

Flexicurity from a public sector perspective 2009-07-07

Thank you for inviting me to this hearing. I am a lawyer and I work for an employers' organization, SALAR, the Swedish Association of Municipalities and Regions. I am chair of the Social Affairs Committee of CEEP, the Public employers' organization at EU-level.

I would like to start with a short reflection on the public sector, and then comment on Flexibility, Security Recruitment and last a few words on young peoples situation today.

Public sector

In the EU 27 the scope and organization of the public sector varies a lot. For example, in the Nordic countries the local and regional level, the municipalities and the counties/ regions play an important role as responsible for primary and secondary education, healthcare, childcare, and other social services. These are tasks performed by the State in many other countries. When it comes to the organization of services of general interest, there are also great differences within the EU.

The public sector is a big buyer of services and goods throughout Europe. It is also a big employer, about 1/4 to 1/3 of the workforce.

Flexicurity

When it comes to the public employer's perspective on today's theme, Flexicurity. Maybe Flexicurity is more of an approach to be taken than a well defined concept. Flexibility in the functioning of the labour market paired with security, means that there is a safety net providing for income security in difficult situations in life/ unemployment, illness and for security throughout the life cycle, including pensions.

The Flexicurity communication from the Commission emphasises the need for balance of flexibility and security.

In my view the **preconditions** for a well functioning labour market are the following

- good basic education available
- higher education and vocational training available
- the quality of education and vocational training is well suited for the labour markets' needs

- life long learning is possible

The flexibility when it comes to hire and fire of employees: In all European Member States there are probably some stiffness in the labour market. The hard work of reforming must be undertaken in each state, as employment legislation, collective agreements and social security legislation are interlinked differently.

In public sector in many countries the civil servants have different conditions compared to workers under an ordinary employment contract. This has historical reasons and is also part of the specificities of the public sector.

In Sweden the public sector is 100 percent covered by collective agreements and the legislative framework for employment protection and for collective action: strikes blockades etc are basically the same for private and public sector, leaving room for employers and trade unions to negotiate wages and conditions.

As all EU-countries have their model with a mix of legislation and social dialogue, there is not one size of model that will fit all. But the European social partners as well as the national social partners have a most important role to play when it comes to reforming labour market rules or practices, in order to adapt to change. The tool is social dialogue.

When it comes to the security part, in times of restructuring there should be active labour market measures available for persons made redundant, not only passive meaning unemployment benefits. In Sweden there exists several different collective agreements providing individual coaching and training or retraining for people made redundant, in private industry as in the public sector. These collective agreements also contain some provisions for complementary unemployment benefits for a defined period of time.

To many public employer's the **need for restructuring** emanates from one or more of the following factors:

- Financial strain in public budgets
- New technology and methods (healthcare is a good example here)
- Demand for higher quality of services (childcare is another example, also public transport maybe)
- Legal demands (environmentally friendly production)
- Demographic change
- Last on the list is benchmarking and or competition/ opening up markets

From my experience restructuring and change are ongoing continuous processes in the public sector. It has to be dealt with continuously.

As public employers we are **promoting internal mobility** to a very large extent, for political and practical reasons. Being relatively big employers there are different jobs and careers available. But there is also the conviction that you invest in your employees. If they quit, maybe you will have difficulties to find a proper substitute. The demographic challenge is still valid, to recruit in order to replace the baby boomers is on the agenda already, at least here in Sweden. I think public employers can improve and promote their efforts on internal mobility even more. Some examples of policy decisions to avoid redundancies but ask for flexibility of the workers are the three biggest cities in Sweden. They all have policies aiming at avoiding employees made redundant, but the workers will have to accept changes of work, workplace and even career to be able to keep their job. Internal mobility policies are well suited to be dealt with between employer's and trade unions, in social dialogue at company level.

There is an ongoing recruitment on the labour market, and there is a relatively constant mobility within one country's labour market over time. Replacement recruitments are taking place even in period of crisis. In the municipal sector in Sweden there is a need for about 65000 replacement recruitments each year, in 10 years.

There is a need for replacement recruitment also in many other sectors, private and public.

Public employer's have to a large extent need for qualified employees in their services, think of doctor's and teachers, and engineers. The two largest groups of employees in the public sector in Sweden are nurses and teachers.

There is a demand of new staff over time, meaning that there will always have to be ongoing education and training to fill the demand. Now in times of crisis, where parts of the industry are very affected, as Magnus Kendel showed just before, to transfer these newly redundant workers to other sectors is not so easy, but it is possible. There will be a need for a multi faceted approach on active labour market activities.

I would like to end this presentation by saying that the threshold to enter the labour market is too high for young people. In Sweden there are about 25 percent of young people (16- to 24) unemployed, and the figure will rise to 30 percent in

september.1. To tackle this challenge will be a shared responsibility from the state
(helping out financing) and the Social partners.

Thank you