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ORDINANCE NO. III OF 2023

AN

ORDINANCE

further to amend the National Shipping Corporation Ordinance, 1979

WHEREAS, it is expedient further to amend the National Shipping Corporation Ordinance, 1979 (XX of 1979), in the manner and for the purposes hereinafter appearing;

AND WHEREAS, the National Assembly stands dissolved and the Senate is not in session and the President of the Islamic Republic of Pakistan is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance shall be called the Pakistan National Shipping Corporation (Amendment) Ordinance, 2023.

(2) It shall come into force at once.

2. **Amendment of section 2, Ordinance XX of 1979.**—In the Pakistan National Shipping Corporation Ordinance, 1979 (XX of 1979), hereinafter called as the said Ordinance, in section 2, —

- (a) in clause(c), for the word “Chairman,” wherever occurring, the word “Chairperson” shall be substituted;
- (b) after clause (i), the following new clause shall be inserted, namely:—
“(ia) “SOE Act” means the State-Owned Enterprises (Government and Operations) Act, 2023 (VII of 2023);” and
- (c) clause (i) shall be omitted.

3. **Amendment of section 3, Ordinance XX of 1979.**—In the said Ordinance, in section 3,—

- (a) the existing provision shall be numbered as sub-section (1) thereof; and
- (b) after sub-section (1), numbered as aforesaid, the following new sub-section shall be added, namely:—

“(2) Notwithstanding anything contained in sub-section (1) and any other provision of this Ordinance, the SOE Act, including sections 12,15,16,19 and 22 thereof, shall apply to the provisions of this Ordinance and in case of any inconsistency between the provisions of this Ordinance and the SOE Act, the provisions of the SOE Act shall prevail.”.

4. **Substitution of section 14, Ordinance XX of 1979.**—In the said Ordinance, for section 14, the following shall be substituted, namely:—

“14. Board. - (1) The Board shall consist of—

S. No.	Membership	Status
(1)	(2)	(3)
(a)	A person of eminence and known integrity to be appointed by the Federal Government in accordance with the SOE Act	Chairperson (independent)
(b)	Additional Secretary of the division to which business of finances of the Federal Government stands allocated	Nominee Director
(c)	Additional secretary of the division to which business of this Ordinance stands allocated	Nominee Director
(d)	Chief executive officer of the Corporation	Director (chief executive officer)
(e)	Two directors to be elected by the shareholders in the prescribed manner	Directors (Private shareholders)
(f)	Four independent directors of known integrity and eminence to be Appointed by the Federal Government	Independent Directors

(2) There shall be a secretary of the Board to be appointed in such manner and on such terms and conditions as may be prescribed.

(3) The directors, other than the *nominee directors*, shall be appointed by the Federal Government and the directors under clause (e) of sub-section (1) shall be elected by the shareholders.

(4) Subject to section 12 of the SOE Act, the Federal Government may, by notification in the official Gazette, increase or decrease the number of directors of the Board.

(5) No person shall be qualified to be elected as a director under clause (e) of sub-section (1) unless he holds in his own name ten thousand shares of the Corporation.”

5. **Amendment of section 17, Ordinance XX of 1979.**—In the said Ordinance, in section 17, in clause (g), for the word “Chairman”, the word “Chairperson” shall be substituted.

6. **Substitution of section 18, Ordinance XX of 1979.**—In the said Ordinance, or section 18, the following shall be substituted, namely:—

“18. **Chief executive officer.**—There shall be a chief executive officer of the Corporation who shall, subject to section 16 of the SOE Act, be appointed

by the Federal Government on such terms and conditions as defined in Third Schedule.”

7. **Substitution of section 19, Ordinance XX of 1979.**—In section 19 is hereby omitted and shall be substituted as follows.

“19. **Powers and functions of chief executive officer.**—Subject to the provisions of the SOE Act, including section 15 thereof, the chief executive officer shall exercise such powers and perform such functions as provided for in this Ordinance and as delegated by the Board.”

8. **Substitution of section 20, Ordinance XX of 1979.**—In Section 20, the following shall be substituted, namely:—

“20. **Chief Executive Officer.**—(1) Subject to the provisions of the SOE Act, the Federal Government shall, from among three candidates recommended by the Board and in accordance with the procedure set out in the Third Schedule, appoint a Chief Executive Officer of the Corporation:

Provided that the procedure for shortlisting of three candidates for the position of Chief Executive Officer as set out in Third Schedule may be amended by the Federal Government:

Provided further that the Chief Executive Officer, once appointed, shall not be removed by the Federal Government before the completion of his tenure, except on the recommendation of the Board, which recommendations shall set out just cause for recommending the removal,

(2) **The Chief Executive Officer shall,—**

- (a) be responsible for the management of the Corporation and for its procedures in financial and other matters under delegation from the Board and subject to the oversight and directions of the Board;
- (b) ensure the proper implementation of strategies and policies approved by the Board; and
- (c) put in place appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with the Corporation’s business plan, the primary objective of the Corporation and all other statutory obligations.”

9. **Amendment of section 22, Ordinance XX of 1979.**—In the said Ordinance, in section 22,—

(a) in sub-section (1), in clause (a), for the expression "Chairman, the Vice- Chairman", the expression "chief executive officer" shall be substituted;

(b) in sub-section (2),—

(i) for the word "Chairman," the words "chief executive officer" shall be substituted; and

(ii) the expression "the Vice-Chairman or to" shall be omitted.

10. **Substitution of section 23, Ordinance XX of 1979.**—In the said Ordinance, for section 23, the following shall be substituted, namely: —

"23. Meetings of the Board.—Subject to the provisions of the SOE Act, including section 22 thereof, the meetings of the Board shall be held in the manner as may prescribed by regulations."

11. **Substitution of section 40, Ordinance XX of 1979.**—In the said Ordinance, for section 40, the following shall be substituted, namely:—

"40. Removal of difficulties.—If a difficulty arises in giving effect/any of the provisions of this Ordinance, the Federal Government may make such order, not inconsistent with the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 (XX of 1979) and the State-Owned Enterprises (Government and Operations) Act, 2023 (VII of 2023), as may appear to be necessary for the purpose of removing the difficulty."

12. **Addition of Third Schedule, Ordinance XX of 1979.**—In the said Ordinance, after the Second Schedule, the following new Schedule shall be added, namely:—

"THIRD SCHEDULE

(see section 20)

1. The Chief Executive Officer of the Corporation shall be appointed for a term of three years on a performance-based contract, extendable by another two years term on demonstration of substantial satisfactory performance.

2. The annual performance review of the Chief Executive Officer shall be undertaken by the Board.

3. The Board shall initiate a search for a candidate as Chief Executive Officer at least three months before a vacancy in the office of the Chief Executive Officer is due to occur and may.—

- (a) appoint a head-hunting firm to identify candidates,
- (b) request applicants through publishing newspaper advertisement; or
- (c) request individual candidates to apply.

4. The Board shall adopt a transparent and objective procedure for scrutiny and shortlisting of the applicants. The shortlisted candidates shall be interviewed by the Board to identify three potential candidates for the position of Chief Executive Officer.

5. The final list of three shortlisted candidates in order of seniority shall be sent to the division concerned for approval of the Federal Government of one candidate as Chief Executive Officer of the Corporation.

6. The terms and conditions for the post of Chief Executive Officer shall be decided by the Board with a three-fourth majority which shall include the vote of nominee directors.”.

Statement of Objects and Reasons

The Pakistan National Shipping Corporation (PNSC) was established under the PNSC Ordinance, 1979. After the promulgation of the State-Owned Enterprises (Governance & Operations) Act, 2023, it is mandatory to extend the application of the Act *ibid* to PNSC and align the PNSC Ordinance accordingly. The powers of the Federal Government envisaged in the Act *ibid* have been included in the proposed Pakistan National Shipping Corporation (Amendment) Ordinance, 2023.

In view of the above, it is proposed that amendments may be promulgated in Pakistan National Shipping Corporation Ordinance, 1979 for smooth running of official business of Pakistan National Shipping Corporation, Karachi.


Minister-in-charge