

THE GOZO BUSINESS  
CHAMBER

# LABOUR MIGRATION POLICY

RESPONSE TO  
CONSULTATION ON  
THE PROPOSED  
POLICY



THE GOZO BUSINESS CHAMBER

**PUBLISHED BY**

THE GOZO BUSINESS CHAMBER

The Brokerage, Santa Marta Street, Victoria, Gozo

Tel: +356 21550305

[www.gozobusinesschamber.org](http://www.gozobusinesschamber.org)

**Publication Date: 08 February 2025**



**Contents**

---

<b>1. Background</b> .....	2
<b>2. The Chamber’s Response to the Consultation</b> .....	3
<b>3. Concluding Remarks</b> .....	5
<b>References</b> .....	6

## 1. Background

The GRDA note on 'A Review of Public Sector Employment in Gozo' (2024) highlighted how “over the last fifty years, the public sector constituted a major source of employment in Gozo” (GRDA 2024, p. 2). In fact, while the share of public sector employment to total primary employment in Gozo stood at 26% in 2022, in Malta this share stood at 17% (2024, p. 5). Among the reasons earmarked in the paper there is increased flexibility, more family friendly measures, and a higher degree of security which is valued by Gozitan employees. According to the research this also led to a higher share of secondary part time employment which increased considerably when compared to mainland Malta between 2013 and 2022.

According to the same paper:

In recent years, the number of public sector employees in Gozo has stabilised at around the 3,900. The share of public sector employment relative to total employment declined as the private sector has expanded . . . In fact, private sector employment, including self-employment, grew from 6,443 in 2013 to 11,642 in 2022, an increase of 81%. In comparison, public sector employment rose by 7.5% over the same period. As a result, the share of public sector employment to total employment declined by 11.0 percentage points over this period, reaching 25.5% by end 2022 (GRDA 2024, pp. 3-4)

Nonetheless, the “total full-time public sector employment increased to 107% of the level in 2013 over the past decade” (GRDA 2024, p. 5). The growth in the private sector in Gozo, on the other hand, was fuelled principally by an increase in employment of foreign employees especially third country nationals. This was already noted by the GRDA in 2021 through a note on 'Foreign Nationals Employed in Gozo' where it highlighted how over a ten-year period between 2010 and 2020 “the number of foreigners employed in Gozo increased by an annual average rate of 24%” (GRDA 2021, p. 4), from 357 in 2010 to 3079 in 2020. The note clearly highlights how this “development largely reflects the economic growth and the resulting increase in demand for workers which the local market could not fill in” (2021, p. 5). Sectors such as tourism and construction showed the greatest share of foreign employment. While the note highlights how this might impact social cohesion and identity, and that this impact needs to be analysed carefully it also points out that the influx of migrant workers has “contributed to the recent

economic expansion registered in Gozo with notable increase in domestic consumption” (2021, p. 6).

The GRDA note on ‘A Review of Public Sector Employment in Gozo’ quotes established academic literature which highlights how public sector employment crowds out productive private sector employment. A conceptual model in the same paper indicates how the long-term impact of a gradual increase of 1,000 employees in the private sector, and in the public sector, can lead to the two completely different scenarios. Employment in the private sector leads to a much higher gross domestic product. Moreover, while the gross value added per worker in the private sector is positive, an increase in public sector employment would lead to a negative gross value added per worker (GRDA 2024, p. 6), as the productivity per worker in the public sector would marginally decline.

Within this scenario it also important to note that Gozo’s business profile also sees a higher share of micro enterprises when compared to mainland Malta (GRDA 2023 p. 6).

Another important consideration which needs to be made, and which has informed the Chamber’s response to the consultation, are its business sentiment surveys which it conducts jointly with the Gozo Regional Development Authority. In the first survey which both entities conducted together, and which grouped the results of September 2023, and March 2024, an important element which clearly emerged, is that more than half of the businesses surveyed cited the lack of suitable employees as a major concern (GRDA& GBC 2024a, p. 5). Though its significance declined in September 2024, the lack of suitable employees remained one of the topmost concerns (GRDA & GBC 2024b, p. 5).

## **2. The Chamber’s Response to the Consultation**

The Chamber notes the need for a more transparent and planned strategic regulatory framework which would first of all limit the abuse of our migrant workforce, in specific sectors. Ensuring the rights of all workers should be a topmost priority which the Chamber believes that overall, the Labour migration policy as is being proposed will achieve. The Chamber also acknowledges the Government’s efforts to transition to a more skills-based migration system, and a

system which would prioritise retention and stability thus leading to a more balanced labour market. It also agrees with the other principle of aligning labour migration with labour market needs

However, as relevant research specific to Gozo has shown the inclusion of third country national in the local workforce has been essential for the growth of the Gozitan economy in the past years, considering also the high rate of employment in the public sector. Its significance has only diminished because of the expansion of the private sector which was sustained principally by the employment of third country nationals. Given the higher share of micro enterprises in Gozo, the Chamber would like to point out that in this case a regional analysis should have been made. Such an analysis should be carried out in consultation with the Chamber and the Gozo Regional Development Authority to ensure that such policies would not put Gozitan based enterprises at a disadvantage when compared to mainland Malta.

Moreover, the Chamber would like to make the following observations with respect to these specific recommendations:

- **Recommendation 10.** Through this recommendation as indicated in the proposed policy document it is being proposed that TCNs legally present in Malta on visas that do not permit employment should not be granted a single permit. The Chamber believes that in this case there should be an exemption for those who are currently studying, especially in areas, which are in high demand. This would enable students who are currently studying in Malta to enter seamlessly the local labour market. Such a measure would also make more attractive our local educational institutions.
- **Recommendation 18** highlights workforce application limits. The Chamber believes that such limitations are not realistic in the current labour scenario especially in Gozo, where locals prefer public sector employment over private sector employment despite a better remuneration package offered in the private sector. Imposing such quotas would considerably limit the possibility for enterprises to continue to grow given the current restraints within the local labour market. The same applies for **recommendation 20** on first employment. The Chamber believes that these may not be realistic and do not reflect the currently realities faced in the labour market both at

a regional and a national level. The Chamber believes that the quotas included in **recommendation 21** relating to the minimum number of MT/EU nationals prior to application for TCNs should also be attentively reviewed as this may not reflect the current availabilities in the local labour market.

### **3. Concluding Remarks**

As indicated in other responses to consultations the Chamber would like to point out the need for a regional analysis especially for such a policy which could seriously hamper Gozo's continued economic growth if it does not take into consideration Gozo's specific socio-economic realities. Given the extensive research documentation already published by the Gozo Regional Development Authority, such a policy should take note of this research to assess the impact on the island region of Gozo. Also, with relation to the quotas proposed a more attentive consideration of the local labour market should be done, as the Chamber feels that such recommendations may not mirror the current realities faced by employers.

---

### References

Gozo Regional Development Authority, 2021. *A Note on Foreign Nationals Employed in Gozo*. Victoria, Gozo: GRDA. Available at: [www.grda.mt](http://www.grda.mt) [Accessed 8 February 2025].

Gozo Regional Development Authority, 2023. *Employment & Skills in Gozo: Discussion Paper*. Victoria, Gozo: GRDA. Available at: [www.grda.mt](http://www.grda.mt) [Accessed 8 February 2025].

Gozo Regional Development Authority, 2024. *A Review of Public Sector Employment in Gozo*. Victoria, Gozo: GRDA. Available at: [www.grda.mt](http://www.grda.mt) [Accessed 08 February 2025].

Gozo Regional Development Authority and Gozo Business Chamber, 2024. *Gozo Business Sentiment Survey: Issue 1 – 2024 Volume 1*. Victoria, Gozo: GRDA & GBC. Available at: [www.gozobusinesschamber.org](http://www.gozobusinesschamber.org) [Accessed 8 February 2025].

Gozo Regional Development Authority and Gozo Business Chamber, 2024. *Gozo Business Sentiment Survey: Issue 2 – 2024 Volume 1*. Victoria, Gozo: GRDA & GBC. Available at: [www.gozobusinesschamber.org](http://www.gozobusinesschamber.org) [Accessed 8 February 2025].



**THE GOZO BUSINESS CHAMBER**