6.1 In view of not spending money on Public Corporations that have outlived their purpose or that are performing inefficiently, Government decided to close down the DWC. This was announced in the 2006-07 budget speech in June 2006.

At time of closure, the DWC was handling various projects for different Ministries and Departments. These projects were at different stages of completion some reaching near completion varying between 80 to 98 per cent while others being at an initial stage varying between 22 to 37 per cent.

During the audit of Ministries and Departments, a review of these projects was carried out. It appears that before closure, consideration have not been given to the following:

- Degree of completion of projects
- Time to complete those projects
- Availability of Contractors willing to undertake completion of the projects.
- Possible financial impact on re-award
- The urgency of the projects
- Costs benefit analysis whether to allow DWC to complete the projects or to re-award after closure.

Government decided to close the DWC at a particular date. The DWC left the different sites of work during July/August 2006. It would have been more sensible to provide the DWC some time to allow it to complete works on the different sites in particular those which were near completion, taking into consideration possible costs associated with the uncompleted sites and those involved with re-award.

The following were noted after closure:

- As of September 2007, contracts of some of the projects including those which were near completion were not yet re-awarded.
- In some projects awaiting re-award, the already built site infrastructure had suffered degradation. Furthermore, security services had to be provided for these projects resulting in additional cost.
- Some projects were re-awarded at higher contract prices.
- Before re-award of contracts, a new survey has to be carried out to determine the scope of remaining works and their cost estimates and to prepare tender documents. These
procedures, together with tender evaluation will entail additional cost to the Ministries where Consultants were appointed.

Examples of the above findings are illustrated below from projects for the National Development Unit (NDU) and the Ministry of Education and Human Resources (MOE).

**National Development Unit**

At time of winding up, the DWC was handling four projects at the NDU with total contract value of Rs 149 million as shown in Table 6-1

<table>
<thead>
<tr>
<th>Projects</th>
<th>Value (Rs m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of 13 Community Centres around the Island</td>
<td>101.8</td>
</tr>
<tr>
<td>Construction of Football Ground at Mont Ida</td>
<td>12.3</td>
</tr>
<tr>
<td>Landscaping and Embellishment Works at Chebel</td>
<td>5.0</td>
</tr>
<tr>
<td>Building works at Market Fair, Rose-Hill</td>
<td>29.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>149.0</strong></td>
</tr>
</tbody>
</table>

**Community Centres**

When the DWC left the sites, two of thirteen Community Centres were completed. The others were 80 to 98 per cent completed.

As of September 2007, i.e more than one year after closure, the status of the project was the same. The contracts for the remaining works had still not been re-awarded.

Moreover, as the Community Centres were near completion and because of the cessation of works at these sites, security services had to be provided pending re-award. As of August 2007, expenditure amounting to Rs 1.4 million has been incurred in respect of security services.

The cessation of works has led to the degradation of the already built structures as evidenced by site visits. Wooden doors and furniture in five Community Centres were deteriorated by fungus. Extra cost will be needed for their reinstatement.

About 50 per cent of the iron sheets installed on the roof of the Wooton Community Centre had been damaged.
Mont Ida Football Ground

- The project was 60 per cent complete when DWC left the site. Again as of September 2007, after more than one year, contract for remaining works was still not re-awarded.

- After the closure of the DWC, the site was left in an abandoned state and was invaded with dense wild grass. The masonry structure/block wall which had been erected on the three sides of the pitch was barely visible and was invaded by creepers. Additional cost will have to be incurred for site clearance on re-award, besides the increase in cost for completion of works on re-award.

Landscaping and Embellishment Works at Chebel

The project was 50 per cent complete when the DWC left the site. As the contract for the remaining works were not yet re-awarded, a Local Authority was willing to complete the works left over provided the expenses would be met by the NDU. As of September 2007, financial clearance was not yet obtained.

Ministry of Education and Human Resources

The contracts for the construction of five Secondary Schools were initially awarded to the DWC for a total contract sum of Rs 257,740,346.

Works were about 22 to 37 per cent complete when Government decided to close the DWC.

Contracts for remaining works were re-awarded and in four projects an increase in contract price was noted compared to value of remaining works as originally awarded. The increase varied from 29 to 47 per cent.

Details are given in Table 6-2.

Table 6-2 Status of Projects initially awarded to the DWC

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>DWC Contract value (Rs)</th>
<th>Value of Remaining works (Rs)</th>
<th>Contract value for outstanding works (Rs)</th>
<th>Additional Expenditure (Rs)</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pamplemousses SSS (Girls)</td>
<td>98,263,564</td>
<td>70,100,375</td>
<td>102,899,067</td>
<td>32,798,692</td>
<td>47</td>
</tr>
<tr>
<td>Floreal SSS (Boys) Phase I</td>
<td>23,149,403</td>
<td>18,172,080</td>
<td>24,672,273</td>
<td>6,500,193</td>
<td>35</td>
</tr>
<tr>
<td>Beau Bassin SSS (Girls) Phase I</td>
<td>28,520,517</td>
<td>20,976,298</td>
<td>26,979,000</td>
<td>6,002,702</td>
<td>29</td>
</tr>
<tr>
<td>Ebene SSS (Boys) Phase III</td>
<td>23,989,268</td>
<td>16,341,884</td>
<td>22,425,000</td>
<td>6,083,116</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>173,922,752</strong></td>
<td><strong>125,590,637</strong></td>
<td><strong>176,975,340</strong></td>
<td><strong>51,384,703</strong></td>
<td></td>
</tr>
</tbody>
</table>
In respect of the four projects, contracts for outstanding works, without any major changes in the scope of works, were re-awarded for a total sum of Rs 176,975,340 to private Contractors between September and November 2006 compared to value of remaining works amounting to Rs 125,590,637. The Ministry therefore had to incur an additional sum of Rs 51,384,703.

**Conclusion**

The closure of the DWC was not properly planned. On the financial aspect, instead of achieving the objective of reducing costs, the approach adopted will result in Government incurring high extra costs. Only for the projects for the NDU part of the extra cost already incurred amount to Rs 1.4 million while for the MOE, re-award of the contracts in respect of four projects indicates extra costs to the tune of Rs 51 million.

On the social aspects projects which were practically completed have been left abandoned, defeating the purpose for which they were meant as the citizens are being deprived of the services these projects were to provide.