MEMORANDUM FOR CABINET

Valletta Market

The roof of the Valletta Market is in an extremely dangerous state and needs to be completely renewed at a cost of £24,000. The Hon. Minister of Works and Housing feels that instead of spending such a lot of money on a new roof without getting anything in return, it would be more economical to carry our immediately the really essential repair or renewal works and embark next year on a new reconstruction project for the market for which provision could be made in the new Five Year Plan.

- 2. The Public Works Department have prepared plans for the reconstruction of the market at an estimated cost of about £134,000 plus £20,000 in respect of the provision of temporary accommodation for the present stall-holders during building operations. The market as reconstructed would contain 160 stalls (as against the present 147), and would provide for a car park and a slaughter house at becement level and a car park at ground floor.
- 3. The amount expected to accrue to Revenue were this scheme to be implemented is £9,600 a year (£60 per stall) and £1,000 by way of a return from the parking sites. After taking into account the sum of about £5,000 which the present stalls are yielding in rent the net return would therefore come to £5,600. This represents only 3.6% on the capital outlay (viz. £154,000) which the Government has to defray from loan funds on which it pays (for servicing) an overall charge of 7%.
- 4. The Financial Secretary is not satisfied that the scheme as prepared by the Public Works Department will yield the maximum return for the money invested. An alternative proposal has therefore been put forward which provides:-
 - (i) that the market be put up on another site, in Valletta possibly near the Kingsgate area (a site near Hastings between Kingsway and St. John's Cavalier and the site now occupied by the Vernon Institute are amongst the places they consider suitable for the purpose):
 - (ii) that the new structure be a modern multistoreyed building housing various types of shops on the lines of those existing in the United Kingdom and on the Continent;
 - (iii) that the construction and eventual running of the market be financed by a Company whose shareholders would include the present stallholders of the market; and
 - (iv) that the present market site be reserved for the construction of a three-storeyed building which would provide an exhibition hall for

Maltese products on the ground floor and offices for a Central Bank and an Industrial Development Bank on the remaining floors.

- 5. The alternative scheme outlined in para. 4 is designed: (a) to make the valuable site of the old market available for more important development (b) to save the Government the sum of £20,000 required to move the present market stalls to another place during the reconstruction of the market; (c) to relieve the Government of the responsibility of providing the funds required for erecting and maintaining the new market building; (d) to provide an opportunity for local entrepreneurs to invest their money in Malta (this would be consistent with Government's present policy of channelling into local productive investment as large a proportion as possible of existing savings); (e) to offer easier access to the new market (which would be very close to the bus terminus) to people who live outside Valletta, and (f) to relieve to some extent traffic congestion inside the Capital.
- 6. The alternative scheme comprising the transfer of the market to a site near Kingsway has however the following disadvantages:
 - (i) It will cause inconvenience and hardship to a number of Valletta residents who will have to travel longer to get to the market;
 - (ii) It will surely affect adversely the commercial interest in the immediate neighbourhood of the present site of the market (Merchants Street and St. Paul's Street) where other shops which at present supplement the services of the market are located;
 - (iii) It will not really relieve the Government of the cost of providing alternative accommodation to the present stall-holders during building operations because the stalls will have to be moved elsewhere in the near future anyway once the roof is in danger of collapse and needs immediate repairs;
 - (iv) The Banking Institutions it is proposed to house in a new building on the market site could well be provided with accommodation elsewhere in Valletta;
 - (v) Most of the present stall-holders in the market are not likely to be able to raise the money they would require to become shareholders of the company it is proposed to entrust with the reconstruction and running of the market;
 - (vi) The present site could well be developed as a multi-storeyed building (with accommodation for offices, departmental stores etc. in addition to the usual market stalls) which would yield the maximum return for the money invested.

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7. The matter has been discussed in the Economic Committee and in all the circumstances the majority view taken is that the best way out would be to construct on the present site a multi-storeyed building with accommodation for offices, departmental stores etc. in addition to the usual stalls. The object is twofold. First to maintain present market facilities and secondly to obtain the maximum commercial return on the development of the site. The question of whether the development should be undertaken directly by the Government or by a private company could be deferred until the plans and estimates of the new building are finalised.

11th July, 1963.

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Report on the construction of a new Valletta Market on the Site of the present one by a Corporation

The Committee set up to examine this question was given the following terms of reference:-

"To examine the possibility of the construction of a new Valletta Market on the old Site by a Corporation and to suggest ways and means to safe-guard the interests of present Stall Holders".

- 2. It may not be out of place to recall that there is positive danger in the roof of the Market and that it would cost about £20,000 to put right the defective sections. Given the age, inefficiency and lack of hygiene of the present Market it was considered preferable to rebuild the Market on modern lines rather than spend a considerable sum of money simply to retain the present structure with all its disadvantages.
- 3. The Committee met four times to study the problem of a private company undertaking the reconstruction of the Market; a problem which is made immeasurably more difficult because the Market is in occupation and because the interests of the present stall holders are to be safeguarded.
 - 4. The main aspects of this problem are set out below:-
 - (a) Formation of a private company with adequate capital;
 - (b) Phasing the work to allow at least partial functioning of the Market during construction, or alternatively;
 - (c) Finding alternative accommodation on another site for a temporary Market;
 - (d) Charging rentals to allow the company a net profit sufficient to attract participation;
 - (e) Keeping rentals for the new and larger stalls within "reasonable" limits;

- (f) Convincing the stall-holders either to partial loss of business if construction is undertaken while keeping a part only of the Market running, or to move to a temporary Market set up on another site;
- (g) Providing off the street parking for traffic generated by the Market.
- 5 To speed up the investigation of the various problems and, consequently the submission of the report, sub-committees were set up to study two basic factors to this question, viz:- (a) the cost of the works involved; and (b) the stand of the stall holders and their willingness or otherwise to co-operate, and possibly to participate in the private company.
- 6. The first sub-committee was made up of Mr John Spiteri, A. & C.E. and Mr R. Degiorgio, B.E. & A., A. & C.E., F.R.I.B.A., and having carefully examined the design, the site conditions, quantities, etc. they came to the conclusion that the revised estimate of £153,000 was a reasonable assessment of the cost of this scheme and this figure was adopted by the Committee in investigating the economic feasibility of this project. The figure of £153,000 does not include any expenses which may be involved in the temporary accommodation of stall holders elsewhere while the Market is being reconstructed nor possible compensation for loss of business during this period.
- 7. The second sub-committee was composed of the Commissioner of Land and Mr J. Caruana Curran. This sub-committee tried to approach the stall holders through the General Retailers Union to whom a full explanation was given of the task before the committee. It was not possible for the sub-committee to contact the stall holders direct nor could arrangements be made for a deputation to meet the full committee. But the reaction of the stall holders was known unofficially through Mr Caruana Curran's contact with the more influential stall holders and the response he got to the Government proposals. It was only on the 20th December at a meeting held at the Baviere School that the committee had

the opportunity of meeting all the stall holders. This meeting was called as much to hear their views about the reconstruction of the Market, as to remove from the minds of the stall holders certain fears which had developed from a mistaken understanding by the stall holders of the Government's intentions. This, it is hoped, the committee has achieved by explaining carefully and repeatedly the terms of reference set to the committee and emphasising the instructions that the interests of the present tenants are to be safeguarded.

- 8. Besides the financial and economic considerations there are two important factors which vitiate the setting up of a private company. The first is the presence of the stall holders in the Market as this renders reconstruction well-nigh impossible unless alternative accommodation is found for them or agreement is reached on the temporary evacuation of part of the Market if reconstruction is carried out in stages. In either case, the goodwill and full co-operation of the stall holders would be an essential pre-requisite to success. The second point is that the company would have its hands very largely tied right from the start because of the Government's stand of safeguarding the interests of the present occupiers. Because of this assurance, the company would not be in a position to plan the Market to best advantage nor to charge the best possible rents.
- Because of its extreme importance, we set out hereunder at some length the position and the attitude of the stall holders to the project under study.
- 10. Bearing in mind our terms of reference which clearly specified that the interests of the stall holders were to be safeguarded, one of the steps which we considered and agreed upon from the start was that in the event of the formation of a company these stall holders should be invited or rather encouraged to acquire shares. It was also considered proper that these stall holders, who after all are the persons most directly affected by the formation of a company, should be approached and their views sought. The necessary authority for making contact with them was duly obtained.

- ll. We did anticipate that the proposals would not be welcomed with enthusiasm and that direct opposition would come at least from some of the stall holders but we did not anticipate their completely negative attitude and indeed their active and unanimous opposition. From the very first contact made with the stall holders it was felt that an air of antagonism and suspicion was indeed prevalent. The General Retailers Union called a general meeting of all the stall holders with a view to elect representatives of the various trades i.e. grocers, butchers, fishmongers and greengrocers to discuss matters with the committee and possibly to be present at all committee meetings. A copy of the relative circular, which was shown to us before issue is at Annex "E".
- 12. It resulted, however, that the stall holders were not prepared to entrust the Union with discussions on their behalf. In fact they did not even want to elect their own representatives to this end but they insisted on being given the opportunity of meeting the whole committee at a session at which all of them would be present.
- 13. Meanwhile from discussions which the sub-committee had with the more influential stall holders the general picture of the position could be summed up as follows:-
 - (a) The stall holders were full of suspicions of the whole scheme. One such serious suspicion was that the scheme had not originated from the Government but from some interested person or company;
 - (b) They feared that rents would be much higher if a company were to take over;
 - (c) They were prepared to co-operate with the Government only if the Government itself were to execute the scheme;
 - (d) They wanted representation on this committee, being of the firm belief that no one else would protect their interests better;

- (e) They wanted to see the plans of the new Market which according to them should provide for a Market spread over one floor only, They would not welcome radical changes, contending for example that the car-parks will not yield any revenue as these would be used almost exclusively by them. Thus the idea that they might be asked to pay for their own parking facilities did not even strike them;
- (f) They did not share the opinion that it is necessary to build a new Market. They held that, in any case, if the Government desired a new Market it should build one itsel.'. But their main point remained that it is not necessary to do more than repair the roof and the floor;
- (g) If it was decided that a new Market were to be built, they would prefer to be given temporary alternative accommodation instead of phasing the building operation in such a way as to permit for one half of the Market to operate while the other half is being rebuilt;
- (h) They complained that the re-building of the Market would cause them great individual hardship as many of them have had to borrow money to improve their own stalls by the purchase of made-to-measure refrigerating counters and other costly equipment;
- (i) They asserted that they could not gather the necessary capital between them so as to form the company themselves and thus be masters in their own home; but they were so much against the idea that they declined even to be advised on ways and means of obtaining the required finance.
- 14. On the 20th December, at the Baviere School the whole Committee met the stall holders in their full force at which Dr V. Ragonesi, the Public Rel tions

Secretary, and Mr G. Caruana, M.L.A., were also present.

It was clearly explained to them that the aim of the

Government was to see a more efficient Market and that, at

that stage, Government was only considering the possibility

of the formation of a company. Nothing new emerged from

this meeting except a re-affirmation of their unanimous

opinion that what was really necessary was repair work and

that if the Government considered the whole building to be

in danger than it should demolish and rebuild it at its own

expense.

- 15. The plan for the reconstructed Market provides for 160 stalls. The committee feel that there would not be a demand for all the stalls the more so as these are larger than the existing ones. The present tenants are of the same view: they further hold that business at the Market is going down because of the many attractive Stores and Butcher shops opened in every town and village in Malta. However, the Committee consider that this negative aspect could be turned into a positive gain by allocating say 40 stalls to new lines of business such as the sale of hardware, toys, household utensils, crockery, etc. The introduction of this business into the Market might help to attract more customers to the Market as a whole and moreover the rentals for these new businesses would not be tied in any way to existing rents and might therefore produce a higher return.
- 16. Having outlined the background against which the private company would have to work, we now come to a study of the economics of such a venture. It is to be borne in mind that the primary factors to induce investment are security and return on capital. As far as security is concerned we feel that any investor putting his money in such a venture would not be taking undue risks. The business is already established, even though it is admitted that it has seen better times, and the chances of having considerable number of stalls unlet are indeed remote. One must not forget that every square foot of space in Valletta is considered to be precious by the commercial community and there should be no exception to this in the case of a modern building set

up in one of Valletts's busiest quarters in Merchants Street.

- 17. Annex "A" shows present distribution of stalls and the revenue accruing to Government from their rentals: These add up to £5,901. 16s. Od per annum. Annex "B" gives details of the build up of preventive estimate of £153,000. Annex "C" is a forecast of expenditure and revenue. Annex "D" is a plan of the proposed Market and lastly Annex "E" is a photostat copy of the circular sent out to all "Valletta Market Stall Keepers" by the General Retailers and Traders Union and the covering letter from the Union Secretary.
- 18. In order to make an assessment of what could be the expected return on the capital invested in such a project, a statement showing the estimated revenue and expenditure of the prospective Company has been prepared and is attached to this report Appendix "C". Certain items are, of course, hypothetical as, for example, the salary of a Manager, the salary of a Health Inspector, wages of watchmen etc. It could, of course, not be ascertained at this moment whether the company would be made to pay for the services of a Health Inspector. The company would not doubt make its own arrangements in order to run the business in the most economical manner possible but we have attempted to put down what, in our opinion would be reasonable requirements.
- 19. Other items of expenditure provided for are wages for cleaners, water and electricity consumption, general maintenance and repairs and amortisation contributions.
- 20. As regards revenue we have estimated the rent of the stalls to be at £72 per annum which is double the present average and that for the fish tables has been left at its present level of £36 per annum. We consider that these figures are not unreasonable taking into account the larger area of the stalls and the increased amenity of the new structure. They also compare favourably with rentils chargeable anywhere else in Valletta.

- think that all the 160 stalls would be taken up by the present stall holders. Indeed we consider it necessary in the interest of all concerned to leave a number of these for use on "new" lines which we shall describe as "general" stores. For this purpose there have been provided, in the plan, four blocks each having an area equal to that of eight normal stalls and three other blocks each equal to six normal stalls. We have estimated the rent for the former at £400 per block per annum and for the latter at £300 per block per annum. As for the fourteen basement stores, each measuring 14 feet by 10 feet, we calculate that these could easily fetch £50 per annum, and the slaughter house could be let to the Government for a sum of £300 per annum.
- 22. We have also estimated an average daily taking of £5 from parking fees from the basement and ground floor level. In order to ensure that all fees are duly collected we have provided for two car park attendants with a total annual wage bill of £620.
- obtained the following figures: Annual Expenditure £5,430, annual revenue £13,900; yielding a net income of £8,470 or just over 52% on the capital invested. With this return of 52% we are inclined to believe that it will not be easy to attract the necessary capital. We consider that one can invest one's money more profitably and equally securely. It will be noted that in our estimates we have made no provision for the payment to the Government of ground rent. The Government is at present receiving £5,900 gross per annum and if it should be made a condition that this amount, or anything near it, should eventually be paid by the Company to the Government in the form of ground rent, then we could categorically say that the whole idea is an impracticable financial proposition.
- 24. As already stated in para. 8 above, the possibility of a private company being set up and running the Market efficiently and profitably is vitiated by two most important factors:- the presence of stall holders

on the site and the Government's declared policy of safeguarding their interest. We are aware that the present tenants have no legal rights in the matter and that Government is not bound to renew the current one-year leases. But a moral right exists and our terms of reference make it clear that Government intends to recognize these rights.

- 25. It is our view, therefore, that a private company is not likely to take on the reconstruction of the Market on the basis of the draft plans so long as it is tied by the obligation of providing accommodation for the present tenants in the new building at rents more or less comparable with those now being paid. We are of the opinion that under these conditions a private company would still find the proposal unattractive even if it got the site free from the payment of any ground rent.
- 26. The Committee, however, considers, that there is a possibility of a private company taking on this venture if the conditions for development of this site are suitably widened. We have in mind, for instance, the limitation of the Market to the basement and ground floor only with the overlying area being developed freely by the company e.g. for offices, to enable it to recover costs and to provide for the uneconomical "market" lettings by freer and more lucrative renting of the floors above.
- 27. The problem before the Committee was the reconstruction of the Market and the limitation of its use to the sort of business now carried on in the present structure. The proposal set out in outline in para. 26 is for a development of the site for purposes which go beyond the existing use and the Committee therefore feels that it should not examine this alternative further without going beyond its terms of reference. Should Government accept the

possibility/...

possibility of mixed use of the site and should it extend the terms of reference accordingly this Committee would study this problem further and submit detailed and concrete recommendations.

	(Chairman)
(Secretary)	
	(Member)
	(Member)
	(Member)
	(Mambar)

APPENDICES

- A. Number and Rentals of Stalls
- B. Estimates of reconstruction costs.
- C. Statement of estimated revenue and expenditure of the proposed company.
- D. Plan of the proposed market.
- E. Copy of circular from General Retailers Union to stallholders.

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VALLETTA MARKET

Number and Rentals of Stalks

Stall No.	Rent per Month	Stall No.	Rent por Month
	£ s d		£ a d
7 8 9 101 123 145 167 189 221 22 22 22 22 22 22 23 33 33 47 45 51 52 55 55 55 56 66 66 66 66 66 66 66 66 66	8 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		00000000000000000000000000000000000000
667 68 69 70 71	2 0 0 0 6 0 8 0 6 5 6 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	164 165 166 167 168 169 170	3 10 0 7 6 8 8 3 6 8 3 0 0 2 0 0

Stall No.	Rent	per	month
	£	В	d
172 173 174 175 176 177 178 179 180 181 182 183 184 186 187 188 189 190 201 202 203 204 205 206 209 210 212 213 214 215 216 217 218 219 220 223 224 60 185	333353363333336134322113452121711113433	2002202523000606200025500050059000	600660606400080ether

Estinates of Reconstruction Costs

	Demolition of Existing Building			
	Superstructure	£800	(say)	
	Ground Floor and stalls	£1,200		
	Basement	£3,000		£5,000
	Foundations			
	Take up made up ground) Rock Cutting	£5,000	(say)	
	Formation of Foundations	£3,000		A STATE OF THE STA
	Structure up to basement level	£7,000		£15,000
	Erection of Structure			
(R.C. Slabs 6,920 sq. yds @ 45/-	£15,570		
IALTA	R.C. Beams 42,624 c. ft @ 18/-	£38,361.	12, 0	-
TA' N	R.C. Columns 10,080 c. ft @ 16/-	£8,064	say	£62,000
NAL	Cladding External			
OZZZ	10,000 ft. run (14'ht) @ £18	. 0. 0	say	£18,100
N II	Roofing			
L-ARKIVJI NAZZJONALI TA' MALTA	"Flint kote" or tiling 1,730 sq. yds @ 12/	_		£900
C	Stairs			
	Merchants Street 2 No.	£4,000		05 000
	St Paul's Street 1 No.	£1,000		£5,000
	Lifts			200 40000
	Large Goods lifts 2 No. @ £4,	000		28,000

Stalls/...

	Stalls								
	Walls, (internal only, by tenants)	fron	ts						
		£5.	0. 0					£2,400	
	Floors								
	Stalls 11,520 sq. ft. @	14.	0 sq.	m.		£806			
į	Passageways 18,700 sq. ft.	£4	sq.y	đ.	٤	8,264			
	Parking areas 3,460 sq.yds	£2			£	6,920	say	£16,000	
	Decoration and renderi	ng							
	Ceilings 6,920 sq. yds. @ (Add for walling, colu	4.0			£	1,384	вау	£2,500	
	Essential services								
	Plumbing and Fire Hydr	ants				£800			
	Electricity				£	1,200			
	Sewerage					£300			
	Foul Water					£700			
	Light fittings				£	1,500		£4,500	
								£139,400	Ē
				add	10%	say		13,900	
					EST	IMATE	SAY	£153,300	

Annex C

Estimated Revenue and Expenditure of the Company

EXPENDITURE

REVENUE

1.	<u>Administration</u>			1. Rent
	1 Manager 1 Sanitary Insp.	£600 p.s.		'a) 122 stalls @ £8,784
	2 Watchmen (or Police)	£730 p.a.	£1930	b) 20 fish tables) @ £36 each 720
2	Laintenance			c) Proposed general stores:
	1. Wages of 4 cleaners @ £300 p.a.	£1200		4 blocks (x 8 stall spaces @ £400) 1,600
	2. Electricity:- Lifts £100			3 blocks (x 6 stall spaces) 300
LTA	3 floors £600			Basement stores
MA	Park and garage £200	900		14 (each 14' x 10') @ £50 each 700
ALI TA	Water (for washing)	150		Slaughter house 300
L-ARKIVJI NAZZJONALI TA' MALTA	4. General Main- tenance and repairs	500	2750	2. Parking foos £5 p.d. (300 days) 1,500
N ITAL	. Wages to two car park attendants	620	620	
C L-ARK	Sinking Fund: or the basis of a 99 year lease & 4% p.a. on a capital of £153,000		130 £5,430	£13,904
				Say £13,900

Annex E

GENERAL RETAILERS & TRADERS UNION

Ref.E.C.26/11-267

Headquarters: 87, Old Mint Street, Valletta.

27th November, 1963

J. Caruana Curran Esq., Caruana Cold Stores, Spencer Hill, MARSA.

Sir,

I am directed to forward to you, for information, a copy of the attached Circular sent to all "Valletta Market Stall Keepers".

As verbally explained on the line the President, Mr C. Rausi, will appreciate your presence at this meeting.

Yours Sincerely,

PERM NENT SECRETARY

GENERAL RETAILERS & TRADERS UNION

87, Triq Zekka, Il-Belt.

> 27 ta' Novembru, 1963 Cirkulari Nr. 35/63

IL-PROGETT GHAR-RIKOSTRUZZJONI TAS-SUQ TAL-BELT

IL-GVERN INNOMIN. KUMIT. T KO POST MIC-CHAIRMAN U ERBA MEMBRI

i.e. TNEJN JIRRAPPREZENTAW IL-GVERN U TNEJN INDIPENDENTI SABIEM

JIVVERIFIKAW U JIRRAPPURT W FUQ IL-POSSIBBILTA TAR-RIKOSTRUZZJONI

TAS-SUQ TAL-BELT FUQ PROGETT TA'KUIP NNIJA (LIMITED COMPANY)

TOTALMENT PRIVATA, PERMEZZ TA' SHARES U LI FL'ISTUDJU TAGHHOM

GHANDHOM ISIBU MEZZI BIEX JISSALVAGWARDJAW L-INTERESSI TA LI "STALL

KEEPERS" PREZENTI.

GALL DIN IR-RAGUNI DAN IL-KUMITAT JIXTIEQ, PERMEZZ TAL-GENERAL RETAILERS & TRADERS UNION, JIKKONTATTA MA TNAX IR-RETAILER (3 TAL-LAHAM; 3 TAL-AUT; 3 TAL-GROCERS U 3 TAL-HAXIX) LI GAANDHOM POST F'DAN IS-SUQ, BIEX JIRRAPPREZENTAN IL-FHEMA TA' SHABHOM WAQT IL-LAQGHAT, FIL-JEJJINI, T.' DIN IL-KUMITAT.

GALLDAGSTINT DIN L-UNION QGHED. TIBGRAT DIN IC-CIRKULARI LIRRETAILERS KOLLHA TAS-SU, - MEMBRI U MHUMIEX - BIEX JINTAGAW FIL
HEADQUARTERS TAGAH., IL-BELT, 87, TRIQ ZEKKA, NHAR IT-TLIETA, 3 TA'

DICEMBRU FL' 4 P.M. BIEX JINNOMINAN 12 IR-RAPPREZENTANT TAGAHOM U
BIEX JIGI LILHOM SPIEGALT IL-PROGETT IL-GDID GAAR-RIKOSTRUZZJONI
TAS-SU, TAL-BELT, TAT APMINISTRAZEJONI TA' KUMPANNIJA PRIVATA FEJNIL-PROPRIETARJI TAL-POSTI PRICENTI GALNDHOM JKUNU PRIVILEGGATI.

EBD. RETAILER LI GALNDU POST. IS-SU, TAL-BELT MA GALNDU JONGOS MIN DIN IL-LAGAA. IMPORTANTIGSIMA, U MA HUWATEX MEHTIEG LI WIEHED JKUN IMSIEHEE JEA LI JISSIEHEE F'DIN L-UNION SABIEX JATENDI.

EJJEW IL-KOLL U L. TON SUX.

V. EMINYAN. SEGRETARJU GENERALI