Debate No. 14 of 01.06.09

ORAL ANSWER TO QUESTION

HARBOUR BRIDGE, RING ROAD, TERRE ROUGE-VERDUN LINK ROAD, VERDUN-EBÈNE LINK ROAD, BUS RAPID TRANSIT SYSTEM & EAST-WEST CONNECTOR PROJECTS – TENDER & TOLL TAXES

The Leader of the Opposition (Mr P. Bérenger) (By Private Notice) asked the Minister of Public Infrastructure, Land Transport & Shipping whether in regard to the Harbour Bridge, the Ring Road, the Terre Rouge-Verdun Link Road, the Verdun-Ebène Link Road, the Bus Rapid Transit System and the East-West connector projects, he will state where matters stand, indicating –

(a) the tender procedures that will be followed, in each case, and
(b) if a toll tax will be imposed on the users of the Harbour Bridge, the Ring Road, the Terre Rouge-Verdun Link Road, the Verdun-Ebène Link Road and the East-West connector and, if so, the quantum thereof and the amount to be collected each year in each case.

Mr Bachoo: Mr Speaker, Sir, the challenge facing the road sector is enormous with congestion affecting our day-to-day-life and estimated to cost the economy around Rs2 to 3 billion annually. A partial approach towards addressing this problem would be expensive and would result in sub-optimal desired impact. It is a conventional wisdom that in the road sector a holistic approach towards combating congestion requires both supply side and demand management measures.

As per the 10-Year Road Investment Plan of the Road Development Authority, an estimated amount of Rs40 billion would be required by 2020 to build roads, out of which around Rs4 billion would be invested on road maintenance. Part of the programme is already being implemented. We have just announced that as part of the multipronged approach to combat the negative effects of the economic crisis on the one hand and to prepare for the recovery, on the other, several road projects would start as from June-July of this year. These include the Triolet Bypass, Goodlands Bypass, Phoenix-Beaux Songes Link Road, Bus Lane, Second Carriageway from Pamplemousses to Grand’Baie, additional lanes on Motorway M1 from Trianon to
Phoenix, Mare d’Albert-Grand Bois Road and Camp Thorel Access Road. These projects would add to those already under implementation namely the Access Road to Reduit Triangle, Access Road to Tianli and Upgrading of Belle Rive-Wooton Road, Wooton to Quartier Militaire, Gros Bois-Mare d’Albert Link Road, the Road widening of Wooton-Quartier Militaire Road, Camp Thorel-L’Esperance Road upgrading.

Total investment in these projects amount to Rs2 billion and these are being wholly funded by the Government.

Mr Speaker, Sir, Government has also announced, in the context of the Budget, the implementation of an ambitious Road Decongestion Programme costing around Rs25 billion to be implemented over the next four years that will shape connectivity and mobility across the island of Mauritius. Projects included in this programme are the Harbour Bridge, Ring Road, Terre Rouge-Verdun Link Road, Verdun-Ebène Link Road, Bus Rapid Transit System and the East-West Connector. Mr Speaker Sir, most of these projects are not new. In fact, they have been repetitively referred to during the last fifteen years or so. Here, Mr Speaker, Sir, I have especially in mind the LRT and the Ring Road. Implementation of these projects has not been possible precisely because of the failure of the traditional mode of financing. There are no 25 solutions to secure funding in respect of major public infrastructure development projects. They can be financed either by taxpayers money or the imposition of user charges. However, Government prefers a mixture of the two. And this combination of Government cum private investment and a user pay principle is already commonly adopted worldwide. Examples which come to my mind are China and India among others. Reckoning with the determination of Government to come to grip with the congestion problem, it has been decided to adopt this alternative mode of financing.

The projects I referred to earlier constitute massive supply side responses to the congestion problem. These projects, if implemented on a standalone basis, would require excessively high toll rates to ensure financial sustainability and adequate returns on investments and therefore would not be viable. However, if implemented as a network of roads, the package would be viable for investment. It would not only ensure that the road facilities are provided to users but would also facilitate changing the financing. Thus, the road sector would be put on a sustainable path thereby freeing up budgetary resources for social spending and investment in education and health.
Mr Speaker, Sir, I would like to inform the House on the status of these six projects.

For the Ring Road, it is being implemented in two phases. For the first phase which starts at Montebello and ends at Guibies; the design has been completed and the bidding procedure has already started. A consultant has already been appointed and works are expected to start by September of this very year. I must point out that at this phase, which is estimated to cost Rs 960m., will be financed to the tune of Rs480 m. by the State Investment Corporation.

With respect to the second phase of the Ring Road and the harbour Bridge, a consultant has already been appointed to determine how best to implement them as a Public Private Partnership Project. The consultant will submit their recommendation by September the latest, following which strategic partners will be identified for investment.

The Terre Rouge-Verdun Link Road project was to be financed from a concessional loan from the Exim Bank of China. However, the first tender exercise for this project failed to materialise due to high prices quoted by the selected Chinese firms. It has now been decided to carry out a new tendering exercise at the international level.

For the Verdun-Ebene Link Road, financing has already been finalised with BADEA. A consultant has been appointed for the design and it is expected to invite tenders by the end of this year.

For the Bus Rapid Transit System, bids for engineering design have been closed on 27 May 2009 and they are being evaluated at the Central Procurement Board.

Bidding documents for appointment of a consultant for the East-West Connector project are being prepared and the bids will be launched by next month.

Adoption of the strategy which favours a combination of funding with a user charge would require institutional and organisational reforms in the transport sector which should fundamentally be based on the following international best practices –

1. separation of Government policy advice from delivery;
2. operation of transport systems are best carried out by alternative viable methods;
(3) Government intervention allowing competition between modes;

(4) safety regulations should be joint operator - Government responsibility, and

(5) the cost of safety and enforcement should be met on a basis by the respective modes.

Mr Speaker, Sir, in the process there is need to bring in a Strategic Partner with extensive and proven experience in building and managing the toll roads. The Road Development Authority which currently administers the road network does not operate on a purely commercial basis and is fully funded by the Government. A Land Transport Authority will be set up shortly. It will absorb the functions of the Road Development Authority, the National Transport Authority and the Traffic Management and Road Safety Unit. It will manage the existing and non-tolled roads. Therefore, we need to create a new organisation which would operate as a State-owned company. This new entity would attract reputable Strategic Partners. The setting up of the Road Development Company is a step towards adopting such a strategy.

Mr Speaker, Sir, while the roads under the Road Decongestion Programme would continue to be owned by the Land Transport Authority, the Road Development Company would build and operate the infrastructure through a concession contract allocated by the Government. It would operate road facilities, collect tolls and pay a concession fee to the LTA. With the new institutional set up we need to ensure good governance, transparency and value for money to protect taxpayers money. Good governance in this case requires competitively selecting the strategic private investor which the Road Development Company will do, properly disclosing relevant information to the public, and having a regulatory entity to oversee the contractual agreements over the concession. This regulatory role shall be played by the forthcoming LTA.

Mr Speaker, Sir, insofar as the tender procurement to be followed by the Road Development Company is concerned, Government will ensure that the same rigour as the one characterizing procurement of goods and services under the Public Procurement Act prevails. In fact, the memorandum establishing the company shall be made to contain specific provisions regarding the tender procedures. Care will be taken to align them with what is obtainable under the Public Procurement Act. Government further envisages to arrange for the RDC to be prescribed under the Public Procurement Act. With these strong safeguards, procurement
exercises would be undertaken under such conditions where transparency, fairness and accountability will be of essence.

Regarding the expected quantum of the toll fees, it is premature at this stage to pronounce thereon. I wish to inform the House that a Financial Adviser has already been appointed to advise on the different options bearing in mind the principles of cost recovery and affordability. The report of the Adviser is expected by September of this year.

The road concession contract to be structured by the LTA would typically include required standards for construction, operation, maintenance, and toll collection. For monitoring the quality of the road during the life of the concession, several indicators of condition are usual, such as roughness, skid resistance, luminescence of pavement markings, and the presence and condition of signs, lighting, and other safety features. Performance on these indicators that falls outside the boundaries of acceptability may lead to penalties for the concessionaire.

Mr Bérenger: Can I ask the hon. Minister the blunt question, because he has said that when the Road Development Company will be set up Government will see to it that the procedures for tendering are this and that, my point is: will the Road Development Company fall within the ambit of the Central Procurement Board, that is, all tenders awarded by the Road Development Company will have to go through the Central Procurement Board?

Mr Bachoo: Mr Speaker, Sir, I have already mentioned that it will be included in the Public Procurement Act as it is the case for the NHDC, SIC and other Government institutions.

Mr Bérenger: Again, it is not clear. I’d ask again: whether the Road Development Company, for every tender that it will award, will have to go through the Central Procurement Board and that this will be provided for in the law?

Mr Bachoo: Mr Speaker, Sir, as it is now, for example, the first phase of the link road, in fact, the Central Procurement Office is looking at it. Similar is the case also for Ébène and Verdun and even for the modern….

(Interruptions)

Let me answer! I am making up a point, Mr Speaker, Sir. Most of these projects have already started. The procedure has already started and all these procedures have being looked by the Central Procurement Office, and that is the reason why I am telling you there will be complete
transparency and it will be guided with the same principles as all parastatal bodies are being guided.

Mr Bérenger: I am not interested about principles at the stage. I think the hon. Minister should not refer to the recent past and present situation. Government is creating a new situation where the Road Development Company will be handling billions. My question is: as per the law, not looking into it or principles and so on, will the Road Development Company have, under the law, to go to the Central Procurement Board for all the tenders that it will award?

Mr Bachoo: As I have just mentioned, it will be guided by the same principle as all parastatal bodies are being guided. It is exactly the same principles and I have already given indications that so many tenders have already reached the Central Procurement Office.

Mr Bérenger: This can only mean that the Road Development Company will not fall under the Central Procurement Board. This can only mean that.

Mr Bachoo: Mr Speaker, Sir, there is a difference between financing and bidding. I have just mentioned, as far as the bidding is concerned, the Central Procurement Office will definitely oversee all the works.

Mr Bérenger: Not oversee, not principles and so on! Will it be in the law as is the case for the present situation? Will it be in the law that the Road Development Company will be, by law, subject to the Central Procurement Board?

Mr Bachoo: It will definitely be under the purview of the Central Procurement Board. This is what I can tell. Definitely!

Mr Bérenger: Can I know whether the Director of Audit will audit the accounts of the Road Development Company?

Mr Bachoo: Of course, if it is a Government concern! It is bound to!

(Interruptions)

I maintain again it will be definitely controlled by the Director of Audit.
**Mr Bérenger:** That is different. There is ‘no, of course’ into that. There is a list and some Government companies are not audited by the Director of Audit. Now that we have this answer that the Director of Audit will audit the accounts of the Road Development Company. Will the Minister be in a position to reply to Parliamentary Questions concerning the Road Development Company set in the house?

**Mr Bachoo:** Of course, I’ll do

**Mr Bérenger:** We know the number of cases, Government-owned companies where answers are not provided. Again, there is ‘no, of course’ into that. As far as the Ring Road is concerned, can I know how the SIC already involved and how is it going to be involved in this project?

**Mr Bachoo:** Mr Speaker, Sir, one thing I would like to make clear. For example, concerning the question on the Ring Road, which the hon. Leader of the Opposition is putting, for the last fifteen years, we have been beating about the bush. I still remember...

**Mr Bérenger:** The question is simple.

**Mr Bachoo:** I am just making a statement. Being given that there have been repeated delays in the implementation of projects...

(Interruptions)

**Mr Speaker:** Order!

**Mr Bachoo:** Mr Speaker, Sir, yes, I was a Minister, but he held the post of power.

(Interruptions)

We were not given the freedom to act and we all know the problems, the delay...

(Interruptions)

I know the delay which was caused...

**Mr Speaker:** Hon. Gunness! Don't interrupt, please!
Mr Bachoo: I mean to say that there have been so many projects which have been queuing for the last fifteen years, at least, we have got now the guts to go ahead with the implementation of those projects.

(Interruptions)

Mr Speaker, Sir, I can give you about ten examples.

Mr Bérenger: My question is simple: how is the SIC involved in that project?

Mr Speaker: The hon. Minister has answered so many times.

Mr Bachoo: The SIC has projects in the Guibies area, and, therefore, it had decided to finance part of the project of Ring Road.

Mr Bérenger: Sir, I am given to understand that there is a quarrel between two consultants for the design for the Ring Road and so on, that there has been a quarrel, there has been a Review Committee set up and so on. Can I know whether this has been sorted out, whether the consultant has been appointed?

Mr Bachoo: Mr Speaker, Sir, as far as the first part of the project is concerned, the consultant has already done his work, has already submitted, and that is why in the days to come, we are going to issue the tenders. As far the second part is concerned, there was, if I am not mistaken, a challenge, but it had already been cleared. There is no other issue, because tenderers have the right to challenge according to the law. They challenged it, and, in fact, the one which has got it is an African company and they are doing their work. By the end of September, they are going to produce their report regarding the economic feasibility of the projects.

Mr Bérenger: We are still talking about the Ring Road project. We have been informed in the Budget Speech that the project cost stands now at Rs6 billion. Is that for the total project? Can I know what part thereof is provided for the tunnel sous la Montagne des Signaux?
Mr Bachoo: In fact, it is the second part of it that may go above, because it is an estimate only above R1 billion. The first part is approximately Rs900 m., which I have just announced.

Mr Bérenger: Can I know, at this stage, what work has been done to identify the squatters concerned and what is going to happen to them?

Mr Bachoo: Mr Speaker, Sir, regarding the second part of the Ring Road, in fact, we are concentrating on the first part because we want to start it this year itself; the second part is that a committee has been set up along with the officers of the Ministry of Land and Housing in order to provide alternative sites to those who have been there for the past 10-12 years. In fact, there were many. Even in the previous Government, I still remember, we wanted to get them out of that place, it was difficult. Now, we are trying to work with the Ministry of Housing and Lands. I do hope that we will find a solution to the problem.

Mr Bérenger: Do I take it, therefore, that there will be some form of compensation? Rehousing or social help!

(Interruptions)

Mr Speaker: I am sorry! Being given that the hon. Minister has said that there is a committee working on it, it will be hypothetical, at this stage, to find out. When the committee will make its report, then the question could be put. It is hypothetical.

(Interruptions)

Yes. But, I am applying the Standing Orders! The Minister has answered the committee is looking into all these aspects. We have to wait for the committee to come.

Mr Bérenger: The committee will work under policy guidelines decided upon by Government. The committee will not work in thin air, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Yes, but the hon. Leader of the Opposition will have the opportunity.
Mr Bérenger: Since the project is split now into two parts, can I know by what date the first part and then the completed Ring Road likely to be operational?

Mr Bachoo: For the first part, in fact, the tenders will be out, most probably, in the weeks to come. As far as the second part is concerned, the Transaction Adviser has been appointed. He is looking into the economic feasibility of different things and probably the entire Ring Road will be ready by 2012. I sincerely believe that we will be able to complete it.

Mr Bérenger: Can I move on to the Terre Rouge-Verdun Link Road? We have been informed that there is going to be retendering, I want to get that clear. Will the tender be opened to international firms and to local firms?

Mr Bachoo: Mr Speaker, Sir, in fact, I had mentioned, we had to do away with the tendering exercise because it was too much on the high side and I am very sorry to say that there has been too much of talk against China and the Chinese companies, and the result of which there has been an article which appeared in the press which is very, very bad for our country. This time it is the French agency which is financing the project and we are opening it up. I do hope that we are very fast and within a month we are going to publish the tender.

Mr Bérenger: Mr Speaker, Sir, I take it that it will not be opened to French firms only.

Mr Bachoo: Mr Speaker, Sir, I don’t know the conditions which the French authorities are going to impose. But, as at now, there has been no indication.

Mr Bérenger: In case a foreign firm qualifies as per international standards and so on, will there be any requirements for such a firm to employ local labour?

Mr Bachoo: Mr Speaker, Sir, of course, as the Prime Minister, on many occasions, has made an appeal to foreign firms to recruit the Mauritian workers. We are going to insist on that. But let’s wait for the conditions which they are going to impose. I personally believe that we are opening up and we are going to use all our powers which is within us to see to it that the local contractors also form part of it.

Mr Bérenger: Being given that we have been informed now that the conditions under which French financing will be obtained have not yet been finalised, that it will take the time that
it will take, then there will be tendering and so on, can we know again an indicative operational
date? At what date indicatively that project, the Terre Rouge-Verdun Link Road, will be
operational?

**Mr Bachoo:** Mr Speaker, Sir, probably, towards the end of this month. We have got
three to four weeks in front of us, the decision will be taken. The tender will take us about 40
days. It means 70 days, after that we are going to open it up. Maybe at the end of this year the
work will start and it will be to the duration of 18 months.

**Mr Bérenger:** I am at a loss. The hon. Minister has just told us that it is not yet clear
what conditions France will impose. So, we don’t yet know whether it will be opened only to
French firms. How can we have these short delays? Let’s us be serious about it! By what date
do we expect this project to be operational?

**Mr Bachoo:** Mr Speaker, Sir, it has been the order of the Government to put it on the
fastest of all tracks. According to the information that I have, by October the work has to start.
The negotiations are on, and we are very, very fast on that. I will never say we are going to do it
one of these days, which means none of these days. That is the reason why we want to go as fast
as possible because everybody is suffering out there.

**Mr Bérenger:** If I can move on to the Bus Rapid Transit System, concerning the
consultancy for the designing thereof, what stage have we reached exactly?

**Mr Bachoo:** Mr Speaker, Sir, for the modern Bus Rapid Transit System, the bids have
been opened. It is being evaluated. I am not in a position exactly to say. But the evaluation is
on. Probably, in ten days’ time it will be ready. And once it is on, it means we are going to
appoint the consultant to work out the details, the technical aspects of that project.

**Mr Bérenger:** Can I know from the hon. Minister whether Government has a rough idea
of the tracé of this project at this stage or whether it will be left completely to the consultant?

**Mr Bachoo:** Mr Speaker, Sir, in fact, we have got the tracé which has started since
Halcrow Fox, Ibesinsa and others. They have followed the same tracé. But now there can be
slight modifications. In fact, even here also, we have put up a committee and the TMRSU and
RDA are looking at the tracé and I feel that there will be slight modifications in order to save some of the houses.

Mr Bérenger: Mr Speaker, Sir, can we know how it will operate?

Mr Bachoo: Mr Speaker, Sir, now concentration is much on the construction and being given it is already included in the other six projects, we will see. Once we reach it we are going to cross the bridge.

Mr Bérenger: Mr Speaker, Sir, since 2005, Government has decided to go slow on the LRT project, whereas advisers like Professor de Rosnay himself has said that this was and is inevitable. Can I know whether the Bus Rapid Transit System will, in any way, prevent any future action in favour of the LRT, the Light Rail Transport System?

Mr Bachoo: No, Mr Speaker, Sir. In fact, it is provided in such a way that in future if we will have to change from one system to the other, there won’t be any problem. We have this in mind.

Mr Bérenger: Mr Speaker, Sir, I will move to the last part, le droit de péage, the toll tax. I listened to the hon. Minister and the way he said, it is premature to say what quantum the péage will be, implies that the decision in principle and in practice, come tomorrow, has already been taken. Is that the case and in which of the projects which I have mentioned has péage been agreed for in principle already?

Mr Bachoo: Mr Speaker, Sir, in the past, let’s say about 10 years ago, when discussions were on for LRT, even at that time, this issue of péage was raised. In principle decisions were taken. Similar is the case now. But, as it has just been mentioned, we don’t know the quantum, but, in fact, we are working on it and that is the reason why we have lumped all the five projects and then we will see in what way one can be dependent on the other and how we are going to introduce it, provided that all these will be taken at one and the same time.

Mr Bérenger: Can I know from the hon. Minister whether in the course of discussions with funding agencies, foreign friends countries, agencies and so on, whether the principle of péage has already been agreed to put into the minutes, if not the agreement, in which of these projects?
Mr Bachoo: In fact, the issue was raised and, as a matter of principle, even the financing agencies are agreeable, just as it was in the case of LRT in the past.

Mr Bérenger: Can I know from the hon. Minister, finally, when we reach that bridge, if that is the right expression, who will decide on the way the péage will operate? Will it be the Road Development Company?

Mr Bachoo: It will be the Road Development Company and, of course, Government will have its say on that. We can’t leave it just like that with them because that concerns the common public.

Mr Lesjongard: Mr Speaker, Sir, now we understand that Government has already chosen the open bus way as an alternative mode of transport. Is the Minister aware that following a recommendation to Government by one Professor Richman in September 2006, following a consensus meeting among stakeholders, one of the reasons put forward for that choice was that they feared the lack of political will from Government to choose for the LRT system? Is he also aware that among the three options, that is, the LRT, the close bus way and the open bus way. The last option was the open bus way, that is, the choice of the Government and that they put forward the inherent problems link to the open bus way and they feared in the report that this might not be a viable solution to solve traffic congestion problem in the country.

Mr Bachoo: Mr Speaker, Sir, let us not beat about the bush. So many projects were announced between 2000 - 2005. I was a Minister then! Yes, I agree, but I know the amount of red tapism. Mr Speaker, Sir, we had the Phoenix - Beau Songes Road, the Malinga-Crève Coeur Road, the light rail system, the Supreme Court. I can go on and on. Now that we have taken decisions, it’s not for fear of X, Y and Z. We have taken a decision, we are practical, we are pragmatic and they will see the in days to come, the number of projects that will see the light of the day.

(Interruptions)

Mr Speaker: Order! Order, please!
**Mr Soodhun:** Mr Speaker, Sir, the Minister mentioned the Financial Adviser. Will the Minister inform the House whether it is the same Adviser from UK who was previously employed by the Ministry and for many reasons the contract was not renewed?

**Mr Bachoo:** It is not the same. The Transaction Adviser is an Adviser who has been appointed after proper tender procedures. It is an African company, I don’t know the name.

**Mr Dulloo:** Mr Speaker, Sir, these projects and other projects to be handled and implemented by the Road Development Company would involve billions of rupees of public fund and the hon. Minister has already indicated that the Minister of Public Infrastructure and Transport would be ready to answer questions in Parliament…

(Interruptions)

**Mr Speaker:** He has already said, yes.

**Mr Dulloo:** May I ask him, therefore, whether he would legislate to ensure parliamentary scrutiny of these projects to be implemented by this RDC and that this is the best way of accountability and transparency that Parliament should be able to scrutinize these dealings.

**Mr Bachoo:** Mr Speaker, Sir, I have already I am going to mention all the questions and for the information of the hon. Minister I am happy to announce that the Rs297 m. project in Goodlands is starting in the days to come.

**Mr Bodha:** Thank you, Mr Speaker, Sir. In view of the massive investment in the projects, may I ask the hon. Minister whether the policy of free transport to the elderly and to the students will be reviewed and may I ask him whether this subsidy could be re-engineered in the context of what is being done to benefit the nation better?

**Mr Bachoo:** This is a sacred issue, Mr Speaker, Sir and nobody will touch and the second part, definitely, a committee has to sit down and look at the different aspects, whether we have to redirect it, but as a matter of principle, it is sacred thing, we can’t touch.

**Mr Speaker:** Hon. Bhagwan, last question!
Mr Bhagwan: Concerning the tracé, of the LRT and the bus rapid transit system, will the Minister inform the House whether there has been any relevé done concerning State lands which have been earmarked for these specific projects, whether, during the course of the past years, lands are still available, whether they have been given to individuals for minor projects, whether a recent survey has been done for follow-up?

Mr Bachoo: The land is still available except, as in the past, there were a few squatters. They are still there.

Mr Speaker: Yes, the Leader of Opposition!

Mr Bérenger: I have two questions. One I’ll try again to get an answer. It is still not clear whether the Road Development Company will fall fully within the ambit of the Central Procurement Board. Can I ask again will the Central Procurement Board Act be amended to include the Road Development Company among the bodies that fall under its control?

Mr Bachoo: I have already mentioned in the affirmative, Sir.

Mr Bérenger: Yesterday, we were informed by the hon. Deputy Prime Minister. We were given the guarantee that Government will go by the advice of the Professor de Rosnay, special adviser to the Prime Minister, in the case of CT Power and Gamma Covanta. Can I asked the Minister whether the same guarantee can be given concerning the LRT? Should Professor de Rosnay, advised that LRT is required, inevitable, will it be followed?

Mr Bachoo: We have not solicited the intervention of Professor de Rosnay in that. We have our experts and engineers who are helping us.

Mr Speaker: Time is over!