

Eleven International Firms Collect Request For Proposals (MIIT)

The process for the sale of Government Shareholding in Tug Malta Limited got underway. Eleven highly reputable companies in the towage and salvage operations have signed a confidentiality agreement with the Privatisation Unit and collected the Request for Proposals (RFP) document.

The RFP outlines what is expected in the detailed bids that these companies should submit for the acquisition of Government's 73.72% shareholding in Tug Malta.

The level of service which Tug Malta offers to the local harbours is today secured by recent reforms and regulated by newly revised legislation. The Government feels there is no longer any scope to hold shareholding in the towage business. The introduction of a strategic investor will allow Tug Malta to grow in its next phase of development, which will invariably result in positive spin-offs in our maritime sector.

The company was nationalised out of the private companies that used to run the service prior to 1980. Up to the late eighties, the Grand Harbour was the only shipping harbour in use and as such the Company had all its tug fleet stationed there. However, in 1989, with the development of the Malta Freeport, the company had to invest in additional tugs in order to be able to offer an efficient service to tug users in the southern port.

In the last three years Tug Malta underwent a restructuring process that has allowed it to upgrade its service to provide for the first time harbour towage in Valletta and the Freeport on a 24-hour basis. Operating and administrative expenses were curtailed substantially since then. In 2005, the tariffs, which were and will continue to be regulated by Government, were revised though they remained amongst the most competitive in the region.

This year, Tug Malta took delivery of two new tug boats.

To be able to expand into international markets, Tug Malta needs to continue to renew its fleet. This requires a substantial investment together with the capacity to take on the new risks of expansion into new markets.

The Government expects that the conclusion of the privatisation process will ensure continuous, reliable and timely harbour towage services within the Maltese ports. It will also seek market development opportunities outside the local harbours including offshore towage and salvage operations in the Mediterranean. The strategic partner to be identified should bring in new competencies in key functions such as marketing and business development, implement new management systems, acquire market knowledge and build up a network of contacts with ship-owners and salvage associations as well as improve the operational efficiency of the Company, maximise the proceeds from the sale of shares, secure the best possible terms for the existing employees of the company and maximise the benefits to the Maltese economy through increased investment opportunities.

The Government will be making further announcements on the privatisation of Tug Malta in the conclusion of future stages of the process.

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