

**European Employment
Observatory**

**EEO Review: The Employment Dimension of Economy
Greening**

Malta

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1. Introduction

The Maltese government is investing substantial funds to help the country increase its environmental sustainability, a topic which has recently gained prominence in public debate. The government has been proactive in organising campaigns in favour of the more efficient use of energy and the importance of safeguarding the natural environment. The Maltese public has become much more conscious of the significance of climate change and tends to view government policies in this regard, positively. However, the link between climate, energy policies and the labour market is often sidelined in public debate. The government tends to speak in terms of ‘green products’, ‘energy efficiency’, and ‘less pollution’ rather than in terms of ‘the labour market’, ‘human resources’, ‘training needs’ and the like. Indeed, a review of local media reveals that the term ‘green jobs’ is mentioned mostly by the opposition Labour Party, Alternattiva Demokratika (Malta’s green party which does not have any elected members in parliament), and some social partners (including the General Workers’ Union and the Malta Employers’ Association). The term ‘green jobs’ has to-date rarely been used in the Maltese parliament and there is no structured debate about the topic.

The current economic crisis does not appear to have significantly changed the general trend of moving towards a greener society. Malta has so far been spared the effects of the global economic slowdown, thanks largely to a risk-averse banking sector and a robust real estate and property market. While the manufacturing and tourism sectors are feeling the impact, the increase in unemployment has been low in comparison to other countries. The targeted government actions meant to mitigate the effects of the recession on Maltese enterprises were not directly related to the promotion of green jobs.

The local social partners are increasingly viewing the green agenda as the inevitable way forward for the Maltese economy. However, their attitudes often reflect a very superficial consideration of the implications of the ‘green revolution’ on labour demand and labour supply. The social partners have not yet started formulating concrete strategies or approaches to deal with the challenges of having a greener economy. In 2009, the major social partners represented on the Malta Council for Economic and Social Development (MCESD), Malta’s highest organ for tripartite concertation, urged the government to exploit the opportunities available for the development of environmental industries and the creation of green jobs through supportive policies (MCESD, 2009).

2. Labour market outcomes

The Employment and Training Corporation (ETC) commissioned the only report that has been published to date about green jobs in Malta, called ‘Green Jobs: What Prospects’ (2007). The report was the first attempt to measure the existing level of green jobs in the country and estimate potential future needs.

2.1 The effects of economy greening on the levels and composition of employment

The report estimates that, in 2007, some 4 152 persons worked in environment industries, constituting about 3 % of the working population, and growing by 6 % per annum. The large majority of workers in this industry are male, as in most economic sectors in Malta. While females represent around 34 % of the workforce at national level, they only represent 20 % of the workforce in the environment industries, indicating a particularly gendered employment sector. Within the green economy, females are mostly prominent in the areas of nature protection (32 %) and waste management (30 %), while they are nearly unrepresented in the air pollution and waste water treatment sub-sectors. Around 9 % of all male workers are employed at managerial level in the Maltese labour market. Within the green sector, while less than 5 % of males work at management level in the more traditional subsectors, the figure increases to 71 % in the consulting/monitoring subsector. The recycled materials and the waste management sub-sectors employ the highest ratios of manual male workers (60 % and 80 % respectively). This compares to about 45 % of men who perform manual work (including skilled, semi-skilled and unskilled jobs) within the overall Maltese economy. As opposed to males, female workers in the green sector tend to have clerical grades, reflecting a national trend, whereby most females work in service jobs/sales or in clerical jobs.

In 2007, the environmental sector contributed around 2 % of Maltese GDP. ‘The major sectors in pollution management, like all other EU countries, are liquid and solid waste management. In resources management, the most significant is water supply’ (ETC, 2007, p.2). Indeed, about 40 % of the value-added of Malta’s environment industries lies in water supply and waste water management. Such services are carried out by the public Water Services Corporation (WSC). In 2007, WSC and WasteServe, the public corporation managing solid waste, employed 54 % of the industry’s labour force.

2.2 The sectors and regions expected to be affected the most in the coming years

The ratio of green workers in the WSC, which appears to be over-staffed, is set to decrease in the coming years; this trend will be offset by an expansion of the number of workers in other sectors and organisations. The ETC (2007) report states that, in order to conform to the obligations of EU directives on households, services and industry, some agencies - such as the Malta Environment and Planning Authority (MEPA), Enemalta Corporation, WasteServe and WSC - will have to employ or deploy more workers in green jobs. Besides, small private companies, such as those selling alternative sources of energy, are expected to increase their workers, since small-scale renewable energy supply is labour intensive in installation (GoM, 2006).

In order to sustain the local demand generated by government policies and regulations, and the growing green consciousness of consumers, the production of goods and services will be mainly directed towards local needs in the coming years. However, due to the small size of Malta and the consequent diseconomies of scale, particular

subsectors of the environment industries are expected to become increasingly export oriented. For instance, ‘the recycling and waste management sector is expected to sell its product overseas because of the limitation of our local markets’ (ETC, 2007, p.97). The large-scale renewable energy sources planned in Malta which ‘will require skilled and qualified manpower for manufacture, assembly and maintenance... [will also create] the possibility of offering these services to neighbouring countries’ (GoM, 2006, p.7). The consultancy and monitoring sector, which is already exporting its services abroad, will also probably register a growth in such overseas activities. The increase in such activities is expected to be contingent on the increase of University graduates equipped with environment-related specialisations.

Environmental policies in Malta are often not region-specific but target the country as a whole. However, in 2008, the government unveiled its vision of transforming the smaller island of Gozo into an ecological island that is ‘a model of sustainable development’ (GoM, 2008, p.3). The government believes ‘that the environment can play an important part in contributing to Gozo’s economic development through an improved tourism product, attracting inward investment and the nascence of the green economy in Malta’ (GoM, 2008, p.3). Moving away from visions to reality, the answer to a parliamentary question about what the Ministry for Gozo is doing to create green jobs in Gozo indicated virtually no tangible actions to date (Malta Parliament, 2009). The extent to which this vision will be translated into green jobs thus remains to be seen. However, in the 2010 Budget, the government dedicated EUR 25 million over the next three years to start implementing its policy articulated in the document ‘Eco-Gozo – a better Gozo: Proposed action 2010-2012’ (GoM, 2009a; 2009b). This indicates, with concrete steps, that the government is committed to improve the environmental sustainability of the Gozitan economy, creating green jobs in the process.

2.3 Human resource needs in the green sector

The ETC (2007) report reveals that, at the end of 2007, there were 465 vacancies in the environment sector. Nearly half of them (215) were in the industrial cleaning sub-sector, indicating a fast growth in this type of service, required to conform with EU directives. About 22 % of the vacancies were for professionals, 54 % for manual labour, 13 % for skilled workers and 12 % for clerical workers.

In general, the report indicates that the green sector requires two types of workers at the extreme ends of the knowledge and skills spectrum: post-graduate degree holders such as scientists and environmental experts, and low qualified workers with some basic training to do manual work. The needs for low qualified workers can help to reduce the unemployment rate in Malta which in June 2009 reached 7 % (NSO, 2009). The large majority of unemployed persons have low levels of skills and qualifications. In order to fill the low-skilled jobs in the green industry, short job-oriented courses need to be organised by institutions such as the Employment and Training Corporation (ETC) and the Malta College of Arts Science and Technology (MCAST) in collaboration with employers in the green industry. A recently launched ESF funded project called ‘Care

creates change' managed by WasteServ Malta Ltd in collaboration with MCAST and some other organisations is an example of efforts in this direction. The project, costing EUR 1.2 million, involves the training of disadvantaged unemployed or inactive persons in basic skills as well as in waste management skills, in order to help them gain access to the labour market, preferably in green jobs (Bonello, 2009).

The difficulty to fill arising job vacancies at post-graduate level is clearly more acute, especially since post-graduate degree holders are generally few in Malta, and persons specialising in environment-related studies are particularly scarce. Besides, it takes years to train people up to post-graduate level, and the University of Malta has arguably not offered sufficient opportunities for training in this field in recent years. It should be pointed out that, while the government was very proactive in increasing emphasis on IT training among students in a bid to meet the emerging and forecasted labour market needs in that sector, there has not yet been a similar drive leading to the creation of green professional jobs. On a positive note, at policy level, the government has acknowledged the need for greater synergies among the various players in the field and has started pressing towards training, continuing professional development, accreditation and certification of providers of renewable energy sources (GoM, 2006).

3. Review of Labour market policy developments

3.1 Relevant policies that can and are supporting going green

In order to reach the target of generating 10 % of its energy from renewable sources (half of the EU target of 20 %), the Maltese government plans to 'generate 4.8 % of energy from wind power, another 5 % from waste-to-energy technologies, and the rest from incentives for the uptake of solar energy and increasing energy efficiency' (Times of Malta, 2009). One should note that the offshore wind farm being planned, the largest of three sites proposed, is still under investigation, and the government has not found a suitable alternative in case the plan fails to materialise. A planned interconnector energy cable to Sicily will reduce carbon dioxide emissions as the energy produced would be generated from larger and more efficient power plants. Besides, the installation of a new power generation plant at Delimara will also contribute to a reduction in carbon dioxide emissions, though critics accused the government that it would still not be environmentally-friendly due to its reliance on heavy fuel (E.g. Vella, 2009).

The labour market impact of these large scale energy projects has not yet been quantified. If the wind farms project materialises, this will create an unspecified number of green jobs. The waste-to-energy processes also create green jobs. On the other hand, as pointed out by the Enemalta Professional Officers Union (2009) '[t]he cable interconnection will invariably result in loss of jobs in the energy sector, loss of local sub-contracting from the power stations and a deskilling effect of trades which used to be required in running a power station' (p.3).

Various other schemes meant to promote green practices in different economic sectors are in place. However, the net effect of the government's green policies on the creation and destruction of jobs is unclear and needs to be critically analysed.

During the 2010 Budget speech (GoM, 2009a), the Maltese government announced that it was going to establish a working group in order to examine Malta's environmental industry, exploring labour and training needs, and develop a strategy for its development. The strategy will include recommendations for a proper fiscal policy directed to incentivise green investment and growth, and for an enabling legal framework to help this industry flourish (GoM, 2009a). This is a major step in the right direction, through which the government appears to have finally started appreciating the potential contribution that the environmental industry could provide to job creation in Malta.

3.2 The need to define and monitor the sector

While the government acknowledges the need to reduce current and future labour market mismatches 'through the analysis of educational gaps' (GoM, 2007, p.59), there is still no proper skills anticipation system in place. 'The forecasting of labour needs in particular sectors is often based on one-off, ad hoc studies, sometimes forming part of new policy and strategy documents' (Debono, 2008, p.4). There needs to be a concerted effort among the relevant organisations in order to improve the existing labour forecasting instruments and set up a sustainable and coordinated system capable of delivering regular reports to anticipate skills needs, including those in the green economy.

The National Statistics Office (NSO) has a major role to play in clarifying the state and potential of Malta's green economy and related skills needs. The growth in demand derived from joining the EU in 2004 has put considerable additional pressure on the NSO, which has embarked on a capacity building exercise to improve its operations. Environment and energy statistics are among the areas in which the NSO performs inadequately. The NSO does not collect data relating to green jobs, as it follows the NACE classification, which does not yet recognise and classify this employment sector separately. In this, the NSO is not alone: 'the complexity of the definition [of the environmental goods and services industry] itself, the evolving methodological concepts, and the lack of information available in this new, rapidly-growing multi-faceted activity, has so far prevented international statistical agencies from providing the tools to identify and classify this industry within the current acceptable industrial classification' (ETC, 2007, p.15). Indeed, the ETC (2007) report acknowledges that the methodology used to collect its data might not be fully compatible with that of similar reports in other EU countries. The NSO should start considering ways of capturing green jobs, perhaps by re-classifying occupations in some of its surveys. Besides: 'in-depth modelling and econometric efforts to analyse not just direct green jobs but also those that are related in a more indirect manner' (Brincat, 2008) should be carried out.

3.3 Managing the employment effects caused by green policies through labour market instruments

The ETC (2007) report recommends four environmental schemes, two of which could be integrated into existing ETC schemes while another two could be set up as pilot projects. These schemes purport to have a more direct effect on green jobs than most existing green policies.

The ETC could include within its training aid programme funded by the ESF, an 'Environmental Training Scheme' targeting environmental enterprises and their employees. The scheme could include topics such as 'current and future environmental EU Directives on air, water and waste; air quality improvement techniques; water quality improvement techniques; waste management techniques; and environmental monitoring and audit' (ETC, 2007, p.118). The ETC could also include within the employment aid programme funded by the ESF, an Environmental Employment Scheme. The scheme, targeted at environmental enterprises and disadvantaged new employees, could sustain the creation of green jobs while integrating disadvantaged persons in employment.

The ETC (2007, p.119) report also suggests the setting up of Environmental Summer Internships through which students in related courses at the University of Malta and MCAST could 'familiarise themselves with the work currently being undertaken in environmental enterprises and transfer knowledge from academia to business'. If these internships are successful, they could be extended into a longer term project (called Environmental Secondment Scheme) through which final year students could join an employer in a green job, for a period spanning between one and three years, which would help them move into full-time employment in the environmental industry. Both schemes could be part-funded through the ESF.

3.4 The shift in taxes from labour to energy

'Economic instruments in the form of environmental taxes or charges are currently used in the policy areas of waste, water, biodiversity, land use, transport and energy' (Rapa, 2006). For example, in the waste sector, an eco-contribution was introduced in 2004 and subsequently extended to various items. Various environmental taxes are in place: these include fuel excise tax, vehicle registration excise duty and licenses, development permit fees, and fish-farm license fees. In recent years, the government has given environmental subsidies including refunds on solar/wind energy installations and roof insulation of private homes, reduced registration tax on battery operated vehicles and motorcycles, reduced excise on recycled/bleached paper, degradable/environmentally friendly refuse and shopping bags and energy efficient bulbs (Rapa, 2006). Besides, in recent years, the government started gradually reducing income tax. However, this programme was halted in 2009 due to the financial difficulties created by the international economic crisis.

The effects of this shift in taxes on the labour market are unclear. The substantial increase in energy tariffs imposed in the last quarter of 2008 did not lead to the disastrous scenarios put forward by the social partners who had feared mass redundancies due to a decrease in competitiveness. However, the situation did lead to an increase in energy efficiency: the consumption of electricity fell by 8 % during 2009 (Times of Malta, 2009). Besides, such tariffs affected the inflation rate which continued growing, contrary to what happened in 2009 in other EU countries. Such inflation did reduce spending, but, by mid 2009, had not impinged on the number of workers in the wholesale and retail trade sector (NSO, 2009). While the energy tariffs were decreased in 2009, at the end of the same year, the government announced that it would reinstate tariffs in line with those of the previous year, risking again to harm the country's competitiveness.

4. Conclusions

A recent study carried out by Deutsche Bank, found that, among the European countries, Malta has most to lose economically from global warming, due to its geographic aspects and heavy reliance on tourism (Malta Independent on Sunday, 2009). Thus, the Maltese government has a particularly high moral obligation towards its citizens to take the greening of the economy very seriously and contribute to fighting climate change. In recent years, the government has focused almost exclusively on green practices and has marginalised the dimension of green jobs. It is hoped that the working group announced in the 2010 Budget will bring about a significant change in policies and practices, resulting in a more proactive and strategic approach in managing the potential of green jobs in Malta.

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