

MEMORANDUM BY THE MINISTER OF INDUSTRIAL DEVELOPMENT & TOURISM ON THE SUBJECT OF AN APPLICATION FOR ASSISTANCE UNDER THE AIDS TO INDUSTRIES ORDINANCE FROM DENETTE LTD.

Mrs. D. Kallend, on behalf of Denette Limited, filed an application with the Malta Government Tourist Board for assistance towards the conversion of Selmun Palace into an exclusive small hotel with ancillary amenities, including a large restaurant. Applicants plan to increase the accommodation available within the Palace by 20 luxury chalets as a second stage of development.

2. The total cost of the conversion (excluding the cost of building the 20 chalets) is estimated to be in the region of £50,000. The Company estimates an employment figure of 30.

3. The Company is not eligible and indeed are not seeking financial assistance by way of grant. The Company has applied for and the Tourist Board has recommended the following aid:

- a) Income Tax relief under Section 6 of the Aids to Industries Ordinance for a period of 10 years;
- b) Customs Duty exemption under Section 7(1) on constructional equipment and material and on hotel operational equipment, including furniture;
- c) The extension of electricity to Selmun Palace at the Government's expense.

4. The Tourist Board points out that the project would provide various amenities which at present are sadly lacking, including an open-air restaurant and eventually a roof restaurant. It is the Company's intention to engage the services of a first class chef and other key restaurant personnel.

5. The Company has already acquired the remaining lease of Selmun Palace and grounds (which expires in 11 years' time) and are applying for a perpetual lease under the same terms and conditions in the current temporary lease. This, the Company considers necessary in view of the heavy capital commitment. The Antiquities Committee will be expressing its views on the lease.

6. Denette Limited are prepared to undertake to spend the sum of £50,000 on improvements at Selmun Palace, to carry on and conduct its business as proprietor of a first class tourist establishment (hotel and restaurant) for a minimum period of ten years, and to repay to the Government the sum expended on providing electricity to the site in the event of default on the part of the Company to adhere to these conditions.

7. Hon. ^{Members}Members are asked to state whether or not the recommendations of the Tourist Board should be accepted and, in the affirmative, to confirm that His Excellency may be approached for orders under Sections 6 and 7(1) of the Aids to Industries Ordinance to be issued.