

MECT/646/66

MEMORANDUM by the Hon. Minister of Education, Culture and Tourism regarding additional financial and fiscal assistance in respect of extension to the Dolmen Hotel at Qawra.

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Messrs Dolmen Development Company Limited have applied to the Malta Development Corporation for financial and fiscal assistance in respect of the extension of their hotel as originally planned and approved.

The Malta Development Corporation report that the project originally approved by Government in January 1966 and covered by Deed of Grant dated 11th November 1967 was to provide 152 beds and certain amenities at an estimated cost of construction of £102,100 on which a grant ceiling of £20,420 was approved.

During construction the owners decided to expand the project, not only by increasing beddage capacity by 43 from 152 to 195 but by considerably enlarging the public areas, restaurants, bars, service department, etc., and also enhancing the standard by better finishes. This expansion, approved by the Director of Public Works in March 1969, resulted in a considerable increase in the total cost of construction, i.e., from £102,100 to £218,185, not including cost of furniture and furnishings which do not qualify for grant in this case.

A decision by Cabinet dated 24th August, 1967, (OPM/1105/67) was incorporated at para 2c of the Ministerial directives on Tourism issued to the Malta Development Corporation which reads as follows: "No additional financial assistance may be given to an applicant, to whom assistance has already been given, whether in respect of additions to an existing project or in respect of a new project until specific approval is obtained from the Minister. In determining whether an applicant has already received financial assistance regards shall also be had to the individuals who have in fact benefited from that assistance". In the case of smaller hotels the basis of the grant is either £350 per bed or 20% of the cost of construction and fixed equipment whichever is the lower.

In this case the basis of the additional grant would be £350 per bed (43 beds) which works out at £15,050.

Industrial expansion projects are being granted fiscal and financial aid and the Aids to Industries Ordinance has been amended specifically to provide for Income Tax exemption on expansion projects.

Hon. Ministers are asked to agree that the Malta Development Corporation should be informed that the application by Messrs Dolmen Hotel Co. Ltd for fiscal and financial assistance as above may be given further consideration by them.

30 APR 1970