

Acquisition of Land in Malta by non-Maltese

In reply to Parliamentary Question No. 2246 the Hon Minister of Justice and Parliamentary Affairs informed the questioner that a Committee has been set up to study the problem of control of transfers of immovable property to non-Maltese and to make recommendations in the best interests of the Maltese economy.

..... 2. On the 23rd August, 1967, the Committee submitted its report (copy attached).

3. The Committee came to the conclusion that, on balance, Government would be well advised to control non-Maltese speculation in land and immovable property because:

(a) the trend over the next few years could show an increase in property acquired and owned by non-Maltese. This does not appear to be a very desirable development as it is possible that in the long run there might be political repercussions, considering that most of these acquisitions are being made by individuals belonging to one national group;

(b) the effect of speculations - both foreign and local - on the construction industry is inflationary and if allowed to proceed unchecked may finally act as a spearhead of inflationary forces which may, in due course, permeate the whole economy; and

(c) in disposing of immovable property, non-Maltese speculators may sell or rent property to Maltese to the detriment of our balance of payment or may sell or rent to non-Maltese in which case residents would not be making the profits out of a scarce local commodity.

4. The Committee was aware that it is desirable to:

a) attract foreign investment in industrial and touristic projects for which land, in some form of durable tenure, is essential;

(b) attract 'resident tourists' some of whom might wish to own their own house; and

(c) control acquisition of land by non-Maltese for purely speculative motives, as local capital can be attracted for such purposes and the return on capital invested would then remain in Malta.

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5. With the above in mind the Committee made the following recommendations:

- (a) The institution of a 'Board' which will be the authority to grant permits for the acquisition of immovable property by non-Maltese;
- (b) that no non-Maltese person or company be permitted to acquire the ownership of land or premises in Malta or, for a period exceeding 99 years, the utile dominium thereof;
- (c) that acquisition of the temporary utile dominium of land for a period not exceeding 99 years or leases for a period exceeding 15 years by a non-Maltese should be limited to projects of an industrial, agricultural and tourist nature and to interest in land and premises for personal use of the emphyteuta or tenant or for the use of members of his family either to take up residence in Malta or to have a holiday flat at his disposal;
- (d) that the principles enumerated in (a) and (c) above should also apply to Government owned land;
- (e) that rent subsidisation of Government-owned factories should be limited to the first 15 years of operation of the factory and thereafter commercial rents, revised every 10 years, should be charged;
- (f) that as tourist plant is yielding good returns there is no strong reason for continued subsidisation of land for tourist development; and
- (g) as land is a scarce factor care should be taken that hotels and other development projects should not be given more land than is economically justified.

6. The Committee advised Government that, in so far as major development projects involving allocation of land go, Government should actively participate in such development by taking debentures convertible into shares against the value of such land;

7. The Crown Advocate-General advises that, although exceptions and reservations would allow Malta to accede to the European Convention on Establishments and to the European Convention on Establishment of Companies, yet the proposed legislation could encroach considerably in a negative manner upon certain fundamental principles affirmed in these Conventions.

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8. The Committee also produced draft legislation which was criticized in parts by the Crown Advocate-General who amongst other things, affirmed that it would not be advisable to enact a law which is restrictive in its purpose but not enforceable in its operation and that the new law will be adding to the already over complicated system of researches a further problem of investigation relating to the nationalities of successive owners of an immovable, whenever lawyers or notaries are to advise their clients on the purchase of such immovables. Before these differences of a legal nature are ironed out Hon ministers may wish to agree to the recommendations in paragraph 5 above and may wish to approve in principle the recommendations at paragraph 6.

7th January, 1969.