OPM/IMM 57/69

No. 1737

MEMORANDUM FOR THE CABINET

BY THE PRIME MINISTER

Permission for a permanent resident to accept the post of Consultant of the Malta Development Corporation/National Bank of Malta on the Board of St Paul's Press Ltd.

The situation of the company known as St Paul's Press Limited is highly critical and is being maintained on a day to day basis by a joint operation of the National Bank of Malta and the Development Corporation. There has been an improvement in trading results over the last two years, but the cost of financing previous losses is a heavy burden on current trading.

2. As a condition of further assistance, the Boards of the National Bank and the Corporation, respectively, have required that there shall be a substantial write down of the capital by approximately £200,000 and the purchase by the Bank and the Corporation jointly of sufficient shares at the written down value to provide them with control of the company. The purpose of this scheme with all its implications, is to preserve the employment of some 250 trained people for whom alternative sources of employment are not readily available, and to preserve the collective investment by the Bank and the Government of approximately £500,000.

3. The scheme of reconstruction will not only involve further financing from the two institutions, but will require of them the allocation of managerial resources and services. To this end, a request has been made for permission to utilize the services of Mr Alan S. Hitchings who is a permanent resident. The intention is that Mr Hitchings should be appointed to the Board of the company as the joint nominee of the National Bank and the Development Corporation.

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4. Mr Hitchings is a chartered accountant, who has had a distinguished career in the printing and publishing industry, his last active five years being as chairman of Harrison and Sons Limited, a well-known public company engaged in all branches of printing, and probably best known as security printers. During Mr Hitchings period of office, the dividend was raised from 10% to 17½%. He was also a director of a number of other companies mainly associated with the printing trade. It is the intention to pay Mr Hitchings an honorarium for his services, on which he is prepared to pay full tax.

5. It is desired to engage Mr Hitchings for a period of two years only. The alternative of advertising outside Malta for a suitably qualified man of this calibre for this limited period would require remuneration at a rate which neither the company nor the two institutions involved can afford for this purpose.

6. Ministers are asked to consider whether the necessary licence to enable Mr Hitchings to take up this post should be issued.

19th April, 1971.

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