



## THE GOZO BUSINESS CHAMBER

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### **Press Release: The Chamber's Reactions to the Budget 2024**

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The Chamber notes that the budget for this year targets principally the social aspect and the maintaining of a good standard of living for the Maltese population, in light of the challenges being faced at an international level.

It also notes positively the prospective start of the rural airfield project, and the completion of important projects in the upcoming year such as the Gozo Aquatic and Sports Centre, the completion of *Dar San Ġużepp*, the Victoria Primary and Middle Schools, and the new health centre in Victoria. It also notes positively the prospective acquisition of an MRI machine for Gozo, a service which will greatly abate the hardships of Gozitan patients who have to travel to Malta to use this service. The Chamber also notes positively the provision of accommodation for Gozitan students studying in Malta, and those for relatives who have their family members currently undertaking care in Maltese hospitals.

Nonetheless in view of the recent publication of the Gozo Regional Development Strategy the Chamber believes that the budget has failed an important opportunity to transform the Gozitan economy into a more sustainable economy, and to sustain a long-term vision for the island.

In its budgetary document the Chamber had highlighted that:

While the blanket 2% tax on the purchase of property in Gozo was beneficial at a point when the market was stagnant, such a blanket measure as it is currently formulated is incentivising the development of small apartments concentrated into massive projects, within communities that cannot currently absorb such type of development. (GBC 2023, *A Budget for All*, p.8)

Nonetheless the Chamber had also advocated that the savings from the removal of the reduced stamp duty should be directed to incentives which are aligned to Gozo's socio-economic priorities. Except from the increase from Euro 30,000 to Euro 40,000 for first time buyers in Gozo who buy property in Urban Conservation Areas, such incentives have not materialised in any way. In its budgetary document the Chamber had highlighted the incentives proposed by the *Għal Għawdex* Forum, and also by the Gozo Regional Development Authority in 2022. In fact the *Għal Għawdex* Forum had proposed that incentives be extended to vernacular and post war properties outside the UCA where buyers undertake to preserve the integrity of the property. In 2022 the GRDA had also highlighted that the present scheme be transformed into:

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targeted incentives that are aligned with the achievement of policy objectives, namely: (i) encourage more upmarket property development in Gozo; (ii) limit eligibility of the scheme to low-end, dilapidated and vacant property which is repurposed into medium- to higher-end real estate in selected development zones; (iii) at the same time, subject small units to either higher stamp duty and/or additional fees to disincentivise the construction of small, low-end units; and (iv) promote green and efficient buildings (GRDA 2022, *GRDA Outlook Note. Outlook 2022 -2024 & Budget Proposals for 2023*, pp. 6-7).

Unfortunately no such type of incentives have materialised. Such a situation may simply lead to an increase in prices, without actually directing the current construction industry to more sustainable practices and upmarket property development. The Chamber had also proposed schemes for the finishings of existing property, as the risk of the current property stock of small apartments remaining vacant is now very high. Unfortunately none of its proposals in this direction were taken into consideration.

From an infrastructural perspective the Chamber would like to point out again the need for a new hospital for Gozo. The Chamber would like to reiterate that this is a matter which needs to be urgently addressed. The same applies to the new Gozo Law Courts, as the current building is inadequate.

The Chamber is also worried that while on a national level there is continued impetus on new economic niches, there is no mention of a new incentive framework which would attract companies to the Gozo Innovation Hub, and which would help to the establishment of new ventures in Gozo in new economic sectors. The Chamber is also dissatisfied that sectors which need support such as importers and artisans established in Gozo, which require assistance in the transport between the two islands, have not been addressed.

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