MINISTRY OF AGRO INDUSTRY & FISHERIES

20.1 Modernisation of Central Slaughter House

The project for the modernisation of the Central Slaughter House (CSH) contemplated since 1989 has as of 30 June 2007 yet to be implemented though a sum of Rs 85 million was provided in the Capital Estimates. As reported at paragraph 14.1 of my 2005-06 Audit Report, disbursements have been made over the years for purposes other than this one. During 2006-07 further sum of some Rs 5 million have been disbursed bringing the total disbursements to some Rs 44 million.

The main reasons attributed by the Ministry for non-start of implementation were:

- Requests for funding made in previous years have not been entertained
- The Mauritius Meat Authority, (MMA) was not in a position to raise loans and did not have the capacity for repayment.

According to the Ministry,

- a fire-fighting strategy has had to be adopted to avoid operations of the CSH to come to a stand-still
- these equipment and vehicles would continue to be utilised when the slaughter house is modernised.

The Project has been revalued at Rs 125 million in 2006. However the effect of such disbursements under above provision would necessitate its revision to some Rs 170 million if modernisation was to be implemented. Delays in implementation might entail further cost increases. These additional costs have yet to be determined.

As of 30 September 2007, the following were not seen at the level of the Ministry

- Recommendations of a Technical Committee at the level of MMA on the Consultant’s initial reports
- Status of the Project regarding preparation and submission of tender documents by the Consultant and their evaluation for subsequent action for implementation was not seen at the Ministry.

The fire-fighting strategy adopted to avoid operations of the CSH to come to a stand-still was not in line with a phased implementation of the modernisation process. Pending a duly approved implementation plan, the piecemeal disbursements to date under above voted provisions might not be in accordance with regulations.
**Disbursement in 2006-07**

In 2006-07, Rs 5 million were disbursed to the MMA for the design, supply, installation and commissioning (Supply) of ten insulated truck bodies (Units). Tenders were launched on three occasions within a year. The first tender was launched in April 2006 for ten Units. Contract was not awarded. Tenders were launched a second time for the Supply of five Units only. The contract was awarded for the sum of some Rs 2.4 million. Tenders were launched a third time for the Supply of another five Units. This was awarded to the same Supplier for the sum of Rs 2.7 million. The recourse to split tendering has resulted in higher cost. Moreover, the following were not seen at the Ministry:

- Details regarding the state of the ten lorries and their insulated truck bodies
- The proposed use of the existing insulated truck bodies
- The remaining lifetime of these lorries
- The lifetime of the new insulated truck bodies

Also, there was no indication whether the ten Units were of the same size and specifications.

**20.2 Food Technology Laboratory**

The Food Technology Laboratory Project estimated to cost some Rs 50 million (including Rs 27 million for building), was initiated in 1999-2000. Consultants for Architectural and Mechanical/Electrical works were appointed in September 2002 and May 2003 respectively. The fees of the Consultants were based on a fixed percentage of the contract value for the construction of the building and the Mechanical/Electrical works respectively.

The project value was increased substantially to reach Rs 164 million in January 2006 due to increases in cost and changes in scope of works. A contract for the construction of the building was awarded for an amount of some Rs 94 million and was to be completed in June 2005.

The project was not properly planned and monitored. The following were noted:

- The appointment of the building Contractor was delayed by nearly a year.
- Although there has been an increase in cost of the building from Rs 27 million to some Rs 94 million, it was not ascertained whether the Consultant fall under the new scope of works. Also, on the basis of fees and project value, the Architect may now be entitled to substantial increase in fees. The Mechanical/Electrical Consultant may also be entitled to increase in fees. The Central Tender Board (CTB) was not apprised of these facts and of the course of action to be followed. As of June 2007, some Rs 2 million and Rs 1.2 million have already been paid to the two Consultants respectively.
- The performance bond valid up to June 2006 was not extended to April 2007, that is, end of defect liability period. Moreover, some outstanding and defective works were not completed.
The approvals of the CTB and of the Ministry were not seen for variation works of some Rs 5 million.

Regulatory Framework of the Food Technology Laboratory

The Ministry has spent some Rs 500,000 on accreditation of the existing three laboratories (Dairy, Agricultural Chemistry and Animal health) prior to the merging of Dairy and part of the Agricultural Chemistry laboratories under the Food Technology Laboratory.

In 2004, the Ministry resorted to the services of two scientists from an overseas research institute at a cost of Rs 92,254. The scientists were required to submit a proposal for a legislation regarding the Food Technology Laboratory. However, after more than one year of operation of the laboratory, a legal framework with specific and clear objectives has yet to be implemented.

20.3 Security Services – Rs 14 million

Provision of security services for a two year period 2005-06 and 2006-07 for nineteen compounds of the Ministry, was awarded to a Contractor for an amount of some Rs 14 million. The terms of the contract included:

- The subscription of a Performance Bond by the Contractor to be in the form of a Bank Guarantee.
- To make good any “losses” and “absences of its guards” by deductions from monthly sums payable to it and to suffer termination of contract upon unsatisfactory performance of its obligations. In latter case, Performance Bond would be forfeited.
- Provisions for deductions in respect of absences and losses from monthly sums payable to the Contractor.

The following were noted:

- Performance Bond with a company stated as being an ‘insurance accredited agent’ was accepted by the Ministry. The CTB’s approval was not sought for this course of action.

- Following reports about performance of the Contractor and thefts, the services of the Contractor in respect of two compounds were terminated by the Ministry at end of January 2006. Its services for another six compounds were terminated in February 2007. Services of the Contractor on the whole were not terminated. This might not be in line with CTB’s approval, that is, award of the contract to one bidder only, namely the Contractor.

- Action to forfeit the Performance Bond in respect of the eight compounds involved, for a total sum of Rs 691,932 have so far been unsuccessful.
The Ministry awarded contracts for these eight compounds to two other Companies for the remaining contract periods without resorting to fresh tenders. This has cost Government an extra sum of some Rs 274,000.

Deductions of only some Rs 240,000 were made from payments to the Contractor when losses exceeding Rs 500,000 have been reported. As of September 2007, only Rs 115,920 have been recovered by the Ministry in respect of losses of Rs 147,000 at one compound.

No further penalty has however been provided in the contract as a deterrent against absences of security guards.

20.4 Freight Rebate Scheme

Introduction

The Freight Rebate Scheme (Scheme) was introduced since 1991 to boost up export of some selected agricultural products to specified markets. The Scheme was revised more than once to take on board new agricultural products, new export destinations, new rates and bases for the refund. Under the Scheme, relevant exporters were refunded part of the freight cost incurred by them.

Management of the Scheme by other Bodies

The management of the Scheme has been entrusted over the years to different Bodies successively. Since June 2001, its management rested with a Statutory Body (Body). As of June 2007, some Rs 50 million have been disbursed to that Body to meet refunds to as many as 18 exporters. Some Rs 39 million were refunded to five major exporters, one of them obtaining Rs 20.4 million.

Inadequate control mechanism

An appropriate control mechanism has yet to be established at the level of the Ministry to ensure that funds disbursed were refunded to exporters, as spelt out under the Scheme. However, single page claims were submitted by the Body to the Ministry merely certifying that “all documents submitted by exporters were checked and are in order”, without further details annexed.

Over-refund of Freight Costs to Exporters

During 2006, following an investigation by the Internal Control Unit of the Ministry on refunds to exporters, it was reported that:

- An over-refund of some Rs 1.9 million might have been made to exporters over a period of five months
Refunds to exporters were made on the basis of uncertified documents/airway bills.

I understand that a Departmental Inquiry Committee has been set up by the Ministry to investigate refunds made to one major exporter for a five year period instead of to all the beneficiaries.