

# **THE PUNJAB PENSION FUND ACT 2007**

(Pb. Act I of 2007)

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## III THE PUNJAB PENSION FUND ACT 2007

(Act I of 2007)

[29 March 2007]

*An Act to provide for the establishment of a Fund to generate revenue for the discharge of the pension liabilities of the Government.*

**Preamble.**— Whereas it is expedient to establish a Fund to generate revenue for the discharge of the pension liabilities of the Government and to make provisions for matters ancillary thereto;

It is hereby enacted as follows:-

## CHAPTER-I

### PRELIMINARY

**1. Short title, extent and commencement.**— (1) This Act may be cited as the Punjab Pension Fund Act 2007.

(2) It extends to whole of the Province of the Punjab.

(3) It shall come into force at once.

## **2. Definitions.**— In this Act—

(a) “Chairman” means the Chairman of the Management Committee;

<sup>12</sup>[(aa) “financial year” means the year starting from first day of July and ending on 30<sup>th</sup> day of June of the succeeding year;]

(b) “Fund” means the Punjab Pension Fund;

(c) “General Manager” means the General Manager of the Fund;

(d) “Government” means the Government of the Punjab;

<sup>13</sup>[(dd) “Government bonds” include the bonds issued by or under the authority of the Federal Government, a Provincial Government or by a body or entity owned or controlled by the Government, a Provincial Government or the Federal Government or a prescribed body or entity;]

(e) “Management Committee” means the Punjab Pension Fund Management Committee;

(f) “Member” means the Member of the Management Committee;

(g) “prescribed” means prescribed by the rules made under this Act;

(h) “Province” means the Province of the Punjab;

(i) “regulations” means the regulations framed under this Act;

(j) “Reserve Fund” means the Reserve Pension Fund created under section 3 of this Act;

(k) “rules” means the rules made under this Act; and

(l) “sub-committee” means the sub-committee of the Management Committee.

## **CHAPTER-II**

### **RESERVE AND PENSION FUNDS**

**3. Reserve Fund.**— (1) The Government shall, by notification, create a Reserve Pension Fund in the Public Account of the Province.

<sup>14</sup>[(2) The amounts placed in the Reserve Fund by the Government shall form part of the Public Account of the Province as defined in Article 118(2) of the Constitution of Islamic Republic of Pakistan.]

**4. Punjab Pension Fund.**— (1) The Government shall, by notification, establish the Punjab Pension Fund for proper management and discharge of its pension liabilities.

(2) The Fund shall be a body corporate with perpetual succession, common seal, power to enter into contract and may sue or be sued by the said name.

(3) The Fund shall perform such functions and exercise such powers with regard to the Reserve Fund as vested in it under this Act and the rules made thereunder.

### **CHAPTER-III**

#### **MANAGEMENT COMMITTEE**

**5. Management Committee.**— (1) The Government shall, by notification, establish a committee to be called the Punjab Pension Fund Management Committee.

(2) The management and administration of the Fund shall vest in the Management Committee.

(3) Subject to the provisions of this Act and the rules, in the performance of its functions and in exercise of its powers, the Management Committee shall act and be bound by the directions of the Government.

**6. Composition of the Management Committee.**— The Management Committee shall consist of—

(i) Minister for Finance, Government of the Punjab;	Chairman
(ii) Chief Secretary, Government of the Punjab;	Vice-Chairman
(iii) Chairman, Planning & Development Board, Government of the Punjab;	Member
(iv) Secretary, Government of the Punjab; Finance Department;	Member
(v) Secretary, Government of the Punjab, Law, Parliamentary Affairs & Human Rights Department;	Member
(vi) Secretary (Services), Government of the Punjab, Services and General Administration Department;	Member
(vii) General Manager; and	Member/Secretary
(viii) four persons to be appointed by the Government from the private sector.	Non-official Members

**7. Qualifications for non-official Members.**— A person shall not be appointed as non-official Member unless he has at least ten years experience of banking, finance, accounting, asset management, fund management or unit trust management and holds a sixteen years, equivalent or higher degree.]

**8. General Manager.**— **6**[(1) The Government shall, by notification, appoint General Manager of the Fund on such terms and conditions as it may determine.]

**7**[(2) A person shall not be appointed as the General Manager unless he has at least twelve years experience of management including at least three years experience of investment banking, treasury operations, finance, asset management, fund management or unit trust management and holds a sixteen years, equivalent or higher degree.]

(3) Subject to the provisions of this Act and the rules, the General Manager shall exercise such powers and perform such functions as may be assigned to him by the Management Committee.

(4) The General Manager shall hold the office for a renewable term of **8**[three] years.

(5) The Government may, after providing an opportunity of being heard, remove the General Manager during the tenure of his office.

(6) The General Manager may tender his resignation to the Government and shall cease to hold office upon acceptance of his resignation.

**9. Disqualification of Member.**— Notwithstanding anything contained in sections 6 and 7, a person shall be disqualified from being a Member who is or has been—

- (a) convicted of an offence of fraud or breach of trust or any other offence involving moral turpitude;
- (b) adjudged as an un-discharged insolvent or has suspended payment of his debts or has compounded with the creditors;
- (c) a sponsor, director, chief executive, or in the management of a defaulted cooperative finance society or finance company;
- (d) a director or a major shareholder in a company that has overdue loans or investments outstanding towards any financial or non-financial institution;
- (e) removed or dismissed from the service of Pakistan; and
- (f) penalised or convicted of any offence under the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Companies Ordinance, 1984 (XLVII of 1984), the Banking Companies Ordinance, 1962 (LVII of 1962) or any other law relating to the banking or capital markets.

**10. Term of office.**— (1) A Member, not being an ex-officio Member, shall hold the office for a renewable term of three years.

(2) The Government may, after providing an opportunity of being heard, remove any such Member during the tenure of his office in the prescribed manner.

**11. Resignation.**— A Member, not being an ex-officio Member, may tender his resignation to the Government and shall cease to be a Member upon the acceptance of his resignation.

**12. Casual vacancy.**— Any vacancy due to the death, resignation or removal of a Member, other than an ex-officio Member, shall be filled by the Government through appointment of another person as Member and such appointee shall, subject to the provisions of this Act, hold such office for the unexpired period of the term of his predecessor.

#### CHAPTER-IV

##### POWERS AND FUNCTIONS OF THE MANAGEMENT COMMITTEE

**13. Powers and functions of the Management Committee.**— Subject to the provisions of this Act, the Management Committee shall, in the prescribed manner, exercise such powers and perform such functions as may be necessary for carrying out the purposes of this Act, including—

- (a) formulation of investment policy, establishment of standards and procedures for the investment from the Reserve Fund;
- (b) investment of amounts from the Reserve Fund;
- (c) transfer of any profit generated through the investment to the Reserve Fund;
- (d) initiating proposals for making or amendment of the rules;
- (e) employ such persons as may be necessary for the purposes of this Act;
- (f) creation of sub-committees from amongst its Members to make recommendations on a specific issue or issues;
- (g) preparation of an annual report for submission to the Government detailing the performance of the Fund;
- (h) borrow money from the Government or any other institution; and
- (i) performance of such other functions which are ancillary to the above functions or incidental to the purposes of this Act.

**14. Delegation of powers.**— The Management Committee may delegate to the General Manager, a sub-committee or a Member, any of its powers or functions:

Provided that it shall not delegate the power to—

- (a) adopt, amend or repeal regulations;
- (b) approve the investment policy, standards and procedures for the operation of the Fund; or
- (c) fill a vacancy in a sub-committee.

**15. Limitations on the investment.**—<sup>191</sup>[Notwithstanding anything contained in section 13 or any other law for the time being in force, no investment in a financial year shall be made by the Management Committee from the Reserve Fund of the year—]

- (a) for a period of more than three years or in any foreign market or firm, except with the prior approval of the Government;
- (b) for an amount of more than twenty-five percent of the Reserve Fund in one financial institution cumulatively;
- (c) for an amount more than seventy-five percent of the Reserve Fund in the Government bonds cumulatively;
- (d) for an amount of more than five percent of the Reserve Fund in corporate or other bonds or short term financial instruments, per issue of the bond or the instrument; and
- (e) for an amount of more than five percent of the Reserve Fund in third party products, unit trust or through managed portfolios in each case.

## CHAPTER-V

### BUDGET, EXPENSES AND AUDIT

**16. Budget and accounts.**—<sup>1101</sup>[(1) The General Manager shall prepare the budget of the Fund for a financial year.]

(2) The budget shall be placed for approval before the Management Committee at least thirty days prior to the commencement of a financial year.

(3) The accounts of the Fund shall be maintained in such manner as may be prescribed.

**17. Expenses.**—The expenses incurred on the operation of the Fund, including expenses relating to the functioning of the Management Committee, shall be paid out of the Reserve Fund in such manner as may be prescribed.

**18. Audit.**— (1) The Government shall appoint a firm of chartered accountants for the annual audit of the accounts of the Fund.

(2) Annual audit report of the accounts of the Fund shall be laid before the Management Committee for approval.

## CHAPTER-VI

### MISCELLANEOUS

**19. Public servant.**— All persons acting or purporting to act in pursuance of any provision of this Act, shall be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860 (XLV of 1860).

**20. Prohibition of insider trading.**— The provisions of Chapter III-A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), shall apply, *mutatis mutandis*, to the Members, employees, or any other person associated with the Fund.

**21. Liability of the Government.**— Notwithstanding anything contained in this Act, right to pension of any person shall not be restricted, extinguished, annulled or varied and the Government shall not be absolved from its liabilities with respect to the payment of pension.

**22. Conflict of interest.**— (1) No Member shall, directly or indirectly, receive any profit from his position as a Member, except the reasonable expenses incurred by him in the performance of his duties.

(2) The pecuniary interests of immediate family members or close personal or business associates of a Member shall also be considered the pecuniary interests of the Member.

(3) A Member shall be in conflict of interest if he—

(a) is an employee, or a paid consultant of a business entity that has, or of a trade association of business entities that have, a substantial interest in the management of the Fund;

(b) owns, controls, or has, directly or indirectly, more than ten percent interest in a business entity that has a substantial interest in the Fund;

(c) receives more than twenty-five percent of his individual income from a business entity that has a substantial interest in the Fund;

(d) not being an ex-officio Member, is in employment of any government in Pakistan, or a body managed or controlled by the government, except as a teacher or academician in an institute of higher learning; and

(e) himself, or one or more members of his family, business partners or close personal associates, may personally benefit either directly or indirectly, financially or otherwise, from his position on the Committee.

(4) A Member shall disclose a potential, real or perceived conflict of interest as soon as he becomes aware of the potential conflict and before the Committee or any of its committees takes cognizance of the matter.

(5) If a Member is not certain about the conflict of interest situation, he shall bring the matter before the Committee for advice.

(6) The decision of the Committee on conflict of interest shall be final.

(7) A Member shall not take part in the proceedings of the Committee in which any question of his conflict of interest is on the agenda.

(8) The disclosure of conflict of interest and the decision of the Committee shall be recorded in the minutes of the meeting.

**23. Submission of annual report before the Assembly.**— The Government shall, within six months of a financial year, submit the annual report of the Fund pertaining to the previous financial year before the Provincial Assembly of the Punjab.

**24. Rules.**— The Government may make rules for carrying out the purposes of this Act.

**25. Regulations.**— Subject to the provisions of this Act and the rules, the Management Committee may frame regulations to give effect to the provisions of this Act.



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<sup>[1]</sup>This Act was passed by the Punjab Assembly on 7 March 2007; assented to by the Governor of the Punjab on 26 March 2007; and, was published in the Punjab Gazette (Extraordinary), dated 29 March 2007, pages 4325-29.

<sup>[2]</sup>Inserted by the Punjab Pension Fund (Amendment) Act 2008 (II of 2008).

<sup>[3]</sup>*ibid.*

<sup>[4]</sup>Substituted by the Punjab Pension Fund (Amendment) Act 2008 (II of 2008).

<sup>[5]</sup>Substituted by the Punjab Pension Fund (Amendment) Act 2008 (II of 2008).

<sup>[6]</sup>*ibid.*

<sup>[7]</sup>*ibid.*

<sup>[8]</sup>Substituted *ibid*, for the word "five".

<sup>[9]</sup>Substituted by the Punjab Pension Fund (Amendment) Act 2008 (II of 2008).

<sup>[10]</sup>Substituted by the Punjab Pension Fund (Amendment) Act 2008 (II of 2008).