

Memorandum by Minister of
Industrial Development and Tourism

Comino Development Company

By deed published on 11th March, 1960 the previous administration had granted the Islands of Comino and Cominotto on a 150 years emphyteusis to the Comino Development Company and the Company had bound itself to carry out, at an aggregate cost of £500,000, a project consisting in the building of a 200 bedroom hotel on Comino, a restaurant on Cominotto and other general resort amenities. The project was to be completed by 11th March 1963. The previous administration had also informed the Company of its approval of financial assistance by way of grant though the relative deed of grant was not signed.

The building of the hotel and a number of ancillary amenities on Comino have reached an advanced stage but is not expected to be completed before the end of July, 1963. By that date it is expected that the Company will have invested about £250,000 in permanent improvements on the island.

The present position is therefore that on the 11th March, 1963 the Company will be in default in respect of the completion of the project. The Company has applied for more time in which to complete the project and it is felt that, considering (a) the expenditure already incurred by the Company, (b) the abnormal circumstances which the carrying out of a project of this size meets in a place like Comino, and (c) the fact that this is the first foreign company which has furnished concrete evidence of its serious intention to complete its project in the field of tourism, the Company should be allowed to carry on with the project and be provided with the necessary extensions and financial aid notwithstanding its default.

At the same time it is considered that the Government should avail itself of the Company's request for an extension

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of time by varying certain conditions of the original emphyteusis in such a way as will, without hampering the Company, improve the Government's position under the emphyteutical concession.

As a result of discussions recently held between Government representatives and Mr. Wilson, a director of the Company, agreement has been reached, subject to Government's approval, for the signature of a deed for the modification of the conditions of the emphyteusis and of another deed for the provision of financial assistance by way of grant.

The modification of the conditions of the emphyteusis provides for -

- (a) (i) the completion of the hotel by the 31st July, 1963,
- (ii) the completion of the restaurant and the putting of the hotel and the restaurant into operation by the 31st March, 1964,
- (iii) the expenditure of not less than £450,000 by the 11th March, 1965, and
- (iv) the completion of the project by the 11th March, 1966;
- (b) the expenditure of the whole amount of £500,000 on permanent improvements, of which amount not less than £300,000 are to be expended on the hotel and annexes and the restaurant;
- (c) greater control of the Company's development of Comino by requiring the submission of plans for Government approval in respect not only of the hotel and restaurant but of all other resort amenities;
- (d) a change of site for the restaurant from Cominotto to Santa Maria Bay on Comino;

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- () (e) a restriction on the extent of the foreshore originally granted to the Company, so that the Company's rights will be limited to that part of the foreshore enclosing the areas of Comino and Cominotto immediately required for tourist development.

The draft deed of grant is in accordance with the standard form for such financial assistance as adapted to the circumstances of this case having regard to the advanced stage of construction of the hotel. The deed as drafted for this case by the Law Officers in consultation with Commissioner of Land and the Chairman of the Malta Government Tourist Board will limit the grant to the part of the project consisting in the hotel and annexed amenities (including any residential suites serviced by the hotel) and the restaurant. The security and other usual conditions safeguarding the Government's interests are included.

Hon. Ministers are requested to approve that the Company be allowed to proceed with the project and that financial assistance be provided to the Company under the conditions and in the manner outlined above.

14th January, 1963.