

**WRITTEN QUESTION TO THE MINISTER FOR TRANSPORT AND TECHNICAL
SERVICES BY THE DEPUTY OF ST. MARY
ANSWER TO BE TABLED ON TUESDAY 24th MARCH 2009**

Question

Further to statements made on 25th February 2009 on the rescindment of the incinerator project by Deputy E.J. Noel, Assistant Minister for Treasury and Resources, that the “advance payment bonds” in relation to the incinerator were somehow better than vesting certificates and that “so far, we have paid £34 million in advance payment into the advanced payment bond. Under the terms of the contract these would not be recoverable if cancelled”, would the Minister explain exactly how these bonds work, the exact wording concerning these bonds, and the reference in the contract?

Answer

The Contract does allow for Vesting certificates to be provided by the Contractor but only when identifiable equipment has been constructed within the Contractor’s (or sub-contractor’s) premises until final delivery on site to ensure that the value of the equipment is available to the Department in the event of damage or loss during transfer of liquidation of the contractor/sub-contractor.

The Advance Payment Bond provides financial security to the Department for any difference between the outgoing payments and the value of the works on the ground for the period of the contract where this is apparent. The Advance Payment Bond and the Performance Bond would be available in the event of a Contractor breach (so would not apply in the event of termination for convenience).