



THE EUROPEAN CENTRE OF EMPLOYERS AND ENTERPRISES PROVIDING PUBLIC SERVICES

Public Services – Supporting The Very Fabric of European Society



Report edited in the framework of the “Mapping of Public Services” project
PROJECT CO-FUNDED BY THE EUROPEAN COMMISSION



Introduction

Public Services, also known as Services of General Interest (SGIs), are services whose provider is entrusted by a public authority (national, regional or local) with specific missions of general interest. These services can either be of economic or non-economic nature and their missions can include Public Service Obligations or Universal Service Obligations. Public Services include energy, water, public transport, postal services, telecommunications as well as healthcare and social work, education (and others), public administration and defence, etc.

The interpretation of SGIs varies from country to country within the EU as a result of differing national histories, traditions and culture, as well as different organisational and institutional structures. The requirement for those services due to the intrinsic nature of their support to society and contribution to the economy is what all Member States share. The need also applies to economic, social and societal challenges that lie ahead and will need to be overcome to ensure that Europe retains a stable foundation for recovery and future economic growth.

Public Services have a special role to play in our society and are central to its functioning, ensuring the well-being of our citizens, and the sustainability of our economy. For the last 20 years, Public Services had to adapt to the changing world and to deal with the impact of new policy trends, (e.g. opening up of the markets to liberalisation) as well as growing financial restraints, and even the enlargement of the Union.

Our entry into post-crisis mode provides the ideal environment to examine and benchmark the Public Services and Services of General Interest landscape in Europe, fully understand their stabilising effect in turbulent times, and maximise their growth potential for the future.

This report will reinforce our understanding of the need for Public Services in Europe, their contribution to the economy and the critical role they play in the very fabric of European society. The conclusions reached in this report are based on research conducted by Gallup Europe and the RAP-EUROPA consortium of experts during the Mapping of Public Services project co-funded by the European Commission. The objective of the “Mapping project” was to collect data on Public Services in Europe and to improve the knowledge of industrial relations in this field with key figures.

• FIVE REASONS WE NEED PUBLIC SERVICES

1. SGIs are the backbone of our economy and society
2. SGIs contribute significantly to the economy
3. SGIs are key investors in the economy
4. SGIs act as a stabiliser in times of crisis
5. SGIs are vital for a smart, sustainable and inclusive economy

• LOOKING TO THE FUTURE; HOW TO MAXIMISE THE POTENTIAL OF PUBLIC SERVICES IN EUROPE

1. Ensure continuous accessible funding
2. Adopt a long-term view while planning the future
3. Put sustainability first
4. Support innovation, research and education
5. Provide certainty to essential services.

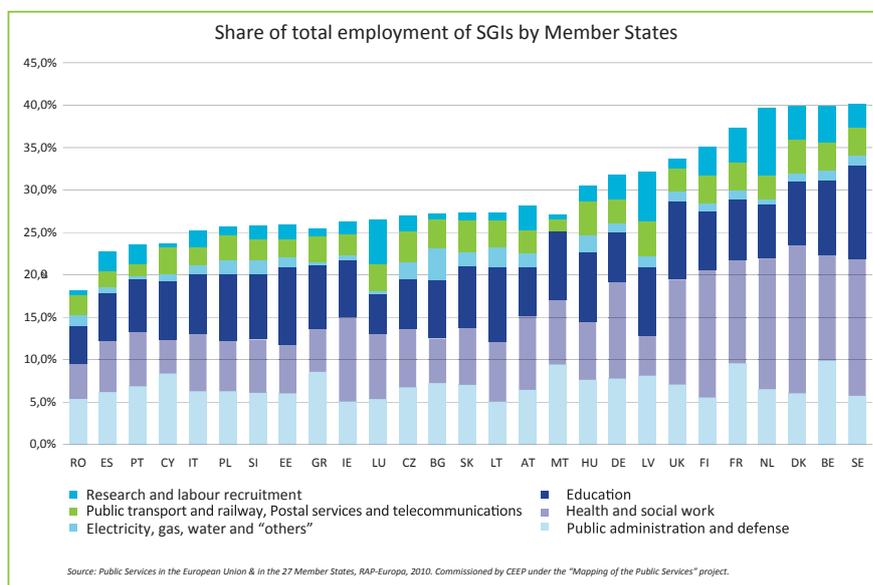
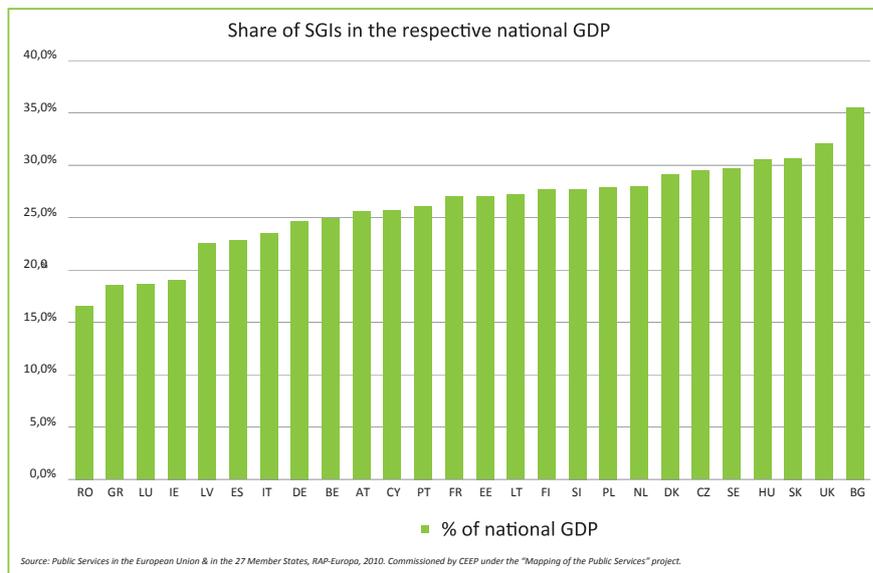
Five Reasons we need Public Services

1. *They are the backbone of the economy and the society*

Public Services in Europe provide services to approximately 500 million inhabitants in Europe, ensuring the supply of key essential services such as electricity, water, public transport, education and health services. As such, they have quite a unique position in society, directly impacting on the well-being of citizens and the economy, and providing the infrastructure for future growth and development.

- The special status of Public Services is derived from the strategic nature of the services provided. The provision of electricity, water, and education for example are critical to the functioning of any stable economy and society.
- The impact and quality of those services supplied are essential for human well-being and for a good and sustainable economy. It is not until Public Services malfunction that their importance comes to the fore. Efficient and reliable services are key to our economy and for our citizens, but they tend to be taken for granted.
- They facilitate the integration of citizens into the economy and the territorial and social cohesion through the provision of healthcare, housing and other essential facilities.

Through the provision of such essential services as public transport, education and water, Public Services and Services of General Interest support the functioning of society.



2. They contribute significantly to the economy

Public Services are a key element of the European economy both directly and indirectly. Directly, they contribute to more than 26% of the EU27 GDP. Indirectly they create employment in other sectors, by subcontracting of activities and tasks, buying products, etc.

Public Services employ around 30% of the EU workforce. This corresponds to more than 64 million employees. The main employment sectors are:

- Health and social work (33% of all Public Services – 20.5 million employees);
- Public administration and defence (24% of all Public Services – 15.4 million employees);
- Education (23% of all Public Services – 15 million employees);
- Transport, railway, postal sector, telecommunications

(9.6% of all Public Services –5.9 million employees).

PUBLIC SERVICES IN EUROPE:

- 26% of the EU GDP (2,412 billion €)
- 30% of the EU workforce - employing 64 million people
- 500,000 enterprises serving 500 million Europeans
- network services (utilities, public transport, postal services, telecoms etc) 6.4 % of total EU investment

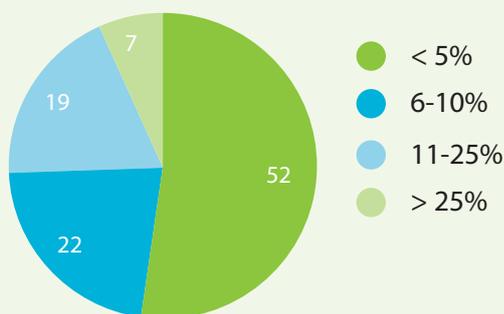
3. They are key investors in the economy

Public Service infrastructure networks (water management, electricity, postal sector, telecommunication, public transport and railway) contribute to more than 6.4% of total EU investment worth more than 153 billion €.

Logically the new Member States are responsible for a greater contribution as a larger proportion of investment is needed to renew their infrastructures. All 10 countries of Central and Eastern Europe are above the average, with rates exceeding 20% in Romania, Bulgaria and Slovakia.

From the Gallup Survey, close to half of all respondents re-invested a minimum of 6% of their turnover, with one quarter reinvesting over 11%. Evidence indicates that small SGIs seem more likely than larger ones to reinvest over 10% of their turnover/ income¹: a third of them do so whereas only a quarter of mid-sized SGIs declared the same².

Share of investment in relation to turnover/income



Source: Exploratory Survey in 5 EU Member States, Gallup Europe, 2010. Commissioned by CEEP under the "Mapping of Public Services" project.

4. They act as a stabiliser in times of crisis

Despite the current financial downturn, two-thirds of Public Services (65%) have seen no decrease in their turnover/income.³ More precisely, 45% said they have felt no negative impact at all and 20% stated their turnover/income has stagnated. Only one in five (18%) has seen a decrease in their turnover/income of at least 10%.

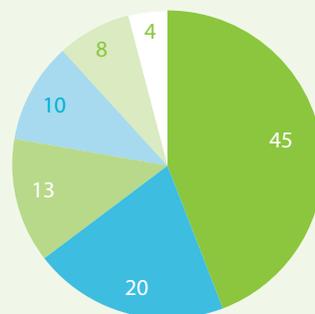
An even higher proportion (75%) said they had seen no decrease in their staff numbers despite the financial crisis. Nearly 6 in 10 respondents stated they had felt no negative impact at all. Less than 1 respondent in 10 mentioned a staff decrease of at least 10%.

1 Turnover comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties. For the full definition please go to www.ceep.eu

2 Small = < 50; Medium = >50<250; Large > 250 employees

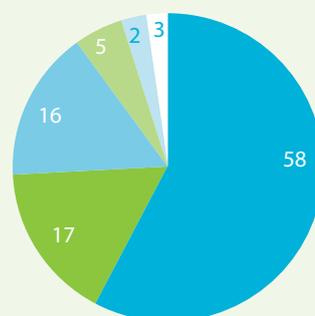
3 According to the Gallup Europe Survey conducted in Jan / Feb 2010

Impact of the crisis on the turnover/Income and number of employees



Turnover/Income

- No negative impact
- Stagnation of turnover/income
- Decrease of turnover/income by < 10%
- Decrease of turnover/income by 10% - 20%
- Decrease of turnover/income by > 20%
- NA



People employed

- No negative impact
- Stagnation of people employed
- Decrease of people employed by < 10%
- Decrease of people employed by 10% - 20%
- Decrease of people employed by > 20%
- NA

Source: Exploratory Survey in 5 EU Member States, Gallup Europe, 2010. Commissioned by CEEP under the "Mapping of Public Services" project.

5. They are vital for a smart, sustainable and inclusive economy

The Europe 2020 Strategy clearly outlines the climate change and energy objectives which Europe will strive to meet by the end of the decade, collectively known as the 20-20-20 targets:

- A reduction in EU greenhouse gas emissions of at least 20% below 1990 levels
- 20% of EU energy consumption to come from renewable resources
- A 20% reduction in primary energy use compared with projected levels, to be achieved by improving energy efficiency.

With their huge investment needs and a contribution of more than 26% to GDP, Public Services, as a significant entity in Europe, are integral in meeting these ambitious goals.

Consider this: for every passenger km travelled, public transportation produces only a fraction of the harmful pollution of private vehicles: around 5 percent as much carbon monoxide, less than 8 percent as many volatile organic compounds, and nearly half as much carbon dioxide and nitrogen oxides⁴.

In terms of creating a *smart, sustainable and inclusive economy*, the indirect value of Public Services is highly significant with over two-thirds of the surveyed Public Services (69%) employing at least as many women as men. The proportions of older and younger staff members are equally distributed. A quarter of Public Services providers have people who are younger than 30 years old and over 55 years old representing between 25% and 50% of their workforce.⁵

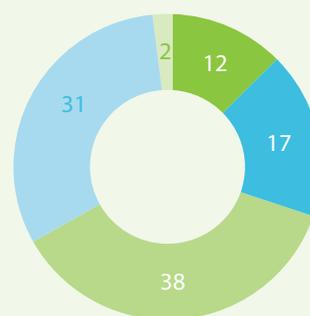
These factors alone are relevant to fostering a high-employment economy, based on knowledge and innovation, whilst delivering social and territorial cohesion in parallel.

It is evident that Public Services support the very fabric of European society and are part of the solution for the future.

4 Robert J. Shapiro, Kevin A. Hassett, Frank S. Arnold "Conserving Energy and Preserving the Environment: The Role of Public Transportation", American Public Transport Association, July 2002. http://www.publictransportation.org/pdf/reports/shapiro_report.pdf

5 According to the Gallup Europe survey conducted in Jan/Feb 2010.

Share of women employed



- Between 25%
- Between 25% and 50%
- Between 50% and 75%
- Over 75%
- NA

Source: Exploratory Survey in 5 EU Member States, Gallup Europe, 2010. Commissioned by CEEP under the "Mapping of Public Services" project.

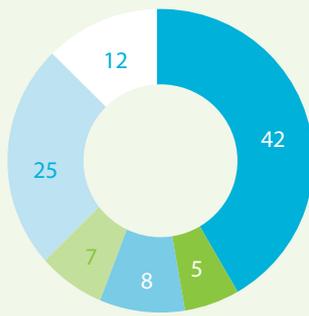
Looking to the future - how to maximise the potential of Public Services in Europe

1. Ensure continuous accessible funding

Europe is facing its worst economic and financial crisis since the 1930s. Regardless of the economic situation, there is no alternative but to ensure that Public Services continue to function as effectively and efficiently as possible. An economy without a backbone has no chance of recovery; and without recovery, there is no growth.

The crisis has already impacted on funding sources. In these situations, the knee-jerk reaction is to reduce Public Service funding, which may potentially have a minimal positive effect in the short term, but will certainly have a negative effect in the medium to long term. The ineffective functioning of Public Services through reduced funding impacts directly on the economy, inhibiting innovation, growth and development in all sectors.

Public compensation



- Below 10% and 75%
- Between 10% and 25%
- Between 25% and 50%
- Between 50% and 75%
- Over 75%
- NA

Source: Exploratory Survey in 5 EU Member States, Gallup Europe, 2010. Commissioned by CEEP under the "Mapping of Public Services" project.

It is important to recognise that funding for Public Services is diversified with two fifths of interviewed SGIs receiving 10% or less in public compensation for the provision of SGIs.

2. Have a long-term view while planning the future

The building of a new railway line has a direct impact on territorial and economic cohesion. The provision of education or healthcare is a clear commitment to social cohesion and on future economic development. The same logic can be applied to all Services of General Interest.

SGIs are fundamental to economic, social and territorial cohesion. Their approach to integrated, measured planning facilitates the cohesive growth of a Europe ready to meet its Europe 2020 targets at all levels. The decisions we take today will impact our future!

3. Put sustainability first

In a world of increasingly scarce resources and where the preservation of the environment is a major concern, Public Services are key for the future. A strong and efficient public transport sector for instance is vital for the limitation of greenhouse gases in the environment in line with Europe 2020 targets.

Reduced funding has had a direct negative impact on the environment by reducing the availability of public transport ser-

vices, forcing passengers to find alternatives, often through the use of private vehicles. Providing 170 million passenger journeys a day, CEEP's members in the transport sector play an integral role in meeting Europe's environmental objectives, and should be facilitated in their role. **Putting sustainability first means putting Public Services first.**

The efficient supply and use of water and energy, as well as the correct approach to waste disposal – all essential Public Services – are vital to achieve Europe's climate change and energy objectives.

4. Support innovation, research and education

Innovation, research and education are the cornerstones of growth in Europe. They ensure that ideas are transformed into new products and services that in turn drive growth, create jobs and help address European and global societal challenges.

Although we have developed a very high level of expertise within such sectors as transport, electricity and water management, to our detriment, Europe's lack of support for its Public Services has resulted in the exportation of our skills abroad. Europe needs to be strong in innovation, research and education; Public Services provide the infrastructure with which to achieve this goal, and therefore need to be fostered. In terms of innovation, Network Services i.e. electricity, transport, water (with more than 153 billion € invested in 2006), are a major investor in Europe. R&D in these sectors have a direct impact on the economy.

5. Provide certainty to essential services

CEEP advocates universal access for Services of General Interest that are efficient, affordable and of a high quality. We work with EU-law makers to find the best way for these vital services to coexist in a balanced way within the context of the internal market.

Seeking greater legal certainty and a clearer framework for authorities and service providers within the overall European legal context is essential to the efficient functioning of Public Services in Europe. The adoption of the Lisbon Treaty, and in particular Article 14 (as well as Protocol No 26 and the Charter of Fundamental Rights) has brought significant changes to the treatment of Services of General Interest from a political, legal and institutional point of view. It forms a strong-hold basis to provide legal certainty for Services of General Interest, their objectives and their varied forms of organisation. It is CEEP's objective to communicate the implications

of the legislative change to support the continued supply of Public Services in Europe.

Within a clear legal framework, and in light of their role in driving future prosperity of Europe, CEEP proposes the following for SGIs:

- Implementation of Art. 14 of the TFEU (Treaty on the Functioning of the European Union) to allow SGIs to accomplish their missions.
- Establishment of an “SGI Impact test” for all legislation to measure its potential impact on the ability of SGIs to fulfil their missions.
- Challenging of all proposals that do not respect the long-term view of general interest.

The long-term need for citizens and for the economy should always be borne in mind.

Conclusion

Public Services or SGIs have a particularly special role to play in our society. Their raison d'être is to ensure, as much as possible, the well being of our citizens and the sustainability of our economy. It is essential that their contribution to the functioning of society is well esteemed and not underestimated.

CEEP's Recommendations to European and National Policymakers

- **Ensure continuous accessible funding**
- **Adopt a long-term view while planning the future**
- **Put sustainability first**
- **Support innovation, research and education**
- **Provide certainty to essential services**

CEEP – YOUR CONSTANT FRIEND IN TIMES OF CHANGE

CEEP, the European Centre of Employers and Enterprises providing Public Services, established in Brussels since 1961, represents employers and enterprises providing Services of General Interest in such vital sectors as transport, energy, water, environment, housing, hospitals, education and training, postal services, communications, local administrations etc.

We believe that modern Public Services, or Services of General Interest, serve the fundamental goals of the EU, its Member States and its regions, delivering social and territorial cohesion, economic and social solidarity and a better quality of life for all citizens.

We strive to ensure that SGI play a key role in helping move forward the integration of the EU Member States into a common economic area in a manner supportive of the internal market concept, while at the same time delivering the maximum possible choice to local and regional democratic institutions over how Public Services are delivered.

As a European cross-sectoral partner, we believe that employer consultations as well as social dialogue are essential to promote the Lisbon Treaty's targets for innovation and growth. In order to help our members achieve these goals, we focus on the European Employment Strategy (EES), promoting adaptability to change, addressing regional disparities and helping build partnerships at regional and local levels.

We support sustainable development and call for environmental criteria to be included in all decisions implementing EU policies such as transport, energy, water supply, waste disposal and telecommunications.

For further details please contact the General Secretary of CEEP, Ralf Resch ralf.resch@ceep.eu

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**European Centre of Employers
and Enterprises providing Public
Services**

Rue des Deux Eglises, 26 boîte 5
BE-1000 Bruxelles
Belgium

T: +32 2 219 27 98

F: +32 2 218 12 13

ceep@ceep.eu

www.ceep.eu