

## ACT No I OF 2006

### *An Act to provide for the establishment of the Hydrocarbon Development Institute of Pakistan*

WHEREAS it is expedient to provide for the establishment of the Hydrocarbon Development Institute of Pakistan for the purpose of undertaking, promoting and guiding scientific and technological research and development in the field of hydrocarbons, and for matters connected therewith or ancillary thereto;

It is hereby enacted as follows:—

#### PRELIMINARY

1. **Short title, extent and commencement.**—(1) This Act may be called the Hydrocarbon Development Institute of Pakistan Act, 2006.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

(a) "Board of Governors" means an independent Board of Governors of the Institute;

(b) "Chairman" means Chairman of the Board of Governors;

(c) "Director-General" means the Director-General of the Institute;

(d) "former Institute" means the Hydrocarbon Development Institute of Pakistan established under the Ministry of Petroleum and Natural Resources Resolution No. DP 20(11)/82, dated the 26th July, 1984;

(e) "Institute" means the Hydrocarbon Development Institute of Pakistan established under section 3;

(f) "prescribed" means prescribed by rules;

(g) "regulations" means regulations made under this Act; and

(h) "rules" means rules made under this Act.

## CHAPTER II

### CONSTITUTION OF HYDROCARBON DEVELOPMENT INSTITUTE OF PAKISTAN

3. **Establishment of the Institute.**—(1) As soon as may be after the commencement of this Act, the Federal Government shall, establish, in accordance with the provisions of this Act, an Institute to be called the Hydrocarbon Development Institute of Pakistan.

(2) The Institute shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and shall by the name specified in sub-section (1) sue and be sued.

(3) The headquarters of the Institute shall be at Islamabad.

(4) Until the Institute is established under sub-section (1), the former Institute, functioning immediately before the commencement of this Act shall, notwithstanding its dissolution under section 20, continue to function, and while so functioning be deemed to be the Institute established under this Act.

4. **Objectives and functions of the Institute.**—The objectives and functions of the Institute shall be—

- (a) to assist the Government in the formulation of national policies for the development of hydrocarbon industry according to the national needs;
- (b) to undertake basic studies, research and development to facilitate exploration of hydrocarbons;
- (c) to promote optimum exploitation and utilization of existing hydrocarbon resources;
- (d) to investigate new energy methods and related technologies for oil and gas sector;
- (e) to study and recommend measures for controlling environmental pollution relating to hydrocarbon operations;
- (f) to carry out quality control and standardization of hydrocarbons, as per Pakistan Standards and to review the specifications of petroleum products and their blends;
- (g) to establish and operate a comprehensive computer managed data base relevant to its activities, linked to indigenous and foreign data-bases;
- (h) to develop and promote use of clean, economic and alternative fuels;
- (i) to provide consultancy, advisory and laboratory services, expertise and facilities to the public and private sector organizations and companies;

- (j) to assist educational establishments in the preparation and conduct of courses and training programmes in the field of hydrocarbons and to conduct such courses for national as well as international trainees;
- (k) to coordinate research and development in the hydrocarbon sector nationally and with international organizations;
- (l) to work as a forum of national or international professional bodies in related disciplines;
- (m) to act as an organization for checking of quality, standards and specifications of hydrocarbons including crude petroleum, petroleum products, liquefied petroleum gas and natural gas;
- (n) to perform such functions for the Government and the regulators in hydrocarbon sector as the Government or the regulators may assign to it from time to time;
- (o) to conduct the functions of demonstration, training, testing, inspection, equipment approval, data processing, technical advice, transfer of technology, refueling and vehicle conversions for use of CNG in automobiles;
- (p) to establish laboratories, facilities and infrastructure anywhere in Pakistan, and to take all steps and measures which are necessary to promote, implement and undertake assignments and tasks to fulfil its objectives and functions;
- (q) to conduct research and development and to coordinate and promote the development and commercial application of new energy resources and technologies for substitution of oil and gas;
- (r) to establish bilateral and multilateral institutional arrangements with national and international universities and other entities of interest;
- (s) to carry out any other related activity, projects or functions entrusted to the Institute by the Federal Government, any Provincial Government or local authority on appropriate terms and conditions including remuneration for services, etc.; and
- (t) to carry out any other activity in relation to the above objectives and functions.

5. **Board of Governors.**—(1) The general direction and supervision of the affairs of the Institute shall vest in the Board of Governors which shall consist of the following members, namely:—

- (a) Federal Minister for Petroleum and Natural Resources, Government of Pakistan. Chairman

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| (b) | Secretary,<br>Ministry of Petroleum and Natural Resources,<br>Government of Pakistan.  | Member  |
| (c) | Director-General,<br>Hydrocarbon Development Institute of Pakistan.  | Member  |
| (d) | A Director-General of the Policy Wing of the Ministry of<br>Petroleum & Natural Resources to be nominated by the<br>Ministry of Petroleum & Natural Resources. | Member  |
| (e) | Financial Adviser<br>(Petroleum and Natural Resources),<br>Financial Adviser's Organization, Finance Division,<br>Government of Pakistan.                      | Member  |
| (f) | Chief (Fuels), Energy Wing,<br>Planning & Development Division,<br>Government of Pakistan.   | Member  |
| (g) | Four eminent scientists or technologists to be nominated<br>by the Federal Government.   | Members |

(2) A member, other than an *ex officio* member, shall hold office for a period of three years at a time and shall hold office during the pleasure of the Federal Government.

(3) The Director-General shall act as the Secretary of the Board of Governors.

(4) The Federal Government may, by notification in the official Gazette, increase or decrease the number of members of the Board of Governors and prescribe the qualifications and mode of appointment of such members in such manner as it may consider appropriate.

**6. Powers and functions of the Board of Governors.**—The Board of Governors shall have the power to supervise, control, direct and regulate the affairs of the Institute and shall have the following functions, namely:—

- (a) to lay down the policies and guidelines to be followed by the Institute in the performance of its functions;
- (b) to review the work of the Institute and to consider its periodical reports;
- (c) to approve annual budget of the Institute;
- (d) to consider and approve the proposals, schemes and projects submitted by the Institute;
- (e) to assign such special studies, surveys, investigations and other specialized works

to the Institute as it may consider necessary;

- (f) to prescribe the terms and conditions of service of the employees of the Institute; provided that the pecuniary impact of the terms and conditions so prescribed shall not in any case be less beneficial than that of the civil servants of similar category and grade;
- (g) to delegate such administrative and financial powers to the Director-General or a committee of members of the Board of Governors as may be necessary.

7. **Meetings of the Board of Governors.**-(1) The Board of Governors shall meet at least once every half-calendar year. The Director-General shall convene its meetings with the approval of the Chairman. In case the Chairman is unable to preside a meeting for any reason, the Board of Governors shall hold such a meeting on the last working day of the half-calendar year to be presided by Secretary, Ministry of Petroleum and Natural Resources or, in his absence, by any of its members elected by the members present in that meeting.

(2) The quorum of a meeting of the Board of Governors shall be one half of the total membership. The decisions in the meeting shall be taken by a majority vote and in case of equality of votes the Chairman shall have a casting vote in addition to his own vote as a member.

(3) No act or proceeding of the Board of Governors shall be invalid by reason only of existence of a vacancy in the Board of Governors.

8. **Appointment, functions and powers of the Director-General.**-(1) The Director-General shall be a highly qualified scientist with experience in the related fields. He shall be appointed to work on full time basis by the Federal Government on such terms and conditions as it may deem appropriate.

(2) The Director-General shall be the Chief Executive Officer of the Institute and shall, subject to such directions as the Board of Governors may give from time to time, exercise all such financial and administrative powers as are necessary to direct; manage and control, the affairs of the Institute in accordance with the provisions of this Act.

(3) The Director-General may, subject to rules and regulations made under this Act, appoint, employ on contract or on part time basis or otherwise, such officers, consultants, advisers and other staff as are considered necessary for the efficient working of the Institute.

(4) The Director-General may delegate any of his powers to any officer of the Institute.

### **CHAPTER III**

#### **FINANCES OF THE INSTITUTE**

9. **Funds of the Institute.**—The funds of the Institute shall consist of—

- (a) grants by the Government;

- (b) income from investment and royalties;
- (c) research and development cess;
- (d) contributions from public and institutions;
- (e) foreign aid and technical assistance with the prior permission of the Federal Government;
- (f) fees and charges for the services rendered;
- (g) income from sale of movable or immovable property; and
- (h) loans obtained by the Institute with the approval of Federal Government.

10. **Audit and accounts.**—(1) The accounts of the Institute shall be maintained in such form and manner as the Federal Government may, in consultation with the Controller-General of Accounts, determine.

(2) The Institute may open its accounts with any scheduled bank authorized by the Federal Government.

(3) The surplus funds, if any, shall be invested in the Government approved schemes, securities or bonds.

(4) The accounts of the Institute comprising funds derived from sources specified in clauses (a) to (e), (g) and (h) of section 9 shall be audited by the Auditor-General of Pakistan, while the accounts of the funds derived from source specified in clause (f) of section 9 shall be audited annually by such chartered accountants as may be approved by the Board of Governors and the Auditor-General of Pakistan.

## **CHAPTER IV MISCELLANEOUS**

11. **Directive from the Federal Government.**—The Federal Government may from time to time issue to the Institute directives and instructions as it may consider necessary for carrying out the purposes of this Act and the Institute shall be bound to comply with and carry out such directives and instructions.

12. **International cooperation.**—The Institute may, subject to such restrictions as may be imposed by the Federal Government, cooperate with any international organization for furthering its objectives and for the promotion of the hydrocarbon sciences and technologies.

13. **Discoveries and inventions.**—All rights relating to discoveries and inventions and any improvement in materials, methods, processes, apparatus or equipment made by any officer or employee of the institute in the course of his employment shall vest in the Institute.

14. **Declaration of fidelity.**—Every member, adviser, officer or other employee of the Institute shall make such declaration of fidelity and secrecy as may be prescribed.

15. **Submission of reports, etc.**—The Institute shall submit to the Federal

Government at such intervals as the Federal Government may specify,–

- (a) such periodical reports and summaries as may be required by the Federal Government; and
- (b) "such information and comments as may be asked for by the Federal Government on any specific point.

16. **Continuance of certain rules, etc.**–All rules, regulations, by-laws, orders and instructions of the former Institute in force immediately before the commencement of this Act shall, *mutatis mutandis* and so far as they are not inconsistent with any of the provisions of this Act, continue to be in force until repealed or altered by rules or regulations made under this Act.

17. **Ordinance XCI of 2002 not to apply to Institute.**–Nothing contained in the Industrial Relations Ordinance, 2002 (XCI of 2002), shall apply to, or in relation to, the Institute, or to any of the officers and employees of the Institute.

18. **Winding up of the Institute.**–No provision of law relating to the winding up of bodies corporate shall apply to the Institute and the Institute shall not be wound up except by order of the Federal Government and in such manner as the Federal Government may direct.

19. **Dissolution of the former Institute and repeal, etc.**–(1) Upon the commencement of this Act, the former Institute shall stand dissolved and upon such dissolution–

- (a) all assets, rights, powers, authorities and privileges and all property, movable and immovable, cash and bank balances, reserve funds, investments and all other interest and rights in, or arising out of, such property, and all debts, liabilities and obligations of whatever kind of the former Institute subsisting immediately before its dissolution, shall be transferred to and vest in the Institute;
- (b) all contracts entered into and all matters and things engaged to be done by, with, or for the former Institute before such dissolution shall be deemed to have been entered into, or engaged to be done by, with, or for the Institute; and
- (c) all suits and other legal proceedings instituted by, or against, the former Institute before such dissolution shall be deemed to be suits and proceedings by, or against, the Institute, and shall be proceeded or otherwise dealt with accordingly.

(2) The Government of Pakistan, Ministry of Petroleum and Natural Resources Resolution No. DP(11)/82, dated the 26th July, 1984, shall stand cancelled.

20. **Transfer of employees of the former Institute to the Institute.**–All employees, officers, consultants, advisers and other staff employed in any capacity in the former Institute immediately before the commencement of this Act shall stand transferred to the Institute on the same terms and conditions of service on which they were employed immediately before such transfer and shall be deemed to be the employees of the Institute under this Act.

21. **Employees of the Institute to be civil servants.**–The employees of the Institute shall be deemed to be civil servants for the purpose of the Service Tribunals Act; 1973 (LXX of 1973).

22. **Power to make rules.**—The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

23. **Power to make regulations.**—The Institute may, with the approval of the Board of Governors, make such regulations, not inconsistent with the provisions of this Act and the rules made there under, as it may consider necessary or expedient for the administration and management of the affairs of the Institute.

24. **Removal of difficulties.**—If any difficulty arises in giving effect to any of the provisions of this Act, the Federal Government may make such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty.

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ZIA-UL-HAQ,  
*Secretary.*