



Economic Affairs September 2025

The Government's rescission of restrictions on the site of the Fortina Hotel

Press Release

This afternoon, the Auditor General, Mr Charles Deguara, presented to the Speaker of the House of Representatives, Hon. Anġlu Farrugia, the investigative audit 'The Government's rescission of restrictions on the site of the Fortina Hotel'.

In 1991, 1996 and 2000, the Government sold several parcels of land in Sliema to Fortel Services Ltd to allow for the extension of the Fortina Hotel. In April 2017 and December 2018, Fortina requested the waiver of conditions restricting use and development. This request was acceded to by Parliament in July 2019 against payment of €8,100,000. The National Audit

Office (NAO) reviewed the process leading to the rescission of restrictions to ascertain whether legislation was complied with, a fair value was realised and the principles of good governance observed.

In 2017, the then Chief Executive Officer (CEO) of the Lands Authority tasked three architects to value one part of the site for which waivers were sought. The value assigned was €8,100,000. Following the resignation of the CEO in 2018 and the conflict of interest declared by the incoming CEO, the Board of Governors (BoG) assumed an active role in the processing of the Fortina request. By end 2018, the BoG established that not all waivers had been valued and that duty on documents had been anomalously deducted. Despite no record of exchanges between the Lands Authority and Fortina, in February 2019, the latter submitted a counterproposal of €2,700,000 to the Authority's valuation, drawing attention to the parts of the site not valued by the former. No explanation was provided by either party as to how Fortina obtained the Lands Authority's valuation.

Aware of the gaps in what was valued by the Lands Authority, in March 2019, the BoG engaged an audit firm to value all waivers requested by Fortina. Unprompted, on 10 June 2019, Fortina informed the BoG that it agreed to pay the Government €8,100,000 in settlement of the waivers. This was discussed by the BoG on 14 June 2019, with the Board resolving to forward the relevant documentation for the consideration of the Minister despite acknowledging that the audit firm's valuation was still pending. Of concern to the NAO was how agreement was reached with no apparent exchanges between the parties and the significant divergence in the values assigned. Moreover, the BoG's decision to notify the Minister was deemed illogical as the gaps in valuation remained unaddressed.

On 17 June 2019, the Chair BoG wrote to the Minister and the Parliamentary Secretary reflecting the position of the Board. The NAO noted that this correspondence did not fulfil the Board's obligations under the Lands Authority Act, which mandated the BoG to make a recommendation to the Minister. Despite what was recorded in the BoG minutes, the NAO

ascertained that the audit firm's valuation report was submitted to the Chair. The value assigned by the firm was €18,341,559, revised to €23,887,942 if the Lands Authority consented to the deferral of payment until the development's completion. An independent valuation undertaken by the NAO confirmed that the rescission of the conditions was valued at €21,000,000. The NAO's gravest concerns emerge, as the valuation withheld by the Chair was ultimately detrimental to the public interest. Anomalously, the fee charged by the audit firm was redirected to and authorised for payment by the Chief of Staff of the Office of the Prime Minister.

Following referral to the Minister and the Parliamentary Secretary, a memorandum was submitted to and endorsed by Cabinet on 27 June 2019. A parliamentary resolution was referred to the NAO Accounts Committee and since unanimous agreement was not reached, in line with parliamentary procedure, the matter was referred to Plenary. On 17 July 2019, Plenary approved the rescission of the requested conditions against payment of €8,100,000. The relevant Deed was entered into on 26 July 2019. The main responsibility for the deficiencies noted lies with the Lands Authority, even though to a much lesser degree this onus extends beyond the Authority, since the process leading to the Deed with Fortina ultimately involved other stakeholders.

To view the report (.pdf) please follow this [link](#).



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