

# Debate No. 41

## Answers to Private Notice Questions - 11 November 2003

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#### **BANK OF MAURITIUS (NEW HEADQUARTERS) - CONSTRUCTION - BIDDERS, TENDER SPECIFICATIONS, ETC.**

**The Leader of the Opposition (Dr. N. Ramgoolam)** (*By Private Notice*) asked the Deputy Prime Minister, Minister of Finance and Minister of Agriculture, Food Technology and Natural Resources whether in regard to the construction of the Bank of Mauritius new headquarters, he will, for the benefit for the House, obtain information as to -

names of bidders and whether all original submissions were in conformity with all tender specifications;

whether there were changes in tender specifications after bids were opened and, if so, why;

whether all bidders were invited to make new offers in the light of the changes and, if so, how many new offers were received, and

reasons for the delay in the contract award.

**The Deputy Prime Minister:** Mr Speaker, Sir, I am informed that the Bank of Mauritius new Headquarters Building Project was initiated as far back as April 1986 to address space problem in the wake of significant increase in the activities of the Bank. There was need for additional offices, archive facilities and vault space. As a result, the Board of the Bank, at its meeting held on 17 April 1986, approved the acquisition of more land at the rear of the Bank on Royal and Bourbon Streets.

In February 1992, two Senior Building Advisers from the Bank of England were appointed to study the requirement of the Bank of Mauritius for space and to make recommendations. They advised the construction of a high-rise building of about 15,000 square metres.

On 29 June 1998, the Bank of Mauritius entered into a contract with Widnell Ong Seng Goburdhun for the provision of Cost Controller Services for the Project. They recommended the appointment of other consultants for the Project, namely Civil and Structural Engineers, Building Services Engineer and Architect. It was decided to implement the Project in two phases as follows -

Phase 1: Foundation and Basement Works

Phase 2: Main Building Works.

The Project was reviewed by the Board of the Bank of Mauritius in 1999 in the light of the following facts -

There was indeed a growing space problem at the Bank. When the Bank was first established in 1967, it started with 69 employees, which had grown to more than 260 employees. At the same time, there was a pressing need for additional vault space at the Bank;

Contract for enabling works for the total amount of Rs2,537,567.45 comprising, *inter alia*, the pulling down of an annex block on the proposed site had been completed, accentuating the space problems at the Bank;

former Governor of the Bank had requested certain changes to the original plan of the building from the Consultants, which, *inter alia*, comprised...

**Dr. Ramgoolam:** Mr Speaker, Sir, I am not asking about the history of the building. I am asking about the bidders and this contract. So, I make an appeal that the Deputy Prime Minister responds to that question.

**Mr Speaker:** Again I will say that I have no control over the answers as per Standing Orders. But as it is the practice I always allow Ministers and hon. Members to set some basis for the questions or for the replies. I hope that the hon. Deputy Prime Minister understands my ruling.

**The Deputy Prime Minister:** Mr Speaker, Sir, if I may be allowed just to add, the question is about the construction of the Bank of Mauritius new headquarters. The construction...

*(Interruptions)*

**Mr Speaker:** Order! Order! Hon. Dulloo, please!

*(Interruptions)*

Order!

**The Deputy Prime Minister:** The construction consists of two phases and I am setting the background for both phases.

*(Interruptions)*

**Mr Speaker:** Order! I don't want any interference, please!

**The Deputy Prime Minister:** Mr Speaker, Sir, I was saying, before I was interrupted that -

e former Governor of the Bank had requested certain changes to the original plan of the Building from the Consultants, which, *inter alia*, comprised the reduction of the number of storeys of the building and the provision of electromechanical car lifts for access to car parks.

In the light of the above, the Board, at its meeting on 19 January 1999, decided to pursue the construction of the New Headquarters Building. In addition, the Board decided to effect certain modifications such as provision of a car ramp as means of access to the car park as opposed to the car lifts, which was in the former plan, pulling down and reconstruction of an integral part of the full structure to accommodate among others at least 40 parking slots instead of around 20 originally provided and changes such as cladding of the existing building in order to harmonize the external façade of the existing building with the new one. These changes led to the revised design which was subsequently approved by the Board at its meeting of 04 August 2000.

After a tender exercise, the contract for Phase one: Foundation and Basement Works was awarded to General Construction in March 2001. Because of deficiencies in seven foundation piles, remedial works were necessary. Thus, works were completed in December 2002, instead of March 2002.

Tenders for Phase two of the project, which involved Main Building Works, were invited in February 2003. Four bids were received by the due date in May 2003, as follows -

General Construction Co. Ltd./Group Five International Larsen & Toubro Ltd.

Grinaker-LTA/Rehm Grinaker Ltd. JV

Gamma Civic Co Ltd/Alkharafi & Sons W.L.I. JV

The Cost Controller proceeded with the normalization of the tenders received. The bid from Gamma Civic Co. Ltd./Alkharafi & Sons was not considered for further evaluation by the Cost Controller as the price quoted was on the high side. None of the bids conformed with all tender specifications, specifically as regards the granite cladding of the building.

As regards parts (b) and (c), proposals were made by the Bank's Consultants, after the opening of bids, to replace the metal brackets for the granite cladding of the building by stainless steel brackets as the latter better meet the building design for a lifespan of 100 years. This was not considered as a change in tender specifications as such, but a proposal to improve the design submitted by the bidders.

All qualified bidders were asked to specify differences in prices for metal brackets and stainless steel brackets. Two of the bidders, namely General Construction/Group Five International and Rehm Grinaker gave the differential prices whereas Larsen and Toubro gave a discount on their original bid. As the discount offered by Larsen and Toubro amounted to a revised bid, this proposal was not accepted. The bids were then evaluated. The lowest evaluated bid was from General Construction/Group Five Construction (UK).

As regards part (d), the reason for the delay in the contract award is that this is a major project which requires a lot of clarification before making an award. Furthermore, part of the tender was on the basis of "design and build". Accordingly, bidders had to be interviewed individually and additional information obtained to carry out a proper evaluation of each bid before making a final decision.

**Dr. Ramgoolam:** Mr Speaker, Sir, we have had a long answer. I hope you will allow me some extra time as usually is the case.

**Mr Speaker:** I am sorry, I cannot allow you....

**Dr. Ramgoolam:** I am sorry, but in the past, you had...

**Mr Speaker:** Can you take your seat, please? In certain circumstances when the Minister who is replying the PNQ brings together other PQs, I do give more time, because the Minister is answering more than one question.

As regards the answer, which the Deputy Prime Minister has given, I have said that I have no control over them, but from the question put I understand that it relates to the Bank of Mauritius New Headquarters Building. I am not going to make a distinction between the First Phase or the Second Phase. From the reply I am given to understand that it relates to the whole building, First Phase and Second Phase.

**Dr. Ramgoolam:** I am afraid, Mr Speaker, Sir, you are going to take more of my time and going against precedent, because exactly the same question was asked by the then Leader of the Opposition and more time was allowed by the then Speaker. I just want to draw your attention to it.

Can the Deputy Prime Minister tell us, whether the clause 5.3 of the performance specification of the tender documents does not specifically say that the base offer concerning Ethiopian juparana granite should be used?

**The Deputy Prime Minister:** Well, it was found later by the Consultant that, in fact, this was not adapted to such type of building and that the metal brackets would be replaced by the stainless steel brackets. This is the information I have from what was stated by the Cost Controller as far the specifications were concerned.

**Dr. Ramgoolam:** The Deputy Prime Minister is wrong, because in fact that concerns not only the brackets, but also the cladding. It's a major component in the contract and it implies financial implications. The tender document, specifically, says that the granite which have been selected are juparana granite from Ethiopia. So, it is wrong to say that

it is just metal brackets; it is also for the cladding. Can I ask the Deputy Prime Minister, again, to reconsider his answer?

**The Deputy Prime Minister:** Well, I maintain my answer....

*(Interruptions)*

**Mr Speaker:** Order! Hon. Dulloo, please! Let the Deputy Prime Minister answer the question.

**The Deputy Prime Minister:** I maintain my answer, Mr Speaker, Sir. As I have stated in my answer, it was considered that it was more practical in view of the supply difficulties to have recourse to this alternative type of cladding and that is why the Cost Controller decided that it would be more practical to change from the metal brackets to the stainless steel brackets.

**Dr. Ramgoolam:** Mr Speaker, Sir, the Deputy Prime Minister is saying that there was an offer, there was a bidding, tenders were opened on 20 May - if I heard him right - and then after that, it was decided that it has to be changed, that now they won't need Ethiopian granite, which is specified in the tender documents, and that now they want to use a different granite.

Can the Deputy Prime Minister tell the House what granite did the company, which obtained the contract use in its initial offer?

**The Deputy Prime Minister:** Let me repeat again, Mr Speaker, Sir, that the ...

*(Interruptions)*

Mr Speaker, Sir, I just heard the hon. Leader of the Opposition say that I am lying. On a point of order, I would ask him to withdraw this allegation....

*(Interruptions)*

**Mr Speaker:** Order! Hon. Dulloo, please!

*(Interruptions)*

Can you keep quiet, please? Hon. Minister of Labour, please! I am calling the House to Order! I didn't hear that, but if the hon. Leader of the Opposition has qualified the Deputy Prime Minister as being lying, I think this is not proper for the dignity of the House. He should please withdraw the word. Please withdraw it.

**Dr. Ramgoolam:** What I am saying is that the document specifies....

*(Interruptions)*

Well, the Deputy Prime Minister is deliberately misleading the Parliament...

*(Interruptions)*

**Mr Speaker:** Order! Hon. Leader of the Opposition, did you say that the Deputy Prime Minister lied?

**Dr. Ramgoolam:** Yes.

*(Interruptions)*

**Mr Speaker:** If you did, then you have to withdraw.

**Dr. Ramgoolam:** But then, what would you call it?

*(Interruptions)*

**Mr Speaker:** Take your seat, please! Order! Order, please!

*(Interruptions)*

Can you take your seat please, hon. Leader of the Opposition? Take your seat! Order! It's better you take your seat. If you have said so, you have to withdraw the word without any qualification. Are you withdrawing or not?

**Dr. Ramgoolam:** Mr Speaker, Sir, I'll stand up and tell you. Well, in that case, I'll say that he is misleading the House....

*(Interruptions)*

And, I'll ask him not to mislead the House either deliberately or through incompetence!

**Mr Speaker:** This is a different issue. Hon. Leader of the Opposition, you have confirmed that you said he is lying.

**Dr. Ramgoolam:** Yes, I have.

**Mr Speaker:** You have to withdraw without any qualification.

**Dr. Ramgoolam:** Well, I am saying that he is not lying therefore.

**Mr Speaker:** Hon. Leader of the Opposition, you have to say that you withdraw. We are losing time of the House.

**Dr. Ramgoolam:** Alright, I withdraw, but I am saying that he is wrong. Mr Speaker, Sir, you should also say that if somebody deliberately, or through incompetence, tells the wrong information, I should draw the attention of the House to it. It is my duty to also draw your attention to it.

**Mr Speaker:** That is better. You said you are withdrawing the word 'lying'.

**The Deputy Prime Minister:** Mr Speaker, Sir, I am also informed that, in fact, this Ethiopian granite, which was mentioned in the documents, was not available at that time and a decision had to be taken in order to finalise the tender and an acceptable alternative was obtained and all bidders were involved.

**Dr. Ramgoolam:** I am afraid, this is another wrong information. The Indian company, Larsen & Toubro Ltd., in fact, made two bids - a base offer, as was specified in the tender document.

**The Prime Minister:** On a point of order, we have been very patient, but repeatedly the Leader of the Opposition is making statements instead of putting questions. We have been very patient, but we cannot go on like that. Every time he is standing up, it is to make a statement, Mr Speaker, he should put his question.

*(Interruptions)*

**Mr Speaker:** Order!

**Dr. Ramgoolam:** Mr Speaker, Sir, I have also to explain that they made two base offers; I want the Deputy Prime Minister to confirm; and on the base offer, it was, in fact, based on Ethiopian granite. How can the Deputy Prime Minister say that the Ethiopian granite was not available. That is what the base offer was made on.

*(Interruptions)*

**Mr Speaker:** Order!

**The Deputy Prime Minister:** As I have said, Mr Speaker, Sir, the bank had, in fact, to act on the advice of the Cost Controller and they were at liberty to give whatever instructions they deemed appropriate to the bidders even after the bids were opened. At

that time, I still maintain that the Ethiopian granite was not available and, therefore, the necessary action had to be taken in order not to delay the tender procedures.

**Dr. Ramgoolam:** I maintain what I have said, the bid was made on Ethiopian granite and that the Indian company made the bid on the basis of Ethiopian granite which they say are available. If the Minister says that is not the case, I will invite him to put on the Table of the House evidence that this is not so.

**The Deputy Prime Minister:** I said that there is a Cost Controller which had advised the Bank of Mauritius and everything has been reported to the Board of the Bank of Mauritius, which has, of course, taken into account all the circumstances of this exercise and they have acted in their own judgment.

**Dr. Ramgoolam:** Is the Deputy Prime Minister aware of a letter that this company Larsen and Toubro Ltd. had written to say that there has been a violation of the tender specifications and that is against normal fair practice and they were protesting precisely because of that reason?

**The Deputy Prime Minister:** No, Mr Speaker, Sir, I am not aware. But I can repeat again that the Board of the Bank of Mauritius, of course, before taking any decision, had followed carefully all the procedures and had taken legal advice. They were at liberty, I again maintain, to give whatever instructions they deemed appropriate to the bidders, in the light of the circumstances and all the information that have been given to the Board of the Bank of Mauritius by the Cost Controller.

**Dr. Ramgoolam:** May I read from the letter dated 07 July, which I will table, addressed ...

**Mr Speaker:** The letter is addressed to whom?

**Dr. Ramgoolam:** The letter is addressed to the Bank of Mauritius about the offer, the discussion that they had with the Managing Director of that company and the letter says -

'We understand that the conditional offer is being issued to this company, General Construction Co Ltd/Group Five International, which in our opinion is a violation of tender stimulation'.

It goes on to say -

'We have confirmed adherence to all specific technical requirements of the tender pointed out by the consultants and that it is against the normal practice.'

They want a reassessment. I will table that document for the benefit of the Minister, if he does not have it.

**The Deputy Prime Minister:** The hon. Leader of the Opposition is wrong, because the decision to go for the alternative did not, in fact, violate at all the conditions of the invitation to bid.

**Dr. Ramgoolam:** I am trying to point out to the Minister, this is why I said unless he is being fed the wrong information, that, in fact, the Indian company made the tender according to specifications on Ethiopian granite. Then the specifications were changed to Namibian granite. That is why I am asking whether General Construction Co Ltd/Group Five International which was awarded the contract, in fact, made its initial offer on Ethiopian granite or was it not South African granite, not Namibian granite? That is why I am asking the question.

**The Deputy Prime Minister:** No, this is not true; and I have stated in my answer that, in fact, none of the proposals had adhered completely to all the requirements of the tender documents. I did state that proposals were made after the opening of the bids to replace the metal brackets for the granite cladding of the building by stainless steel brackets; as again it was felt by the Cost Controller that it was better to meet the building design because it had to be taken into consideration that the lifespan of the building would be 100 years. Let me again state to the House. This was not considered as a change in the tender specifications as such, but a proposal, in fact to improve the design submitted by the bidders.

**Dr. Ramgoolam:** In fact, the Indian company says that it had major financial implications and they lowered the price. Now they are the lowest tenderer if you take Namibian granite. Can the Deputy Prime Minister confirm that?

**The Deputy Prime Minister:** When the Larsen and Toubro, in fact, were asked to specify differences in prices for metal brackets and stainless steel brackets, only on this specific issue, they chose to give a discount on their original bid. That was not what was asked from the Cost Controller.

**Dr. Ramgoolam:** Mr Speaker, Sir, the Deputy Prime Minister apparently does not understand anything! If you ask a bidder to make a bid....

*(Interruptions)*

I will say what I have to say whether you like it or not. I have to explain to him. When you are asked to make a bid and you make the bid according to specifications then you change the specifications. The bidder made the bid according to the original specifications and now, you ask for a new granite, which is Namibian granite. They make a new offer on the Namibian granite and they become the lowest tenderer, what is wrong with that? Can the Deputy Prime Minister explain?

**The Deputy Prime Minister:** Let me again remind the Leader of the Opposition ...

*(Interruptions)*

**Mr Speaker:** Order!

**The Deputy Prime Minister:** ... that since the Ethiopian granite was not available, the Bank of Mauritius could not, according to the Cost Controller, take a risk on the Ethiopian granite because, as I have stated, it would not be available and this would have delayed the award of the contract.

**Dr. Ramgoolam:** Mr Speaker, Sir, again, the Deputy Prime Minister is giving misleading information, I am afraid. The original Indian tenderer says in his original tender that it is available and it is bidding on the basis of Ethiopian granite. I maintain that as a fact. Then after the bids were opened, on the 09 June, the specifications are changed to Namibian granite. The Indian company Larsen and Toubro Ltd. then made a new bid, which is, in fact, now, the lowest bid. That is a fact. Can the Deputy Prime Minister confirm this, yes or no?

**The Deputy Prime Minister:** In fact, Larsen & Toubro Ltd did not comply with the requirements of the bid because instead of giving the differential prices, they gave a discount on their original bid.

*(Interruptions)*

**Mr Speaker:** Order, please!

**The Deputy Prime Minister:** Members of the Opposition seem to be surprised!

*(Interruptions)*

**Mr Speaker:** Order, please!

**The Deputy Prime Minister:** Mr Speaker, Sir, all the bids have been open and all the bidders were present when the bids were opened and instead of giving what would be the difference as far as this specific item is concerned, Larsen & Toubro chose, in the light of what they became aware at that time, that is, the bids of the other bidders, to give a discount on their original bid.

*(Interruptions)*

and let me correct the hon. Leader of the Opposition in what he has just said. I am informed also that the Indian company's bid, even after its new submission is not the lowest tender.

*(Interruptions)*

**Dr. Ramgoolam:** I have just laid a copy of the document on the Table of the National Assembly and I would ask the Deputy Prime Minister to look at the document and he will see in fact that he is wrong.

*(Interruptions)*

**The Prime Minister:** This is a letter from one of the tenderers.

**Dr. Ramgoolam:** The one tenderer which is the lowest bidder and the price is given at the back. And in fact I'll tell him that Larsen & Toubro Ltd decreased its initial offer by Rs133 m. and the second offer by Rs47 m. and that in fact it is now the lowest tenderer, by Rs37 m.

*(Interruptions)*

...but the discount is because he has not changed the specifications. When you change the specifications, he made a new offer. In fact, the original submission was for Ethiopian granite which he made in spite of what the Deputy Prime Minister is saying. When you changed the specification, he made a new offer. But already he had made that offer and it says it in the letter that "there are financial implications when you change the granite and that, in fact, it is now Rs37 m. less.

**The Deputy Prime Minister:** Let me perhaps give more information to the hon. Leader of the Opposition so that he is aware of the exact facts.

As a result of the tender exercise, the following bids were received and first the General Construction Co. Ltd for Rs1,039,597,100.

*(Interruptions)*

**Mr Speaker:** Order! Let the Minister reply.

**The Deputy Prime Minister:** Larsen & Toubro : Rs1,167,013,420, the first offer and the first alternative is Rs1,092,013,420. Rehm Grinaker: Rs1,132,415,383 and Gamma Civic Co Ltd: Rs1,314,807,284. So, Larsen & Toubro was clearly not the lowest. But anyway, even the Cost Controller proceeded - that is the normal exercise that had to be done - with the normalization of the tenders received and arrived at the following effective comparable bids for the tenders. And, let me point out, as I have stated in my answer, that the bid for Gamma Civic Co Ltd was not considered for further evaluation as the price was too high.

So, General Construction: Rs1,068,883,888. Larsen & Toubro: Rs1,091,534,789 and Rehm Grinaker Ltd : Rs1,110,925,552. So, clearly the bid from General Construction was in fact the lowest.



But let me again point out to the hon. Leader of the Opposition, when the bids were opened, all the four parties were present. They knew what was the amount, which was bid for. And then in the light of this information, Larsen & Toubro decided to give a discount on their original bid. And, again ...

*(Interruptions)*

Yes, it was through a discount and, therefore, Mr Speaker, Sir, they did not abide by what was required of them.

*(Interruptions)*

**Mr Speaker:** Order, please. Let me repeat again what I had said once in my ruling, that according to Erskine May it is not proper to say that a Minister is misleading the House. What I understand from this is that when you say he is misleading the House it means that he is deliberately misleading the House. Of course, we can accept other formulations.

*(Interruptions)*

If you say in the House that information is misleading, this is different. But when you say the Minister is misleading, you are saying that he is deliberately misleading. I am prepared to accept it when you say the information is misleading, but it is not proper to say that the Minister is misleading the House.

**Dr. Ramgoolam:** The information is misleading, Mr Speaker, Sir, and I am going to lay a second document on the Table of the House. It is a letter which says that the specifications are being changed and it is dated 09 June 2003. It is not true to say that Larsen & Toubro just changed the price. The specifications were changed and there is a letter there to them that says that the specifications are being changed. Can I, therefore, ask him if Larsen & Toubro say they had Ethiopian granite and they were prepared to stick by the original tender documents, why was it not given to them?

*(Interruptions)*

If the original tender specification says that you have to use Ethiopian granite in spite of what you are saying Larsen and Toubro maintained that they can get Ethiopian granite and they are prepared to give Ethiopian granite for the cladding and brackets. It is the only company, therefore, who has respected all the specifications on the tender document. Why was the award not given to them?

**The Deputy Prime Minister:** Mr Speaker, Sir, I again maintain that first of all, they did not come out as the lowest tenderer and, secondly, the Ethiopian granite was not available on the market and that was the advice of the Cost Controller which then advised that these metal brackets should be changed to the stainless steel brackets and with the cladding also. I again repeat that this was considered by the Board of the Bank of Mauritius which went along with the advice of the Cost Controller.

**Mr Speaker:** Time is up, please.

**Dr. Ramgoolam:** Mr Speaker, one last question. Mr Speaker, you usually warn me when the time is coming up. The Prime Minister is going to make his first official visit to India as Prime Minister. Is he aware of the unease that this scam in the tendering procedure whereby an Indian International Company which was asked to bid is being deliberately kept out of the bidding to favour a local company that is General Construction? Is he aware of the fact of this unease this is causing in New Delhi?

**The Deputy Prime Minister:** There is no unease whatsoever, Mr speaker. This unease and scam is in the head of the hon. Leader of the Opposition.

*(Interruptions)*

The hon. Leader of the Opposition thinks that every other person is like him.

*(Interruptions)*

**Mr Speaker:** Order, please.

**Dr. Ramgoolam:** If the Minister is a thief, he thinks everybody is a thief! He is the one who is the thief making money on people's back and I am accusing him of being a thief.

*(Interruptions)*

**Mr Speaker:** Order! Questions to the hon. Prime Minister. I am advised that PQ No. B/779 would be answered by hon. Prime Minister. Hon. David.