



PUBLIC SERVICES

KEY MESSAGES

- 1** Public authorities need to develop high quality, cost-effective and innovative public services to face the economic constraints and challenges coming from environmental needs, climate change and demographic challenges that Europe is facing.
- 2** Stronger cooperation between the public and private sectors can improve the provision of public services in Europe.
- 3** Public-private partnerships (PPPs) should be further promoted as a useful tool to boost public service innovation and facilitate efficient and high quality provision of public services.

BACKGROUND

Services in general account for around 70% of EU GDP and employment, of which public services form an integral part. Europe is highly dependent on competitive and innovative public services as these greatly contribute to growth and job creation.

It is for each member state to decide what public services are considered to be of vital importance for society and therefore of general interest. It is for public authorities to decide on the scope of a service of “general interest”, and how to manage those services in particular whether to provide such services themselves or to contract out their provision to a public or private entity.

Services of general economic interest (SGEIs) are referred to in Articles 14 and 106(2) of the Treaty on the Functioning of the European Union (TFEU) and they are subject to EU legislation, in particular Single Market rules such as competition, state aid or public procurement laws. SGEIs are not defined in the Treaty or in secondary legislation. However, in EU practice there is broad agreement that the term refers to services of an economic nature which the member states or the Community subject to specific public service obligations by virtue of a general interest criterion.

Public authorities set the standards for the provision of public services which can be delivered in various ways, including the participation of the private sector.

Today's context of scarce public finances has reduced many member states' room for manoeuvre in delivering good public services and infrastructure. This is coupled with other challenges coming from the environment, climate change, ageing population and energy shortages, which requires public authorities to develop innovative and timely responses, and sound strategies for the delivery of public services.

Stronger partnership between the public and private sectors can help respond to these challenges and generate added-value for society in the form of wider choice and innovative solutions, better value for money and new sources of financing. Public-private partnerships offer a primary tool to grasp these potential benefits.

WHAT DOES BUSINESSEUROPE AIM FOR?

- A holistic culture in the management of public services and infrastructures that focuses on result-oriented strategies, performance targets and innovation.
- Fair treatment of the private sector in the delivery of public services (access to funding, tax treatment, etc.)
- More awareness of the opportunities and various tools for public-private partnerships (PPPs).
- The existing legal framework applicable to Services of General Economic Interest is satisfactory but more transparency and better enforcement is needed.
- Better use of existing financial instruments for development of PPPs such as those promoted by the European Investment Bank (EIB).