

1 Objectives of the Topic Paper

1.1 The Employment topic paper provides a detailed strategic assessment of the employment requirements of the Maltese Islands for the Structure Plan Review. This document deals with the industry, warehousing and office sectors. It builds on the assessments in the Planning Authority's draft Commerce and Industry Subject Study, Local Plans, Monitoring Reports, the Industry Subject Study and Micro-enterprise Study. The latter two studies have been commissioned jointly with the Malta Development Corporation (MDC) and the Institute for the Promotion of Small Enterprises (IPSE).

1.2 This topic paper

- Reviews Structure Plan guidance in the light of changed business and policy-making environments;
- Provides an updated and extended assessment of national employment sector trends and the implications for employment in land use planning in the Maltese islands;
- Undertakes a quantitative floor space assessment of offices, industry and warehousing in the Maltese islands for the period up to 2020;

- Analyses floor space and its use in terms of location, future expansion and efficiency;
- Evaluates policy options for accommodating the growth in floor space required, if any.

1.3 The study is based on site visits, the Commercial Property database, Planning Authority applications database, Floor space surveys (Industry and Warehousing) and Employment Forecasts amongst others.

1.4 The run up to the topic paper also included a wide-ranging programme of consultation. This has included

- The setting up of a Working Group comprising representatives from the following organizations: General Retailers and Traders Union, General Workers Union, Unjon Haddiema Magghudin, Federation Of Industries, Employers Association, Ministry for Economic Services, Chamber of Commerce, Gozo Business Chamber, Malta Development Corporation and the Employment Training Corporation.

- Meetings with Estate agents. These were held in order to assess qualitatively and quantitatively the commercial market sectors of offices and warehousing. Insight with respect to demand, supply and locations were discerned from these meetings.

1.5 The current Structure Plan indicated a number of Primary Development Areas as suitable locations for major commercial facilities (Pembroke, Manoel Island, Luqa Airport and Marsa Park). Additional zones for industrial development were designated at San Gwann and Hal Far. In addition, the plan established general policies for the control of commercial and industrial development elsewhere (e.g. SET7, the IND policies). A number of policies tightened environmental controls over commercial and industrial development. These included policies designed to:

- Prevent the introduction of new bad neighbour uses (BEN1);
- Ensure that potential traffic impacts are accounted for in planning decisions (TRA2);
- Ensure that new development incorporates proper parking provision (TRA4 and Explanatory Memorandum, p144-146);
- Improve control over noise emissions (BEN21);

- Limit the creation of new accesses onto arterial roads (RDS5);
- Restrain traffic growth into Valletta/Floriana in peak hours (TEM10); and
- Improve controls over processes generating hazardous waste (PUT13).

2 Employment Forecasts

2.1 Forecasts indicate a trend towards a more services-oriented economy with the increasing role of the private sector. These forecasts are based on assumptions which envisage generally closer economic ties with the European Union, a stable unemployment rate, and the pursuing of a deficit reduction programme in the short term amongst others. The labour supply is forecast to rise to over 151,000 persons, an increase of about 4,500 on the current levels.

2.2 Employment in direct production will decline from 30% to 25% by the year 2020. By comparison, the market services sector should employ some 50% of the labour force by 2020. This will be the prime determinant of employment growth over the next 20 years. The structure of this sector is, however, likely to change

significantly. The wholesale and retail trade sector is expected to remain somewhat static and the community and business sub-sector is projected to grow at a slower pace than that prevailing in the 1990s when employment doubled.

- 2.3 The key conclusions are that there will be a substantial shift in the pattern of employment with traditional industries in the manufacturing sector declining, tourism moving into newer high quality markets and new industries coming on stream.

3 *Employment Patterns*

- 3.1 The distribution of the full time gainfully employed amongst local plan areas shows that the Grand Harbour Local Plan area employs 25 per cent of the working population, with Central Malta, South Malta and North Harbours areas each employing around 19 per cent. It is discerned that with the exception of Marsaxlokk Bay and Grand Harbour Local Plan areas, about half the full time gainfully employed persons work and live in the same local plan area.
- 3.2 Valletta, Floriana, Marsa, B'Kara, Luqa, Sliema, Qormi and Pieta have been identified as employment nodes, localities employing more than 3.5 per cent of the full

time gainfully occupied population. Approximately 42 per cent of the total full time gainfully occupied population work in the employment nodes. The Grand Harbour conurbation, namely Valletta, Floriana and Marsa employs around 25 per cent of the working population.

4 *Offices*

- 4.1 Most of the existing office floor space is in Valletta and Floriana. Together they accommodate most of the major government offices, a number of large public corporations and parastatals and a significant proportion of the office-based employment within the private market services sector. The trends during the period 1993-00 indicate that private sector offices are widely distributed around the Maltese islands. Other than Valletta and Floriana, the major localities offering private sector office accommodation are Sliema, St.Julians, Msida, B'Kara and Gzira.
- 4.2 The overall rate of approvals in the office sector has averaged 22,625 square metres per year over the period 1993-2000. This has been achieved without the implementation of any of the major potential office

developments identified in the Structure Plan for the Primary Development Areas or elsewhere.

- 4.3 On disaggregating the office floor space (including conversions) approvals by Local Plan area it is inferred that the strategy of encouraging jobs in the outer residential areas has been broadly observed, since the higher proportional increase in office development was registered in the Central Malta Local Plan area.
- 4.4 The office sector, as a whole, still lacks adequate modern accommodation. In the public sector, whilst there is no overall requirement for expansion, there is a need for continued upgrading and replacement. Much of the existing private sector office stock is also poorly maintained and fails to conform to modern standards.
- 4.5 No growth is anticipated in public sector office employment through the period to 2020. A large proportion of the future requirement for office space will arise from the need to refurbish or redevelop existing office accommodation, or to relocate to more appropriate property. The private sector accounts for the entire net growth requirement of between 183,000 to 243,000 square metres over the period to 2020.
- 4.6 The primary requirement for the next twenty years is to facilitate the expansion and modernisation of office accommodation for the small business sector. This can be fulfilled in a number of ways:

1. Projects already in the pipeline
2. Working from home
3. Conversions – Residential and others
4. Office development within Town Centres

Most of the estimated requirement for office floor space over the period to 2020 is likely to be accommodated through an appropriate combination of these mechanisms.

5 Warehousing

- 5.1 The storage and distribution sector underpins all economic activity: it provides the link between suppliers, manufacturers and retailers in a complex network that is increasingly taking on an international dimension. Warehouses are an integral element of the logistics network, which, if inadequately planned and managed, can act as a major constraint on operational efficiency.
- 5.2 The overall rate of planning approvals in the warehousing sector has been cyclical, averaging 31,400 square metres per year over the period 1993-2000. This has been achieved without the

implementation of any of the major potential commercial developments identified in the Structure Plan for the Primary Development Areas or elsewhere.

- 5.3 Land provision at the main ports is considered to be adequate for short and medium term requirements. There will be considerable activity and expansion within the existing Freeport area, as well as at Grand Harbour, and potential implications for neighbouring land uses will require careful monitoring.
- 5.4 Local distribution and storage networks are extensive, but are largely informal. As with any small, but rapidly changing sector, requirements are hard to quantify. Some specific land designations are likely to be required, in appropriate locations, to allow the development of modern, national distribution facilities. Such facilities are required to support changes in the food retail and catering industries and to meet the changing distribution needs of manufacturers for the local market.
- 5.5 The Provision of modern, centralized facilities should facilitate the relocation of inappropriate large-scale storage uses from residential areas.

6 Industry

- 6.1 There are about 3,780,000 square metres of zoned industrial land in the Maltese islands. 97% of the land is located in Malta whilst the remaining 3% is in Gozo. Generally, existing industrial land is concentrated in the Central and South Local Plan areas of Malta, the only exceptions being Kordin and Ricasoli located in the Grand Harbour Local Plan areas, San Gwann in the North Harbours Local Plan area, and Xewkija in Gozo. There is very little allocated industrial land in the North West Local Plan area.
- 6.2 It is important to acknowledge that industrial estates were originally developed on Government landholdings. Existing concentrations of industrial development tend to be related to patterns of labour supply and socio-economic patterns and most of the estates appear to have a relatively small travel to work catchment areas.
- 6.3 The overall rate of development in the industry sector, averaging 40,500 square metres per year over the period 1993-2000. The South Malta and Central Malta Local Plan areas account for more than 60 per cent of industrial floor-space approved during the period 1993-2000.

6.4 Quality differences exist among Malta Development Corporation estates. These are reflected in the perceptions of existing and potential tenants. The overall mix of 'quality issues' includes the condition of premises and public areas, existence and maintenance of landscaped areas, gateways and secure estate boundaries, and whether provision of street lighting, pavements, adequate security, bus services, and employee amenities exist.

6.5 A series of problems have been identified in areas of private industrial development. These include

- poor quality working environments;
- inadequate access, parking and servicing arrangements;
- uncoordinated service/utility provision;
- unsurfaced roads and lack of maintenance;
- generally, an 'unplanned' environment.

6.6 Industrial concerns in residential areas may be 'bad neighbours' with respect to uses that are adjacent to them, but given the scale of their operations, their impacts would be limited to their immediate neighbourhoods. It is the cumulative effects of agglomerations of small operations that normally cause problems.

6.7 The emphasis in the industrial sector is likely to be on a qualitative improvement of business premises, business relocation and efficiency improvements, rather than additions to the total volume of operational industrial land. Strong initiatives are in progress to support the development of local micro-enterprises. This will lead to more provision for such businesses on Government land including some provision on MDC estates. This, in turn, will enable the progressive relocation and expansion of a significant proportion of the micro sector within improved business premises. Relocation of garage industries currently within town/village cores which are incompatible with the surroundings will be encouraged.

6.8 It is estimated that there is potentially an overall supply of some 160 ha of industrial land available within allocated private industrial areas and MDC estates. Given the level of industrial land developed in recent years this is a sizeable stock of land supply. Although there is a significant supply of vacant private industrial land, there is an acknowledged problem of a lack of industrial development activity on private industrial land.

- 6.9 The key finding is that over the next 20 years there will be a reduction in required industrial floor space of approximately 110,000 square metres. This applies to all industrial sectors including MDC and private industrial land.
- 6.10 In addition to MDC land and private land there are a number of other sources of land supply. These include:
- various sites designated within Local Plans and proposed for garage industries and workshops within built up areas and in abandoned quarries. These sites should be in conformity with the recommendations identified by the Micro-enterprise study;
 - sites in Local Plans for utility, infrastructure and port uses.
- 6.11 In order to meet the needs of industry over the next 20 years there is a need for substantial changes in the quality of industrial buildings and industrial estates. Furthermore, there will be a need for different types of industrial property in terms of building type and size.

7 Conclusion

- 7.1 The main scope of this topic paper is to promote a distributed, multi-centred pattern of employment growth and service provision for the Maltese islands. The primary employment area, in and around the Grand Harbour, is to be intensified to some degree in order to encourage physical regeneration and to exploit the area's position at the hub of the national public transport system.
- 7.2 Most of the growth in employment provision will be directed towards a network of designated regional centres, industrial zones and large mixed-use developments within existing urban areas. A significant proportion of very small-scale business activity will continue to be absorbed within residential neighbourhoods, where this can be achieved without harming the character or amenity of the area.