

Mr. Chairman,

Whilst, this is the fourth time I have been asked to testify in front of the Public Accounts Committee, I am extremely disappointed at the way in which the line of questioning is being managed. I note that in spite of several claims made in public by your kind selves on several points of concern that you feel have been raised by the National Audit Office, so far you have refrained from requesting me to respond to these assertions but have limited your interventions to personal attacks.

I am sure that you agree that the issues raised by the Auditor General in his report merit a reply and I feel that it is my democratic right to be given time to explain our position with respect to such comments. As you have explained to me, the people will be the judge of our actions. But in a democracy this requires a fair and equitable platform of debate where both sides are given the opportunity to make their statements. Needless to say that the Auditor General has been given ample space to present his position across five sittings and I expect to be given an equitable opportunity to present our views. To be clear, although I do appreciate the constructive approach adopted by the Auditor General in his presentation, I have serious reservations on several of his conclusions and findings. In particular, I assert that the Auditor's Report:

- Makes a number of material statements that are factually incorrect and easily verified by reference to existing documentation.
- Makes a number of statements that go beyond his remit in connection with certain government policy decisions for which he is not qualified to comment on, such that it is immediately apparent that they are not guided by expert advice.
- Lacks a proper understanding of the real public value that was being sought through the project with cost only being one of several components.
- Expresses a number of opinions on the outcome of the competitive process that are based on a simple administrative review as opposed to a real evidence-based assessment of competencies and capabilities of bidders.
- Adopts a conflicting approach in which he seeks to first establish certain corporate governance standards and then seeks to assess the approach of our work against those standards.
- Adopts an incorrect technical approach in comparing energy costs differentials between the Interconnector and the rates paid through the Power Purchase Agreement confusing principles of relevant cashflows, marginal costing and full absorption costing whilst comparing two different commodities that exhibit a completely different risk profile for Enemalta.

This is not to say that the process has been flawless, and I am the first to take on board a number of valid points raised in the Auditor's report for future improvement. However irrespective of whatever issues were identified, no one can challenge the fact that the Project was essential for the country, was and remains economically feasible, has achieved all of its intended objectives and was subject to a robust competitive process leading to the selection of the most appropriate bid made on offer.

I expect the Committee to give me the opportunity to elaborate on each of these points with specific and clear examples in each case to substantiate what I am asserting.

Regards

David Galea