

Memo to Cabinet submitted by the Hon. Minister of Finance, Customs
and Port

Pumping Stations at Qala and Nadur, Gozo

Four tenders have been submitted for the supply of two pumping plants for the ejector stations at Nadur and Qala, Gozo.

The Director of Public Works had originally recommended that the tender by Messrs Feluwa Schlesiger was acceptable both from the technical angle and the cost angle. However after various exchanges between the Accountant General and Messrs Feluwa on the true import of their tender, Messrs Feluwa are now offering a different plant from that originally specified, at a higher price which moreover does not include Customs Import Duty as called for in the specification. In view of the fact that this tender has been under consideration for the last eight months and going out to tender would mean a further delay of some nine months besides higher prices, the Director of Public Works has recommended that the revised offer by Messrs Feluwa be accepted as a direct order.

From a purely Finance standpoint it is felt that, as a matter of principle, once the original specification is not being adhered to, a fresh call for tenders should be made. The attention of Honourable Ministers is also drawn to the fact that this equipment is being financed out of U.K. aid monies and an application for a waiver would have to be made. It would be very difficult to justify the case for a waiver if the normal procedures are not followed the more so when an amended specification is at issue and if this equipment is accepted under the latest conditions its cost will, very likely, have to be met out of local loan funds.

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Basically, however, the matter does remain one of principle. The principle however is established to safeguard the Treasury from unjustified or imprudent expenditure i. e. to limit expenditure to a minimum without prejudice to other considerations such as service, quality of material, target dates etc.

In the matter under consideration if one were to insist on the principle quoted above, Government might incur a further delay of about nine months with the possibility of fresh offers being at a much higher price which eventually would nullify the justification and very existence of the same principle.

Under the circumstances and in view of the fact that Government might have to meet the expenditure involved out of local loans, Ministers may wish to agree that the offer by Messrs Feluwā Schlesiger be accepted.

10 FEB 1971

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