



The Punjab Gazette

PUBLISHED BY AUTHORITY

LAHORE FRIDAY JULY 29, 2016

GOVERNMENT OF THE PUNJAB
LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT
DEPARTMENT

Dated Lahore, the 25th July 2016

NOTIFICATION

No.SOR(LG)38-20/2015. In exercise of the powers conferred under section 144 of the Punjab Local Government Act 2013 (XVIII of 2013) and after previous publication, Governor of the Punjab is pleased to make the following rules:

CHAPTER I

1. Short title and commencement.- (1) These rules may be cited as the Punjab Local Governments (Auction of Collection Rights) Rules 2016.

(2) They shall come into force at once.

2. Definitions.-(1) In these rules:

- (a) "Act" means the Punjab Local Government Act 2013 (XVIII of 2013);
- (b) "auction" means the public and open auction conducted under the rules;
- (c) "contract" means the contract awarded by the local government for collection of income on its behalf;
- (d) "contractor" means a person eligible to make contract with the local government;
- (e) "House" means the elected body of the concerned local government;
- (f) "income" means revenue or returns received from taxes, fees, tolls and other levies of local government but shall not include grants, contributions and deposits;
- (g) "local government" means a local government other than an Authority established under the Act;
- (h) "public notice" means a notice issued for conduct of an auction under rule 5; and
- (i) "rules" means the Punjab Local Governments (Auction of Collection Rights) Rules 2016.

(2) An expression used in the rules but not defined shall have the same meaning as assigned to it in the Act.

3. Auction of collection rights.- (1) Subject to sub-rule (2), a local government may award contract, assign right to collect income on its behalf, to the contractor for the next or current financial year.

(2) A local government shall not award contract for granting right to collect income from:

- (a) water rate, building fee, tax on transfer of immovable property, conversion of land use fee, sanitation fee, licence fee and lighting rate; or
- (b) the income from the demand raised against a specific person and the arrears of which are carried forward.

4. Prohibition.- A contract shall not be awarded to a contractor, except according to the procedure prescribed under the rules.

CHAPTER II

5. Auction procedure.- (1) The local government shall:

- (a) award the contract through the public auction; and
- (b) issue a public notice, in at least two national daily newspaper one in Urdu and one in English, through the office of the Director General, Public Relations, Punjab minimum seven days prior to date of auction; or
- (c) past a copy of the public notice at conspicuous place of the area and at notice board in the office of the local government; or
- (d) announcement of auction by beat of drum and other local means.

(2) The public notice shall contain:

- (a) the date, time and venue of auction;
- (b) specification of the major terms and conditions for participating in the auction;
- (b) the reserve price for auction, period of contract, notified rate of tax or fee and other necessary details

(3) For each time for conduct auction, the publication of public notice is compulsory and no alternative dates shall be given in the public notice.

6. List of participants.- (1) On date and time of auction, the list of participants, eligible for participation in the auction and who have deposited the earnest money, shall be prepared and signed by the Mayor, Chairman or an authorized officer of the local government.

(2) The name, address and computerized national identity card number of each participant, mentioned under sub-rule (1), shall be recoded on the list and attested copy thereof shall be kept in the record.

7. Auction committee.- The local government shall notify an auction committee for conducting the auction with the approval of the House.

8. Statement of bid.- (1) Before starting the auction, terms and conditions of the contract shall be announced and the copy of such terms and conditions shall be delivered to the participants of auction.

(2) A statement of bids shall be:

- (a) prepared in the presence of the participants of auction;
- (b) signed by the convener of the auction and members of the auction committee; and
- (c) signed by the highest bidder in a column against which the amount of his bid is written.

CHAPTER III

9. Manner for awarding contract.- The contract shall be awarded to the highest bidder through an open bid by adopting the procedure of auction as laid down in Chapter II.

10. Reserve price.- (1) The reserve price for an income shall be determined by average actual income of the respective local government received for last preceding three years.

(2) If an income introduced by a local government for first time, the assessed and expected income as provided in the budget from the source shall be the reserve price for the income from that source.

11. Attempts to award the contract.- At least three attempts shall be made to award the contract through open bid, equal to the reserve price or more, by the administration of local government before the commencement of financial year.

12. Acceptance or rejection bid.- (1) The bids for collection rights received in auction, if less than the reserve price, shall be rejected by the Mayor or Chairman and the local government.

(2) The bids if rejected under sub-rule (1), the collection rights shall be put for re-auctioned in the prescribed manner.

(3) The highest bid, equal to reserve price or above, received in auction and recommended by the respective Mayor or Chairman, shall be placed before the House within ten days of receipt of bid for approval.

(4) The highest bid, received under sub-rule (3), shall:

(a) reasonably justifiable; and

(b) not have scope of further enhancement in view of the local government.

(5) The House shall approve or reject the bid duly recommended by the Mayor or Chairman under sub-rule (3).

(6) The House shall record the reasons of rejection in writing, if highest bid, received under sub-rule (3), is rejected by it.

(7) Subject to sub-rule (8), if the local government concerned accepts a bid for collection rights and enters into an agreement with the contractor, it shall not repudiate the agreement.

(8) If the Government is satisfied that the auction has not been conducted in accordance with the rules or in a transparent manner, it may repudiate the agreement through a speaking order.

13. Acceptance of bid below the reserve price.- If the bid is not received equal to or above the reserve price in three attempts, the Mayor or the Chairman shall place the matter before the House to:

(a) examine the reasonability of the bids; and

(b) decide acceptance or rejection of the bid after recording reasons of its rejection or acceptance.

14. Intimation of acceptance of bid.- (1) As soon as the approval from the House about the acceptance of bid is received, the local government shall:

(a) communicate the acceptance of bid by a letter to contractor on his postal address provided by him at the time of auction through:

(i) courier service or special messenger; or

(ii) any other means of communication deemed appropriate to the contractor; and

(b) direct the contractor to enter into written agreement; and

(c) fulfill his obligations in accordance with the terms and conditions of contract.

(2) The cost of written agreement, signed under the rules, shall be borne by the contractor.

(3) The bid shall be automatically stand cancelled and the deposits made by the contractor stand forfeited and be presumed that the contractor is no more interested in the contract, if he fails to:

(a) turn up to deposit dues as per the terms and conditions of auction; or

(b) enter into written agreement within three days of the communication made under sub-rule (1).

(4) If contractor fails to deposit dues or enter into agreement under sub-rule (3), the collection rights shall also be put to re-auction.

CHAPTER IV

15. Terms and conditions of contract.- Besides other conditions as a local government may decide, the conditions laid down in this chapter shall invariably be part of the terms and conditions of the contract.

16. Eligibility of contractor.- A person shall not be eligible to be a contractor who:

- (a) is defaulter in respect of any dues to a local government;
- (b) has been blacklisted by a local government or any other department;
- (c) has been declared insolvent; or
- (d) is not competent to enter into agreement under the law.

17. Enlistment of contractors.— (1) A contractor, who participates in the auction proceedings of collection rights of different taxes and fees, shall first be enlisted himself according to the categories mentioned in sub-rule (3).

(2) The contractor, who is not enlisted under sub-rule (1), shall not be eligible to participate in the auction proceeding of collection rights of different taxes and fees.

(3) The following shall be the classification of contractors for the purposes of the rules:

Categories of contractor	Limit of Contract Amount
(a) Category A	No limit.
(b) Category B	Up to Rs. 2.00 Million
(c) Category C	Up to Rs. 1.00 Million
(d) Category D	Up to Rs. 0.5 Million

(4) The contractors shall enlist himself in accordance with such criteria as determined by the Government through notification, before the officer notified by the Government for the purpose.

18. Earnest money.- (1) A bidder shall deposit pay order equivalent to the amount of ten percent of the reserve price as an earnest money in the funds of the local government before taking part in an auction.

(2) The sixty percent of the earnest money deposited by successful contractor shall be adjusted against the amount payable by him as first monthly installment.

(3) The balance earnest money shall be retained by the local government as a security for successful completion of contract and payment of dues under the agreement.

(4) The earnest money of un-successful bidders shall be returned immediately after completion of the auction proceedings.

(5) The earnest money retained as security shall be refunded to the contractor:

- (a) after successful completion or performance of contract; and
- (b) production of a certificate from the head of accounts office of respective local government that nothing is due from the contractor and contract has been completed or satisfactorily performed.

19. Dues and deposits.- (1) After receipt of communication of acceptance of bid from the local government, the contractor shall:

- (a) deposit one tenth of the amount of approved bid in the funds of respective local government within specified time period; and
- (b) enter into written agreement with the respective local government within three days.

(2) The remaining amount of bid shall be paid by the contractor to the local government in equal monthly installments that the whole amount be recovered at least one month before completion of contract.

(3) The installments shall be paid by the contractor in advance by the fifth day of each month.

20. Other deposits.- (1) The contractor shall deposit other charges such as rent of buildings under his possession, cost of books, stationery, furniture and fixtures or any other property provided by the local government for use of collection of income, in the funds of local government in advance by the fifth day of each month.

(2) The contractor shall be responsible for deposit of salaries, pension contribution, premium of group insurance, leave salary, all allowances and other fringe benefits permissible to the employees of a local government attached with him for administration and collection of respective income before the start of each month in advance.

(3) The income tax, sales tax, professional tax or any other levies enforced by law or instructions issued by the Government shall be recovered from the contractor.

(4) Any other deposit agreed upon between the local government and the contractor shall be recovered from the contractor.

21. Maintenance of accounts and official record.- (1) A contractor shall keep the record relating to accounts of the income as well as other documents in proper order as provided in the respective rules, bye laws and procedures.

(2) The record, mentioned under sub-rule (1), shall be the property of respective local government.

(3) The contractor may obtain an attested copy of the record, mentioned under sub-rule (1), from the respective local government.

(4) The Mayor or Chairman, any other officer or official of local government authorized by Mayor or Chairman and officers or officials of accounts office of respective local government may inspect record mentioned under sub-rule (1).

22. Properties and assets.- (1) The contractor shall:

- (a) keep the properties of local government in the same condition as those were received by him at the time of delivery; and
- (b) be responsible for any material loss caused to properties, mentioned under clause (a), due to his negligence during the contract.

(2) The contractor shall:

- (a) deliver all assets and properties received by him back to the local government after completion of contract; and
- (b) get certificate from the local government for delivery all assets and properties made under clause (a).

23. Implementation of collection procedure and bye laws.- (1) The complete set of procedures of collection of tax, fee, toll or any other levy of local government along with respective laws of a local government shall be the part of terms and conditions of the contract.

(2) The contractor shall be bound by the procedures, rules and bye laws of respective local government, as mentioned under sub-rule (1), in collection of taxes.

(3) The contractor shall, if the interpretation of any law is required, refer the matter to the local government concerned for interpretation.

24. Overcharging.- (1) The contractor shall not be involved in overcharging either by himself or through his agent or any other person.

(2) In case of violation of sub-rule (1), action shall be taken against the contractor or his agent or any other person, involved in overcharging, under Chapter XVIII of the Act and his contract shall be cancelled and all deposits made by him shall be forfeited forthwith.

25. Rights and responsibilities of the contractor.- The contractor shall:

- (a) abide by the terms and conditions of the contract; and
- (b) collect income in accordance with the provisions of law, rules, bye laws and notifications;
- (c) receive all amount collected as income related to the contract after making proper entry into the relevant books of accounts as a token that he has received such amount;

- (d) supervise, monitor and control the collection staff entrusted to him for purpose of collection of relevant income; and
- (e) not appoint his personal staff for collection of income without the prior approval of local government and all collections shall be carried out by him through the staff of local government concerned assigned to him for this purpose.

26. Disputes.- (1) If any dispute arises between the contractor and local government regarding contract or any other matter arising out of contract, the contractor and the local government shall resolve the dispute through arbitration under the Arbitration Act, 1940.

(2) The arbitrator shall decide the dispute within one month.

(3) The decision of the arbitrator shall be final and binding on the parties concerned.

(4) The disputes between public and the contractor shall be settled by the local government concerned.

(5) The arbitrator may be appointed by the Government through notification, if parties fail to agree on an arbitrator and one of the party approaches the Government for appointment of an arbitrator.

27. Sureties and guarantees.- (1) The successful bidder shall, at the time of signing the agreement, furnish a surety for the due performance of the contract to the satisfaction of the local government concerned.

(2) The surety shall be a person who has a valid national tax number and is an action tax payee.

(3) The surety shall furnish a bank statement for the preceding six months also showing a bank balance equivalent to the amount of the surety.

(4) In case of default of contractor to discharge his obligations under the contract for any reason, then, without prejudice to the claims of local government against the contractor, the local government shall be entitled to recover from the surety, not only the amount including charges, dues and fees which may have become due under the contract, but also the cost of proceedings initiated in this regard.

28. Cancellation of contract.- (1) The local government shall cancel the contract if a contractor:

- (a) fails to abide by any term and condition of the contract;
- (b) fails to pay any dues on due date and time;
- (c) involves in overcharging and circumventing any law related to collection of respective income; or
- (d) violates any other condition which the local government may deem fit to impose in the public interest.

(2) The contract shall not be cancelled without providing an opportunity of hearing to the contractor by the concerned Mayor or Chairman.

(3) After cancellation of contract, the House may decide to re-auction the income for the remaining period of contract or may make self-collection.

(4) In both situations mentioned under sub-rule (3), if the income so received is found less than the contractual amount, the difference shall be recovered from the contractor as arrears of land revenue.

29. Rebates.- The contractor shall not be entitled to rebate on any ground what so ever.

30. Repeal.- On repeal of the Punjab Local Government Ordinance 2001 (*XIII of 2001*), the Punjab Local Government (Auctioning of Collection Rights) Rules, 2003 shall stand repealed.