

PRESS RELEASE

31st January 2019

The Chamber's Views on the Transfer of Public Land are Clear and Consistent

The Chamber's views on the ongoing negotiations between Government and Corinthia Group on the land in St Julians are consistent with those it expressed almost two years ago when it commented about the DB project and the related negotiations. Of course, from the information appearing in the media, the Chamber is aware of notable differences between the two cases. Nevertheless, it has also emerged that although the agreement for the DB project was subject to general disapproval and remains under investigation by the National Audit Office, Government is basing its negotiations with Corinthia on similar parameters.

In 2017, the Chamber said that "Although the sale will provide a positive effect in terms of added investment and business opportunities in the country, the actual mechanics of the deal are the cause for serious concern.... The transfer of public land to private interest is often the subject of serious controversy and going forward, we believe that agreements and procedures must be – and be seen to be – above board and transparent. People dealing in public land must act as if they were dealing with their own property. They must be made accountable for earning the full market value expected from the asset. Our main concern with ensuring that transactions involving public property are open, transparent and properly valued is to ensure a level playing field in business. We believe that this is not difficult to achieve if the existing laws and procedures are properly implemented."

The principles spelt out then still apply today. Consequently, in the interest of ensuring a level playing field, the Chamber is expecting explanations which it has already requested away from the media.

For instance, the Chamber seeks to ensure that the amount paid for the extension of the concession is reasonable and transparent. More importantly, the Chamber wants to ensure that the value incorporates fair compensation for allowing a change of use for the concession.

Given Corinthia's undisputed track record in the hospitality industry brought about by continuous investment even on the site in question, the Chamber feels that there would have been fewer questions asked had the project continued to be exclusively tied to tourism. There is little doubt, from a tourism point of view, that this new investment will contribute towards raising standards to unprecedented levels both at the micro and national levels, possibly enabling Malta and the Group to enter into new lucrative industry niches. However, it seems that part of the proposed project will involve the further construction of residential blocks. The placing of these new units on the market may potentially lead to distortions if, as reported, it eventually emerges that the investor has been granted favourable conditions in the process of renewing the concession of the land as well as in enabling the transfer of lease to third parties.

Besides, in the interest of sustainability, the Chamber is assuming that the relevant authorities are giving due consideration to all environmental concerns that this proposed project has raised.

That said, the Chamber's views on this matter should not be interpreted in any way as criticism towards the Corinthia Group which, as mentioned above, must be credited for investing in the site in question through its three hotel properties. The Chamber has always held the Corinthia Group in high regard as a pioneer and industry leader in tourism since the 1970s. Over the years, the Group has built itself a strong reputation for high standards in the hospitality industry both in Malta and overseas. In fact, Corinthia is nowadays widely regarded as a flagbearer of Maltese investment abroad.

The Chamber shall continue to await official pronouncements and explanations about this project. In fact, it is disappointed to note that no official communication has been forthcoming about what the project will actually entail. This, despite the fact that it is a major project of public interest which has been dominating media headlines for several weeks now. In the interest of all concerned, the sooner the country has official clarity on all aspects of this project, the earlier are unnecessary speculation and suspicion eliminated.

END