

EXTENSION OF ESSENTIAL SERVICES TO HOTEL RESORT SITES

The extension of municipal services was recommended by the Malta Government Tourist Board (prior to the setting up of the Malta Development Corporation) as an additional incentive to hotel entrepreneurs. In making this recommendation, no relation was established between the cost of such municipal services and the aid given to hotel entrepreneurs. Neither was a ceiling laid down on the cost of such services. Such costs may vary due to the fact that projects may be localised either in a fully serviced area, where municipal service costs are relatively low, or in a non-serviced area (e.g. the Ghadira/Mellicha area) where, besides at time being almost non-existent, municipal service costs are bound to be relatively high.

2. The various categories of projects which may require municipal services may be classified under three headings:-

- A. On a public site, with Government financial assistance;
 - B. On a private site, with Government financial assistance;
 - C. On a private site, without any Government financial assistance.
- A. In the case of projects falling under this division municipal services are provided at Government expense and no question had arisen as to their eligibility for such aid; as a matter of fact Government binds itself to provide such services in the deed of grant. Such a concession has been based **on the consideration that once Government-owned land is given on temporary emphyteusis to the hotel entrepreneur, investment in the form of supply of essential services to the resort site would, in the long run, enhance the value of Government property.**
 - B. Some of the projects falling under "B" have been serviced at Government expense. As a rule, no services are provided at Government expense when the hotel happens to be in a fully serviced area but exceptions were made even in such cases as regards certain hotels in the Sliema/St Julian's area, especially in the provision of

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electricity supplies in view of the high cost of such a supply to a hotel of some 200 beds or more. The supply of essential services at Government expense, in these instances, has been conceded more as an additional incentive to hotel entrepreneurs than from the "investment" point of view;

- C. As far as could be ascertained by this Ministry no requests for provision of municipal services free of charge have ever been put up by hotel entrepreneurs who were not in receipt of Government assistance.

3. It follows from the above, that in the granting of Finance approval for the extension of essential services to Government-aided hotels built in privately-owned sites, the main consideration has been the extent of the costs involved. In other words where costs have shown to be relatively high and as such likely to constitute a deterrent to the prospective entrepreneur Government has stepped in and provided the required services out of public funds.

4. This Ministry feels that the arrangements for extending aid followed so far have proved satisfactory and Ministers may wish to agree that in the future the following policy may be adopted:-

- (i) as regards hotel projects on public sites receiving Government assistance these may continue to be provided with municipal services at Government expense;
- (ii) with regard to other hotel projects the policy followed so far may continue to be adopted but stricter financial control should be exercised to ensure that the provision of municipal services at Government expense would be in direct relation to the hotel aid received by the entrepreneur and to establish beyond doubt that the entrepreneur deserves further incentives in the form of such services. It is felt, however, that, with the growing development of the hotel industry and resort sites, the need for such services at Government expense should diminish in the future and this policy may have to be revised when the need for incentives in the hotel-building industry will not be so urgent as they are now.

8th January, 1969.