

OFFICIAL NEWSLETTER OF THE GOZO BUSINESS CHAMBER  
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## Business Survey

The great majority of respondents to a business survey carried out by the Gozo Business Chamber to cover the months of July and August 2009 stated that they had a worse trading period when compared to the same months of 2008.

In fact, 79% said that their business compared very unfavourably while 14% said that they had the same results and only 7% said that they fared better.

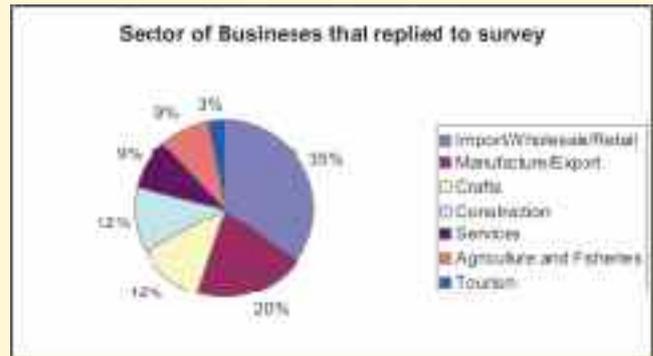
The survey covered the whole spectrum of business in Gozo and the replies represented the Import Wholesale and Retail Sector (35%), the Manufacture and Export Sector (20%), Crafts (12%), Services (12%), Construction (9%), Tourism (9%) and Agriculture and Fisheries (3%).

The majority of business enterprises (71%) employed between 1 and 10 persons, 25% employed between 11 and 20, and 4% employed over 20 persons.

To the question about how they rated the amount of business carried out by their entity during July - August 2009, 7% said it was very good while 21% said it was good, 38% fair, 20% bad and 14% very bad.

The respondents were requested to give a rating of Very Good, Good, Fair, Bad or Very Bad to various aspects that give indicators to the reasons for the final outcome of the survey. With regards to communications between Malta and Gozo the greatest number (28%) said they were Fair while the least number (8%) said they were Very Good. Other reasons given were the Gozo Channel Fares (from 36% Fair to 0% Very Good); Publicity for Gozo as a tourist attraction (from 52% Very Bad to 0% Very Good); the Economic Situation (from 48% Very Bad to 0% Very Good); Parking Facilities (from 36% Very Bad to 4% Very Good); Traffic Management (from 48% Very Bad to 0% Very Good); and Gozo's attractiveness (from 32% Fair to 4% Good).

The respondents made several suggestions on what they wish the Gozo Business Chamber to do in order to provide a better environment for business in Gozo. Foremost among these was that the Chamber should pressure the authorities to create more exposure for

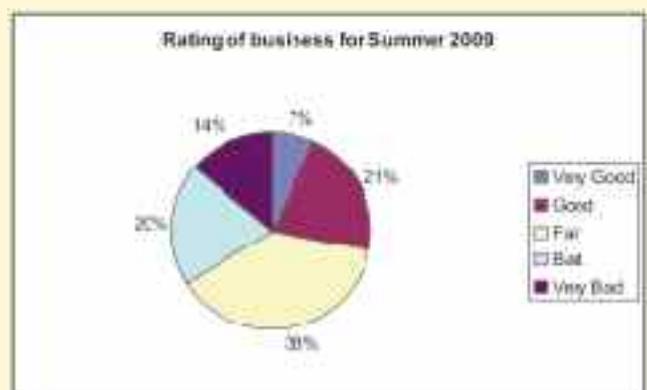


Gozo and its products, especially the crafts sector; provide a more efficient public service; and promote Gozo as a separate tourist destination.

Other expectations from the members were that the GBC should continue to lobby for the building of a yacht marina and a landing strip for small fixed wing aeroplanes; the provision of better public transport and parking spaces; overall cleanliness, organisation and less bureaucracy; more help/services to the agricultural sector; and to offer incentives to overseas entrepreneurs who want to invest in Gozo.

Other suggestions were that the Chamber should organise more conferences like the one held in 2009 and also to try and attract more Gozo businesses to become members.

On the other hand, the respondents would like the public authorities to reduce bureaucracy, join forces with the private sector to promote Gozo as a distinct destination, increase the capital expenditure for Gozo and adhere to time frames for projects. Further suggestions include



## Round Table Meeting with Prime Minister

The President and Vice President of the Gozo Business Chamber were part of a round table meeting with Hon. Dr. Lawrence Gonzi, Prime Minister, held recently in Gozo.

In his contribution, President Joe Grech put forward several suggestions on behalf of the Gozitan business community. Mr Grech mentioned the worrying figures of unemployment in Gozo and the lack of foreign direct investment, a fact which had been made clear by the Malta Enterprise CEO during a recent conference organised by the GBC and, more recently, by the 'Conference of European and Malta Attractiveness Survey 2009' published by Ernst & Young.

Mr Grech said that, according to ME's CEO, no good prospects for foreign direct investment exist in Gozo "since clearly Gozo is not attractive to any industry, come what may". Ernst & Young documented the reasons why foreign investors do not consider investing in Gozo with the main three being accessibility (especially a direct air-link between Gozo and Malta International Airport), skilled workers, and the lack of information about Gozo which prospective companies have. In fact, out of 26 factories at the Xewkija Industrial Estate, only 3 are foreign operated. The President stressed the need for greater appreciation and encouragement from the authorities towards the Gozitan entrepreneur and pointed out the fact that access roads have not yet been built to factories which have been completed 10 years ago. The recent decision to do away with the Sa Maison berth for the Gozo Channel cargo ferry, taken by Maltese without discussing with the

Ministry for Gozo or the Gozo Business Chamber is another faux pas which will have a negative effect on the hauliers, Gozitan consumer, the environment and parking at Cirkewwa.

Mr Grech pointed out, however, that the entrepreneur has to see that the Gozo product is improved. The need is felt for better quality control and for offering better services to make the whole of Gozo a five star destination. The government should increase its investment in Gozo and provide an infrastructure worthy to an excellent destination as, otherwise, the Gozitan entrepreneur's investment will not be sustainable.

Among the suggestion for projects which may even be on a Private Public Partnership basis, President Joe Grech mentioned an Eco friendly Golf Course, SMEs Park, ITClusters/Park, Assisted living within Health Care Homes, Open Air Theatre, Heritage Park, improvement of popular bays, public transport and other niche markets.

He continued to say that the challenge facing the Gozitan entrepreneur, who believes in Gozo's potential, is not the recession but rather how to face and overcome it. There is the need for an aggressive strategy to promote foreign investment, less beaurocracy, greater cooperation between government and entrepreneurs and a holistic plan from the government for infrastructure, and the historical, cultural and rural environment which will form the basis for the Eco Gozo project.

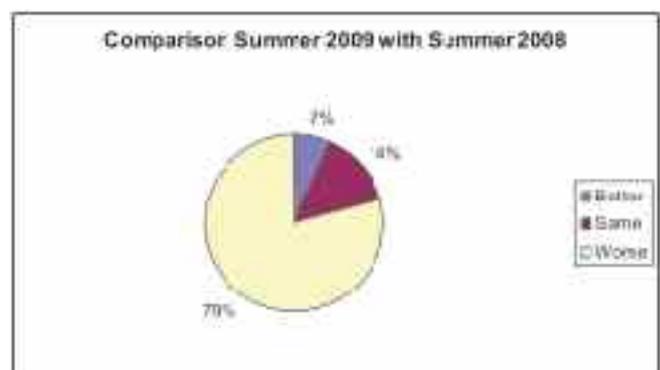
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the provision of better parking facilities and better traffic management, reduction of the ferry fares, creation of more jobs, be more sensitive to the farming community, give real incentives to business in Gozo as well as use more enforcement on illegal workers, buildings, etc.

Further more the respondents would like to draw the attention of the authorities in connection with accessibility to Gozo and the great majority harped on the need for an airstrip, the completion of the Cirkewwa terminal, berthing facilities for cruise liners and the upgrading of roads in Gozo.

The respondents also wish the authorities to see that

civil servants and government employees give their day's work and that there should be better scrutiny with regards to unemployment benefits.



## Creating More Jobs in Gozo

by Michael Grech

The current financial crisis and worldwide recession has also left its effect on the employment situation in Gozo. The current rate of people registering for work in Gozo stands at around 730. This is the highest figure since 2001. This figure does not include a small percentage of people who are out of a job but do not bother to register with the Employment and Training Corporation.

In order to combat this situation there needs to be a concerted effort by government, employers and entrepreneurs and by those seeking employment themselves. On the first hand government needs to heavily invest in infrastructural projects in Gozo which have a high added value. The main roads are one of the biggest priorities. The need for a fixed wing airfield, a yacht marina (whether by private or national investment) and berthing facilities for cruise liners can no longer be topics for discussion and evaluation under the threat of politics influenced mainly by the environmental lobby. The cutting down of red tape and the more direct advertising of Gozo as a separate destination is needed. Government also needs to show a positive discrimination stand for Gozo by offering both foreign and local investors fiscal incentives which are over and above those being offered on mainland Malta.

On their part, Gozitan businessmen need to be more cooperative with each other in order to present a common front against the recessionary threats that they are facing. In order to achieve this more entrepreneurs need to join the two main business associations, the

Gozo Business Chamber and the Gozo Tourism Association. Probably with some government and EU aid in conjunction with a small participation fee by all entrepreneurs the region of Gozo can market the island internationally in all areas especially in specialized forms of tourism, like diving, gastronomy, agro tourism, religion, heritage and culture; all areas in which Gozo is so rich.

Finally there also needs to be an effort by the workers, both those in employment as well those seeking employment. For the first it is very important that these treat the business they are working in as being their own. It is very important that they try to give their very best in any job each and everyone is performing. This helps to bring down costs for the businessman and in turn helps us to be more competitive both in price and quality with other destinations that are competing with us. Those seeking employment must be determined and willing to accept any opportunity of working without being too choosy. It may be the case that later on a better opportunity of work presents itself and one can move on to a more remunerative and satisfying job.

There is no need to try to reinvent the wheel. All that is needed is a bit of common sense and the necessary commitment by all parties involved.

Michael Grech is a financial consultant by profession and the vice president of the Gozo Business Chamber.

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### THIRD DONATION OF PUBLICATIONS TO GOZO BUSINESS CHAMBER (GBC)

The *Gozo and the Gozitans, Ghawdex u l-Ghawdxin, Ghawdex u l-Ghawcejn Series* presented its third donation of trade and commercial directories and publications of interest to Gozitan businessmen, to the Library of the Gozo Business Chamber. The Series has obtained these publications from the many international contacts, mainly in European Union countries, the Americas and Australasian continents, established over the four years it has been operating.

The Founding-Editor and Chairman of the Series, Dr Raymond C. Xerri presented this donation to the CEO

of the GBC Joseph G. Grech. Dr Xerri explained that the Board of the Series believes that the GBC has an identity for itself specialising in the Region of Gozo and as such his organisation is committed to assist where possible the development of this identity and specialisation.

The GBC was represented by its CEO who thanked the Board of the Gozo and the Gozitans Series for these extremely useful materials and encouraged future similar initiatives.

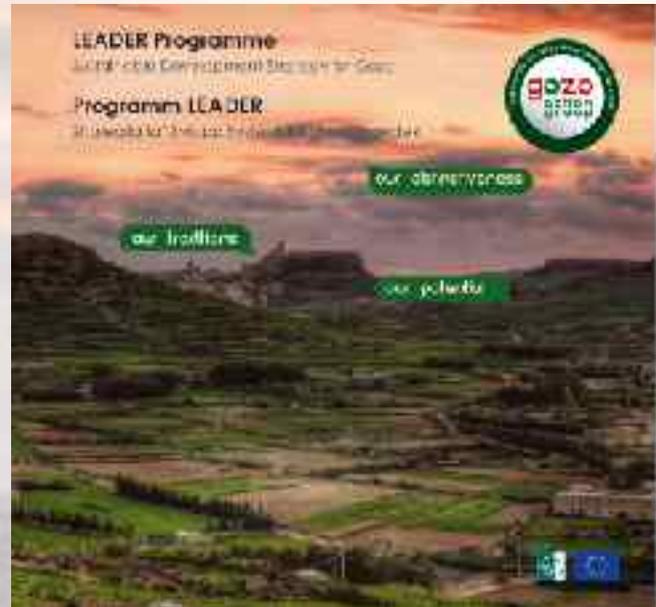


## ***Sustainable Development Strategy for Gozo: Our traditions, our distinctiveness, our potential. Leader Programme, EARDF 2007 - 2013***

The Leader initiative, created by the EU in the nineties with the aim of improving the development potential of rural areas, focuses on bringing together the different public and private local actors to design specific interventions for the improvement of the quality of life. Malta, thanks to the financial allocation of about €3.8 million devoted from the Rural Development Programme 2007 - 2013 to the implementation of the Leader programme, has started the process which will lead to the definition of Local Development Strategies.

All the 14 Local Councils of Gozo, together with Gozo Tourism Association, Gozo Business Chamber, Association of Gozo NGOs and Gozitano Agri Coop. have set up the Gozo Action Group Foundation, which is in charge of the implementation of the Leader Programme in the region of Gozo and Comino.

The main objective of the Foundation is to design and implement a local development strategy which will identify specific interventions to be made for the sustainable development of the region.



From the 1st of October locality meetings and meetings with the different sectors of the island's economy will be held in order to identify the main priorities for Gozo. Furthermore, from the 1st of October until the 1st of November on the website [www.leadergozo.eu/consultation](http://www.leadergozo.eu/consultation), all interested individuals could participate to the consultation process any time and from any place thanks to an online consultation tool.

### **Locality Meetings**

Sustainable Development Strategy for Gozo

<b>01-Oct</b> - Victoria	<b>02-Oct</b> - Nadur
<b>05-Oct</b> - Munxar	<b>06-Oct</b> - Żebbuġ
<b>07-Oct</b> - Sannat	<b>08-Oct</b> - Xewkija
<b>09-Oct</b> - Għarb	<b>12-Oct</b> - Għasri
<b>13-Oct</b> - Qala	<b>14-Oct</b> - Għajnsielem
<b>15-Oct</b> - San Lawrenz	<b>16-Oct</b> - Fontana
<b>19-Oct</b> - Xagħra	<b>20-Oct</b> - Kerċem

All locality meetings will be held at **Local Council Hall at 7.00 p.m**

### **Sectoral Meetings**

<b>01-Oct</b> - 4.00 p.m - Ta' Ċenċ Hotel - Sannat - <b>Tourism operators</b>
<b>03-Oct</b> - 9.30 a.m - NGO Centre - Xewkija - <b>NGOs</b>
<b>04-Oct</b> - 9.30 a.m - Gozitano Cooperative - Xewkija -

Special attention is given to SMEs, that are the main economic engine of the island. For this reason a specific consultation session dedicated to business entities of Gozo will be held at Ta Cenc Hotel on the 10<sup>th</sup> October at 7.30 p.m.

The participation to the consultation meetings as well as the contribution given through the website, are important to build together effective actions to contribute to the sustainable development of Gozo.

**Important meeting for GBC members**

10 October, 2009 at 7.30 p.m. at Ta' Cenc Hotel

## Leonardo da Vinci Mobility Project

Ms Alda Bugeja, Mr George Farrugia and Mr Andrew Xuereb, all members of the Gozo Business Chamber, have completed their overseas venture and are now back in Gozo. According to their reports, all three of them found the experience highly rewarding and helped them not only to learn new methods about their craft but also to make new friends.

While Ms Bugeja and Mr Farrugia spent their working experience in the U.K., Mr Xuereb went to Warsaw, Poland, where he met Mr Stefan Piekutowski, owner of the Arts and Hobby Centrum, to practice his crafts in stained glass. Mr Xuereb said that Mr Piekutowski's patience, workmanship and gentleness were the ingredients which helped him gain more knowledge about his craft as well as new trading methods.



Mr Farrugia's participation consisted of two parts. During the first week he learnt about the basic techniques in jewellery designing and how jewellery is created while during his second part he practiced setting precious stones. According to Mr Farrugia, "this was a great experience for me especially when I learnt

that the person I was working with had set the sapphire and diamonds in the ring of the late Lady Diana".

Ms Bugeja also had two different experiences. During the first week she participated in a hands-on weaving workshop that focused on methods of pickups and pebbles, both of which are new techniques to our islands, while during the second week she focused on



cloth weaving techniques. "It was wonderful to have had this opportunity to meet these foreign crafts experts with whom I exchanged knowledge and new experiences on weaving", she concluded.

All three participants said that they consider the experience as highly beneficial and will be willing to take part again should the occasion arise.

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# National Subsidy Scheme for Accommodation Facilities and Restaurants



Compiled by Peter James Sant  
Senior Manager SME & EU Affairs  
Bank of Valletta p.l.c.

In order to assist tourism operators, the Maltese Government, through both EU and national funds, has launched schemes to stimulate further investment. Bank of Valletta has fully endorsed these incentives and is eager to assist clients to tap into them. The Tourism and Sustainable Development Unit within the Office of the Prime Minister has allocated €3 million over ten years for this initiative. The National Subsidy Scheme for Accommodation Facilities and Restaurants aims at enhancing the competitiveness of the Maltese tourism sector whilst stimulating increased private investment. The scheme will be offering an interest rate subsidy on refurbishment of restaurants and accommodation and on extension projects.

The scheme, in brief, is funding (i.e. subsidising) 1.5% of the rate of interest for refurbishment projects and 1% of the rate of interest for extension projects on new banking loans issued for the purposes of this scheme. The call will be open until the funds allocated for this scheme are exhausted. The scheme will be able to subsidise loan interest rates up to a capping of:

Type of Project: Refurbishment  
Capping: €500,000  
Interest Rate Subsidy: 1.5%

Type of Project: Extension  
Capping: €600,000



Interest Rate Subsidy: 1%

Loans which are higher than these amounts are still eligible but the excess amount will not be funded. Interested applicants may contact the Tourism and Sustainable Development Unit for further information. Contact Ms. Nadine Mifsud, Tourism and Sustainable Development Unit, Office of the Prime Minister, Auberge d' Italie, Merchants Street, Valletta, Tel: 2291 5037, E-mail: nadine.mifsud@gov.mt. It is highly advisable to inform the OPM Tourism Unit of the project in order to verify whether it falls within the parameters and purpose of this scheme.

*Bank of Valletta plc is offering to evaluate projects using normal bank lending criteria. Contact Bank of Valletta plc, EU and SME Desk, Strategy and Business Development, Cannon Road, Santa Venera. Tel: 2275 3303 E-mail: peter.sant@bov.com.*

## Malta Enterprise Scheme

*"Malta Enterprise is administering a scheme aimed at encouraging companies to carry out basic energy audits. The aim of this scheme is to provide enterprises with recommendations on potential energy saving opportunities. An advisor appointed by Malta Enterprise will visit applicant companies to analyse the current energy usage and the future requirements of the enterprise. The advisor's findings and recommendations will be provided in the form of a report highlighting the saving options available and listing any actions that should be taken. Most commercial entities in Malta and Gozo are eligible to apply for an audit. This scheme is part of a wider Business Advisory scheme through which Malta Enterprise makes experts in various areas available to SMEs and Industry. In the case of the Energy Optimisation part of the scheme Malta Enterprise will cover the full cost of the audit.*

*For more information on this scheme, and to obtain an application form, go to <http://energy.maltaenterprise.com> and click on 'Energy Audits', or email [energy@maltaenterprise.com](mailto:energy@maltaenterprise.com)."*

# PV Systems ?

*Is it worth investing in the technology?*

Ing. Renzo Curmi B.Elec.Eng.Hons

Photovoltaic systems commonly referred to as PV, refers to a renewable energy source (or RES) technology by which solar radiation is converted directly into electrical energy.

The first practical application of PV was to power orbiting satellites and other spacecraft, but today the majority of PV Systems are used for grid connected power generation. There is a smaller market for off grid power for remote dwellings, roadside emergency telephones, remote sensing and other applications.

Until recently, photovoltaic energy was still very expensive when compared to electricity generated from non renewable sources like fossil fuels, however Government incentives around the world including Malta have made the investment in photovoltaic systems more attractive, quickly increasing production capacity of such panels and subsequently reducing costs.

The policy of the Maltese Government is that "The national indicative target shall be 5% electricity produced from renewable energy sources of gross national electricity consumption by 2010" (*LEGAL NOTICE 186 of 2004, as amended by Legal Notice 426 of 2007*). The launching of the European Regional Development Fund Energy Grant Scheme forms part of a number of initiatives aimed towards reaching this target.

**The second call for applications under this scheme closed on Friday 2nd October 2009. A total of 107 applications were received requesting a Total Grant Value of 5,975,307.31 Euros.**

([http://support.maltaenterprise.com/energy//index\\_files/erdf.htm](http://support.maltaenterprise.com/energy//index_files/erdf.htm))

The next call for applications under this scheme should open in early 2010 through Malta Enterprise. Companies applying under this scheme may be granted up to 50% of their approved projects and this is where the return on investment on PV systems becomes attractive.

## PV System configuration

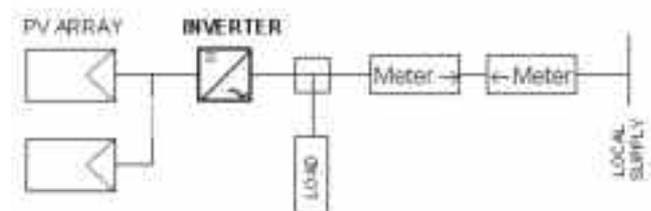
Basically there are 3 configurations of PV systems, namely, Direct Coupled, OFF Grid Systems and Grid Connected Systems.

The Direct Coupled system consists of PV panels coupled to the load via an inverter such that the load can only be powered during the hours of sunshine. Obviously, this limits the applications for such a system, however one common use is in agriculture where a PV driven pump is used to transfer water from an underground source to a surface reservoir during the daylight hours. Irrigation can then take place at any convenient time by means of the water stored in the reservoir.

The OFF Grid system becomes useful for remote areas not

covered by the utility provider's electrical grid. Such systems rely on the storage of electrical power generated during the daylight hours by means of battery arrays. The batteries then provide the power when required through an inverter, which converts the DC battery electrical supply to an AC 230V supply required drive electrical equipment and appliances. The system has an inherent disadvantage of higher capital investment (due to the battery array) and higher maintenance costs (the batteries have an average lifetime of 5 years). One such system is installed on the Dwejra Tower in Gozo.

The most common type of PV system is the grid connected system as shown in the diagram. The DC electrical power generated by the PV panels is converted by an inverter to 230V AC and conditioned in such a way to enable transmission over the electrical utility provider's grid. During those instances when the power generated by the PV system exceeds the power required within the premises, the surplus power is exported to the grid and the outgoing meter registers this amount. When the opposite occurs, power flows from the grid into the premises, but this time, it is the incoming meter that registers the power being consumed. At the end of the billing period, the consumer pays the net difference of the readings between the two meters. The system electronics take care of the power flows automatically and without any noticeable effect to the consumer.



## Cost Benefit Analysis.

The performance of PV systems under Maltese climatic conditions is by now an established fact, due to the proliferation of such systems in recent years.

When taking into account the power generated by a PV system in the Maltese islands, the ERDF Energy Grant Scheme, the VAT component which is refundable to commercial enterprises, the capital allowance on the investment made to procure the system and the current rates of electricity, the payback period on the investment made may be as low as 5.5 years (corresponding to a return on investment of 18%).

This figure is highly dependent on the electricity tariffs and any potential increase in such tariffs, will automatically reduce the payback period by the same percentage (as the increase in tariffs).



## *President addresses Malta's Ambassadors*

The President of the Gozo Business Chamber was recently invited by

the Ministry of Foreign Affairs to be one of the speakers during a High Level Meeting for the Ambassadors of Malta.

The aim of the meeting was in order that our country will make the best use of the contacts it has overseas.

In his speech, President Grech gave information about the Gozo Business Chamber's set up and its role among the Gozo business community where it serves as a lobby group to create a balanced commercial level in Gozo to enable the business community to compete in the Regional, National and European Single Market.

He also referred to Gozo's past which was instrumental in making Gozitans the responsible and enterprising people they are today. This fact is corroborated by ETC figures which state that 73% of workers are self-employed.

The President referred to the various sectors and said that a distinctive factor for Gozo is the structure and economy which is based on agriculture and the public service much more than it is in Malta. On the other hand, jobs in the manufacturing sector are proportionally fewer in Gozo than in Malta and that unemployment figures keep rising.

Tourism, under the Services sector, is the largest job and income contributor on the island because of its effect on other businesses.

The construction sector has inherited the building experience of millennia resulting in today's real estate

and construction enterprises.

The Gozitans are renowned for the production of crafts including pottery, weaving, dyeing, filigree, crochet, art, sculpture, lace making, stained glass and others. Many workers are employed in the crafts sector which generates a good income.

The manufacture sector may be divided into three categories. There are operations needing little technology using low skilled workers and aiming their production for export. The second category is the domestic market where the material is imported and the manufactured goods are sold locally. And finally, there is the food processing industry using the local agricultural produce mainly for export.

Regarding the Eco Gozo plan launched by government, President Grech said that the environment is the greatest resource of Gozo and all efforts should concentrate to transform Gozo and the Gozitan society into a sustainable reality incorporating not only the environment but also the social and economic aspect.

The President referred to the initiative undertaken by the Gozo Business Chamber together with Synaptic Laboratories Ltd. to create an ICT & R&D Cluster of Excellence in Gozo which, it is hoped, will make good for the disadvantages caused by our double insularity. He asked the Ambassadors to support the project and to try to facilitate the participation from other countries in this project.

Finally, the President stressed that, although many look at Gozo as a relaxing and recreational place, it is also a place which offers benefits to foreign investors. These include good industrial relations, a flexible workforce, multi lingual people, a relaxed life style, good internet communication, natural beauty and a safe and clean environment.

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