

Saturday, November 15, 2008

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Joe Abela, a restorer of antique ship models at the Maritime Museum in Vittoriosa, has just completed a scale model of a galley for one Flavio Pallaoro from Trento, Italy. » Pages 28, 29

### International



#### California wildfire

A wind-driven brush fire in Southern California has gutted scores of luxury homes and injured 13 people in the seaside celebrity enclave of Montecito, officials said yesterday. » Page 19

#### Washington summit

World leaders are vowing to work together to overhaul the global financial system as they gathered in Washington yesterday for a summit on wresting the global economy from recession and avoiding future meltdowns. » Page 20

#### Silent Hillary

US Senator Hillary Clinton declined to say yesterday whether she was in the running to be Secretary of State, a day after a reported meeting with President-elect Barack Obama in Chicago. » Page 20

#### Congo crisis

Aid workers in eastern Congo began feeding tens of thousands of hungry refugees in rebel-held areas yesterday, as a UN-appointed envoy started urgent talks aimed at averting a wider war. » Page 21

## National

# GRTU to challenge tariffs in court, Brussels

The Chamber for Small and Medium Enterprises-GRTU, plans to fight the utility tariffs on every front - with the regulator, Maltese and European courts and the European Commission.

Irrespective of its planned meeting with the Prime Minister, scheduled for the first half of next week, the chamber will be persisting in its intention to challenge the tariffs.

GRTU director general Vince Farrugia said the chamber had already presented its case to the Malta Resources Authority but its power

was limited due to the "peculiarities of the law". The next step would be the courts.

The chamber will be fighting the legal battle on two points: first, the tariffs could not be backdated to October 1, because such a stance was prohibited under consumer laws; and second, on the basis that, in the light of decreasing global oil prices Enemalta, a monopoly, could not charge those prices.

In a circular issued before the Prime Minister informed the chamber he had accepted its request for a

meeting, the GRTU announced its intentions to challenge the tariffs: "The GRTU believes that the imposition of these charges is illicit."

The chamber confirmed it will be directing its members not to pay the full new electricity bills based on the tariffs announced by the government.

Following meetings of the MCESD last month, GRTU officials warned they may order their members not to pay that part of their bills which Enemalta will use to fund the capping of bills for large enterprises.

# Government clarifies capping burden

The government yesterday clarified that it will be footing the bill brought about by its decision to limit the increase in electricity bills for 26 big companies that previously benefited from the €50,000 capping mechanism.

After agreeing to this proposal made by the vice president of the Malta Hotels and Restaurants Association Winston Zahra, during a meeting between the government and employer bodies, "government agreed it will be taking this financial burden on itself and will underwrite it through taxes".

Mr Zahra said he came up with the suggestion to phase in the tariffs for the top companies which previously had their bills capped "in order to protect as many jobs as possible".

Mr Zahra stressed that none of these companies were hotels and "a critical part of the suggestion" was that he did not want to see savings made by the companies passed on as a burden to other consumers.

Prime Minister Lawrence Gonzi mentioned Mr Zahra as the person who suggested "spreading out" the burden of the new energy tariffs during an RTK radio programme on Thursdays.

Yesterday it was clarified that Dr Gonzi was referring to the sugges-

tion to limit the increase on electricity bills for big capped companies (that will be paid for by the government) and not the earlier decision to stagger the introduction of tariffs on capped companies over three years at the expense of smaller businesses.

Reacting to an article published yesterday in The Times, the Ministry of Infrastructure, Transport and Communications said it needed to clarify "facts that continued to get mixed up in the media".

It noted that during negotiations between the government and social partners on the energy tariffs there were two distinct instances regarding the removal of the capping mechanism.

There was a misconception that there was one decision regarding the removal of capping when, in fact, there were two.

The first, the ministry said, was at the level of the Malta Council for Economic and Social Development (MCESD) when the government agreed to the employers' suggestion to phase out the capping on energy subsidies over a three-year period and decided that the difference would be paid by smaller businesses.

Following the end of the meet-

ings at MCESD level but before the final decision on tariffs, some of the employers' bodies requested a meeting with the Prime Minister.

"The point made at that meeting was that, notwithstanding the agreement reached at MCESD regarding the cap, some companies would still see their first year bill rise at too rapid a pace," the ministry said.

At that stage Mr Zahra came up with the suggestion of a second mechanism. He suggested that in the first year the bills for these companies would not rise more than 40 per cent, in the second year not more than 60 per cent and in the third year 80 per cent. The bills would come in line at the end of the third year.

The government said it agreed to Mr Zahra's proposal "and will be taking this financial burden on itself and will underwrite it through taxes".

"The cost of this measure is expected to be in the region of €5.2 million in 2009 which means that, with the €7.8 million that the government transfers to Enemalta for Public Service Obligation reasons and the €9 million it pays consumers as an energy subsidy, the total subsidies to Enemalta next year are going to be €21 million," the ministry said.

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