

INTERVIEW
Pages 10,11

Edwin Vassallo

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Give hedging a chance, business organisations tell government

James Debono

The Federation of Industry, The Malta Employers Association and the Chamber of Small and Medium Enterprises-GRTU are calling on government to consider hedging mechanisms in purchasing Enemalta's oil requirements to ensure greater stability in the economy.

Employer's Association Director General Joe Farrugia contends that fluctuating fuel prices are turning business risks into a gamble.

The director generals of the three organisations expressed agreement with what economist and former finance minister

Lino Spiteri wrote in The Times on Monday, that hedging mechanisms can smoothen the upward spiral of oil prices, thereby reducing shocks to the economy.

Wilfred Kenely, the FOI director general called on politicians not to politicise the hedging issue.

"It is a shame that this issue has been politicised. It does not make sense to dismiss the hedging mechanism because it is associated with one side of the political spectrum," Kenely told Business Today.

On Monday Lino Spiteri argued that by adopting hedging mechanisms the government could mitigate the fre-

quency of domestic price changes necessitated by shifts in the international energy market.

GRTU director general Vince Farrugia argues that constant price changes are resulting in shocks to the economy and are having a negative impact on businesses exporting on a forward basis as well as on hoteliers who sign contracts with tour operators months before oil prices are revised.

"While operators can foresee any increase in labour costs which are regulated by collective agreements, electricity and water costs cannot remain so volatile." ▶ page 3



Economy constantly receiving shocks coming from fluctuating international oil prices

Ministers should be the "factotum" of everything - Vassallo

Kurt Sansone

Edwin Vassallo, parliamentary secretary for the self-employed, joins the chorus of people who want ministers to have a more driving role in decision making, similar to the system of government adopted in the eighties whereby administrators were the factotum of their respective ministries.

In a frank interview with

Business Today, Vassallo says that politicians are there to take decisions. "We have to evaluate whether we want to go back to the time when the politician decided everything himself. I agree with that type of system," Vassallo says.

Asked about the custom adopted by politicians to blame bureaucrats for most of the country's ills, Vassallo insists that the politician needs to know what is happening

"inside out."

"The organisation has to be flat rather than vertical with easy access to the politician. This is why my office doors are always open because I try and make it easy for people to have access to me.

"I believe in the hands on approach to politics whereby the politician can take immediate action and decide things in the quickest time possible," the Mosta

politician says.

Vassallo acknowledges the controversial past that led then-Prime Minister Eddie Fenech Adami to push for a system whereby mundane decisions are taken by independent authorities.

"Given our negative past experience of politicians who took every decision themselves, Eddie Fenech Adami had wanted a system that created a new space between politicians and the execu-

tive. This is the philosophy that led to the creation of different authorities and levels of bureaucracy.

"I personally prefer the system where the politician is the factotum of everything. It allows the politician to know exactly what is happening and be with his feet on the ground."

Interview pages 10,11
Editorial page 9

Uncertain tax future scares off student host families

Matthew Vella

Summer is slowly creeping in but the industry whose unique blend of sun, sea and English grammar makes up a significant niche for Maltese tourism - 10 per cent - is finding problems for its students: accommodation.

Hundreds of host families, over 1,000, every year open their doors to students learning English for a crucial 12 summer weeks when business is booming. But this year, a tax arrangement is scaring off the hosts.

"We are already facing a decrease right now," Francesca Sciortino, from the International English Language Centre in Sliema, says. "The families are just not interested in accommodating students due to the new tax arrangements. We are facing problems now, and they will only increase in summer."

This is set to be a challenge for language schools this summer. As host family income from the



Fewer homes for foreign students

schools will now start being taxed, just as any normal income gets taxed, many are no longer thinking

of offering their services anymore.

"Some families are even concerned about new burdens such as the water and electricity surcharge, so the tax is scaring many away," Lisa Audino, marketing manager for Linguatime, says.

Host families are paid substantial fees from the language schools every week for every student they host. "We pay Lm30 per student per week, on half-board basis, and Lm40 on full-board basis," Audino says. On average, a two-student host can earn Lm320 in a month and represents an important boost for low-income households during the summer when the English language industry is in full swing with some 100,000 students in Malta and Gozo. The bulk, 60 per cent, come in the seething July and August months.

Julian Cassar Torregiani, director at AM Language Studio, warns that the issue risks endangering an industry which still enjoys the competitive edge over other destinations. ▶ page 5

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Malta Stock Exchange market
review by GlobalCapital Financial
Management page 17



Foreign markets
review by FPC
Investment
Consultants page 18