

MEMORANDUM FOR CABINET BY THE HON.MINISTER OF TRADE, INDUSTRY AND AGRICULTURENATO Assistance towards Infrastructural Projects

At a meeting held between the Secretary, Ministry of Commonwealth and Foreign Affairs and Mr. Manlie Brosio at NATO in Brussels in February, 1968, it was stressed that NATO members should be more forthcoming in Malta's needs than they have been so far. Mr. Brosio said that NATO itself as an organization cannot dispose of any funds but it could possibly influence member nations to take a greater interest in the economic needs of Malta. Certain projects were mentioned which would come within the definition of infra-structure projects on which NATO in the past had embarked, i.e. the extension of the air-field, desalination of water and the production of power. These three projects were useful to the economy of Malta but were also essential for military forces making use of the facilities in Malta.

2. This Ministry considers that this opportunity should be taken to request NATO aid for the following projects:

- i) Financing the 4th and 5th phases of the Power/Water Distillation project.
- ii) New Power Station in Malta

4th and 5th Phases

3. This development would bring the planned provision in the current 5-Year Plan to a logical conclusion. The present provision for 1964/69 was estimated to meet the then existing needs but the accelerated Services run-down has brought about a need for the rephasing of the programme of works.

4. Steps have already been taken to implement the second and third phases of the power project. Plant and equipment has been ordered which will ensure that an installed capacity of 85 MW would be available in time for the winter peak of 1969, with the second set following in 1970, bringing the total installed capacity up to 115 MW, with 85 MW being available as firm capacity.

5. Over and above the 2nd and 3rd Stages of development just taken in hand in Power Station B, the 4th and 5th Stages of development have still to be carried out. Stage 4 would comprise the following main plant: one generator of 30 MW, one boiler of 300,000 lbs./hr., together with ancillary equipment. It would increase the total capacity of 145 MW installed and 115 MW firm by 1972/73. In 1973, the existing three generators of 5 MW each would have passed their useful life, and would have to be withdrawn from service. Stage 5 would have another 30 MW generator, with boiler and ancillaries as main plant, raising the final planned total capacity for Station A and B to 160 MW installed, with 130 MW firm, by 1975/76.

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6. The expenditure forecasts for these fourth and fifth stages, phased over the years, together with the anticipated loan requirements, are as follows:-

	1969/70	1970/1	1971/2	1972/3	1973/4	1974/5	1975/6	£'000 Total
<u>Expenditure</u>								
Stage IV	-	50	875	525	150	50	-	1650
V	-	-	60	800	500	300	70	1730
		50	735	1325	650	350	70	3380
<u>Loans</u>								
Stage IV	-	50	700	300	50	-	-	1100
V	-	-	60	700	300	140	-	1200
	-	50	960	1000	350	140	-	2300

7. At the same time the completion of the seawater distillation programme (6 units of one million gallons a day each) is an urgent necessity and it is most essential that the 5th and 6th distillers should be commissioned in 1970 and 1971 respectively to meet the immediate demand resulting from the planned tourist and industrial development, for the expansion of the horticultural sector on an industrial scale and the growing rate of normal water demand which have been underlined by the Joint Mission for Malta. The estimated cost of the two units is about £1m., and funds for the distillers have not so far been provided.

New Power Station in Malta

8. The present Power/Water Station complex in Malta is planned to have a total of 145 MW of generating capacity and 6,000,000 gallons of distilled water production per day, by 1976.

9. Thereafter, the load growth is quite naturally expected to continue at more or less the present rate of approximately 18% per annum, which may tend to become higher should the Free Port Scheme materialise. According to estimates based on present rates of load increase and corroborated by the Consultants, Messrs. Preece, Cardew and Rider, the demand is expected to be well in excess of the firm capacity of the existing stations by 1977/8. It will therefore be necessary to have additional generating capacity in service by that time if the nation's economic progress is to be maintained.

10. With the installation of Nos. 5 and 6 generating sets, the present Power Station site will have been utilised to maximum extent. The site area itself does not permit further extensions, and the plans for the Station therefore provide for no further increase of machinery.

11. It thus becomes necessary to think of a new power station to be operational in 1977. The Malta Electricity Board have been giving thought to this matter for some time, and a suitable site is being selected, keeping in mind the probability of there being a substantial future power requirement in the south-eastern part of Malta, occasioned by the free port zone projected for this area.

12. According to consultants, the capacity to be installed in such a station is contemplated to be of the order of 300 MW. Final costs for such a station when complete, after its various stages of development, exclusive of any water distillation plant, would be in the region of £21 million. The first stage, which would comprise two generators of 60 MW each, to be commissioned in 1977 (commencing construction in 1974/75) is estimated to cost £9 million.

13. The same new station would be dual-purpose (i.e. producing both power and water). It would comprise a number of distillers (according to the most economical plant arrangement) to provide a total of 20 million gallons of water per day. The estimated cost of plant to produce this quantity of water would be something like £7 million, assuming the use of large units of about 4 million gallons per day each. As a general indication, such units (estimated to cost £1.4 million each) can perhaps be assumed to be required to be installed at a frequency of every two years, beginning with the commissioning of the new Power/Water station. The overall cost of the Water/Power station would be in the region of £28 million.

14. Hon. Ministers are asked to approve in principle that

- i) Stages IV and V of the Power/Water Station be proceeded with as scheduled;
- ii) that steps be taken for the setting up of the first phase of a new Power/Water station with an ultimate generating capacity of 300 MW and 20 million gallons a day of distilled water; and
- iii) that a request for aid be made to NATO for the three stages of the above projects.

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20th September 1968.