14.1 Modernisation of Central Slaughter House

Since its operation in 1978 the Central Slaughter House (CSH) had been facing increasing workload and there was a need to improve operating standards. In 1989 the need for its rehabilitation was felt. A modernisation project was therefore contemplated with the main objectives of:

- Reducing labour intensiveness and operational costs
- Providing maximum automation and hygiene
- Enhancing productivity and financial stability in line with environmental and health safety norms

At paragraph 13.2 of the 2004-05 Audit Report, my Office reported that the project for the modernisation of the CSH which was initiated some fifteen years back, had yet to be implemented despite events as summarised below. As of September 2006, the project has still not been implemented.

The following events occurred:

- Study in 1990 – 1992 for rehabilitation of CSH
- Assistance from European Union in 1994 for a feasibility study
- Appointment in 1996 of a Consultant for a fee of some Rs 2.3 million for that feasibility study
- Project estimated at some Rs 83 million to be financed with the European Union assistance, was dropped by the latter on technical basis in 1998
- Provision of Rs 85 million by Government in 1998-99 for phased implementation of the project over a period of five years as per the Ministry, subject to completion of Consultant report
- Appointment of another Consultant in July 2004 for a fee of some Rs 3.1 million following failure of former Consultant to submit a complete report.
- Release of the consultancy fee of Rs 3.1 million in April 2005 to the Mauritius Meat Authority (MMA) though report for only the first out of the five stages of the consultancy work was submitted by the Consultant
- Disbursements made from financial year 1998-99 to 2004-05 totalling some Rs 37.5 million to the MMA out of the Project Value of Rs 85 million for replacement of equipment and vehicles without which, according to the Ministry, the operations of the CSH would have come to a stand-still.
In 2005-06 an additional amount of Rs 1.5 million was disbursed by the Ministry to the MMA from the Project Value for replacement purposes as mentioned above. A total amount of some Rs 39 million has therefore been disbursed by the Ministry to meet purposes other than those provided for in the capital estimates. According to the Ministry, the MMA has had, due to lack of funds, adopted a fire-fighting strategy to continue providing its services and, as such, has not yet embarked in the modernisation process. Disbursements for purposes other than those provided for might not be proper.

Disbursement of the full consultancy fee of Rs 3.1 million by the Ministry to the MMA without full completion of the consultancy work was also not proper.

The second stage was reported upon by the Consultant in February 2006, well after the expected date. Project has now been re-estimated at some Rs 125 million. The remaining three stages namely, drafting and finalising of tender documents, tender evaluation and award of contract, testing and commissioning were purported to be undertaken after recommendations of a technical committee at MMA’s level on the Consultant initial report, but this would be subject to availability of funds.

Due to above disbursements and increase in estimated project cost, the Project Value provided for in the capital vote would have to be revised upwards from Rs 85 million to Rs 168 million, that is, a 100 per cent increase.

### 14.2 Setting up of a National Biotechnology Institute

In June 2001 Government agreed to carry a feasibility study for the setting up of a National Biotechnology Institute. One of the main objectives of the study was to establish the need or otherwise for the centralisation of all the biotechnologies activities. The study has cost Government some Rs 3 million in terms of consultancy fees. However, the appointment of the Consultant was not done through a bidding exercise. Some Rs 0.5 million were incurred on other expenditure.

Following the recommendation of the Consultant, Government decided to set up the Mauritius Agricultural Biotechnology Institute with a project value of Rs 400 million. The project was to start in 2002-03 and to be completed in 2008.

The project did not take off as scheduled due to delays in confirmation of funds, and approval of conceptual drawings. In January 2006, the Ministry of Housing informed the Ministry that it had retrieved the plot of land allocated for the project to accommodate the construction of a High Tech Multi-Special Hospital to a private entity.

In March 2006, the Ministry decided to set up a technical committee chaired by an adviser to review the whole project. The committee recommended that a National Biotechnology Laboratory instead of an Institute be set up under the Food and Agricultural Research Council. The Ministry was then proposing to re-adapt the proposals made by the Consultant to set up the Biotechnology Laboratory.
14.3 Purchase of Molasses - Richelieu Livestock Feed Factory (RLFF)

Procurement of Molasses

The annual requirement of molasses of the Richelieu Livestock Feed Factory (RLFF) was some 2,000 metric tons (mt). However, in May 2005, procurement procedures for the supply of only 1,000 mt of molasses were initiated. The last delivery was effected in November 2005 at a cost of Rs 1,500 per mt.

Subsequently, the Ministry initiated procedures for the procurement of a further 1,000 mt of molasses. Tenders were launched on three occasions, but each proved to be unsuccessful. As a matter of urgency, in March 2006 the Ministry contacted three companies for the supply of some 800 mt of molasses. Two of the companies responded. The Ministry approved the purchase of 800 mt of molasses from a bidder at a price of Rs 2,300 per mt. The covering approval of the CTB was sought twice but was in both cases not given as proper procedures for a tender exercise had not been followed. The Ministry, however, purchased some 700 mt of molasses from the bidder at a cost of Rs 1.6 million without complying with procurement procedures.

Contaminated Molasses

In September 2006, authority to write off the loss of 225 out of the 1,000 mt of molasses procured during 2005 was sought from the Ministry of Finance. The molasses was reported as useless due to contamination and fermentation. This fermentation process was not detected as fresh molasses were added from time to time. However, the tank had never been thoroughly cleaned and disinfected since its use which dated over 30 years. The cleaning of the tank needs to be carried out at regular interval to prevent such contamination. The cost of the contaminated molasses was to Rs 337,500.

Ministry’s Reply

If the Ministry was to carry out a fresh tender exercise in April 2006 following the refusal of CTB to grant the covering approval, the same companies would have responded and probably the same prices would have been quoted. This would have resulted in a loss of time and a longer shortage of animal feed which might have been detrimental to the breeders.

Arrangements will henceforth be made for the tank to be cleaned and disinfected annually.
14.4 Land Use Division

Land Settlement Scheme

As of June 2006, 22 land settlements throughout the country, with a total area of some 910 hectares, were leased to 1,378 tenants. Four of the land settlements were leased to an Authority. 18 of these remained under the direct control of the Ministry.

Certain unsatisfactory features reported at paragraph 13.3 of the 2004-05 Audit Report still prevailed:

- absence of criteria for number of plots to be leased to a tenant and consistency for extent of agricultural land given on lease
- occupation of agricultural land by tenants after expiry of lease.

Regarding the cases of 54 illegal constructions on Terre Rouge Land Settlement, which comprised an extent of 245 Arpents leased to 109 tenants, I was given to understand that these cases were being referred to the Attorney General’s Office while portions subsequently renewed excluded the part concerning illegal constructions.

The following were again noted:

- a list of all expired lease agreements was not available for proper follow up. According to the Ministry, this concerned some 400 tenants in 18 land settlements.
- there was delay in payment of land lease rentals, contrary to the terms of the lease agreement thus resulting in increase in arrears of revenue from Rs 2.7 million to Rs 4.7 million.

Ministry’s Reply

The Ministry has approved the introduction of a new policy to be effective as from July 2007 on the 18 land settlements.

14.5 Irrigation Projects

With reference to paragraph 13.1 of the 2004-05 Audit Report, the following were noted -

- Records available for the monitoring of projects at the Ministry were inadequate.
- The current status of projects was not available at the Ministry. Monitoring of projects by the Ministry was still inadequate.
- In order to resolve disputes between a Contractor and the Mauritius Sugar Authority (MSA), an Arbitrator was appointed. The outcome of the arbitration which was to be finalised by April 2006, was not seen.
The Contractor abandoned the site in May 2005, without notice and the Board of the MSA gave its approval to terminate the contract. No information was available at the Ministry regarding the allocation of outstanding works estimated at Rs 21 million.

14.6 Livestock Feed Factory

With reference to paragraph 13.4 of the 2004-05 Audit Report, production of mash during 2005-06 was only 5,653 tons. Also, the Ministry had recourse to the procurement of some Rs 4.3 million worth of animal feed for the Palmar Livestock Production Unit. The Ministry was contemplating to review the viability of the Livestock Feed Factory.