



19 October 2013

Senator Kamran Michael,
Federal Minister for Ports & Shipping,
Government of Pakistan,
Secretariat Block D,
Islamabad .

Sub: Complaint on allegation of Award of Helicopter Contract dated 17 June 2013 and PQA
Reply to the Prime Minister

Dear Sir,

Transparency International Pakistan refers to its complaint dated 17 June 2013, regarding above issue and the illegal award of Contract to M/s Princely Jets on or after 14 May 2013.

The clarification given by PQA , the Prime Minister's office on the Helicopter Hiring Contract vide U.O. No7(1)DS(E-II) dated 25 June 2013, that the tender process was finalized and in parallel cost benefit (CDGK and all industrial estates to share cost) was also finalized, and the project was scrapped due to not being financially viable, is wrong, misleading and amounts to perjury.

The fact of this serious issue, which if was not pointed out by Transparency International Pakistan on 17/6/2013, and PQA was compelled to cancel the Contract already awarded M/s Princely Jets on or after 14 May 2013, would have caused loss to exchequer od Rs 8.77 Billion.

The facts are stated as under;

1. The tender documents were tailor made for a chosen party, with 50% of first year payment (Rs 0.88 Billion) to be made on signing on Contract, and 50% payment (Rs 0.88 Billion) on commencement of commercial operation.
2. The validity of the quoted prices was 1 month, whereas the validity of tender was 90 days.
3. The age of Helicopters is 25 years.
4. Letter of Intent was issued by PQA to M/s Princely Jets on or after 14 May 2013, which according to Conditions of Contract is binding contract on behalf of PQA.
5. Out of Rs 8077 Billion, only Rs 1,27 Billion was the cost of fire fighting to be shared by others, whereas Rs 7.5 Billion was PQA pilotage cost.

You are requested to kindly look into these irregularities of PQA in efforts to award the Contract urgently , as unless the responsible public office holders are made accountable under the Laws Pakistan for their actions, similar irregularities will continue.

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. Secretary to the Prime Minister, for information of the Prime Minister, Islamabad.
2. Minister of Interior, Islamabad,
3. Secretary, Ministry for Ports & Shipping , Islamabad
4. DG NAB (A & P) , NAB, Islamabad.
5. Registrar, Supreme Court Pakistan, Islamabad
6. MD, PPRA, Islamabad

**PORT QASIM AUTHORITY
(OPERATIONS DIVISION)**

IMPLEMENTATION STATUS / PROGRESS

HIRING OF HELICOPTER SERVICES FOR MARINE PILOT TRANSFER AND FIRE FIGHTING – PROGRESS

1. In response of NIT published in daily Ummat and The Nation dated 30 Nov 2012, only one firm (M/s Princely Jets) submitted the Tender Document. The Technical Offer of the firm was opened on 21 March 2013. PQA In House committee raised few queries on technical offer which were passed to the firm through letter. The reply of the firm was discussed in PQA In House Committee held on 22 April 2013. The response of the firm was not complete i.e. experience of the pilots at sea and specially on VERTREP with proof was not provided. The firm was asked to provide the required information and certificates / documents so that Technical Evaluation as per Tender Document could be completed. Upon receipt of required information from the firm, Technical Evaluation was carried out by the Committee on 26 May 2013. The firm has been declared Technically qualified and Financial Offer of Princely Jets was opened on 29.05.2013.

2. The comparison of cost offered by firm and cost incurred if pilot boats are used for pilotage is as under:

a. **OFFER OF M/S FINANCIAL PRINCELY JET FOR MARINE PILOT TRANSFER
COST FOR GUARANTEED HOURS/YEAR**

YEAR- 01	YEAR- 02	YEAR- 03	YEAR- 04	YEAR- 05
Rs.1800hrsx681,732	Rs.1800hrsx749,905	Rs.1800hrsx824,896	Rs.1800hrsx907,385	Rs.1800hrsx998,124
= 1,227,117,600	= 1,349,829,000	= 1,484,812,800	= 1,633,293,000	= 1,796,623,200
~ 1.23 Billion	~ 1.35 Billion	~ 1.49 Billion	~ 1.63 Billion	~ 1.80 Billion

Total for 05 Years Rs. 7.5 Billion

NOTE:

- a. Considering 1800 Hours/Year, Rs 7.5 Billion is mandatory to pay in 05 years.
- b. If helo will required to be operated above 1800 Hours/Year (5Hrs/Day) then following year wise payment will has to be made:

<u>Year-01</u>	<u>Year-02</u>	<u>Year-03</u>	<u>Year-04</u>	<u>Year-05</u>
Rs.681, 732/hrs	Rs749, 905/hrs	Rs. 824,896 /hrs	Rs.907, 385/hrs	Rs.998, 124/hrs

FINANCIAL OFFER OF M/S PRINCELY JET FOR FIRE FIGHTING

Retainer Ship Cost

YEAR- 01	YEAR- 02	YEAR- 03	YEAR- 04	YEAR- 05
Rs.17,400,000/ Month	Rs. 19,140,000/ Month	Rs. 21,054,000/ Month	Rs. 23,159,400/ Month	Rs. 25,475,340/ month
Rs.208.8 Million/ Year	Rs.229.68 Million/ Year	Rs.252.65 Million/ Year	Rs.278.00 Million/ Year	Rs.305.70 Million year

Total for 05 Years Rs. 1.275 Billion

NOTE: Hourly Charges in Rs. for actual Fire Fighting is as under:

<u>Year-01</u>	<u>Year-02</u>	<u>Year-03</u>	<u>Year-04</u>	<u>Year-05</u>
Rs.203, 000	Rs.223, 300	Rs.245, 630	Rs.270, 193	Rs.297, 212

c. PILOTAGE BY BOAT IF THREE BOATS ARE USED

Hiring Cost of one Pilot Boat/day	= Rs.100, 000/-
Hiring Cost of one Pilot Boat for 05 Years	= Rs. 100,000 x 30 x 12 x 5
	= 0.18 Billion
Hiring Cost of three Pilot Boat for 05 Years	= 0.18 x 3
	= 0.54 Billion
Fuel Cost/day for one Boat	= Rs 130,000
Fuel cost for 5 years/Boat	= Rs 130,000 x 30 x 12 x 5
	= 0.234 Billion
Fuel cost for 03 Boats for 05 Years	= 0.234 x 3
	= 0.702 Billion
Total Cost to Operate 03 Pilot Boats for 05 Years	= Rs. 1.17 + 0.9 + Billion
	= Rs 1.242 Billion

3. A meeting with Chairman PQA, Head of Technical Committee PQA Board and other committee members was held on 14.05.2013 at conference room PQA to discuss the case of hiring of helos for fire fighting and marine pilot transfer. On the direction of Mr. M A Rajper Head of Technical Committee, PQA Board, LOI for hiring of helo for fire fighting has been issued to M/s Princely Jets. He also informed that the cost which is to be incurred for hiring of helicopter for fire fighting and Marine Pilot transfer will be passed on to all Stakeholders with as per mechanism to be formulated. He also directed to carry out cost benefit analysis of firm's bid related to Marine Pilot Transfer within two weeks for presentation to PQA Board.

Capt Rizwan Farrukh TI(M) PN
Acting DG (Ops)/Director (Ops Maint)