



Responsive Public Management

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What future for the Portuguese public administration ?

Severely affected by the crisis, Portugal has just launched a further reform of its public administration in an attempt to lift its economy out of recession.

Together with Greece and Ireland, Portugal is currently one of the countries in Europe most badly affected by the crisis. There have been successive austerity plans, even though the 'Troika' (the International Monetary Fund, the European Commission and the European Central Bank) considers – although with some reservations – that 'Portugal is on the right track'¹.

What is happening in the civil service, which embarked on a radical reform in 2006 ? In four years, the 'PRACE' (Programa de Reestruturação da Administração Central do Estado – Restructuring of State Central Administration Programme) in fact resulted in the virtual abolition of established civil service posts (except for officials performing State functions)², major restructuring (the number of administrative bodies was reduced from 518 to 331) and staff cuts³, which were to be offset by measures to a large extent inspired by the NPM (new public management) approach: flexibility, management-by-objectives, performance evaluation etc. In addition, staff mobility has been greatly increased, whether this be 'external mobility' (moving into the private sector), 'internal mobility' (which is compulsory because of the restructuring) or, above all 'special mobility'; this term describes the placing of staff who are surplus to requirements and/or assessed as 'unsatisfactory' in a temporary scheme under which their pay gradually decreases until they are either returned to the service or finally dismissed (within a maximum of ten months). In addition, career advancement has been blocked, pay in excess of EUR 1 000 has been frozen and pensions have been reformed in order to increase the retirement age and extend the contribution period.

The ultimate aim of the reform was to simplify a complex bureaucratic system (1 179 job categories, 30 different pay scales and 522 grades), to develop 'e-government', to improve the service provided to the public and to place emphasis on the rationalisation of decentralised services and the devolvement of certain powers to local authorities.

¹ http://www.lemonde.fr/europe/article/2012/02/28/le-portugal-est-sur-la-bonne-voie-selon-la-troika_1649479_3214.html

² At 30 June 2009, established civil servants accounted for only 15.3% of public sector employees, compared with 87.8% at 1 January 2006. Over the same period, the proportion of contract staff rose from 12.2% to 83.6%. Moreover, some management staff are recruited not on a contract basis, but for temporary 'service missions'.

³ http://www.ira-nantes.fr/fileadmin/user_upload/formin/seminaires/fin_tronc_commun/synth_se/synth_se_s_miniaire_GRH_10.pdf
³ –11% in the central government administration between 2005 and 2010 (the number of jobs was cut from 578 407 to 516 168). <http://www.pordata.pt/Portugal/Emprego+na+Administracao+Publica+Central++Regional++Local-497>

Limited results

Five years later, as Teresa Ganhão, the Director of the International Relations Department at the Directorate-General for Administration and Public Sector Employment (part of the Ministry of Finance)⁴, herself admits, the reforms were carried out much too quickly. The main problem has been that, because the crisis has now become much worse, the expected results have been significantly limited. Despite aid of EUR 78 billion in 2011⁵, and even though the drastic pay cuts for staff under the 'special mobility scheme' 'enabled savings of EUR 18.6 million'⁶, faced with difficulties with long-term borrowing on the markets, Portugal needs to make 'ruthless cuts in public spending'⁷. Bonuses for public sector employees⁸, four public holidays, and the thirteenth and fourteenth month payments have been abolished. There are various disputes between the State and public sector employees who have been working for several years without being given a contract; just recently the Ministry of Education was ordered by the courts to pay compensation to over twenty thousand teachers on those grounds⁹. There is now much more job insecurity in the public sector and insecure contracts themselves are now often being replaced by the infamous 'green receipts' (recibidos verdes), which are however illegal¹⁰.

The new plan

Determined to take action, the Passos Coelho government, appointed after the resignation of Jose Socrates¹¹, took an immediate decision to suspend the PRACE programme in April 2011¹², replacing it with the PREMACE programme (Plano de Redução e Melhoria da Administração Central do Estado - Plan for the Reduction and Improvement of State Central Administration¹³). This new programme is designed to save EUR 100 million in 2012 and to abolish 137 public bodies and 17 000 civil service management posts. At the beginning of 2012, PREMACE was supplemented by the announcement of further measures aimed at 'reducing expenditure and rationalising the public administration', based on 'four strategic policies: outsourcing and decentralisation, flexibility, shared services and the rapid roll-out of ICT'¹⁴.

As part of the first policy, a 'vast reform of local administration' will delegate several central and local government responsibilities to inter-municipal communities and urban

⁴ Contribution to seminar at Nantes IRA [Regional Institute of Administration], March 2010, http://www.ira-nantes.fr/fileadmin/user_upload/formin/seminaires/fin_tronc_commun/synth_se/synth_se_s_miniaire_GRH_10.pdf

⁵ The Portuguese debt totalled EUR 160 billion in 2010.

⁶ <http://economia.publico.pt/Noticia/mobilidade-especial-apermis-poupar-186-milhoes-de-euros-ate-2011-1530742>

⁷ <http://www.liberation.fr/economie/01012387031-le-portugal-vers-un-scenario-grec>

⁸ Apart from those of technical advisers in Ministers' offices, <http://www.publico.pt/Pol%C3%ADtica/mais-uma-nomeacao-com-referencia-a-subsidios-1531909>

⁹ http://www.dn.pt/inicio/portugal/interior.aspx?content_id=2276375

¹⁰ Features of the 'green receipts', introduced in 1978 for 'service providers' (self-employed workers and members of the professions): the employer pays no employer's contributions (these amount to 23.75% of wages for a standard employment contract); the 'service provider' (employee) has to pay Social Security contributions and pension contributions to their sector's pension fund and their rights to benefits are reduced to the absolute minimum (they may be dismissed immediately with no notice whatsoever; if they take sick leave, they receive benefits only after a thirty one day waiting period as opposed to three days under the general scheme; they are not entitled to any unemployment benefit); they are not entitled to paid leave, seniority bonuses or the thirteenth or fourteenth month payments (source: Marie-Line DARCY and Gwenaëlle LENOIR, *Le Monde diplomatique*, January 2011).

¹¹ The ministry responsible for the civil service has now been replaced by a Secretariat of State.

¹²: <http://aeiou.expresso.pt/reestruturacao-da-administracao-central-estado-suspensa-governo=f642024>

¹³ http://img.rtp.pt/icm/noticias/docs/d2/d24bb4a004792d3aa7c1bc4614a89158_b56f5274c6c4f8ba0cbbcc3bee0acad2.pdf

¹⁴ <http://www.portugal.gov.pt/pt/os-ministerios/ministerio-das-financas/mantenha-se-atualizado/20120126-outsourcing-administracao-central.aspx>

communities¹⁵. As regards flexibility, the plan is to make radical changes in the governance of central government administration and public institutions¹⁶. Shared services¹⁷, initially trialled in two ministries, are to be extended: a single body to be responsible for their large-scale introduction, the ESPAP (Entidade de Serviços Partilhados da Administração Pública [Public Administration Shared Services Agency]), will be set up by merging several departments. As regards ICT, a 'General Strategic Plan for the Rationalisation and Reduction of ICT Costs in Public Administration for the Period 2012-2016'¹⁸, published at the end of 2011, is designed to achieve annual savings of EUR 558 million. The plan is based on two strategies: modernisation (rationalisation of tools, improving the services offered) and economies of scale.

The future will tell if these stringent measures will have the expected effects. However, in addition to the continuing crisis, the experts see another cloud on the horizon: the growing numbers of young people, and especially young graduates, who are choosing to emigrate¹⁹.

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¹⁵ <http://www.publico.pt/Pol%C3%ADtica/governo-ensaia-regionalizacao-com-novo-modelo-de-gestao-autarquica-1530800>

¹⁶ http://www.portugal.gov.pt/media/150683/apres_lqip_egp.pdf

¹⁷ http://www.dn.pt/especiais/interior.aspx?content_id=1046760&especial=Or%E7amento%20de%20Estado%202009&secao=ECONOMIA

¹⁸ <http://www.portugal.gov.pt/media/420578/pgerrtic.pdf> - <http://pt.scribd.com/doc/79700753/gov-pt-2012-plano-global-estrategico-de-racionalizacao-e-reducao-de-custos-nas-tic-na-administracao-publica>

¹⁹ http://www.dinheirovivo.pt/ECO/Economia/CIECO006828/Economia/Internacional/Seis_emigrantes_contam_a_sua_experiencia.html