

04 July 2017

To: The Permanent Secretary, Ministry of Agro-Industry and Food Security

Private Notice Question

I have to inform you that the Honourable Leader of the Opposition, Mr Charles Gaëtan Xavier Luc Duval, GCSK, F.C.A., MP, has given notice of the following Private Notice Question which he proposes to put to the Honourable Minister of Agro-Industry and Food Security at the sitting to be held today, Tuesday 04 July 2017 at 11.30 a.m.

To ask the Honourable Minister of Agro-Industry and Food Security –

Whether, in relation to the planned Central Wholesale Market at Belle Rive, he will –

- a) table a copy of the detailed feasibility study;
- b) give the estimated total construction cost and annual running costs, stating how these will be financed;
- c) the types and quantum of user fees to be charged; and
- d) when construction works are expected to start and when is the market expected to begin operations?

Madam Speaker

The National Wholesale Market Project was enunciated in the Government Programme 2012-2015 to improve access to markets and to provide adequate wholesale and auction facilities.

2. There are presently 3 regional auction markets, namely at Vacoas, Port Louis and Flacq. These auction markets are, however, not responsive to customer needs for the following reasons:

- (i) The markets are operating without any proper infrastructure thus severely impacting on the trade of fruits and vegetables during adverse climatic conditions;
- (ii) There are no storage facilities for sellers and all fruits and vegetables have to be sold on the spot thus resulting in fluctuation in prices;
- (iii) There are inadequate parking facilities for both sellers and customers thus leading to severe traffic congestion in the vicinity;
- (iv) There are no proper sanitation and hygienic conditions prevailing in these markets; in fact vegetables and fruits are being offered for sale on the ground and on roads.
- (v) There is no transparency in the workings of the current bidding process employed within these auctions markets.

(vi) There is no security, especially at the Port Louis Auction Market at Trou Fanfaron and planters who have to call there late at night or early morning with their products are often attacked and their goods and money stolen.

3. The objectives of the National Wholesale Market are to;

(i) construct and create the necessary infrastructure for the handling of fruits and vegetables, post-harvest, for onward sale, fully compliant with all existing relevant legislation and agricultural and food standards;

(ii) create a modern market yard facility with all relevant procurement, marketing and support networks;

(iii) put in place a fair and transparent mechanism for price setting so that planters might get the best price for their produce;

(iv) provide a modern and accessible market information system on the evolution in the price of the produce concerned;

(v) have a modern, fair and transparent marketing infrastructure fully compliant with the Food Act and other agricultural standards for the community; and

(vi) be commercially oriented and sustainable.

4. Some 100,000 tons of vegetable and fruits are produced annually, 60% are sold through the 3 regional auction markets and farmers obtain only 30 to 40% of final retail price as a return. With the setting up of the National Wholesale Market, producers of fruits and vegetables will be able to secure better returns for their produce.

5. Tenders for consultancy services for the setting up of the National Wholesale Market were launched by the AMB in June 2013 and the contract was awarded to Cabinet Gressard Consultants of France in January 2014. The Report of the Consultants was submitted in April 2014.

6. I am informed that in the context of that exercise, the Consultants had extensive consultations with the auctioneers as well as the planters and other stakeholders including supermarkets and visited the three auction markets at Port Louis, Flacq and Vacoas to take cognizance of conditions prevailing thereat.

7. The Consultants have recommended the reorganization of wholesale marketing of fruits, and vegetables at national level through the creation of concentration of volumes in a single place for better efficiency, synergies and cost sharing between operators, better transparency and modern and adequate premises for the whole fruits and vegetables food system. The other salient recommendations are inter alia;

(i) The transfer of all three auction markets at Port Louis, Vacoas and Flacq in a single place equipped with modernized installation;

(ii) The possibility of producers to use a specific marketing place so that they could sell directly to retailers and restaurants;

- (iii) The supply of modern warehouse to attract store chains, wholesalers and importers for expanding and modernizing their business in the wholesale market and the provision of services such as agricultural inputs and banks;
- (iv) The improvement of all aspects of the marketing of fruits and vegetables through the promotion of the normalization of products, standardization of packing, issue of invoices and homogeneous content of boxes;
- (v) The provision of 8 ha of land and an additional 5 ha for future expansion of logistical activities along the new M3 motorway near Verdun for the setting up of a National Wholesale Market of an extent of around 12,100 m². This site has been identified by the Consultants as it is located near the highway and is connected to the round-about coming from Ebene. Moreover, it is easily accessible to all users and is relatively flat and can be easily developed;
- (vi) The construction of the National Wholesale Market in two successive phases together with provision for a toll gate and 27.500 m² of parking;
- (vii) The establishment of an Investment Company through a Public Private partnership for the investment of around Rs 345 M for the implementation of the project;
- (viii) The creation of a separate State Management Company in partnership with the Wholesale Market Operators' organizations for participation in the management of the Wholesale Market;
- (ix) The collection of toll and rents for the maintenance and services of the National Wholesale Market;
- (x) The enactment of an appropriate legislation to regulate the activities of the National Wholesale Market; and

8. The project would be managed by the Agricultural Marketing Board and the cost of its implementation was estimated by the Consultants at Rs 345 million.

Madam Speaker,

9. When I assumed office as Minister, I was informed that the site earmarked for the project at Verdun was prime land belonging to the Sugar Investment Trust and might not be released for the project. An alternative site was identified at Five Ways, Wooton, which is also suitably situated for such a project.

10. An open bidding exercise for consultancy services for the setting up of a National Wholesale Market was launched on 13 May 2016. In November 2016, the contract was awarded to Studio Valle Progettazioni Professional Association and the contract was signed on 13 March 2017 for the total amount of Rs 11,655,000.

Madam Speaker,

11. I would also like to inform the House that a Stakeholders Consultative Meeting on the setting up of the National Wholesale Market Project was held on 3 September 2015 at Boname Hall, Reduit which I personally attended. Necessary information on the project was shared with the stakeholders

present which included Officials of different Ministries and Departments and of parastatal bodies as well as auctioneers and representatives of planters from all over the island. The persons present particularly the auctioneers were given the opportunity to ask questions and necessary clarifications were given to them.

Madam Speaker,

With regard to part (a) of the question, I am tabling a copy of the detailed feasibility study carried out in 2014 by Cabinet Gressard Consultants of France.

Regarding part (b) of the question, I am advised that the project cost is now estimated at around Rs 370M. The project will be wholly financed under the line of credit with the Government of India. The market is expected to generate income to the tune of Rs 22 M annually. As regards the annual operating cost, same is expected to be around 15M and will be financed as follows:

- Income from growers section (toll fee) – Rs 1.4M
- Rent from stall at auction section – Rs 9.6M
- Rent from warehouses – Rs 10.95M.

With regard to part (c) of the question, the fees to be charged, as recommended in the feasibility study, are as follows:

- Toll fees - ranging from Rs 100 to Rs 1,000 per trip.
- Rent of stalls(planter's market) at the rate Rs 100/ day.
- Rent of auction stalls which will be Rs 300,000/ year.
- Rent from warehouses – Rs 4,200/ m² / year.

However, these fees are still being examined and no final decision has been reached thereon.

Regarding part (d), tender for design, construction and supervision has been awarded on 13 March 2017. Tender for construction works is expected to be launched in October 2017. Award of contract will be effected around first week of January 2018. Construction works are expected to last for some 18 months. The project is planned to be completed by June 2019. The market will therefore become operational after that date.