



10th September 2012

Chairman,
Karachi Port Trust, (KPT),
Edujee Dinshaw Road,
Karachi -74000

Subject: News Report of KPT alleged irregularities in Tenders of Port Shopping District, Two giant tugs of 75 tons bollard pull, KPT's store and Pak-Suzuki Motor Plot allotment without Tender, Award of contract to single bidder of food court on Oyster Rock breakwater of PDWCT, declaring Lalazar as a Commercial area.

Dear Sir,

Transparency International Pakistan refers to two news reports published in Dawn, of 8th and 9th September 2012, where serious allegations of violations being committed by KPT have been revealed. (**Annex-A**).

TIP request the Chairman to confirm or deny the serious allegations made on KPT, which are detailed below;

1. Port Shopping District tenders have been re-invited from same two bidders only.i.e. M/s Bharia Town and M/s AKD. Refer to TIP letters dated 28th July 2012 and 2nd August 2012. Vide letter dated 2 August 2012 , KPT was informed that the Tenders have been discharged being non-responsive. But revising the tendered Conditions, and administrative action against officers/consultants as recommended in 28 July & 2 August 2012 letter seems not to been taken by KPT. According to PP Rules 2004, tenders are to be invited through Advertisement in Print Media, on PPRA and the KPT website, and not only from same bidders, which may amount to collusive practice under Rule 2 (f). Similar efforts were made in 2011-12 in PQA on awarding Contracts to NLC and FWO where GRP pipes are used, which was challenged by TIP, and in spite of the rulings of DG P&D Division and PQA legal advisors that PPRA allows such awards, PQA Board has accepted PPRA Rules, and are going to invite public tenders.

2. Two giant tugs of 75 tons bollard pull tenders were conditioned to be supplied within 3 months of Award of Contract, and none of the bidders complied with this. Also Bid Bonds are reportedly not given by bidders. That is in violation of Government Orders that public servants shall not travel on Contractors/bidders expenses, KPT has sent a team under a trustee on bidders expense to Vietnam.

3. KPT's store and Pak-Suzuki Motor Plot allotment without Tender to a private party. It is reported that M/s Venus Pakistan Pvt Ltd, , of Mr. Adnan Asad (related to ex President) has been allotted over 20,000 sqm. area plots worth billions of rupees without public auction/tender. The manipulation reported is that in the first instance, the KPT Traffic Manager under his authority allotted these plots 21 & 21 () for 3 months rental, and renewed many



times, and subsequently KPT Board without public tendering leased the plots to M/s Venus Pakistan Pvt Ltd for 25 years. KPT Board is reportedly also trying to change 25 years limit of land lease in Mai Kolachi area , and convert all plots to 99 years. These acts of KPT if true, will cause billions of rupees loss to KPT, as change of land use, and plot allotments shall, always be through public Auction.

4. Award of contract to single bidder of food court on Oyster Rock breakwater of PDWCT is also violation of PPRA rules.

5. Declaring Lalazar as a commercial area, is violation of KBCA Rules, Karachi Master Plan, EPA Act, and favoring 90 allottees by according financial gains by issuing of a Board Resolution. On the Lalazar Plots land use change issue TIP has following observations;

a) Any such land use change is not allow under the Buildings Bye Laws nor under the Karachi Strategic Development Plan 2020 enacted by Sindh government in the 2007.

b) KPT will have to take approval of the Pakistan Environmental Protection Act 1997. Environment studies in compulsory and no such study is conducted by KPT.

c) According to KBCA and Sindh Government notification only M.T Khan road plot was allow to converted in commercial which was also implemented by KPT.

d) Similar land use of plots for warehouse of MT Khan road should not be allow on same grounds.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

Yours sincerely,


Syed Adil Gilani
Adviser

Copy forwarded for information with request to take action under their mandate to,

1. Chairman Public Accounts Committee, Islamabad
2. Chairman, NAB, Islamabad,
3. Secretary, Ministry of Ports & Shipping, Islamabad
4. Registrar, Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad , to take action under section 5(2) (a) and section 5(2) (i) of the PPRA Ordinance 2002.



KPT buying two costly tugs

From the Newspaper | Parvaiz Ishfaq Rana |

KARACHI, Sept 6: The Karachi Port is purchasing two giant tugs of 75 tons bollard pull, normally used by the salvaging companies all over the world.

The cost of each tug is around \$10 to \$12 million, official sources said Thursday.

The Karachi Port is presently negotiating for the purchase of these tugs which are still under construction.

Sources said that two KPT teams are going to Turkey and Vietnam for holding negotiations for purchase of under construction tugs of 75 tons bollard pull. Each team consists of seven members and their visit is fully sponsored by these companies.

Port and shipping experts are critical of the KPT decision for purchasing high cost giant tugs which are normally not used by ports anywhere.

They said such huge tugs are only kept by salvaging companies which require 75 tons bollard pull power for pulling grounded or under distress ships but are not maintained by ports in their flotilla of tugs, pilot boats and dredgers.

The excessive power of such giant tugs is not required in berthing and pulling out ships from alongside berths and to outside port areas where normally tugs of 60 tons bollard pull are used all over the world, they added.

Even such huge tugs would not be required at Pakistan Deep Water Container Terminal being built at Keamari.

These experts said that for pulling and berthing mother ships at the PDWCT, tugs with 60 to 65 tons bollard pull would be sufficient.

Citing an example, these experts said that even for salvaging Tasman Spirit (oil-tanker) which grounded at the mouth of the Karachi port in 2002, the Singapore-based salvaging company used tugs with 75 tons bollard pull.

If the KPT goes ahead with its decision of purchasing giant tugs, experts said it would be a wasteful because there is no use of such tugs in port operations. Therefore, such a costly inventory in the KPT's flotilla would only incur high cost of maintenance or operations.

Presently the KPT has six tugs of 60 tons bollard pull, and two tugs have been scraped after they completed their operational utility, sources added.

KPT involved in mega projects

From the Newspaper | [Parvaiz Ishfaq Rana](#) | 4 hours ago



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KARACHI, Sept 8: The Karachi Port Trust (KPT) is involved in multi-billion rupees development projects, which includes building shopping malls, high-rise buildings, townships, expansion and deepening of berths and providing turn circle within the existing harbour to deeper draft ships, official sources disclosed on Saturday.

These projects are besides the mega Pakistan Deep Water Container Terminal (PDWCT) being built at Keamari at an estimated cost of Rs60 to Rs70 billion to accommodate mother ships with a draft of up to 16 meters which could be deepened up to 18 meters if need be.

The Ministry of Ports and Shipping has taken a pro-active development approach as it has engaged the country's leading developers and builders and has already invited tenders for developing a turn circle.

This will be done by demolishing up to six berths at East Wharf, primarily berth No19 to 25, to enable the bigger vessels with an overall length (LoA) of over 300 meters.

The Karachi port is currently handling vessels with LoA of around 240 meters because the inner harbor being narrow and shallow does not have the capability to allow larger vessels with a deeper draft and a longer LoA.

The port has already deepened most of its berths at West Wharf to 13 meters but due to the narrow distance between East and West wharves turn circle for vessels, having a longer LoA is not sufficient.

A township is also being developed on a plot adjacent to the Sailing Club on Boat Basin for which KPT has issued a tender twice for awarding this multi-billion rupees project to a private developer.

In the first tender, the country's leading developer did not submit a bid bond. Attempts were made for the tender to be accepted without submitting a bid bond but some KPT official resisted and as a result another tender has been called for which the same developer has made an offer.

Another mega project of town-houses, shopping mall and a tower housing offices, restaurants etc with the name of Kolachi 77 is being developed opposite the US Consulate General on Mai Kolachi road.

A stock broker turned developer is involved in this project and work is under progress.

Sources said that KPT's store spread across acres of land on West Wharf and an adjacent vacant plot along with a plot of old plant of Pak-Suzuki Motor at West Wharf has been handed over to a private party.

Sources said that plans are underway to develop another recreation and food court near Clifton beach and Oyster Rock breakwater of PDWCT. For this negotiations are in advance stages with a Dubai based company.

A prestigious Port House at Lalazar, the official residence of KPT's chairman is also being demolished and replaced with a high rise tower.

The KPT sources further disclosed that plans are underway to declare entire Lalazar as a commercial area. As a result of this Lalazar may soon witness a large number of high rise buildings and plazas cropping up and causing congestion in the port area.