

## INTERVIEW

# Money for nothing

**A**NGELO XUEREB was very satisfied to hear that there are plans to move Parliament to a reconstructed Opera House.

"It could have an underground link to Castille so that the Prime Minister can run his office with the benefit of all his staff, not working from an office at Parliament with one secretary."

However, he is even more satisfied that the project may be done as a public-private partnership.

"The government has a lot of idle assets, and is not a good manager, while the private sector has the knowledge," he said.

Some years ago, Mr Xuereb, a member of the council of the Building Industry Consultative Council, was asked to chair a technical committee to explain the concept to the government.

The beauty of this kind of partnership is that the government does not have to worry about any outlay, a particularly valid argument given today's financial realities.

"There are so many models: Build-Operate-Own, Build-Operate-Transfer, Design-Operate. You can apply it to housing, hospitals, schools, even roads or an underground mass transportation link."

The report was sent to Cabinet in 1999. The committee was then asked to be more specific and to come up with a list of potential projects. Another committee was set up, with members from both the private and public sectors, and over 20 projects were identified. These were shortlisted to four and presented to the government just before the last election. So far, there has been no progress, but Mr Xuereb is itching for projects to get underway.

"There were plans for over 1,000 government housing units to be built in Pembroke, which could be financed and then managed by the private sector. All that is needed is for the government to allocate the land.

"The government would also be spared the hassle of collecting rents, which is a major problem. And the same concept can be used anywhere else."

The same system could also be used to run industrial estates, collecting the rents, and making the necessary infrastructural investment.

He expressed concern over the negative impact that further delays could have.

"Why should a potential foreign investor come and find such shabby sites?"

However, he also feels that private money could also be used to help locals.

"We also need to re-locate garage indus-

*The permit refusal for the golf course has hit Angelo Xuereb hard but not hard enough to puncture his enthusiasm. He has a number of innovative proposals for public-private partnerships. He told Vanessa Macdonald about some that had been short-listed as viable years ago but which have been gathering dust since.*



Drawing of Fort Campbell from *The Fortifications of Malta 1530-1945* (Osprey/Progress Press). Angelo Xuereb is proposing a public-private partnership to turn it into a camping site, protecting it from neglect.

tries to a dedicated site, preferably far from residential areas. I have been preaching about this since I was a mayor in Naxxar

"We need small units for mechanics, carpenters, panel beaters and so on. They could have communal facilities like a bank, parking, a coffee-shop. The private sector could build and manage them – and after a number of years, they would revert to government.

"We try to attract foreign investors, and then neglect our small local entrepreneurs."

Mr Xuereb is convinced that there would be investors for all the shortlisted projects.

"The government does not seem to have

the time to consider these concepts. But this is the way forward."

#### The shortlisted projects

##### 1. Salini salt pans

If the canals were cleaned out and opened, it would create a park, which people could use for canoeing. A marina could be made for small sea craft – and even an area for wintering them. At the moment these are scattered all over the bays. People could work on their boats over winter, while their families enjoyed Kennedy Grove. Naturally every effort should be made to protect the seawalls and the remaining standing structures. In fact, a

condition could be imposed to maintain these over the lease period.

##### 2. Magtab water theme park

A proper leisure park of international standard could be created along the coastal edge of the dump, which is at present an eyesore. The perimeter would not be as difficult to rehabilitate as the main part of the site.

People would be able to float along the canal on little boats or inflatables. A green belt could be landscaped between the water park and the dump to avoid the eyesore. Further plantation around the large waterways and the lagoons would make it much more attractive, especially from the road.

##### 3. Fort restoration

A number of forts are in need of restoration, such as Delimara and Bingemma.

Delimara hosts a dog sanctuary, which is inadvertently causing constant damage and wear and tear. This could be easily re-sited to a more appropriate and purpose-built area.

Fort Campbell in Selmun would be ideal as a camping site. All the facilities could be sited within the walls, and at least the fort would be protected from neglect.

##### 4. Yacht winter storage

Enemalta plans to move its LPG storage facilities away from Birzebuġa. That area would make great hard standing for boats together with related facilities.

Storage sites have to be located near a harbour: There is nowhere in Marsamxett; the Grand Harbour foreshore is too valuable to be used for storage; so that leaves Birzebuġa or Marsascula.

It would need a little marina from where the boats could be hauled out of the water. The facility would create a lot of business for the area, and would not be an eyesore, as the tanks are now, he said.

## Tax harmonisation debate

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In total opposition to these views Mr Brown was backed by Ireland, Slovenia, Malta and Estonia.

The countries could still veto the plan, however, under the EU's rules for "reinforced cooperation", a group of nations could band together to push for its acceptance.

Mr Bolkestein is against harmonising rates and instead wishes to introduce common rules for determining taxable profits to make it easier for companies operating in more than one EU country to assess their liabilities. In this context the Commission believes that this is the only way of overcoming tax problems in the internal market by using a single rate in a systematic way.

In this regard Germany's finance minister, Hans Eichel, took a tactical approach. He said it was "crucial to get a common tax base on the amount of money to be taxed," but added that "talking about tax rates without such a reform doesn't make sense". On this subject both France and Germany are in complete harmony and spearhead the harmonisation brigade. In Scheveningen they led a group of countries calling for new moves to harmonise corporate taxation.

At an informal meeting of EU ministers, France and Belgium pressed for measures beyond those being suggested by the European Commission. The two countries said that, once this was done, corporate tax rates across the EU should be fixed within a harmonised band with maximum and minimum levels.

Many would agree that efforts to remove the tax obstacles affecting businesses operating across frontiers within the internal market are laudable but few would contemplate voting in favour of a proposal for a rigid tax system.

For the legislation to be promulgated members would need to agree to operate a qualified majority voting system to establish minimum levels for setting a unified corporate tax rate. Not everyone agrees with this objective.

It is one thing trying to eliminate tax obstacles to cross-border business and another to set a one rate suits all.

Another headache is to streamline the multitude of double taxation agreements (DTA) between member states and between member states and third countries such as the US. Critics lament that the diversity in DTA agreements is confusing and bears no consistency in approach.

Clearly, the European Commission needs to undertake a study of double taxation treaties in all sectors so that a solution acceptable to all could be found.

And what about the stance taken by Malta on this subject? It is encouraging to note that Mr Fenech fought four square in the debate against the imposition of a harmonised tax system.

He believes the best way forward is effective and fair tax competition. Imposing a unified tax rate would be incompatible with the tax sovereignty of the EU's member states and regions because it would renege on their right to fine tune the level of tax compatible with their economic exigencies.

For this reason Malta joins the crusade marching in a collision course with pro-harmonisation lobbyists. It is commendable to see this minuscule Mediterranean state taking a stand and jostling the Goliaths of the tax brigade.

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## Need for cultural rethinking

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"If a man at age 65 with a life expectancy of 16 years buys an annuity with a pension fund of Lm10,000 he will receive more income per annum than the woman – Lm 712.50 in this example – but it will only be paid out for 16 years so in total he will have received Lm11,400, the same amount of total income as the woman."

"Consumers want value for money and to pay the lowest achievable price for their insurance. Insurers can only offer such prices if they can distinguish between lower and higher risk consumers. The concept is simple: lower risks pay lower premiums. This is not unfair discrimination – it is a recognition of objective risk."

The NCPE executive director Sina Bugeja told The Times that it is not against applying different criteria to men and women, as long as these criteria were statistically objective.

"The insurance sector is preoccupied with the eventuality that the applicability of presently-applied actuarial factors would be

interpreted as an infringement of the proposed directive.

"Nonetheless, NCPE is of the opinion that a general cultural rethinking is called for, particularly with regards to the approach taken by insurers and other service providers when assessing pregnancy and maternity issues. Such an approach should ultimately lead to the lowering in insurance premia for women of child-bearing age," Ms Bugeja said.

She added that, as an example, the determination of age in relation to a woman should exclude the possibility of a woman becoming pregnant as a risk factor in the drawing up of a particular insurance premium, such as health insurance.

"Insurance companies admit that they use a combination of published data and their own experience to set premia. This clearly allows for the possibility of exercising subjective discretion."

She also believes that the Dutch compromise proposal would also allow the fact that women are better drivers to be taken into consideration, resulting in no increase in motor insurance premia.