

**Paceville Masterplan – GRTU Initial Feedback
28 Nov 2016**

Introduction

GRTU Malta Chamber of SMEs represents the self-employed, micro- and small and medium sized enterprises having direct business interests or operating within the Paceville hub of entertainment. GRTU acknowledges that with hard work, risks, time and investment, Paceville has developed into the entertainment mecca generating business as well as shouldering tourism over the past thirty-five or so years. The Paceville hub attracts over 20,000 punters during peak times opting for entertainment services.

GRTU has taken immediate lead on the matter and commenced consultation with its members over the Masterplan. GRTU has insofar organised a private meeting for enterprise with Planning Authority officials and MTA CEO wherein over 100 business operators voiced their opinion and concern. GRTU has undergone a thorough review of the masterplan on a macro-level whilst holding one-to-one meetings with its members to look into the micro-concerns being put forward. GRTU has also been present on all fronts during this consultation period, including public meetings, BICC discussions, the media, and most importantly the Parliament Environment and Sustainability Committee Sitings.

The Holistic Approach

GRTU has been advocating that our tourism zone areas and town centres need to be managed. GRTU acknowledges that perhaps the development has occurred on an individual basis with the various individual efforts building on each other to provide an economic ripple effect on the area and generating a stimulus for further growth. This is where GRTU agrees that it is a positive idea to consider building on what has been achieved until today through the idea of a holistic masterplan to bring all players together and spearhead forward strategically rather than piecemeal method. Touching

the synergy of the area in certain pockets has to be handled sensitively as it would have collateral damage.

The Nature of Paceville

Entrepreneurs in the area have commented that the present equilibrium found in the sense of the island's entertainment hub has insofar worked and catered for the entertainment industry demands. It is not only the size but also the style and nature of the area. Some have quoted the area as being a Mediterranean-island style of entertainment whereas the 'Manhattan-ization' of the area may not necessarily be the ideal way forward. The present topography and charm which has worked so far is being forced to change into a new dynamic which some businesses fear that it will not necessarily guarantee the same success. This stance is felt to be pushed forward as what is necessary, whereas it seems to be only necessary to accommodate the interests of development proposals that have been put forward for the area concerned rather than being backed by studies that ensure that it will retain the value it has today.

Transparency and Rubberstamping

Businesses have shown their appreciation to the feel of positive enterprise that this would give to the whole area when seeing the project proposal in its totality. Yet the seemingly advanced stage of the masterplan being put forward for consultation, the lack of involvement of MTA in drawing up this plan, accompanied with the hefty media advertisement of this plan as though it is a *fait accompli*, has raised eyebrows.

Amidst feelings that some proposed big structures might dwarf or push out existing businesses both in the long process of implementation as well as upon completion, there are also deeper concerns related to the methodology with which the Masterplan was devised. Genuine questions related to transparency and objectivity are raised as to how the proposal presented seems to benefit certain entrepreneurs in a possible bid to eliminate existing competition.

Going Concerns – Implications already being felt

The Paceville Masterplan seems to be designed onto what appears to be a *tabula rasa*, a blank slate, which is certainly not the case in practice. A simple decision of whether one

building is allowed certain heights and others more or less, or whether one business is to be expropriated to accommodate one particular road to be widened instead of another, has already, as we speak, diminished the value of property and business of specific entrepreneurs which have been employing people, paying VAT and taxes consistently and continuously over the years. This is why the questions are raised as to how decisions were taken. It is being seen as a retro-fit for new establishments – accommodating the new and in some cases eliminating those that are already successfully operating, leaving them either totally out of business or crippled.

The following non-exhaustive examples portray the practical implications that these concerns are raising:

- **Central Area – Paceville Pjazza**

Expropriation: The area from Blackbull towards Axis including the whole triangle owned by the Testaferrata Group but leased into various outlets and operators including nightclubs, pubs, restaurants, apartments and general retail amongst others, are to be expropriated.

Synergy: This will not only effect those establishments but will also damage others on the opposite side of the road where a number of outlets will be affected. The element currently in place is that of having one business complementing another such as a bar, discotheque, and then a takeaway all within a specific environment to constitute the effect of a hub. Taking out part of the present business leaves certain others paralysed or limp because the economic equilibrium would have been distorted.

- **Santu Wistin and Elija Zammit Streets**

The zone entering into Paceville from Triq Mikiel Anton Vassalli is earmarked for development of public use. This area is bound to leave businesses highly effected by the proposed changes.

Effects being felt in the immediate: The value of their property is already being devalued by speculators due to the envisaged use of the land. Employees are already resigning and moving on to work with competitors citing job security as a

concern. Business plans are being distorted due to the area being earmarked for expropriation.

There are also going concerns in terms of return on investment whereby businesses have highlighted how they have risked and opted to enter into business in Paceville to build a reputable name and business within the area to be able to service clients emanating from the area and surroundings such as Pender, Portomaso and other high-end potential clients – to now have their business potentially liquidated when the investment has arrived to a time when it can start bringing in return-on-investment. One needs to also take into account that businesses would have chosen specific areas to invest in order to enjoy prominence and any such change to where they operate from could alter completely their business model due to changes in marketing potential. This could be detrimental or devastating to specific businesses.

Changes in this area would also affect recently purchased property which previously enjoyed potential according to the Local Plan which is now being changed to accommodate the Master Plan. This has a direct impact on the use of recently purchased property and existing business plans that will negatively impact business which is already up and running and employing hundreds.

- **Operation near St. George's Bay**

There are specific concerns raised by both operators and landowners in terms of the area close to the St. George's Bay sandy beach which results in possible closure and loss of goodwill during works. Moreover businesses in this area currently enjoy permits for outside tables and chairs upon which they have invested and depend on for the dynamic of their business which would otherwise run them out of business.

Expropriation concerns

The implications of implementation have been overlooked or not divulged. The going concerns of businesses have not been addressed. In terms of obtaining the land that is being highlighted as zones for other use, there has not been any information related to expropriation and how this compensation will be worked out. Businesses need to know

what will happen to their investment, their employees, their forecasts, and their commitments with banks amongst other. If businesses are to submit to expropriation how will this be undertaken in term of valuating the real price of the business and legacy that has been built, as well as stocks which in certain sectors such as bathroom and tile industry could run into the millions.

There are also businesses that have expressed with GRTU that they have no intent to be expropriated no matter what, whilst others have expressed that they would consider if compensation is devised in fair and reasonable manner. Moreover there is a growing concern as to what compensation is going to be given to both landlord and tenant. Landlords have entered into commitments and are concerned about what will happen with their property. They fear that tenants would not extend or continue to invest in their business or that they may face stretches of time during implementation without tenancy.

Tenants on the other hand have invested over the years and are now in a time of fruition or expecting returns on their investments which such sudden changes would be totally unfair in terms of the spirit of encouraging businesses to take risks and invest in order to eventually reap benefits and sustain the economic cycle.

Implementation phase concerns

Others are concerned with what effect the actual implementation of the project will have on the area itself – whereby such a Masterplan is expected to take years to implement and would therefore disrupt totally the entertainment and tourism scene. There also needs to be an idea of coordination and how government works and private works would be undertaken to ensure coordination of works and minimise disruptions to the area concerned.

Also, in the immediate there are infrastructural necessities and other services that are already heavily due to be attended to. It is to be ensured that these are not further delayed in view of awaiting the implementation of a Master Plan, but on the contrary these are addressed with urgency to avoid implications on what Paceville is today.

Spill-over Businesses

Apart from the entrepreneurs directly involved in Paceville, GRTU also represents a wide range of economic operators who complement what Paceville is today such as food and drink suppliers, delivery operators, tourism agencies, passenger transport operators, gas distributors, waste collectors, cleaning services and many more. The service that these operators provide to generate even more jobs to so many families whilst allowing Paceville to be operational the way we know it, cannot be underestimated. There are challenges for these operators with the present situation and need improvement. Nonetheless one has to not only take into consideration their role and livelihood, but rather see to what effects would be felt in the interim. One cannot merely interrupt operations as there would be a spill-over effect on the Paceville hub as well.

Conclusion

The intrinsic position at this point is that at a bird's eye-view this masterplan provides an impetus to create, imagine and develop a stellar renewed Paceville. This however should not justify in any way, any form of distortion to the present economic equilibrium, which recipe has insofar more than worked, solely through business effort, in the success it is today.

The idea of a Master Plan is a good start as a base for discussion and regeneration of the area but it must be ensured that we are not simply paying lip service when we say it is not cast in stone. Simply having the possibility of presenting one's case to moving part of the proposal by a couple of meters to one side or other is not real consultation and we trust that this would not be the case.

GRTU is hereby presenting a collation of genuine concerns. GRTU is always on the side of progress but remain adamant that businesses that have invested over time cannot be overlooked but rather fully integrated in the core of policy-making.

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