

Malta's real estate growth in relation to health and safety

Architect DENIS CAMILLERI seeks to correlate the surge in real estate development and Malta's economic standing with health and safety measures in the construction industry in recent years.

CONSTRUCTION statistics issued by Eurostat in its Euro Indicators noted that a construction upturn in Malta occurred during the first quarter of 2005 at a 7% increase, the highest rate recorded in the EU 25, with a negative average of a 1.6% drop in the EU 25. This 7% quarterly increase is to be compared with the average 1.2% quarterly increases for 2004.

Full time employment in the construction industry hovers around 8% of the total labour force employed, comparable to the EU-15 figure for 2002 at 7.9%, with the overall workforce ranging from 5.5% in Sweden up to 12.7% in Portugal.

The Economic Survey 2005 indicates the average national wage to stand at Lm5,187 pa, while within the construction sector this stands at Lm4,483.44. This low wage packet may be indicative of the difficulty of attracting skilled labour to this sector, so it is important to improve the basic image of the local construction industry.

On the other hand the Central Bank of Malta's annual report 2005 noted that for the first three quarters of 2005, construction workers registered a 3.5% wage increase, as compared to the national average at 2.6%, possibly reflecting a labour shortage in this sector. This shortage is further highlighted by the number of foreign workers engaged in this sector.

The number of residential building permits issued by MEPA stood at 4,180 in 2001, increasing to 9,081 in 2005. Thus in the number of dwellings built per 1,000 inhabitants, Malta at 22 tops the EU table with highs of 14 in Spain and Ireland and lows of 0.75 in Latvia and Lithuania. Cyprus has a house building rate of seven.

The real estate declared values on sales in 2004 amount to 22.2% of the GDP, as compared to 12% towards the late Nineties. Over the same period the percentage of sales to foreigners increased from 6% to 11%.

The share of the construction sector to the GDP hovers around 5%. This figure is comparable to the EU-25 for the first quarter of 2005, which stands at 4.7%. This low figure may surprise many, given the general understanding that this sector is considered a boost to the economy in general.

It is however, in the multiplier effect created, whereby this percentage is said then to exceed 10%, and this is where the contribution to the national economy has a substantial bearing.

Overview of Malta's economic record over the same period

Economic growth for 2005 had stagflated to 2.5% of GDP, while

Table A – GDP growth and inflation rates over the period 2001-2005

	2001	2002	2003	2004	2005
GDP growth rate %	-1.7	1.5	-2.5	-1.5	2.5
Inflation rate %	2.93	2.19	1.30	2.79	3.01

Source NSO

inflation stood at 3.01%. Stagflation occurs when growth is lower than inflation. In comparison the global real growth for 2005 stood at 3.3% with the average rate of inflation at 3.4%.

Thus from Table A it appears that Malta's economy is shifting away from a period of stagflation experienced from 2001 up to 2005 and is possibly to undergo a quantum leap in the coming years with the materialisation of HSBC's Call Centre, together with proposed Smart City investment.

How is it that Malta's economy has possibly surpassed the previous years' dismal record. The answer could possibly lie in the clue given by the former US Federal Reserve chairman Alan Greenspan who quoted that the world economy in general has not collapsed, as had happened in the Thirties, due to the very healthy home ownership market.

This in Malta currently exceeds 75%, and this demonstrates that investment in property is not a myth. Thus the healthy state of Malta's real estate market is to be fully retained and any new imposed measures ought to be introduced very cautiously.

Now that the importance of real estate is anathema to Malta's growth, the idea of growth and social welfare needs to be balanced by the conservation of environmental resources by the present generation, for the benefit of future generations.

Nowadays instead of being at loggerheads, these three dimensions co-exist, mainly *economic growth, sustainability and social adhesion*. Thus environmental issues have to be balanced with these other two issues, and planners in appraising development proposals have to be guided by all three issues.

Health and safety on construction sites

This desired surge in property development should be matched with an increased awareness of health and safety on construction sites. Construction has the highest prevalence of workers feeling that their health is at risk of injury because of work, 19% in the construction industry as opposed to 7% of all workers feeling so. Construction has a higher prevalence for

musculoskeletal problems, while stress or depression is less than in other sectors.

The NSO has stated that in 2005 out of the 4,002 accidents on the place of work 659 (16.5%) of them were in the construction sector, as opposed to 35.6% in the manufacturing industry.

The total number of work-related accidents appears to have stabilised over the past years, after an initial downward trend was apparent, when the number of accidents around the 1990s averaged 6,000 accidents per year.

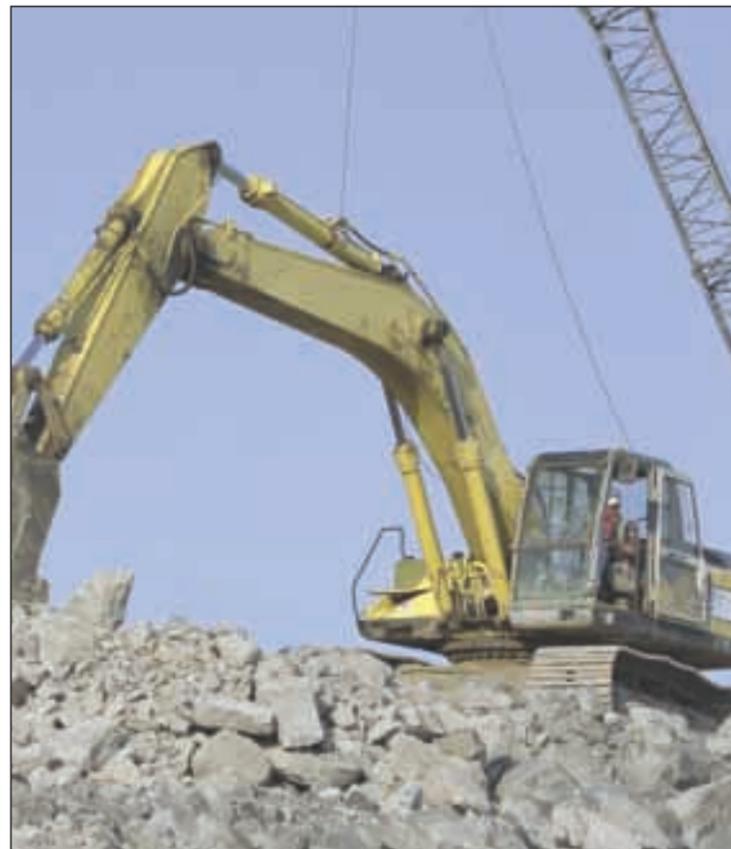
This is comparable with the EU15 countries, which since 1994 up to 2001 has witnessed a steady decline in the incidence rate of both non-fatal at -20% and fatal accidents at -10.4% for construction workers. Possibly Malta's decline for fatal accidents in the construction sector has not been so marked.

However, injuries in the construction sector work out at approximately 6,176 injuries per 100,000 employees, while this goes down to 2,964 per 100,000 for the total employed sector. In Malta over the past years fatal accidents in construction have averaged from six to eight per year, out of an average of 10 annual work-related fatalities. This works out at 65 fatalities per 100,000 construction workers.

These Maltese health and safety statistics are to be compared with the EU-15 for 2001. This compares quite miserably for annual fatal accidents, which are quoted at 10.4 as compared to Malta's 65 per 100,000 workers. The non-fatal accidents for the EU-15 worked out at 7,200, going down to 3,830 when compared to Malta's 6,176 per 100,000 construction workers.

In the construction sector, the incidence for the EU-15 + Norway of non-fatal accidents at work is the highest in small and medium-sized local firms: 9,000 per 100,000 workers in firms with one-nine workers, 9,500 in those with 10-49 workers, 6,300 in those with 50-249 workers and 5,000 in those with at least 250 workers.

From the BICC State of Construction report, 10% of construction workers work with firms who employ 10 persons or less, 65% work with firms employing between 11 and 50 employees and 25% work in firms employing more than 50.



A CONSTRUCTION UPTURN in Malta occurred during the first quarter of 2005 at a 7% increase

The UK's Health and Safety Executive (HSE) notes that about half of those killed at work are self-employed or work for a contractor employing 15 people or fewer. Thus it is noted that 75% of Maltese construction companies fall within the smaller groups where the overall risk of accidents is considered higher.

The cost of injuries in the EU works out at around 3% of turnover. According to these statistics the Maltese cost for construction injuries is higher still. The construction industry is noted for its cut throat pricing attitude, together with due payments being long overdrawn.

This leads to profit margins hovering dangerously around 3%, which leaves little for expenditure on health and safety issues. Does this signify that if health and safety procedures are not adequately attended to, a Maltese construction firm can risk liquidation?

What next?

The importance of Maltese real estate as a main pillar in overriding a weak economic period has been outlined above, confirming an old adage that the building industry is the fulcrum of Malta's economy.

This leads to the importance of three-dimensional sustainable real estate growth to be undertaken in the built-up areas. This by the maximisation of development potential based on acceptable residential density and building heights, providing further for the necessary open

recreational spaces in these built-up zones.

The greater recreational region on the north-west coast of Malta is to be safeguarded, with sea reclamation resorted to, to accommodate uses that have to be entertained outside the development zones for infrastructural, tourism and educational purposes.

This increased surge in real estate development however has to be counteracted by a real improvement in health and safety measures on construction sites, with the aim to bring about a drastic reduction in the number of fatal accidents over the next five-year period.

LN281/2004 stipulating minimum health and safety requirements for workers at construction sites, together with the updated Code of Practice for the Building Industry are steps in the right direction.

As per EU 92/57, these national documents necessitate that a health and safety plan must be drawn up when the site is expected to remain open for longer than 30 working days, it employs more than 20 workers at the same time, or if it will involve work in excess of 500 man hours.

The Code of Practice is, however, only intended to provide guidance on good practice. Its onus of proof in a law court would help the aggrieved contractor ensure that the right procedures were adopted.

Architect D.H. Camilleri is a structural and property investments consultant.

HR foundation course

THE Foundation for Human Resources Development (FHRD) is holding an HR foundation course to assist participants to develop strategies and enhance skills in people management on July 3, 5, 7, 10 and 12, between 3.30 and 7.30 p.m., at its premises at 1, Triq il-Kampanella, San Gwann.

The course will cover setting the strategy promoting a culture of excellence, strengthening your people, nurturing support and HR information systems.

The course, which will be delivered by John Portelli, is intended for middle to senior

management, including HR managers and their staff.

The course fee for FHRD members is Lm75 (inclusive of VAT) and Lm85 for non-members.

For bookings, contact Sandra Agius on 2137-8895 or e-mail sagius@fhrd.org.

Bookings will be confirmed strictly against payment.

Cancellations are accepted until Friday, June 30.

Should you not show up, then the full fee remains due. However, substitutions of dele-

gates will be accepted.

The foundation is also holding Centre for Labour Market Studies (CLMS) courses by the University of Leicester, starting on July 10.

Deadline for applications is Monday, July 3 at noon.

The courses include a certificate in training practice, certificate in training practice and HR management, diploma in training and development, diploma in HR management, Masters in HR development, Masters in HR management and development,

Masters in HR development and performance management, Masters in International HR and globalisation, and doctorate in social sciences.

An information meeting will be held on Thursday at 6 p.m. at 1, Triq il-Kampanella, San Gwann.

To view the course overviews, you can browse through the FHRD Website on www.fhrd.org/hrdevelopment.asp.

To book for this meeting and for more information, contact Daniela Gouder on 2138-1786 or e-mail dgouder@fhrd.org.