Press Release: A Dire Situation being faced by many businesses in Gozo

The Gozo Business Chamber held a short survey to analyse the situation among Gozitan entrepreneurs:

- The segments who responded to the survey stemmed from the following areas: 37% (Tourism); 23% (Importing/Wholesaling/Retailing); 6% (Construction); 13% (Financial/Insurance/Legal/Health and other professional services); 4% (Manufacturing/Exporting); 2% (Transport); and 15% (Other).
- When asked from a scale from 1 to 5, how the outbreak of the COVID-19 has affected their business, from 5 being very negative to 1 having no effect, 70.8% of the respondents highlighted that it has affected them very negatively.
- When questioned what measures are being planned if the outbreak of the COVID-19 virus persists, 8.3% highlighted that no measures are being planned, 41.7% highlighted that they will have to scale down their operations, 33.3% will have to downsize their workforce, while 50% will have to close down (this question provided a number of options and respondents could choose among one or more options).
- Only 6% highlighted that the measures announced by Government on Saturday 14th March are enough. 31% indicated that more could have been done to assist businesses, while 63% indicated that the measures are insufficient with no impact on businesses.
- When asked from a scale from 1 to 5, how will the measure proposed by Government, for the quarantine leave to be shouldered completely by the employer affect their business, from 5 being very negative to 1 having no effect, 62.5% indicated that this will have a very negative effect on their businesses, with only 12.5% commenting that this will have no effect.
- 93.8% of the respondents commented that a specific aid package for Gozitan businesses should be formulated.
- Comments made to the survey indicated the need for cash flow and the ability to retain employees, were the main challenges being faced by businesses in Gozo. Some indicated the negative effects already being felt in certain sectors such as tourism, where bookings have dipped instantly. Operators in the importation and distribution sectors highlighted the negative effects on the sector, given the challenges already being faced due to Gozo’s double insularity.

The Chamber would like to note that the results of the survey conducted to gauge the business sentiment among Gozitan employers highlights the need for a revision to the present stimulus package announced by the Government, in line with what is being proposed globally and at an EU level, as already highlighted by the Chamber in its statement on Sunday.
In the statement by Eurochambres on 16th March, President Christopher Leitl highlighted that “this is of course a public health crisis first and foremost, but our political leaders must in parallel take measures to ensure that it does not escalate into another major financial crisis. We need to keep our millions of SMEs afloat and the jobs that they provide viable during this period of inevitable economic slowdown.”

Operators in the private sector in the past years have contributed significantly to Malta’s economic success, and if the economy is to restart after this shock, with operators continuing to contribute to Malta’s economy, it is necessary to ensure that the economic operators continue to remain viable during this period, especially SMEs and operators in Gozo, who are already operating under difficult circumstances.

To this end as already indicated in its Statement on Sunday, businesses:

- Should have their wages subsidised to ensure that they retain their workforce.
- The burden of quarantine leave should be shouldered by the Government.
- From March onwards and for as long as this situation subsists, employers are only bound to pay 50% of National Insurance contributions.
- Grants and Loans at subsidised rates should be offered to businesses to remain afloat.
- A specific incentive package for Gozitan businesses should be formulated to make up for the extra difficulties and disadvantages being faced by Gozitan operators.

The Chamber is also proposing that:

- VAT on invoices charged should only be payable, when the amount is actually received from the client.

Government is called to consult with Gozitan institutions so that a specific package is drawn out to aid businesses on the sister island with immediate effect.