

Business Today



WEDNESDAY 29 October 2008 - ISSUE NO. 556



Interview:
Joseph Farrugia
Page 8

**Investment in tourism underway
for next budget**
Page 3

**Economists blast
tariffs timing**
Page 6

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Tariff increases announced, industry pleas ignored

David Darmanin

Announcing new water and electricity tariffs applicable to businesses and households retroactively, Ministers Tonio Fenech and Austin Gatt yesterday afternoon held to their guns after a three-week consultation marathon with all social partners opposing plans to implement such measures.

Nothing much has changed since 3 October, when government presented the MCESD with a document drafted by audit firm KPMG to propose ways and means by which utility tariffs will be increased.

The only show of empathy to heavy industry was by means of a measure that would protect Malta's top employers from paying more than 40 per cent increase in electricity this year.

"In order to protect employment," Gatt said, "we are introducing a measure by which 26 companies out of the 178 benefiting from capping will be able to have any amount over 40 per cent increase on their bills subsidised by Enemalta. This measure is expected to cost

Enemalta €5.2 million."

When asked how much government is expected to fork out in view of the impact this move will have on employment figures, Gatt said: "There will be no direct effect on jobs, and if there will be any layoffs this will be due to foreign markets."

It is not known whether the government conducted a social impact assessment on the introduction of these new rates.

"The principles driving this reform have centred around the fact that users must pay for what they consume," Gatt stressed. "We should give out subsidies only to those who need them and we should use tax money to subsidise investment, not consumption. This reform will also lead to less resource wastage."

Social partners haven't opposed these principles as such. They have however, taken offence by the timing chosen for such a controversial reform to take place. Many have argued that with the number of jobs being threatened because of the global economic scenario, this



reform would only help to rub salt into industry's wounds. With higher unemployment, a striving industry

and less consumption – the effects on Malta's economy could be abysmal.

Whereas the majority of commercial establishments consuming less than 20,000 units per year ▶ page 5

WATCH OUT FOR THE SPECIAL BUDGET EDITION OF *Business Today* NEXT TUESDAY

Methode Electronics goes on four-day week

After shelving plans to lay off between 120 and 200 staff, Methode Electronics has this week decided to put its entire 650 workforce on a four-day week starting Monday.

The decision has been taken after consultation with the General

Workers' Union, which met with company representatives when it learnt that Methode intended shrinking its payroll overhead after it registered a 25 per cent drop in its order book.

After Trelleborg, Methode is the second locally based automotive components manufacturer this month to apply this measure in a bid to save 20 per cent of costs attributable to wages.

GWU officials have confirmed with sister paper MaltaToday that after meeting with the firm's management, Methode have decided to put on hold by four weeks a decision that would have

made up to 200 of its employees redundant. The German and UK plants of the same company have followed suit.

Methode Electronics, formerly known as Merit, was the first German company that invested in Malta and has been operating locally for the past 30 years.

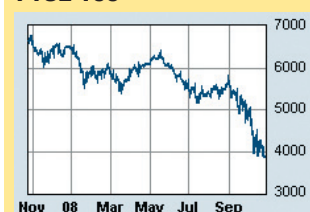
Last Friday, a total of 80 employees from company subsidiary Hetronics were also put on a four-day week schedule. No union was consulted on this measure since the workers are as yet not represented by any trade union. Methode Electronics acquired Hetronics on October 1.

World Business Highlights

Stocks in U.S. Rally as Credit Freeze Eases; Dow Average Climbs 889 Points Stocks rallied and the Dow Jones Industrial Average posted its second-best point gain as the cheapest valuations in 23 years lured investors and increased commercial paper sales signaled credit markets are thawing.

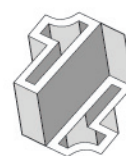
GMAC Says It Was Granted Access to Federal Reserve's Commercial-Paper Fund GMAC LLC, the money-losing auto finance and home-loan lender, said it was granted access to the U.S. Federal Reserve's new program to help unlock short-term commercial credit markets.

FTSE 100



Markets

Security	Closing Prices in Euro Tue 21-Oct-08	Closing Prices in Euro Tue 28-Oct-08	% Change from previous wk
Bank of Valletta p.l.c.	3.600	3.499	-2.806%
HSBC Bank Malta p.l.c.	2.900	2.850	-1.724%
Lombard Bank p.l.c.	2.948	2.948	0.000%
Middlesea Insurance p.l.c.	2.750	2.700	-1.818%
Simonds Farsons Cisk p.l.c.	2.630	2.630	0.000%
GO p.l.c.	2.099	2.000	-4.717%
IHI p.l.c.	0.980	0.950	-3.061%
Plaza Centres p.l.c.	1.750	1.750	0.000%
FIMBank p.l.c. (US\$)	\$1.600	\$1.580	-1.250%
Malta International Airport p.l.c.	2.750	2.698	-1.891%
GlobalCapital p.l.c.	1.991	1.991	0.000%
Datatrak Holdings p.l.c.	0.290	0.290	0.000%
San Tumas Shareholdings p.l.c.	3.000	3.100	3.333%
Medserv p.l.c.	3.997	3.997	0.000%
Grand Harbour Marina p.l.c.	2.199	2.100	-4.502%
6pm Holdings p.l.c. (GBP)	£0.700	£0.700	0.000%
Crimsonwing p.l.c.	0.498	0.498	0.000%
MaltaPost p.l.c.	0.818	0.818	0.000%
RS2 Software p.l.c.	0.803	0.770	-4.110%



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