



E A N P C - Meeting

Labour productivity in public
and private services

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Monika Elsik

Otto Schweizer



Initial situation

- Cost and efficiency criteria of how to render public services gain a new urgency in view of budget bottlenecks
- Transfer of former tasks of the state to enterprises under private law constitutes an important element of Austrian administrative reform
- Presentation/comparison of two examples of a spin off:
 - BIG-Bundesimmobiliengesellschaft
[Federal Real Estate Corporation (?)]
 - AMS-Arbeitsmarktservice Österreich
(Public Employment Service Austria)

BIG – Situation before the spin off 1992



1) *Distribution of competences and financing*

- Exclusive Administration of the federal real estate holdings by the **Federal Ministry for Economic Affairs** (today: BMWA-Federal Ministry of Economic Affairs and Labour) until the establishment of the BIG-*Bundesimmobiliengesellschaft* in 12/1992
- Availability of real estate free of charge for federal authorities, cost coverage through the budget of the BMWA
- Cost coverage of all cost factors (except running costs) through the budget of the BMWA

BIG – Situation before the spin off 1992



2) Responsibilities contradict clear cost structures

- Lack of cost consciousness and fragmented competence structure of management processed led to numerous negative developments:
 - Obstacles to successful sale
 - Maintenance deficits
 - Construction costs
 - Fiscal accounting

BIG – Effects of the spin off



Achievements and goals exceeding expectations I

- 1992-1998: 22 construction and rehabilitation projects planned, 1998 41 and 1999 55 projects underway
- Easing of the budget of EUR 122.4 million
- Revenue situation 1993-1999: expansive business activities, stable cash-flow production [1993: 16.02 mio. EUR, 1999: 78,72 mio. EUR], positive EBIT [1993: 13.63 mio. EUR, 1999: 17.79 mio. EUR]
- Positive evaluation of asset and financial situation, liquidity and operating performance
- Assessment of considerable budgetary saving effects

Source: FGG-Finanzierungsgarantie GmbH, Evaluation Report, Vienna, 11/2000

BIG – Effects of the spin off



Achievements and goals exceeding expectations II

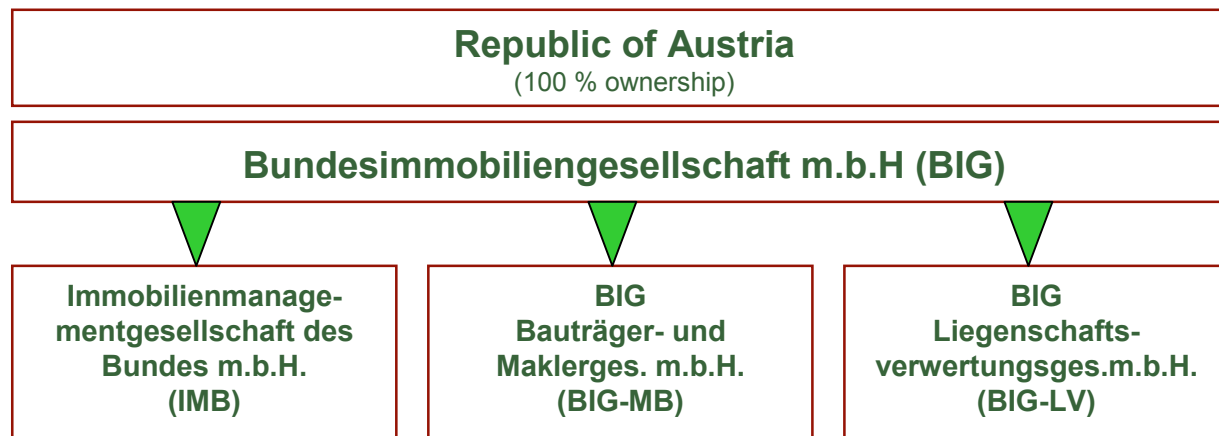
- Conclusions of a cost monitoring for 30 projects: implementation of the projects assigned at a cost level 23 % below the original estimate of the federal real-estate administration
- Objectives connected with the BIG Law were “attained or are being implemented within an adequate timeframe”

Source: RH-Rechnungshof (Austrian Court of Audit), Activity Report 1997, 2000

Organisation of the BIG



- *Bundesimmobiliengesellschaft* is 100 % owned by the Republic of Austria.
- Organised as company with limited liability according to the rules of the Trading Law.
- BIG corporate structure:



BIG – Success economic development



Enterprise benchmark data 1993-2001

- Balance-sheet total increased from 88.6 mio. EUR in 1993 to 2.9 bio. EUR in 2001
- Revenue side: 2001 sales volume amount to roughly fifteen times that of the initial year 1993.
- Operation profit (EBIT-Earnings before interest and tax) increased by sixteen times
- Development of EBITDA (=Earnings before interest, taxes, depreciation and amortisation) between 1993 and 2001 clearly exceeds the sales development

Source: BIG, Ten successful years, Vienna, 2002

AMS-Arbeitsmarktservice Österreich Public Employment Service Austria



Public Employment Services (PES) – Model AMS

= “one-stop-shop”, including

- placement services
- realisation of labour market policies
- granting of wage substitution benefits

AMS-Efficiency gains by modernization



Background and intentions of the structural PES-reform

Background of the SPÖ-ÖVP-Government agreement 1990

- increasing unemployment rates
- segmentation of the labour market

Intended output of the projected reform

- enhancement of the effectiveness of the Austrian labour market policy
- reinforced customer orientation and
- improvement of the reputation of AMV services

Structural reform of AMS 1994 ff.



Organisation of AMS

- AMS consists of one federal, nine provincial and 97 regional offices, ServiceLines and nine branches (reference date: 1st January 2003).
 - Representation of Social partners – i.e. representatives of
 - ✓ *Wirtschaftskammer* [Federal Economic Chamber],
 - ✓ *Bundeskammer für Arbeiter und Angestellte* [Federal Chamber of Labour],
 - ✓ *Österreichischer Gewerkschaftsbund* [Austrian Trade Union Federation] and
 - ✓ *Vereinigung der österreichischen Industrie* [Federation of Austrian Industry]
- in the boards (administrative board, provincial board, regional advisory board)

Structural reform of AMS 1994 ff.



Personnel and Development of the staffing scheduled

- BMAS-Federal Ministry for Labour, Health and Social Issues in accordance with BMF-Federal Ministry for Finances set the maximum level of scheduled staffing at 4,180 employees
- Development of the personnel in conformity with the agreements:

Personnel development of AMS (in full-time employment equivalents, rounded)

	1992	1994	1995	1996	1997	1998	1999	2000	2001
AMS	4.238*	3.939	4.088	4.150	4.147	4.162	4.181	4.180	4.172
Offices AMS	**	3.939	2.266	2.044	1.611	**	**	**	**
AMS employees	**	**	1.822	2.106	2.536	**	**	**	**

*

* This is the total number of staff of AMV, that is, staff from BMAS, AMS offices, provincial labour offices etc.

**

** no data available; 1992 due to a different administrative structure no distinctive classification possible

Source: BMAS 1992, Austrian Court of Audit 1999, AMS-Annual Reports (various vol.)

Structural reform of AMS 1994 ff.



Performance efficiency

- The annual funds for labour market promotion (active and passive) has risen continuously from approx. 394 mio. EUR in 1995 to around 772 mio. EUR in 2001. The number of persons subsidised in the measures of qualification, placement, benefits/allowances has increased from 169,971 to 499,696 within the comparison period – rel. constant development of number of workforce

**Labour market promotion (expenditures) in mio. €,
Number of persons subsidised and AMS headcount, 1995-2001**

	1995	1996	1997	1998	1999	2000	2001
passive	16,56	33,32	49,85	73,49	120,87	125,76	173,21
active	377,59	405,02	503,73	514,54	594,21	586,88	598,95
No. persons subsid.	169.971	217.761	320.670	227.400	377.434	338.719	499.696
AMS headcount	4.088	4.150	4.147	4.162	4.181	4.180	4.172

Source: AMS Austria, Annual Report 2001

Innovative approaches of AMS



Internal organisation goals to put into action 2004

According to the AMS motto – Successful service enterprises are committed to the stakeholder value principle – *Arbeitsmarktservice* intends to put into action internal organisation goals with the following foci by mid-2004:

- Process orientation (reorganisation of all offices)
- Maximization of self-information facilities (expansion of internet offers, e-Job-Room etc.)
- Improvement of management information system