

Memorandum to CabinetHotel Projects for Coal Yard Site, Ta' Xbiex

The Malta Government Tourist Board had asked for applications for the development of the ex Naval Coal Yard Site at Ta' Xbiex.

Three applicants had replied within the time limit set by the Board, viz:-

- a) Messrs. Malta Development Ltd. 308-bed hotel
- b) Hugo Pace & Sons Ltd. 312-bed hotel
- c) St. George's Park Co. Ltd. 160-bed hotel or 204-bed hotel

The Board discarded consideration of the projects at (c) because of the number of beds involved.

The Sub-Committee of the Tourist Board composed of Chev. V. Bonello, Mr. F. Darmanin and Mr. Henry Micallef (Secretary Mr. A. Mallia) after having examined the projects by Messrs. Malta Developments Ltd. (Project 'A') and by Hugo Pace & Sons Ltd. (Project 'B') submitted their report to the Tourist Board.

In this report it is stated that Project 'A' "has a block shaped appearance" whilst Project 'B' was aesthetically a better project, its exterior having "a more imaginative facade" and "a more undulating movement". They added that the general lay-out had "a more congenial aspect".

The Sub-Committee also reported that Malta Development Ltd. (Project 'A') seem to be in a better position to abide by their financial commitments as they had been "informed" (it is not stated by whom) that this Company had "total assets in the region of £2,000,000" whereas Hugo Pace & Sons Ltd. proposed to finance their project by £220,000 from the shareholders own resources, by £150,000 by way of funds from BICAL and the balance by way of Government Grant.

Having regard to the foregoing the Sub-Committee decided to recommend the project of Malta Developments Ltd. (Project 'A') for approval in principle by the Government with the proviso that the Company "should be asked to produce revised plans and drawings with an improved extension" which would prove satisfactory to the Board. The Report was duly submitted to the

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Board on the 7th August and the majority of members agreed to adopt it.

The Hon. Minister of Education, Culture and Tourism is unable to agree with the recommendations of the Board because of two major considerations:

- a) The plans of Hugo Pace & Sons Ltd. (Project 'B') were admitted to be superior in every way.
- b) The negative attitude adopted towards the financing of the project put forward by Messrs. Hugo Pace & Sons Ltd. which is in direct contradiction with the decision already taken at the meeting of the Board of the 8th May (attended by 11 out of 14 Members) when after having heard Mr. Cecil Pace, the Board "expressed itself as satisfied that the evidence of finance as described was to be considered as being adequate and satisfactory". Copy of the relevant minutes are enclosed.

Hon. Minister of Education, Culture and Tourism is therefore of the view that the project of Hugo Pace & Sons Ltd. (Project 'B') should be accepted and Honourable Ministers are asked to express their views as to whether they are in agreement with this recommendation.

19th August, 1967.

Extracts from the Minutes of the Meeting of the Malta Government
Tourist Board held on Monday, 8th May, 1967, at 3.00 p.m.

1500. Ta' Xbiex Hotel Project
Messrs. Hugo Pace & Sons -
("President Hotels Ltd.")

As agreed at the last Meeting the Board heard the personal representations of one of the Company's Directors, Mr. Cecil Pace.

During the interview he submitted to the Chairman and Members a copy of a letter dated 8th May, 1967, which, for record purposes, is subjoined:-

"The Chairman and Members,
Malta Government Tourist Board,
Merchants Street,
Valletta.

Our Ref. HAP/mp/988

Dear Sirs,

We are very pleased that you have afforded us the chance of having our Mr. Cecil F. Pace present at your Board Meeting of today as this will enable Mr. Pace to clarify any points which may arise in connection with our application. Mr. Pace will also have the opportunity of explaining that as we are not property and land dealers our only scope in obtaining this site and aid is to enable us build and operate ourselves a fine hotel which will contribute towards Malta's tourist development. This hotel will be our third hotel because as you know we already own and operate the Hotel Capua Court and we shall soon complete the advanced construction of the Hotel Castille in Valletta. In owning and operating three hotels we shall undoubtedly be able to operate satisfactorily as we shall be able to cater for different categories, centralise our administration, advertising and purchasing. These are important factors which will undoubtedly contribute towards the successful operation of these hotels.

With regard to the financial requirements which we and our bankers will need to put up we wish to assure you that all these funds are readily available and if necessary, we shall be happy to substantiate this assurance with either liquid cash or Malta Government Loan Stock Certificates.

We first applied for this site in August, 1965, and we have been actively pursuing this project ever since. We are naturally very aware that this is a particularly suitable site for a fine hotel and you can therefore appreciate that we have had no hesitation to decline handsome cash offers from other applicants to abandon our application or to enter into a joint venture. We are very hopeful to obtain early approval to our application as we wish to commence construction without any delay.

Yours very truly,
HUGO PACE & SONS LTD.

sgd. Henry A. Pace

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Following a lengthy discussion Mr. Cecil Pace assured the Board that as regards evidence of finance he would be prepared to submit to an indicated Government authority the actual Government Loan Stock Bonds in respect of an amount remaining to be covered, less the grant applied for: or as to one third of the total cost of the project by the "ad hoc" hotel company or personally in the name of Mr. Cecil and Henry Pace: and one third by Bank's (BICAL's) facilities.

Though a certain amount of difficulty presented itself, as the Bank and the Hotel would be owned by literally the same Company, and, therefore, it may not be easy to identify precisely whose money in fact was being shown in evidence, the Board's preoccupations were allayed on hearing Mr. Cecil Pace's assurances, that at the material time when negotiations with Government would have reached a more advanced stage, he would be able to produce individual financial evidences to satisfy the Tourist Board and the Government that the finance was available and that it would meet and fulfil the criteria laid down of one-third the Company's "own involvement", one third Bank or other financial institution (and one-third grant, if this is eventually approved by Government).

In connection with the operation of the Hotel, Mr. Pace stressed that they would operate it themselves, as they have been doing in the case of Capua Court Hotel and as they will also do in the Hotel they are building at Castille Square, Valletta - but with the help of expert management. They would not lease it to operators.

The Board had not further points to clear with Mr. Pace who then withdrew.

The Board expressed itself as satisfied that the evidence of finance as described was to be considered as being adequate and satisfactory.

Of course at the material time Government too would have to be satisfied before any deed of grant is eventually signed.

Members were then acquainted with the Government's procedure whereby the Crown Advocate General effects the "researches" on the Company before minuting his positive recommendations to the Ministry of Finance - so that a deed of grant could then be signed.

The suggestions that the Board should not recommend to Government the postponement of the hypothecary privilege was rejected since in every case where this was requested, it has been unfailingly approved by Government. To adopt a different policy for this project only would open the Board to an accusation of discrimination, which the Board had to avoid at all costs.
