

Summary of advisory report on Preventing problems in the public sector labour market (06/04)

In this advisory report, the Council addresses a question raised by the Cabinet on 20 December 2005: how can problems in the public sector labour market be prevented?

The Council expresses its concern in the report about the labour shortages anticipated in the public sector. A number of sectors will already be facing labour shortages in the near future, particularly of highly educated staff. That will put pressure on public services and may bring about (or aggravate) wage competition between the public and private sectors. The education and healthcare & welfare sectors can expect particularly serious shortages, specifically owing to the ageing of the population.

In the *education sector*, many teachers will soon be reaching retirement or take early retirement, leading to a huge demand for replacements. The shortages will be most apparent in secondary education. The Council finds this particularly worrisome because it is education that enables people to make a contribution to the knowledge economy and that can lead to a higher employment participation rate and the necessary improvement in the qualifications of the labour force. It is therefore a problem with many aspects to it.

The *healthcare and welfare sector* already dominates the labour market. The ageing of the population and the associated rise in the demand for care means that major shortages of nursing and care staff can be anticipated in certain subsectors in the long run. The public is not likely to accept inadequate services in this sector, according to the Council.

The Council points out in its report that the public sector labour market is part of a broader labour market. In order to prevent labour market problems in the near and more distant future, the Cabinet must key into that fact in its general social and economic policy and by targeting those sectors where labour shortages are likely. Efforts must be made across the board to increase the employment participation rate and improve the qualifications of the labour force.

In terms of public sector policy, the Council believes that the recommendations of the Van Rijn Committee (2001) still apply. The Committee had recommended improving recruitment in the public sector via collective agreements. Public sector jobs must be made more attractive. Training is a vital element in that respect. It is also important that parties to collective agreements in the public sector have the necessary financial scope to assemble a sufficiently competitive package of employment terms and conditions.

The Council argues in its report for policy that specifically targets sectors that are facing problems. It believes that the education sector must improve its image and the status of a job in education. What is important is to improve the level of professionalism, the career prospects and the employment terms and conditions.

In the healthcare and welfare sector, consideration must be given to differences in scale, nature and urgency between the various subsectors. The healthcare sector must invest more heavily in training. The Council also sees opportunities to improve productivity, for example by continuing the process of job reallocation, deploying staff in new jobs/careers and reorganising healthcare. The Council also points out that a healthy lifestyle can help to limit the demand for care and therefore the demand for staff in the healthcare sector.

Translated by: Balance Texts and Translations, Maastricht