing the matter has directed to set up a monitoring cell in the Petroleum Division.

It further recommended the government stopped relying on the data from the advisory committee and advised it establish a new testing lab.

The committee ordered action against officials who had issued temporary licenses to oil marketing companies.

According to sources, action will also be taken against illegal joint ventures and the setting up of illegal private storages.

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The plan will be shared with the Cabinet Committee on Energy and then with the Cabinet for approval.

The minister said that "now the time has come for punishments" and the prime minister has made absolutely clear that this "mafia" and others that have been operating for decades under the "leadership of past rulers", "will not be spared".

<http://dailyausaf.pk/pakistan/criminal-proceedings-to-be-initiated-against-elements-involved-in-petrol-crisis.html/amp>

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Petrol Crisis 2020: Govt Approves Criminal Proceedings Against Those Responsible

The government has approved criminal proceedings against the Petroleum Division, OGRA officials, board officers and oil marketing companies.

According to sources, the federal government has taken a major decision on the petrol crisis report of the cabinet committee and approved criminal proceedings against the Petroleum Division, OGRA officials, board officers and oil marketing companies have been approved while OGRA has taken stern action against the companies involved in corruption.

According to details, the report of the Cabinet Committee has been approved while a monitoring cell has been directed to be set up in the Petroleum Division.

Last month, on a report on the petrol crisis, the Prime Minister had directed Nadeem Babar to resign, while the Secretary Petroleum was also removed from the post and sent to the Establishment Division.

Earlier, Federal Minister for Planning Asad Umar has said that Prime Minister Imran Khan has directed Special Assistant to Petroleum Nadeem Babar to resign from his post immediately.

Addressing a press conference along with Federal Ministers Shafqat Mehmood and Shireen Mazari, Planning Minister Asad Umar said that mistakes have been identified in the petroleum sector and the matter of petroleum crisis will be investigated by all concerned agencies.

He said that the crisis of petroleum products was witnessed in June last year, higher prices were charged on petroleum products while the crisis lasted for three to four weeks.

Asad Umar said that at the direction of the Prime Minister, the FIA investigated the petroleum crisis and submitted a report to the Cabinet, on which the Cabinet constituted a committee and made recommendations which were presented to the Prime Minister.

The Planning Minister said that the FIA is being given the mandate of forensic audit and the FIA will submit the forensic audit report within 90 days.

During the press conference, the federal minister further said that there should be criminal cases on some criminal actions, it will also be found out who was involved in hoarding, the situation also deteriorated due to weaknesses in the system.

Asad Umar said that legal agreements and punishments have also been recommended for those who have entered into illegal agreements, action has also been recommended against the sale of illegal oil, while government officials have assisted in this criminal act. Action will be taken against them.

Asad Umar said that a forensic report would also be prepared in 90 days against OGRA and officials of the Ministry of Maritime Affairs.

He said that in this regard, the Prime Minister has directed Special Petroleum Assistant Nadeem Babar to resign.

Asad Umar said that there would be an investigation against Secretary Petroleum and Secretary Petroleum has also been directed to resign.

<https://www.bolnews.com/pakistan/2021/04/petrol-crisis-2020-govt-approves>
