



GRDA

FEEDBACK STATEMENT

**GATEWAY TO BETTER QUALITY EMPLOYMENT IN THE
HOSPITALITY AND TOURISM INDUSTRY**

ISSUED BY THE INSTITUTE FOR TOURISM STUDIES

DECEMBER 2023



PUBLISHED BY

GOZO REGIONAL DEVELOPMENT AUTHORITY

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www.grda.mt

Publication date: December 2023

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Gateway to Better Quality Employment in the Hospitality and Tourism Industry

Feedback by the Gozo Regional Development Authority

Employment and Foreigners in Gozo

The increase in immigration to the Maltese Islands over the last years has left a remarkable impact on the economic and social fabric of the Islands. According to the latest Census of the Population, the share of foreigners to total resident population in Gozo grew from 4.3% in 2011 to around 19.5% by the year 2021¹. Among the localities with the highest ratios of foreign residents, one finds Żebbuġ (Marsalforn), Munxar (Xlendi) and San Lawrenz, with 28.3%, 22.7% and 20.1% respectively.

The number of non-Maltese residents in Gozo has been gradually rising since Malta joined the European Union in 2004. However, this growth has gained significant momentum over the last decade. Over the ten-year period, the number of foreigners employed in Gozo increased by an annual average rate of 24.0%. The rapid rise in foreign workers in Gozo comes on the back of an influx of workers from both EU and Non-EU nationals. This shift was predominantly propelled by the substantial economic expansion that Gozo experienced during this period. In fact, on average, between 2012 to 2021, Gozo's real economy grew at an average annual pace of 5.2% with a growth which at times even outpaced that of mainland Malta. In contrast, in the preceding decade, Gozo's real economy experienced an average contraction of 0.1%.

In 2010 the number of foreign workers in Gozo amounted to 356 with more than one third of these workers being from the UK and Germany. Following persistent increases during the past twelve years, in 2022 the number of foreign individuals employed in Gozo reached 4,378. The nationalities having the highest representation of workers in Gozo as at end 2022, were Albanians with 646, the British with 600 and Italians with 500 workers.

The rapid rise in foreign employment was one of the main drivers behind the increase in total employment in Gozo over the last decade. In fact, the share of foreign workers to total employment in Gozo increased from around 4.0% in 2010 to around 28.0% by 2022. This development largely reflects the economic growth and the resulting increase in demand for workers particularly for roles that require lower skills levels. In 2022, the job area which registered the highest amount of foreign workers adding up to 35% of total foreign workers was the wholesale retail, transport,

¹ For more information on recent population developments in Gozo see: <https://grda.mt/wp-content/uploads/2023/09/Macroeconomic-Outlook-2023-2025-06.09.23.pdf>.

accommodation and food service activities. On average, between 2010 and 2020, around 12% of foreign workers were employed within the accommodation and food services activities sector. However, this share increased slightly in recent years to nearly reach 15% by the end of 2022, as the yearly increase in foreign employment in this sector outpaced the registered rise in other sectors.

As a result, the increase in net migration is bound to have consequences, some of which are already reflected in today's reality². These can be summarised as follows:

1. Immigration has contributed to the recent economic expansion registered in Gozo with notable increases in domestic consumption. However, it should be highlighted that foreign workers have also influenced the wage dynamics in the Gozitan labour market, keeping wages on the lower spectrum. The increase in foreign workers also led to a mismatch in terms of skills.
2. The economy of Gozo is now more open than any other instances in its history. Economic openness is likely to help productivity and as a consequence impacts positively economic growth.
3. Gozo is a small island with an area of 67 km² and with limited resources. Hence, the increased number of residents in Gozo must also be viewed vis-a-vis the carrying capacity of the Island and the additional pressures that it adds on its infrastructure, the natural environment and its resources. Given this scenario, a notable issue is that of available space, where the island's size as well as the various land uses, combined with the increasing population, all continue to struggle for space. Eventually, this situation led to an increase in the number of residential units, hence adding upward pressure to prices and rents. This demand was mainly across property of low-to-medium quality. Automatically as the population increases, waste generation increases, as well as the demand for electricity, water and other services.
4. The increase of residing foreigners in Gozo has changed the social fabric and local identity, where in some instances episodes of social conflict occurred.

Tourism in Gozo

According to data published by the National Statistics Office (NSO)³, visitors to Gozo and Comino region comprise of the following: same-day visitors as well as inbound tourists that visit the region as a single or twin centre destination. In 2022, total visitors to Gozo and Comino reached 1.3 million,

² Note on Foreign National employed in Gozo (2021): <https://grda.mt/wp-content/uploads/2021/11/Foreign-nationals-employed-in-Gozo-09.11.21.pdf>.

³ For more information on tourism in Gozo see: <https://nso.gov.mt/wp-content/uploads/Regional-Statistics-Malta-2023-Edition.pdf>.

with tourism activity in Gozo and Comino remained highly skewed towards same-day visitors.

In 2022, same-day visitors to Gozo and Comino accounted for 90.3% of the total inbound visitors to Gozo and Comino, totalling to 1,203,891 visitors. Comparing the year 2022 with 2019, a decline of 10.59% in day trippers was noted.

Furthermore, in 2022 Gozo as a single centre destination received 64,687 tourists, with the average length of stay of 9.9 nights. The number of single centre destination tourists in 2022 declined by around 30.23% when compared with 2019, however the average length of the stay increased by 1.1 nights. Both in 2022 and 2019, the most common accommodation where tourists stayed was classified as rented. Furthermore, in 2022, there were 64,372 visitors which stayed in both Malta and Gozo. When comparing against 2019, a decline of 27.07% was also noted. As a result, for 2022 the total inbound tourists staying in Gozo amounted to 129,059 tourists. Hence, this depicts a decline of 33.66% when compared with 2019. On the other hand, the average per capita expenditure for inbound tourists in 2022, increased to €965, an increase of €139 when compared with 2019. It is noted that this increase happened throughout all areas of expenditure. A key aspect to highlight is that in 2022 expenditure by inbound tourists to Gozo and Comino region as single centre destination was estimated at €62.4 million.

Finally with regards to domestic tourism, in 2022 it was depicted that domestic tourism increased, when compared with previous years. A total of 331,455 Maltese visitors visited Gozo in 2022 showing a significant upward trend when compared to the pre-pandemic levels. Similarly, most domestic tourists stay in rented accommodation. Furthermore, the average per capita expenditure was raised in all areas of expenditure, amounting to an average of €63.5 million.

The Gozo Regional Development Authority's reaction and feedback to this document

The Gozo Regional Development Authority (GRDA) welcomes the introduction of mandatory training and assessments, which if implemented correctly will result in qualified employees (locals and foreigners) offering a service of excellence to the tourists/ customers. With regards to this initiative targeting the foreigners, such scenario may result in an added barrier for foreigners seeking employment in the Maltese Islands. Hence, the islands will not receive an influx of immigrants, and the pressures and conflicts highlighted in the initial section will be alleviated (specific reference to bullets no. 3 and no. 4). Furthermore, having qualified workers will lead to wages ranging more onto the higher spectrum and less skill mismatches (hence tackling bullet no.1 of the initial section). The GRDA agrees that the implementation of training and assessments will be held in phases for the different cohorts. Ideally, the trainings and assessments would be given a suitable MQF recognition which is also recognized by the EU. The GRDA also suggests that such training and assessments are expanded to other sectors.

One key element that the GRDA would like to emphasise is that prior to this initiative, it is imperative that a skill-gap analysis is carried out for Malta and Gozo, in order to define the current scenario and accordingly cater for future needs. If such analysis is already done, its outcomes need to guide the content of the trainings and assessments.

The recently published Regional Development Strategy for Gozo⁴, prioritizes sustainable tourism, which is of excellence to the tourists. Another important aspect of this strategy is that it fully supports human talent. In conclusion, the *Gateway to Better Quality Employment in the Hospitality and Tourism Industry* aligns with Regional Development Strategy for Gozo.

⁴ Regional Development Strategy for Gozo see: https://grda.mt/wp-content/uploads/2023/09/GRDA_RDS- Document_A4_VH_2023_Web.pdf.



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