

The 2012 Annual Growth Survey's proposals for the modernisation of public administration - another tale of the missing links

**Statement from the European Federation of Public Service Unions (EPSU)
14 February 2012**

EPSU notes that the European Commission (EC) focuses in the Annual Growth Survey (AGS) on the need to modernise public administrations. This can give the impression that public administrations have been static sectors of the economy and resistant to change, whereas in fact public administrations have been undergoing many reforms in the past decade. However, as the OECD's "*Government at a glance 2011*"¹ points out, "*despite a plethora of reforms implemented by countries over the past decade, little empirical evidence currently exists about which public administration reforms bring about efficiency and productivity gains*".

What, in EPSU's view, would be the necessary elements in an EU agenda for the modernisation of public administration? In particular we would like to see the agenda explicitly linked to:

The EU 'quality' framework on public services, such as:

- Treaty article 14 on SGEI as well as the Protocol No26 on SGI , which gives the EU and Member States a shared responsibility for "*a high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights*" in public services, including public administration
- The Charter of Fundamental Rights, which includes the right to good administration
- The principles of good governance (openness, participation, accountability, effectiveness and coherence) set out in the 2001 White Paper on European Governance
- The EC Communication setting out a quality framework for SGI (December 2011) , which while it says very little about quality public services, at least announces the intention to develop work in this area

The EU and UN Social dialogue and trade union rights frameworks, such as :

- Treaty Articles 152-155 whereby the Commission must promote the consultation of social partners and facilitate the social dialogue. There is now ample evidence including from the OECD that successful modernisation reforms in public administrations, as in other parts of the economy, require a good social dialogue between trade unions and employers. It is therefore odd that the Commission omits its own sectoral social dialogue committees, notably in central government administrations and local and regional governments. Both these Committees have called on the EC to include the public sector in its promised second stage Consultation of social partners regarding restructuring².
- Linked to the above, the context of the EU-coordinated fiscal consolidation plans that fuels reforms in national and EU public administrations, including pay and job cuts, and which in most cases are imposed with no information and consultation of trade unions. In fact the crisis is being used as an opportunity to curtail fundamental trade union rights to

¹ See http://www.oecd.org/document/33/0,3746,en_2649_33735_43714657_1_1_1_1,00.html

² Whilst the Green Paper on restructuring published earlier this month includes a question on the public sector we regret that it is not a proper Consultation of social partners as called for by the ETUC.

collective bargaining and to strike, as in Greece, Romania, Hungary and, as currently discussed, Estonia.

- The UN's ILO labour relations (Public Service) Convention, 1978 (No. 151) that guarantees government workers the rights to organize and bargain collectively. This Convention also establishes that disputes related to the determination of the terms and conditions of employment should be resolved through negotiations or through impartial and independent machinery. The Convention states that exemptions must be very limited.

In the AGS the EC uses terms of 'public services', 'public sector', and 'public administration' interchangeably, reflecting the diversity of national and local realities and preferences.

A missed opportunity:

In light of the economic crisis and the failure of regulatory control, it is ironic that one of the objectives set in the AGS is to reduce administrative burdens. EPSU would have expected the EC to support Member States improve the regulation of businesses and the financial sector – including much needed tax regulation, resources for environmental agencies, labour inspection services, and indeed tax administrations to fight tax fraud. This is fundamental to avoid repeating the mistakes that stemmed from social deregulation as well to ensure adequate and sustainable public funding for investment in the future. We welcome however, the EC draft directive on a Tax on financial transactions, which if agreed in Council will probably be the most positive initiative taken by the Commission in response to the crisis with positive spill-over effects on jobs and growth.

EPSU sees the AGS as a missed opportunity. The EU since the 1980s has given priority to the development of the Internal Market and competition policy, systematically playing down the role of public services and the public sector in social and economic development.³

Rather than being a 'drain' on the 'real' economy, the public sector broadly defined drives development and has a potential as part of the EU2020 or economic governance reforms to pave the way for more sustainable and fairer development. As illustrated by the social partners in local and regional government" *there is a continuing need for public investment to mitigate the effects of the crisis, to maintain living standards, and to prepare for future needs.....In this context, sustainable financing requires socially just taxation and other revenues streams, sufficient to ... make long-term investments to meet changing needs of local communities.*"⁴

EPSU supports the call for the EC to produce 'sustainable growth guidelines' that include a dynamic role for public sector investment and a balanced assessment of private and public sector efficiency. To give an example, organising and financing healthcare collectively, as a public service, gives more efficient outcomes than private systems, as a comparison with the US healthcare system will demonstrate.

The objectives to minimise administrative burdens, e-government, and reducing start-up times for new businesses. We point out that the last of these in particular is at odds with the very notion of good administration, in that it set a blind and arbitrary target for reform.

What is needed?

A 'modernisation' agenda for public services/public administration should be linked to public service objectives, which are broader than business interests. In its report on

³ See ppt from David Hall, PSIRU at <http://www.epsu.org/a/8259>

⁴ European Sectoral Social Dialogue Committee for local and regional Government: Joint statement to the European Council meeting 11 February 2010 on the economic crisis <http://www.epsu.org/a/7116> and see also 2011statement <http://www.epsu.org/a/8090>

the economic downturn and public administrations⁵ the ILO finds a number, although too rare, of significant innovations in public employment schemes in response to the crisis. Countries that have invested in work in social sectors, environmental services and multi-sectoral community-driven programmes in addition to traditional infrastructure projects have helped to create employment opportunities, notably for women. In addition, when public employment programmes are framed within a long-term development approach, they have the potential to mitigate the impact of a crisis on employment, as well as ensure more inclusive growth.

A modernisation agenda should be accompanied with the necessary human and financial resources in order to achieve the desired results, as the European Parliament calls for in its report on the 2012 Annual Growth Survey (please see paragraph 21 "*a high quality of public administration needs adequate budgetary resources...*").

A modernization agenda should involve the social partners, who are well placed to address specific workplace/sector related issues and who are organized at EU level in many areas of public services including central government administration (CGA), local and regional government (LRG), healthcare, energy, public transport, education...

Those sectoral social dialogue committees address and indeed promote reforms that support equal access to and good quality of public services, well-being at work and equal treatment between women and men, as well as cooperation between national administrations, amongst others.

It is recalled that in its report on public administrations and the global economic downturn (Nov.2010) the ILO finds that the social dialogue has been instrumental in the development of some of the few positive measures taken in some countries to respond to the financial crisis, and that in others where social dialogue has been side-lined, it has caused extended social unrest.

The report also reminds of the harmful effects of premature exit strategies and cutbacks in public sector employment. Since in the near future the downturn may impact countries that have not yet been affected, it recommends governments to engage in social dialogue in public administration when seeking measures to counter the downturn, in order to ensure that measures find wide support and the risk of social unrest is reduced.

Likewise, the OECD also recommends "*involving workers or their representatives in developing restructuring plans that can build buy in and reduce the reforms' negative effects on morale*" (Government at a glance, 2011).

As a matter of emergency, EPSU urges the European Commission and EU Council to

- **anchor the reform plans in the EU quality framework for public services;**
- **launch a discussion on sustainable public administration reforms with those sectoral social dialogue committees directly concerned, CGA and LRG;**
- **recommend EU governments to inform and consult the trade unions on public administrations reform plans;**
- **examine the extent to which EU governments devise and implement austerity measures in compliance with the EU treaty provisions on social dialogue and the ILO Conventions on trade union rights, notably Convention 151;**
- **carry out a social and gender equality impact assessment of the economic policy instruments of the EU Semester framework⁶.**

⁵ http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_146247.pdf

⁶ Please see EPSU open letter to EC Vice President Reding, July 2011 <http://www.epsu.org/a/7890>