

Memorandum by the Hon. Minister of Education, Culture and Tourism on the subject of the grant payable to the Malta & Europe Hotels Limited in respect of the Grand Hotel Excelsior.

Following Cabinet's decision; (OPM/403/66 of the 16th August, 1968) that approval had been given for an increase of the grant in respect of this hotel project to 33 $\frac{1}{3}$ % of the estimated revised total cost of the £1,362,000, a Savingram was sent to the Ministry of Overseas Development through the Ministry of Commonwealth and Foreign Affairs, Malta, recommending the increase mentioned above. Following initial adverse reception of the Savingram I went to see Sir Geoffrey Tory and discussed the matter with him at some length.

As a result of further discussion with the Malta Development Corporation this Ministry forwarded copy of a recommendation from the General Manager of this Corporation for the grant to be raised to £454,000. In the meantime the British High Commission put forward another difficulty by saying that so far only approval in principle had been given for £290,000 and this apparently because of a technicality involving the terms of a letter sent to the British High Commission by the Secretary, Ministry of Industrial Development and Tourism on the 3rd March, 1966.

A further communication from the British High Commission dated 12th April, 1969, stated that the case put forward by the Malta Government for a grant of £454,000 had been carefully reconsidered by the Ministry of Overseas Development who came to the conclusion that the reasons set out in Malta Government Savingram No. S 44 of 19th November, 1968, were not such as to warrant the setting aside of agreed procedure for aid to hotels. The letter went on to say that it followed therefore that the maximum aid for this project at the rate of £580 per bed for 390 beds is £226,200. Whilst reiterating the point made before that no formal approval had been given by the Ministry of Overseas Development it was pointed out to this Ministry that since the grant was now less than £250,000 we might wish to place the whole matter in the hand of the Malta Development Corporation.

Because of the reasons which had induced Government to recommend that the grant be raised to 33 $\frac{1}{3}$ % of the cost of the hotel it is recommended that the Malta Development Corporation be requested to approve a grant to the limit up to which they are authorised to do so, mainly £250,000. It might well be that Ministers might feel that in view of the special circumstances concerned with the building of this hotel the grant should be increased but if so it should be borne in mind that this would mean that any additional grant would have to be met out of Malta Government funds.

Ministers are requested to consider the matter and give directions as to the action that should be taken in this case.

4 MAY 1970