

*** Check against delivery ***

1 June 2010

CEEP CONGRESS ON “PUBLIC SERVICES SHAPING THE EU 2020”

1 JUNE 2010, MADRID

SPEECH BY PHILIPPE DE BUCK, BUSINESSEUROPE DIRECTOR GENERAL

I would like to thank CEEP very much for organising this congress and for inviting BUSINESSEUROPE.

We are pleased to have a good relationship with CEEP, also in the European social dialogue. The latest illustration of this is our draft joint recommendation on the EU2020 strategy, which recognises the important role of public services and which has been approved by your General Assembly yesterday.

Let me address the importance for companies and citizens of public services and particularly of services of general economic interest.

We all know how important their role is in our economies and we all know that we must improve their quality and provision around Europe. Public services are of fundamental importance for the well-being of citizens, for territorial and social cohesion and for Europe's overall competitiveness.

Efficiency and cost-effectiveness of public services are becoming more and more critical for a number of reasons. The first and most obvious one is the current economic downturn, which is putting a huge pressure on public finances.

BUSINESSEUROPE has recently published its report on “combining fiscal sustainability and growth” (March 2010). Our report indicates that to bring public debt in the EU back to the Maastricht limit of 60% of GDP by 2025, governments will have to maintain a balance surplus at around 3 % of GDP from 2014 onwards.

Our report proposes a comprehensive **exit strategy**, with tighter fiscal rules and greater efficiency of public administrations. As a way out of the crisis we also call for a greater role for the private sector in the supply of public services and public infrastructure.



The report also presents an **entry strategy** that focuses on a higher return on education and training; and better prioritisation of infrastructure investments.

There are other challenges that call for better public services:

- One comes from the environment and climate change, which require huge investments in green technology to make our economy sustainable.
- Another challenge comes from an ageing European population that calls for early anticipation and adjustment such as better adapting public services to the needs of the elderly.
- Finally, energy shortages which require alternative energy strategies and investments in renewable energy sources.

For the reasons I just mentioned, it is crucial that public authorities develop adequate, cost-effective and timely responses for the delivery of vital public services such as public transport and waste and water management.

One way to achieve this is by developing **stronger cooperation** between the **public and private sectors** in the delivery of public services.

Europe could gain a lot from this approach, because this cooperation can provide better value for money, more choice, high quality standards and more consumer oriented services. This approach will also create opportunities for SMEs who provide or use these services at regional and local level.

Let me be clear, as we are talking about public services, public authorities should remain sovereign in setting the standards and determining the mode of delivery. However, often public authorities are not or not sufficiently aware of the advantages of involving the private sector.

Let me give you an example:

The city of Parla, which is (as you might know) only a few kilometres from beautiful Madrid, has witnessed a significant increase in population over the last 40 years growing from 2 thousand inhabitants to 150 thousand today.

This prompted the City Council to launch a new plan for transport infrastructure, including an improved tramway system to enable better access to services and trade centres, and easier access to the city itself.

The City Council of Parla opted for a public-private partnership (PPP) structure to best deliver this tramway project. A private company was awarded the contract in April 2005.



Two years after the project's opening, the following benefits have been obtained:

- a daily flow of almost 19,000 passengers (23% above initial forecasts).
- a modernisation of water, electricity, gas and telephone networks.
- 150 thousand square metres have been redeveloped, creating new green spaces and pedestrian zones.
- the city's people have adapted rapidly to this new transport

A great tool to grasp the potential of involving the private sector in the delivery of public services is a **public-private partnership (PPP)**. PPPs are forms of cooperation between the public and private sectors covering a great variety of activities such as transportation and wastewater services.

PPPs are a great opportunity for public authorities to be more cost-effective and efficient. Unfortunately, despite their great potential, we see that they are an unexploited tool and we believe they need better promotion.

In this context, we appreciate the attention that the Commission has given to this instrument with its recent Communication on public-private partnerships (November 2009).

BUSINESSEUROPE actively promotes PPPs to boost public service innovation and facilitate efficient and high quality provision of public services. We call on participants of this congress to do the same.

To conclude, public services play a vital role in Europe's overall competitiveness and greatly contribute to our citizens' well-being. We need high quality public services to get our economy back on track.

The improvement of public services must be seen in the wider context of the need to relaunch the Single Market and restore public finances.

At BUSINESSEUROPE, we believe that stronger cooperation between the public and private sectors will improve the provision of public services. At the same time, it will also bring relief to public budgets and help to overcome some of the challenges that Europe is facing today.

Thank you for your attention.
