

SNC-Lavalin's \$191M McGill hospital bill snubbed by Quebec

SNC-Lavalin seeking money for 'extras' on McGill University hospital deal

By Dave Seglins and John Nicol, [CBC News](#) Last Updated: May 31, 2014 8:49 AM ET

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Quebec Health Minister Gaétan Barrette is balking at a request from scandal-plagued SNC-Lavalin for an additional \$191 million to complete the McGill University Hospital Centre in what was supposed to be a \$1.343-billion fixed-price contract.

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"We do not have the intention to pay that amount of money," Barrette told CBC News. "SNC-Lavalin is asking for money for unauthorized work. The vast majority of all that is on the table today is the result of unauthorized work."

Only about \$7 million to \$8 million of the bill was authorized, Barrette said, and that will likely be covered.

Radio-Canada's program [Enquête reported Thursday](#) that SNC is seeking compensation for a variety of added expenses, including construction of a bridge linking the hospital to its parking lot, as well as costs incurred from work stoppages.

SNC refuses to explain extra bill

Engineering and construction giant SNC-Lavalin won the private-public partnership in 2010 on the basis that SNC and its consortium partners would assume the financial risks.

The company refused to explain the request for additional compensation on Friday, citing confidentiality, but defended the claim submitted to the province and the hospital centre.

"It is normal to have diverging interpretations on multi-year agreements," SNC-Lavalin spokeswoman Lilly Nguyen told CBC News, but she refused to provide any specifics.

"Certain elements have already been discussed and covered by an agreement, whereas other elements are still under discussion," Nguyen stated.

Bid rigged, bribes alleged

"That's a lot of corporate nerve," University of Ottawa law and corporate ethics professor Penny Collenette told CBC News about the revelation the company is seeking an extra \$191 million on the fixed-price deal.

'I would want to know exactly what projects are underway right now with SNC-Lavalin. How the contracts were awarded. Were they above board?'—

University of Ottawa law and corporate ethics professor Penny Collenette

The company admitted just last week to cheating to win the contract in the first place. Charles Chebl, the company's executive vice-president of construction, told the Charbonneau Commission in Montreal that SNC-Lavalin secretly obtained copies of its competitor's design drawings to prepare a better bid.

Furthermore, since winning the contract, two former top-level SNC executives — CEO Pierre Duhaime and executive vice-president Riadh Ben Aissa — have been charged with arranging \$22.5 million in alleged bribes to win the contract. Those charges have not been tested in court.

SNC's billions in Canadian public contracts

"What is very troubling with this one, is this alleged price-rigging and then subsequent demand for money happened here in Canada," Collenette said.

She said it's time Canadians and public works ministers across Canada begin assessing whether SNC-Lavalin can be trusted with existing and future contracts.

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"I would want to know exactly what projects are underway right now with SNC-Lavalin," Collenette said.

"How the contracts were awarded. Were they above board? Is the minister sure about that? Secondly, are there cost overruns, are there concerns?"

Public Works Canada has told CBC News it will respond Tuesday with those answers.

SNC-Lavalin holds contracts worth billions of dollars across Canada, including property management deals for government buildings as well as large-scale construction contracts with various provincial governments including the extension of the 407 highway east of Toronto.

The company remains eligible to bid on future public contracts and is preparing to bid on the megaproject to replace the Champlain Bridge in Montreal, despite numerous court cases against **more than eight former executives and employees currently underway** as well as a continuing RCMP investigation.

The Mounties are probing various overseas projects and a suspected \$1.5-million kickback scheme tied to the rebuilding of Montreal's Jacques Cartier Bridge in the early 2000s.

The World Bank announced last year that SNC-Lavalin is barred from bidding on its projects for 10 years following bribery and corruption investigations involving projects in Bangladesh and Cambodia.