MINISTRY OF AGRO INDUSTRY & FISHERIES

20.1 Lease of State Land

The Shooting and Fishing Leases Act 1966 provides for the granting of lease (of the right to shoot and go in pursuit of game, to fish, hunt or fowl) on state land for a period not exceeding 14 years. The Act also provides that the lease be put up for public auction on such terms and conditions as the Minister may determine. Some 10,000 hectares of state land were leased for the above purpose.

There was no evidence that the lease for state land was made by way of public tender as required under the Act. During 2007-08, the land was leased at Rs 700 and Rs 375 per hectare for upland plateau and low to mid altitude areas respectively. As such, the lease of the 10,000 hectares of state land may not be in line with the provisions of the Shooting and Fishing Leases Act.

20.2 Tests on Fish and Fish Products – Rs 2.88 million

The Fisheries and Marine Resources (Export of Fish and Fish Products) Regulations (No.2) 2006 provide that the Division of Veterinary Services of the Ministry of Agro Industry and Fisheries (MOA) may issue to an applicant the appropriate export health certificate where it is satisfied that the applicant had complied with the standards applicable in the importing country. The applicant is also required to submit such additional information or documents as MOA thinks fit, including, in particular, certification of compliance by the applicant with the standards applicable in the importing country. However,

- the Ministry entered into a contract with a private laboratory for a yearly sum of some Rs 3 million for testing fish and fish products. Competitive tender was not resorted to.
- as of June 2008, some Rs 2.88 million had been paid by the Ministry to the laboratory.

This payment is unwarranted in as much as the Regulations provide that the applicant submit the appropriate certification to the MOA. Also, the sum paid by Government might have to be charged to applicant/s.

20.3 Compensation to Contractor

Some Rs 8.5 million were disbursed to the Mauritius Sugar Authority (MSA) in April 2008 for payment of compensation to a Contractor following recommendations of a Claims Review Committee (CRC) set up by MSA. The CRC attributed compensation to the Contractor as:

- Delay in acquisition of land and in granting of way leave to Contractor.
- Late release of funds by the Ministry to the Central Electricity Board resulting in delayed activity of the Contractor.
The Supervising Engineer issuing new instructions for dredging of an unlined drain.

20.4 Control of Pigeon Population

Contract for a sum of Rs 4,945,000 to bring the pigeon population under control was awarded in February 2006 to a Contractor. The work was to be completed by end of October 2006. The execution of the work was to be monitored by the Division of Veterinary Services.

As of June 2008, some Rs 3.96 million were paid to the Contractor, representing 80 per cent of contract sum although the work was not completed. Only one third of the pigeon population has been eliminated.

In the light of above, funds might have been disbursed without ensuring that project objectives were being achieved.

20.5 Security Services

Provision of security services for compounds of the MOA was outsourced to Contractors as from 1 July 2003. Initially, security services were outsourced for seven compounds. These were extended to 19 compounds for the period July 2005 to June 2007 and 21 compounds for the period July 2007 to June 2009. For the period July 2007 to June 2009, contract for these services was awarded for the sum of some Rs 14 million. The following were noted:

- A feasibility study regarding outsourcing of security services was not seen at the Ministry.
- Non compliance by the Contractors with the terms and conditions of the contractual documents.
- Unsatisfactory monitoring and application of the terms of the contract with the Contractor.

20.5.1 Outsourcing of Security Services

Formerly, security of the Ministry’s compounds was attended to by 140 watchmen. However, information regarding their actual postings and redeployment following outsourcing of security services, and the yearly expenditure incurred for watchmen was not readily available.

A feasibility study regarding outsourcing of security services was not seen at the Ministry. The benefit of resorting to private contractors could not therefore be evaluated.

20.5.2 Outstanding Issues

Unsatisfactory performance by the Contractor for period July 2005 to June 2007 has been reported on various occasions by the Ministry. Shortcomings regarding award, unsatisfactory contract performance and monitoring were reported in my previous Audit Report. Some of
these have still not been resolved by the Ministry, namely inability to forfeit performance bond following unsatisfactory performance by Contractor, non-determination of total losses at compounds and extra costs suffered by the Ministry following termination of contracts at certain compounds.

20.5.3 Contract for Current Period

The Technical Evaluation Committee (TEC) took note of shortcomings in past performance of lowest bidder before making its recommendation so as to finalise the tender exercise which would otherwise lead to compounds being left unguarded after 30 June 2007. The TEC also commented on the previous track record of the bidder and expressed fear that any shortcoming might have deleterious effect at one of the Compound which was of strategic importance to the Ministry. Despite this concern, contract for the period July 2007 to June 2009 was awarded on 27 June 2007 to the bidder for a sum of some Rs 14 million.

During the contract period, various requirements as spelt out in the tender document and letter of award were not complied with, and compounds were exposed to risk of theft or other damages due to absences of the Contractor’s guards above set levels.

Tender requirements not complied with, included:

- Contract was not signed within bid bond validity period of 90 days but one year after award of contract.
- Performance Bond for a sum of Rs 1,433,862 was submitted on piecemeal basis by Contractor and more than three months after the required date.
- Non submission by bidder of insurance cover for all assets on compounds, for a total sum of some Rs 330 million, and necessary biodata of employees of the Contractor, in respect of age, height, level of education and criminal record among others.

Due to above non compliance, the Ministry might not have adequate safeguards regarding cases of theft or loss at the compounds.

As at May 2008, almost half way through contract period, absences of guards costing some Rs 880,000 and losses on compounds of some Rs 149,000 were reported. For many compounds, the level of absenteeism of the Contractor’s guards exceeded the ten percent allowable level.

The contract provided that in case the total of cost of absences and value of losses reach ten per cent of contract value for any compound, the Ministry reserved the right to terminate the contract. However, this course of action was not resorted to by the Ministry. At one Compound of “strategic importance” where fear had been expressed by the TEC that any shortcoming on part of the Contractor might have deleterious effect on Ministry’s commitment, claims for deductions for the absences of the Contractor’s guards on that compound have amounted to as high as 40 per cent of the contract sum during three consecutive months.

The only penalty in case of absences was deduction on a pro rata basis of contract fees.
20.6 Freight Rebate Scheme

The Freight Rebate Scheme (Scheme) was introduced since 1991 to boost up export of some selected agricultural products to specified markets. From 2001 to June 2008, a total sum of Rs 54 million has been disbursed to exporters under the Scheme through a Statutory Body. The following were noted:

- Over-refunds have been made under the Scheme.
- A team set up by the Ministry to review the Scheme reported that the Scheme might not have achieved its objectives.

20.6.1 Over-refund of Freight Costs to Exporters

In 2006, over-refunds totalling some Rs 1.9 million made to one exporter over a five month period was reported by the Internal Control Unit of the MOA. Further investigation by the Ministry, which was limited to a five year period, revealed that the over-refund amounted to Rs 4.9 million. The only action taken was recovery of the over refund in April/May 2008.

20.6.2 Review of the Scheme

In 2007-08 the Ministry noted that the Scheme was still of more benefit to exporters rather than producers and that funds earmarked under the Scheme were not fully utilised. In October 2007, a team comprising representatives of the Ministry and three Statutory Bodies, was entrusted with the review of the effectiveness of the Scheme. The following were reported in June 2008:

- The Scheme had been nearly monopolised by pineapple exporters,
- No trickling down has been noted in favour of planters,

and it concluded that the Scheme should be replaced and modalities of a new scheme be defined urgently.