

The Quebec government is currently in negotiations with the public sector unions over new collective agreements for 550,000 public employees. More than 40 years after job security was instituted in the civil service and in the health care, social service and education networks, there is good reason to look into ways of improving the productivity of government employees. With a budget coming up, and with many observers predicting tax and fee increases, taxpayers are entitled to value for their money.

A MORE EFFICIENT PUBLIC SECTOR

In the last 20 years, developed countries (from Sweden to Australia) have sought ways of reforming employment models in their public administrations to make them more efficient and to bring in greater flexibility and productivity.¹

Generally speaking, the paucity of performance incentives for public sector employees, with job security guaranteeing permanent positions and seniority rules taking precedence over all other evaluation criteria for employee promotions within an organization, has led to sclerosis of the system, undermining its efficiency. This rigidity creates perverse effects that nobody desires.

The flexibility and competition found in new management models are already well established in private enterprise. To remain competitive and fair, the public service must follow the same path. The lack of flexibility in public sector working conditions has led, among other things, to a policy of staff reductions through attrition and to the principle of replacing only one out of two civil service retirees.² In other words, rather than eliminate positions among the least productive or the least competent employees during their careers, the government waits for them to retire and then performs a mechanical reduction in the size of the civil service.

To establish a culture of competition, new human resource management policies are needed. The Australian example seems like the most relevant one for illustrating this line of thought.

THE CASE OF AUSTRALIA

In the 1990s, Australia undertook major reforms to its public service employment model. At the same time, it privatized certain sectors, including telecommunications, banking (Commonwealth Bank), airports and railways.³ The decline in the number of permanent public employees, from 135,000 to 102,000 in the 10 years from 1990 to 1999, was due mostly to these privatizations.

In 1999, the *Public Service Act*, the cornerstone of these reforms, was adopted by Parliament. This legislative measure had the effect of ending job security in Australia's federal public service.

Meanwhile, other measures adopted to eliminate rigidities in the employment model (for example, performance-based salary bonuses, decentralization of hiring and firing, individual rather than collective negotiations, etc.) made the public service more competitive and productive.

This put Australian public service employees on an equal footing in terms of opportunities for promotion. Notions of permanence and seniority no longer have the same resonance they still have here, ensuring healthy competition between employees for the best available positions. This gives rise, among other things, to greater intergenerational fairness and provides for permanent renewal of human resources. An especially noteworthy fact is that the qualification level of new Australian public service employees is greater than before the reforms,⁴ showing that flexibility allows for more highly qualified candidates to be attracted and retained.

Contrary to what the unions feared, the effect on these reforms on the size of the Australian public service was not catastrophic. Staff numbers fell sharply in the early 1990s but then levelled off in 1999, the year the *Public Service Act* abolishing job security in the public service was adopted. As already mentioned, this sharp drop was due mostly to privatizations.

From its low point in 1999, the size of the public service began climbing again, reaching the previous peak of the early 1990s. The abolition of job security in the Australian public service had no impact on the size of the government. However, the public administration is better served by more highly qualified professionals and by greater dynamism in human resources management, better adapted to today's realities.

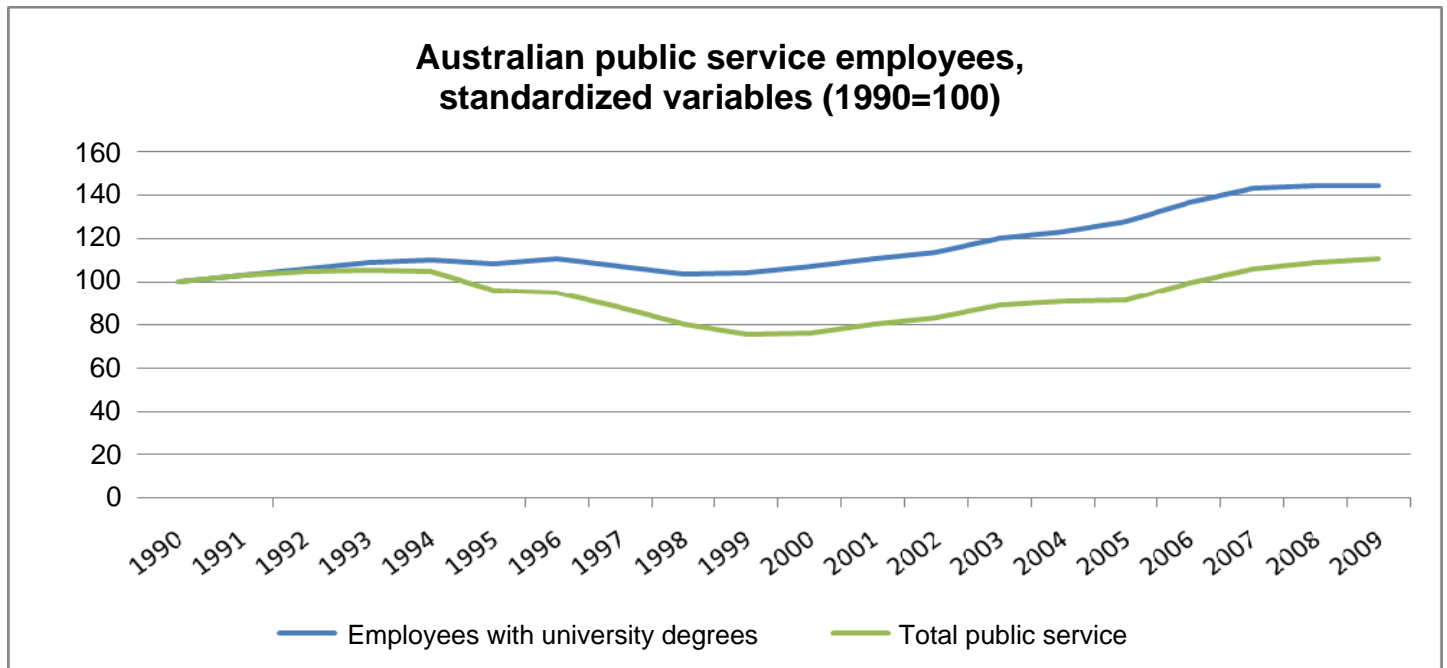
It is also worth noting that, despite a greater number of civil servants, total government spending has remained quite stable as a

1. Including New Zealand, the United Kingdom and Finland. These examples are noteworthy both in terms of legislative reforms and of efforts to institute clear goals and instruments for measuring productivity in their civil services. See Richard Boyle, *Measuring Public Sector Productivity: Lessons from International Experience*, Institute of Public Administration, 2006, and Observatoire de l'administration publique (ENAP), *La gestion des ressources humaines dans la fonction publique au sein de quelques administrations de l'OCDE*, presented to the Quebec treasury board secretariat, March 2004.

2. This measure has been part of the *Human Resources Management Plan* since 2004. It aims for a 20% staff reduction from 2004 to 2014.

3. United Nations Public Administration Network, *Privatisation in Australia*, <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan005244.pdf>.

4. Australian Public Service Commission, *APS Statistical Bulletin 2008-09*, 2009.



Source: Australian Public Service Commission.

proportion of GDP. The effects of better management can be seen in a more productive administration. Thus, if the Quebec government were to adopt the Australian model, taxpayers would get a greater bang for each buck collected in taxes or fees than they do now.

The twin factors of permanence (which in the Quebec context means bullet-proof job security) and the golden rule of seniority are often justified by the aim of preventing political interference in human resources management in the public administration. These protective measures were probably justified at the time they were instituted. Since then, strict labour laws have been adopted to reduce arbitrary actions in human resources management. Moreover, the flow of information is far greater than in earlier times, with a proliferation of media and means of communication enabling cases of politically motivated abuse to be denounced.

CONCLUSION

Performance incentives and flexibility must play a greater role in human resources management in the Quebec public sector. This issue must be placed at the centre of negotiations over working conditions for government employees.

The discussion in this area must include a challenge to the notion of job security as it is currently understood and to the seniority rule as the criteria for mobility and promotion in the public service. For example, job security could be limited in time by awarding guaranteed five-year work contracts, renewable if needed.

Finally, future pay rises for government employees should be conditional on higher productivity and on a global reduction in government operating costs.



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