

MEMORANDUM FOR CABINET BY THE MINISTER OF INDUSTRIAL
DEVELOPMENT AND TOURISM

Amendment to the Aids to Industries
Emergency Ordinance, 1959

The Aids to Industries Emergency Ordinance, 1959, provides for the grant of relief from Customs Duty and the payment of Income Tax for a maximum period of ten years, inter alia, in the case of the construction, equipping and operation of hotels.

2. The word "hotel" is not defined in the Ordinance and it has always been taken to imply the conventional type of accommodation for visitors where the majority of the guestrooms, the service and public-rooms are contained in the same building.

3. The Malta Government Tourist Board considers that this interpretation is very restrictive and definitely shuts out from the grant of fiscal aid various important projects which provide accommodation for tourists and which are likely to make considerable contribution to the tourist industry in Malta. The Board contends that it is the tendency in the modern concept of tourist development to encourage the establishment of holiday centres in resort areas where accommodation is provided in well-appointed chalets, serviced from the central building and with common resort amenities as are customarily found in traditional hotels. This type of development has proved very successful in already-established resort regions along the Mediterranean littoral especially in Spain, Majorca, France and Greece, where the need has been felt to provide as great a variety of tourist accommodation as possible in order to meet the increasing demand for family travel and the changing travel habits of the holiday-maker of today.

4. The type of project described in para. 3 will not cater for the 'marginal tourist' with a restricted holiday budget, but for the visitor who can afford the airfare to Malta for himself and his family and has, therefore, budgeted adequately for accommodation and board usually provided in hotels of a certain category but without the restrictive atmosphere of the standard hotel.

5. Having regard to the foregoing, it is proposed to amplify the notion of "a hotel" in the Aids to Industries Ordinance to include projects which provide accommodation and full "hotel" services and amenities, provided that -

- (a) the development takes place within a single and defined parcel of land,
- (b) the constructions are suitably furnished and equipped,
- (c) the scheme provides accommodation for at least 100 guests and the necessary service and public-rooms (reception, lounges, restaurant(s), bars, etc.) customarily found in conventional hotels,
- (d) the 'Centre' is operated by a common management.

A draft Bill to amend the Ordinance has been prepared by the Deputy Crown Advocate-General and is attached.

6. The Deputy Crown Advocate-General has raised the point that, in the case of the standard hotel, the beneficiary under the Aids to Industries Ordinance cannot make use of the building other than for the purpose of a hotel. In the case of tourism projects, covered by the proposed amendment, which are constructed on Government-owned land granted by title of emphyteusis, control on the part of the Government to ensure that the buildings are used to accommodate and to give service to visitors is relatively easy, since the use to be made of such land is imposed in the deed under penalty of forfeiture. In the case of beneficiaries who erect tourist accommodation centres on privately-owned land, the Deputy Crown Advocate-General will ensure that appropriate precautionary conditions are inserted in the Relief Orders.

7. Hon. Ministers are advised to agree that the attached draft Bill be submitted to the House of Representatives for approval.

17th February, 1965.

A B I L L
entitled

AN ACT further to amend the Aids to Industries
Emergency Ordinance, 1959.

BE IT ENACTED by the Queen's most Excellent
Majesty, by and with the advice and consent of the
House of Representatives of Malta, in this present
Parliament assembled, and by the authority of the
same, as follows:-

Short title

1. This Act may be cited as the Aids to
Industries (Amendment) Act, 1964, and shall be
read and construed as one with the Aids to
Industries Emergency Ordinance, 1959, hereinafter
referred to as "the principal law".

Amendment of
section 2 of
the principal
law.

2. In section 2 of the principal law
immediately after the definition of the expression
"construction day" there shall be inserted the
following:-

" "defined parcel of land" means any plot of
land so located and of such extension and des-
cription as the Minister responsible for tourism
shall approve in writing to be suitable for
development as a centre for tourism;

"guest" means any person who comes to Malta
as a tourist and any person who comes to Malta
and establishes himself therein for any length
of time but is not in Malta by reason of his
office, business or employment;

"hotel" includes any number of constructions
suitably furnished and equipped, with accommodation
for not less than one hundred guests, provided
that such constructions are grouped together and
have in common ancillary hotel services and
amenities within a single and defined parcel of
land and are operated by a common management to
accommodate and for the use of guests against
payment;".

Objects and Reasons

The object of this Bill is to extend the notion of "hotel" to groups of buildings constructed in areas earmarked for tourist development, furnished and equipped to accommodate tourists, and, thus, to make it possible to apply such groups of buildings the reliefs from income tax and from customs duty which according to the provisions of the Aids to Industries Emergency Ordinance, 1959, may be applied to hotels.