

# A Study of Gozo's Economic Dependency on Mainland Malta

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The aim of this study is to examine the extent of the dependency of Gozo on Malta. It tries to investigate how a small island like Gozo manages to sustain itself, especially in the economic sector. The study looks at the main sources of national income in Gozo, especially the tourist, catering and the manufacturing industries. To a greater extent, it seeks to establish the role of Malta's contribution to the economic well being of Gozo.

Three hypotheses and a research question form the basis of this research:

## Hypotheses

1. The Maltese people are considered very important for accommodation establishments.
2. The Maltese market is considered very important for the economic well being of the companies and industries in Gozo.
3. Maltese people are considered very important in the catering sector in Gozo.

## Research Question

1. Can any particular behaviour (for example preferences of accommodation) be identified among the Maltese people who visit Gozo?

One set of questionnaires was aimed at Maltese people and foreign tourists who visit Gozo. This was carried out to identify the main reasons why they do so and during which period/s of the year and to discover any particular characteristics, if any, among the visitors in Gozo.

A second set of questionnaires was addressed to people who own catering establishments. The aims of this questionnaire were to determine whether the Maltese people

contribute significantly to their business and also to determine during which period /s of the year the workload increased. 21 establishments, varying from restaurants and cafeterias to band clubs were interviewed.

A third set of questionnaires was distributed to people who own or work in the tourist accommodation sector. The objective is to find out to whom accommodation is rented mostly, and during which specific periods is the demand for accommodation higher. Figure 1 shows the importance of Maltese people and foreign tourists in the accommodation sectors.

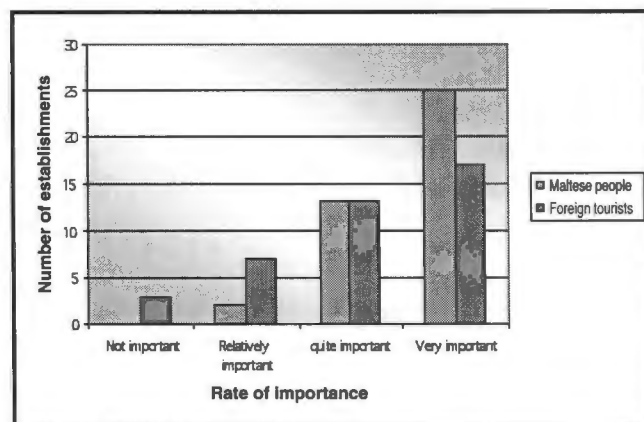


Figure 1: Importance of Maltese people and foreign tourists

The final type of questionnaire was addressed to Gozitans, who own a company or industry. The aim was to find out whether the Maltese market is essential for the economic well being of the companies and industries.

Similarities in the results derived from different questionnaires can be deduced. For example, the increase in workload during the summer months by the majority of the catering establishments coincides with an increase in the number of Maltese visitors. A consequence of this is the higher demand for accommodation. This is further emphasised when the majority of the Maltese respondents declared that they prefer the summer months to visit Gozo. Figure 2 shows the most common periods during which Maltese people visit Gozo.

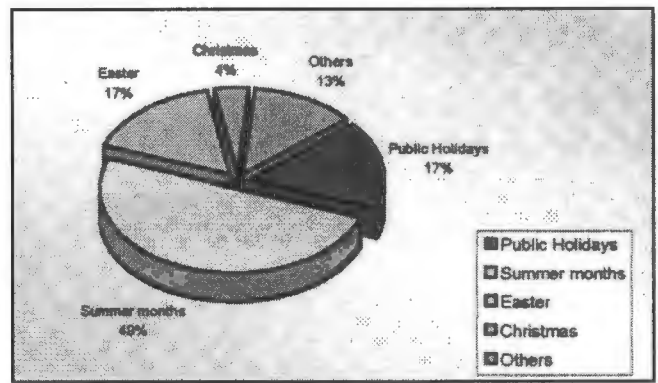
Another factor is that all the Maltese visitors and more than half of the foreigners have already visited Gozo. Gozo hosts one of the world's oldest archaeological sites (the Ġgantija Temples), it has clear waters and conserved natural landscapes, and these, together with other factors make Gozo the perfect holiday destination. These factors could also explain the reason why Maltese and foreigners keep visiting the island from year to year. A problem regarding seasonality of tourism is encountered, especially during the summer, when the island receives the majority of visitors.

Self-catering type of accommodation, namely holiday apartments, farmhouses and guest-houses seem to be preferred by the largest part of the visitors, who between Lm10 to Lm20 per night. Only a small number of visitors spend more than Lm30 per night for accommodation. 45% of the respondents prefer to spend less than Lm10 per night. These figures might explain the relatively low occupation rates in hotels in Gozo, especially in the four-and five-star hotels.

A particular characteristic was identified among the Maltese people who visit the island of Gozo. It was found out that older people prefer hotels or apart-hotels whereas younger people prefer farmhouses, guesthouses and holiday apartments. The reason might be related to comfort and financial means. Usually younger people are more adventurous and have a limited budget.

Regarding the entertainment sector most of the visitors make use of the variety of catering establishments found on the island such as restaurants, which are the most frequented, while nightclubs and the cinema are the least visited amongst the respondents.

The most important issue that this dissertation attempts to examine is the influence of Malta on the economy of the smaller island of Gozo. The results derived from the questionnaires show that there is a consensus among the catering, accommodation and industrial sectors that Malta and the Maltese people are essential for the economy of Gozo.



**Figure 2: Most common periods during which the Maltese visit Gozo**

First because the Maltese contribute greatly in the touristic sector, especially in the accommodation and catering business. Second because Malta is the country where most of the produced goods are exported, thus reducing the transport costs of Gozitan industries while still acquiring the desired price for the products. A third factor is related to human resources, where Maltese people are required either to work in showrooms or factories owned by the industry in Malta, or else they are needed in Gozo since there is a limited supply of the required qualified personnel.

One can state that the proximity of a larger island proves to be beneficial to Gozo. Although Malta on its own is not self-sufficient, it plays a major role in the economy of Gozo. Whether Gozo depends on Malta or not, it should be considered as an island region. The fourteen Local Councils found in Gozo together with the Gozo Business Chamber and the Gozo Tourism Association have stated this last February 2002 in the Gozo Regional Declaration. The Ministry for Gozo is responsible for the administration of the island. However, the Gozitans still feel the need of a regional set-up, which by time will transfer more responsibilities on the Gozitans themselves who can address Gozo's needs better, for the benefit of the island.

The Regional Council would not just include all Gozitan members of parliament and of the business community but will be acting as a bridge between the Ministry of Gozo and the Local Councils. It will also help in recognising Gozo as an island region within the European

Union (EU), thus entitling the island for the special aid it requires. Once Gozo is granted regional status, it will be in a position to benefit from the EU funds allocated to regions or islands that are considered as Objective 1 Area within the Union itself. According to the Treaty of Amsterdam, the EU has the permission to allocate specific funds in favour of small islands such as Gozo, which are characterised by various drawbacks.

The Regional Council will allow the Gozitans to have a greater involvement in managing their economic development and their own future, and will be responsible for their own actions. This might also motivate the Gozitans to attract foreign investments for their economy and new markets for their products. The Gozitans feel that this approach of regionality would improve the economic situation in Gozo. So far public authorities and the parastatal organisations did not provide as much support and attention to Gozo as required. It is time that the Gozitans start working for their own interests.

Malta as a market and also in terms of population proved to be fundamental for the economy of Gozo especially the touristic and industrial sectors. These results might be relevant to all those interested in improving the economic sector of Gozo, especially the touristic, agricultural and industrial products.

The study also provides a profile of the Maltese visitors. This is relevant with regards to planning and management of future developments in Gozo. Developers should also aim to meet the requirements of the people who frequent the island repetitively. This does not imply transforming Gozo into an urbanised island similar to Malta. The fact that Gozo is different from the mainland is an attraction on its own.