



## **The Socio Economic Development of Gozo. Encounter – MCAST meets Industry**

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### **1. Introduction**

First of all I would like to thank MCAST for having this discussion platform for Gozo and also for its decision to collaborate both with the Chamber and also the Gozo Regional Development Authority on this initiative. I had attended a similar event in Malta and I could see its benefits. The intention behind having these platforms is to create a fruitful and insightful discussion between all the partners.

Nonetheless when we were formulating the direction that this discussion should take we were all in agreement that we should not focus only on the present but also on the future. I remember having this discussion with Professor Joachim James Calleja, Horace Laudi, Michael Galea, and Joseph Borg. We had just arrived from a working trip in the Canary Islands. There we could see how a very peripheral island could actually put its leverage in important areas such as research. In fact the *Instituto Tecnológico de Gran Canarias* is a very successful research institute which is now conducting research for large multinational companies. And we therefore asked: Why not Gozo? I am therefore glad that this discussion materialised and therefore a special word of thanks is due to the team at MCAST.

I was asked to focus on the aspect of socio-economic development. Obviously the time allocation available is very short. I will therefore focus on short snippets, but which should serve to help us paint a broader picture of Gozo's socio economic development. I believe this is necessary if we are to have a broader discussion, as we are having today.

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### **2. Governance**

I believe that time and time again Gozitans have shown that when they were given control they were able to contribute significantly and fruitfully to the development of the island. A prime example to this would be the Diocese of Gozo which was set up in 1864. The plight of our forefathers at the time was that their pastoral needs were not being met with the set-up present at the time.

Such a 'regional set-up', if we could say this, proved very fruitful, filling the lacunae not only of the Church, but along the years also of the State in Gozo, especially as for

many years the Church was the main provider of social services on the island. This shows that strong regional structures, when enacted have along the years enabled Gozitans, to really make a difference to Gozo's socio-economic scenario. From a governance perspective in recent history we had the Gozo Civic Council, a statutory government body which started to function in 1961,<sup>1</sup> but which was later dismantled, the institution of the Ministry for Gozo in 1987, and the Gozo Regional Development Authority. The latter was established through the Gozo Regional Development Act in 2019, providing it with its own distinctive legal personality.<sup>2</sup> We can all attest to the positive impact of this institution especially in areas such as sustainability and also on its impetus to re-focus the attention of national authorities on Gozo, given the need by these same authorities and entities to conduct a regional impact assessment prior to formulating national policies or enacting legislation.

However, governance has a wider component and refers not only to the formal but also to the informal relationships that govern the wider public domain in Gozo. In this regard I have tried to map these relationships on a slide, and one can say that the governance scenario is quite complex. However, complexity is typical of small islands such as Gozo.

From a governance perspective the core-periphery model has been a useful model to analyse these relationships. Chaperon (2009) had studied this in the context of tourism development. In her study she had highlighted how:

Gozo is both geographically and economically peripheral to Malta. This puts Gozo on the periphery of the periphery, and thus it faces especially difficult core-periphery relations.<sup>3</sup>

What is the reality today? The governance and social landscape is continuously changing. A recently published study by the Gozo Regional Development Authority and the Malta Trust Foundation focused on Gozo's preparedness when it comes to the integration of migrants. It highlighted how:

The psycho-social experts also underlined that some of the services provided by the state or civil society are not available in Gozo, which could prove to be a setback for those who need help.<sup>4</sup>

This is an example that though the situation has improved we still lag behind, and that we should all work together so that we ensure a stronger and fairer representation and presence of the state, and also of civil society organisations. It is only then, that we can ensure a fairer and equitable socio-economic landscape in Gozo, when compared to the main island of Malta.

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<sup>1</sup>Joseph Bezzina, "The Malta-Gozo Air Service. Part 1- The Early Endeavours" , *Perspettivi. A Gozo Review*, no.2 (2023): 73

<sup>2</sup> The Gozo Regional Development Authority (2021), *Vision Document for the GRDA*, p. 7, viewed 11 May 2023, [https://grda.mt/wp-content/uploads/2021/07/GRDA\\_Vision-Documnt\\_A4\\_VH\\_OP-WEB.pdf](https://grda.mt/wp-content/uploads/2021/07/GRDA_Vision-Documnt_A4_VH_OP-WEB.pdf)

<sup>3</sup> Samantha Ann Chaperon (2009), *Responses to Tourism Development and Governance in a Core-Periphery Context. A thesis submitted in partial fulfilment of the requirements of Sheffield Hallam University for the degree of doctor of philosophy*, vii.

<sup>4</sup> JosAnn Cutajar, 'Migration and Social Wellbeing in Gozo', *Perspettivi. A Gozo Review*, no.2 (2023): 100-101.

### 3. Gozo: A Vibrant Society

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If one had to paint a picture of Gozo's social landscape, it would be composed of very vivid colours. One can see for example the cultural landscape on the island: the various cultural events, some of which are also international, the operas, the art exhibitions, the various local festivals. All of these are mostly backed by a strong voluntary sector.<sup>5</sup>

However, this is not only circumscribed to the art and cultural sector. The recent coalition 'Għal Għawdex' composed of Gozo based environmental NGOs, the Gozo Business Chamber, the Gozo Tourism Association, and the Gozo Regional Council representing all Gozitan local councils is an example of a community with a very distinct and strong identity. This coalition in fact proposed an eight point action plan to safeguard Gozo's natural and built environment.<sup>6</sup>

### 4. Gozo: An Economic Snapshot

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How are we to take a snapshot of the Gozitan Economy? The Gozitan economy cannot be seen on its own but needs to be seen within the context of the Maltese economy.

In the latest 'Central Bank of Malta Business Dialogue' publication it was highlighted that 'skills shortages' was one of the main concerns especially for companies in the services sector, and in areas such as information technology, compliance and finance.<sup>7</sup> However, our first discussion point on the subject should start from the question: Are these sectors present in Gozo? And what are the sectors that we should look at?

It is a fact that the high value added sectors that are present in Malta, are not present in Gozo, and when present, their impact on the Gozitan economy is marginal. Apart from tourism, real estate and construction "seem to have become the main drivers of economic expansion in Gozo."<sup>8</sup> While construction's contribution to the regional Gross Value Added in Malta was 4.3%, in Gozo this rose to 12.7%. The same applies to the real estate sector. While in Malta the sector contributes 5.9% to the regional Gross Value Added, in Gozo the same sector contributes 9.8%.<sup>9</sup>

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<sup>5</sup> Daniel Borg, 'The development of cultural heritage in Gozo, and its potential as a tourism niche', *International Journal of Tourism Cities* 3, no. 2, pp 184 -195.

<sup>6</sup> Għal Għawdex 2023, Għal Għawdex, Gozo, Malta, viewed 16 May 2023, <https://ghalghawdex.org/>

<sup>7</sup> The Central Bank of Malta 2023, *Central Bank of Malta Business Dialogue*, Vol. 3 No. 2, p. 8, Central Bank of Malta, Valletta, viewed 15 May 2023, <https://www.centralbankmalta.org/site/Publications/CBM-Business-Dialogue-Vol-3-No-2.pdf?revcount=7616>

<sup>8</sup> Gozo Regional Development Authority 2021, *GRDA note. Construction and Real Estate Development in Gozo*, p. 3, viewed 15 May 2023 <https://grda.mt/wp-content/uploads/2021/11/A-Note-on-the-Construction-and-Real-Estate-Develop-in-Gozo-09.11.21.pdf>

<sup>9</sup> National Statistics Office 2022, *News Release 234/2022: Regional Gross Domestic Product: 2021*, Valletta.

Needless to say. We need to have or better, ‘create’ alternative economic sectors.

But what are the other elements that characterise the Gozitan economy? These can be summarised as follows: (a) a higher dependence on the public sector; (b) a concentration of micro business units; and (c) a GDP per capita which is considerably less than that of the main island of Malta. We are not saying anything new. These marked characteristics were already outlined in the paper on Employment and Skills (GRDA, 2023) by the Gozo Regional Development Authority.

But the economy and society are interlinked and Gozo’s positive economic performance in the past few years has also impacted the island’s social fabric. Over a ten year period between 2010 and 2020 the number of foreigners employed in Gozo increased by an annual average of 24%. While the number of foreign workers in Gozo in 2010 amounted to 357, the number increased to 3,079 by the end of 2020 with the highest representation being from the United Kingdom (616), followed by Italy (354), Albania (317), and Serbia (202).<sup>10</sup> The sectors where foreign nationals are mostly employed in Gozo are the accommodation and food services sector; the wholesale/retail and transportation sectors, and the constructions industry.<sup>11</sup>

## **5. Gozo: The future. Should we be complacent?**

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The Regional Development Strategy published by the GRDA for consultation in 2021 is very important. It outlines eight priority areas which I believe should form the basis for Gozo’s socio-economic development in the coming years, these being:

- Gozo’s Spatial Planning and Urban Development;
- Infrastructure and Accessibility;
- Economic and Talent Development;
- New Economy;
- Sustainable Tourism;
- Social Development;
- Rural Development and Eco-Gozo;
- Culture, Heritage and the Arts.<sup>12</sup>

Nonetheless it is important that this strategy is now published.

Gozo’s positive economic performance over the past few years however does not mean that we can remain complacent. I am listing some areas which are of strategic importance for Gozo:

- **The Environment.** In an interesting study published in the latest issue of *Perspettivi*, a journal published by the Gozo Regional Development Authority,

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<sup>10</sup> Gozo Regional Development Authority 2021, *GRDA note. Foreign Nationals Employed in Gozo*, p. 4, viewed 16 May 2023, <https://grda.mt/wp-content/uploads/2021/11/Foreign-nationals-employed-in-Gozo-09.11.21.pdf>

<sup>11</sup> *Ibid.*, pp. 5-6.

<sup>12</sup> Gozo Regional Development Authority 2021, *Regional Development Strategy for Gozo 2021 – 2030*, viewed 15 May 2023, [https://grda.mt/wp-content/uploads/2021/11/GRDA\\_Gozo-Strategy-Report\\_VH\\_WEB\\_OP2.pdf](https://grda.mt/wp-content/uploads/2021/11/GRDA_Gozo-Strategy-Report_VH_WEB_OP2.pdf)

children, young people, and their parents living in Gozo commented that they are generally satisfied with the quality of their living spaces and their environment. Nonetheless they also pointed out to the need to “protect their towns, villages, and countryside in Gozo from overdevelopment, traffic, commercialisation, pollution and construction”.<sup>13</sup>

In a note published in 2021 by the Gozo Regional Development Authority on the construction industry it was highlighted how:

The Gozitan society, in general, has become more sensitive about these activities and their impact on Gozo’s characteristics. There seems to be increased realization that ‘excessive’ and ‘out of place’ development will impair Gozo potential for sustainable development and will compromise future generations’ opportunities.<sup>14</sup>

In a survey about Gozo conducted by the GRDA, 56% of those interviewed had highlighted excessive development as one of the negative aspects of Gozo at present.<sup>15</sup> 42% had also highlighted that what bothers them is the large and excessive development currently happening on the islands.<sup>16</sup>

The environment is a resource. A resource for our tourism industry, but also a main resource to attract high value added people to live and work in Gozo, and also why not a resource for the establishment of the green economy in Gozo. But most of all it is a gift to our community which we must hold dear.

- **New Economic Sectors.** This means that we must not only look to the present but also to the future. We need to diversify in economic sectors which will not result in large and excessive development and instead invest in high value added sectors which require a smaller footprint but which can result in a higher return. We have good examples in Gozo which we can follow: the establishment of the Queen Mary University of London medical school, and other software and technological companies which have not only thrived nationally but internationally as well. Obviously we cannot be everything for everyone. However, there have been significant infrastructural improvements which would be a pity if they are not used to the full. These include the second fibre optic link between Gozo and Malta, and the Digital Innovation Hub in Xewkija.

Even the local business community is sensitive to the need for change. In February of this year when we conducted our ‘Business Sentiment Survey’, we asked the local business community where do they see the future of the Gozitan economy.

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<sup>13</sup> Carmel Cefai, Rachel Spiteri, Natalie Galea, ‘Spaces and places for children and young people living in Gozo’, *Perspettivi. A Gozo Review*, no.2 (2023), pp. 26-27.

<sup>14</sup> Gozo Regional Development Authority 2021, *GRDA note. Construction and Real Estate Development in Gozo*, p. 3, viewed 15 May 2023 <https://grda.mt/wp-content/uploads/2021/11/A-Note-on-the-Construction-and-Real-Estate-Develop-in-Gozo-09.11.21.pdf>

<sup>15</sup> Gozo Regional Development Authority 2022, *GRDA Survey. A Survey about Gozo among the Gozitan residents. Part 1 of 3*, viewed 16 May 2023 <https://grda.mt/wp-content/uploads/2022/01/Survey-Extract-1-of-3-.pdf>

<sup>16</sup> Gozo Regional Development Authority 2022, *GRDA Survey. A Survey about Gozo among the Gozitan residents. Views on construction and real estate development. Part 2 of 3*, viewed 16 May 2023 <https://grda.mt/wp-content/uploads/2022/02/Extract-2-of-3.pdf>

They could choose more than one option. Obviously tourism remained the winner. Nonetheless this was followed by a staggering 47% by the Digital and Green Economy.<sup>17</sup>

This does not mean that our businesses are immune to the present situation. The majority of them (69.8%) highlighted their difficulties to find suitable employees to man their operations.<sup>18</sup> Nonetheless they are also convinced that we need to change.

This puts a significant responsibility on us as a Chamber. We need to be enablers of change. And to this end I am happy that throughout these years we have been working with youth through our Youth4entrepreneurship contest to give them the required confidence to come up with new, innovative and sustainable ideas on how to do business in Gozo.

## **6. Conclusion**

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The opportunities are endless, the scenario unclear, but nothing is impossible if there is the will. If we all work and collaborate between us, we can ride together the waves of change! Thanks for your patience.

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<sup>17</sup> Gozo Business Chamber 2023, *Business Sentiment Survey* p. 14

<sup>18</sup> Ibid, 10.