



THE GOZO BUSINESS CHAMBER

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Press Release: The Gozo Business Chamber 's reactions to the Budget 2021

The Gozo Business Chamber (GBC) is aware that this budget has been geared principally to cater for the effects of the pandemic both socially and economically. In its budgetary proposals document the Chamber had also included the results of a survey which had indicated the impact of the COVID-19 on Gozitan businesses, including the impact of Government measures. The Chamber had reiterated that the Government should take this situation into account in considering the continuation of these measures. To this end it positively notes the economic stimulus provided through the Budget, especially the measures intended to enhance consumption in targeted economic areas, particularly:

- **The € 100 vouchers for persons over 16 years old.** This was a measure which has impacted positively the Gozitan economy, and the Chamber expects that this measure will again prove beneficial for the island.
- **The extension of existing schemes on property purchases and sales.** The Chamber notes that these initiatives have worked well, and it is expecting that they will continue to provide an important economic impetus during the upcoming year.

The Chamber also notes the measures targeted towards business continuity principally:

- The **extension of the reduced stamp duty to 1.5% on the transfer of family businesses;**
- The **increased VAT threshold exemption for small operators**, from 20,000 to 30,000 euro;
- The **extension of the COVID-Wage Supplement till March 2021**, though in this case one has to evaluate how this will be implemented in practice given that as indicated in the budget speech, this will be related to **turnover**; and
- The **continuation of the schemes currently implemented by the Ministry for Gozo in various economic sectors.**

The Chamber also notes the Government's commitment in terms of **transport and connectivity**, mainly:

- Government's renewed commitment on the **permanent link between Gozo and Malta, the fourth ferry on a permanent basis**, and the implementation of the **fast ferry service**. The Chamber expects the latter to be implemented. As indicated in its budgetary document Gozo needs multi modal forms of accessibility. The Chamber also expects the Government to go a step further in ensuring that the fourth ferry will be a hybrid ferry, in line with its commitment towards the Green Economy, and Gozo as an ecological island.

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The Chamber also notes positively the emphasis on **Digitalisation**, and the **Green Economy**. These were 2 economic pillars that the Chamber had proposed in its budgetary document.

Nonetheless in this case the Chamber would like to see that specific initiatives for Gozo are formulated, especially when it comes to attracting foreign direct investment. To this end:

- The Chamber expects Gozo to merit special attention especially when it comes to **digitalisation**. Government has highlighted its commitment towards introducing innovative technologies such as Virtual reality, Augmented Reality, Immersive technology, 3d printing, Quantum and High Performance Computing. Given Government's investment in the **Digital innovation Hub** in Xewkija, and the **second fibre optic link** between the two islands, it is now important as indicated in the Chamber's post COVID-19 strategic and policy document, and in its budgetary document, that a holistic incentive package specific to Gozo in this sector is formulated. This is necessary to really incentivise the take-off of this industry on the island, ensuring the development of an eco-system of companies in the digital sector.

Given Gozo's present problems related to double insularity, it is important that Gozo is positively discriminated to attract investment to the island. This would ensure its diversification, from an economy which is presently over dependent on the tourism sector. As regards tourism the Chamber positively notes the emphasis on quality, with respect to this sector, and the planned review of the **diving master plan**. Gozo should feature in the planned review of the national tourism strategy, given its distinct product, and its ability to attract specific tourism niches.

The Chamber also notes the Government's emphasis on the **Green Economy** in order to reach carbon neutrality. The GBC believes that Gozo can set the pace in this area. However, specific incentives for Gozo need to be drawn up. To this end the Chamber would like the Government to reconsider the proposals it put forward in this sector, specifically when it comes to the refund on electric vehicles for Gozo residents, and the incentives on ferry tickets for these type of vehicles.

As regards infrastructure, the Chamber notes positively the Government's programme in this area, especially the investment in Gozo's road infrastructure. Nonetheless as highlighted in its budgetary proposals there are urgent infrastructural projects which merit special attention mainly: a **new breakwater for Marsalforn**, **the provision of a multi storey underground car park in Victoria**, and the **building of a new hospital for Gozo**. The latter is necessary to cater for Gozo's population and also to complement the investment made in the Barts Medical School.

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