

Business Today

WEDNESDAY 28 May 2008 - ISSUE NO. 537



Interview:
Philip Micallef

Page 10

**Government cool on
sewage plant**

Page 5

IMF Delegates in Malta

Page 5

www.businessstoday.com.mt

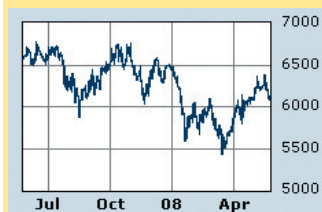
World Business Highlights

U.S. Consumer Confidence Falls as Home-Price Drop Shows No Sign of Abating Confidence among American consumers fell in May to the lowest level since 1992 as the two-year housing slump showed no sign of bottoming.

Oil Falls More Than \$3 a Barrel as Record Energy Prices Limit U.S. Demand Crude oil fell more than \$3 a barrel in New York, the biggest decline since April, on signs that U.S. fuel consumption is dropping because of a slowing economy and record energy prices.

Stocks in U.S. Advance as Oil Retreats; Novellus, Darden Restaurants Gain U.S. stocks gained, rebounding from the biggest weekly tumble since February, after a drop in oil prices sparked a rally in companies dependent on consumer spending and analysts recommended buying technology shares.

FTSE 100



Inside

England elimination renders Euro 2008 TV rights unfeasible

Less than ten days before the UEFA European Championship finals, which kick off in Austria and Switzerland, it looks like none of the Maltese network operators or broadcasters will be bidding for the media rights for this tournament.

Page 6

GRTU insists on energy cost cuts for restaurants, grocers

On his way out from the MCESD meeting Friday, GRTU Director General Vince Farrugia commented on how, during the meeting, he put forward recommendations regarding the looming cost of oil, and its potentially devastating effects on small businesses, grocers and restaurants in particular.

Page 6

Special designation for Metropolis and Kem-pinsky properties

The government has designated three new property zones as "designated special areas" – a condition which will allow non-residents to buy property in the luxury complexes without the need to apply for a permit to acquire the property.

Page 8

Bidder protests, alleges "highly irregular, abusive" tender procedures

David Darmanin

Some weeks ago, the media put pressure on the Contracts Department over tender procedures related to the Malta South Sewage Treatment Plant (Works) contract. Yesterday Costruzioni Dondi S.p.A., one of the aggrieved bidders for the same tender, filed a judicial protest on grounds of a dozen alleged irregularities against the director of contracts, finance minister Tonio Fenech, the Water Services Corporation (WSC), infrastructure minister Austin Gatt and prime minister Lawrence Gonzi.

The protest explains the aggrieved bidder's version of how a letter informing of Costruzioni Dondi's exclusion from the tender process fails to provide justifiable reasons for which the offer was disqualified. Furthermore, within less than seven days of receipt of the disqualification notice, the bidders submitted a formal request to the contracts department for reconsideration, but it seems that the director of contracts failed to refer this complaint to the chairman of the appeals board, resulting in Costruzioni Dondi's allegation of unfair treatment.



Construction of the Malta North Sewage Treatment Plant. Will the south keep up?

"The procedure adopted by the Director (of the contracts department) with regards to the adjudication of the contract in question was highly irregular, abusive and it infringes on the rules applicable to public contracts," the protest read, adding that the cheapest bid out of the two remaining is being offered at €84

million.

Responding to the call for tenders issued last year were a total of five bidders, three of whom were notified of their disqualification some two weeks after elections this year. Despite the budget of €57 million set by the WSC, the offers submitted by the two remaining bidders stand at 81.8 per

cent and 47 per cent over budget.

The protest also declares that if Tonio Fenech decides to renegotiate the prices submitted by the two bidders still in the race, "the reasons for exclusion provided to the complainants (reasons that are being strongly contested) will no longer remain relevant at face value, in view of the fact that it does not make any logical or financial sense to exclude a contractor on grounds of lack of experience in the construction of plants at a certain cost, when that same cost will now be reduced."

The contracts department was also accused of changing the terms and conditions of the tender in question "in such a way that a number of interested companies and consortia were excluded de facto." Such restrictions could be tantamount to irregularity.

Asked whether any of the three disqualified bidders proposed an offer within the set budget, a spokesperson for the Finance Ministry said: "The financial offer of the disqualified bidders has not been opened."

Ministry confronted on sewage plant saga. See page 5

New MCA chief deems former Melita top post "advantageous"

Charlot Zahra

The newly appointed executive chairman at the Malta Communications Authority (MCA), Philip Micallef, has defended his appointment as MCA chief, despite the fact that he comes straight from the top seat at Melita Cable, a communications key player which he will now have to regulate.

In an interview published in this week's issue of Business Today (see pages 10-11) – the first newspaper interview since Micallef took up his new job – Micallef was confronted on whether he deemed his previous position as Melita Cable CEO advantageous for his new position. He replied: "I personally think it is an advantage to have come from the industry itself as I have experienced

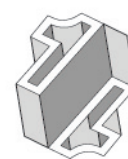
the challenges and problems of an operator both in the local and in some EU markets.

"I can appreciate more the difficulties operators face and the tough decisions that need to be taken when it comes to entering new markets, making substantial investments as well as satisfying customer requirements and expectations," he added.

He also contended that it was "not unusual" for a regulator to have come from the industry, or to have been previously employed with an operator. "I know of the Spanish Regulator CMT, where its head came from the local incumbent Telefonica, and the Chief Executive Officer (CEO) of Ofcom in the United Kingdom (UK) came from cable company NTL," he said.

Markets

Security	Closing Prices in Euro Tue 27-May-08	Closing Prices in MTL Tue 27-May-08	% Change from previous wk
Bank of Valletta p.l.c.	4.850	2.082	-2.020%
HSBC Bank Malta p.l.c.	3.720	1.597	-4.124%
Lombard Bank Malta p.l.c.	3.120	1.339	-0.224%
Middlesea Insurance p.l.c.	3.430	1.472	0.000%
Simonds Farsons Cisk p.l.c.	2.710	1.163	0.000%
GO p.l.c.	2.799	1.202	-3.449%
International Hotel Investments p.l.c.	1.078	0.463	-0.645%
Plaza Centres p.l.c.	1.720	0.738	0.000%
Malta International Airport p.l.c.	3.350	1.438	0.000%
GlobalCapital p.l.c.	3.000	1.288	0.000%
Datatrak Holdings p.l.c.	0.291	0.125	0.000%
San Tumas Shareholdings p.l.c.	2.562	1.100	0.000%
Medserv p.l.c.	4.044	1.736	0.000%
Grand Harbour Marina p.l.c.	2.050	0.880	0.000%
Crimsonwing p.l.c.	0.540	0.232	0.000%
MaltaPost p.l.c.	0.770	0.331	2.667%



FIMBANK



5.25 % 12 month Euro Term Deposit

LIMITED AVAILABILITY

We also pay premium rates for US Dollar and GBP. Money Market Linked Deposits also available. Minimum Deposit - Euro 50,000 or equivalent

FIMBank p.l.c.
7th Floor, The Plaza Commercial Centre
Bisazza Street, Sliema SLM 1640, Malta

www.fimbank.com
info@fimbank.com
T : 2132 2100

FREEPHONE : 800 73110

FIMBank p.l.c. is a licensed credit institution in Malta. This offer is regulated in terms of the Banking Act. Interest rates and conditions for Money Market Linked Deposits apply. Terms and Conditions for this offer are available upon request. Rates are correct at the time of going to press. FIMBank p.l.c. reserves the right to change such rate and/or conditions without further notice to the public. The value of your deposit and interest payable may be subject to Currency Exchange Rate fluctuations, depending on the depositor's Reference Currency.