

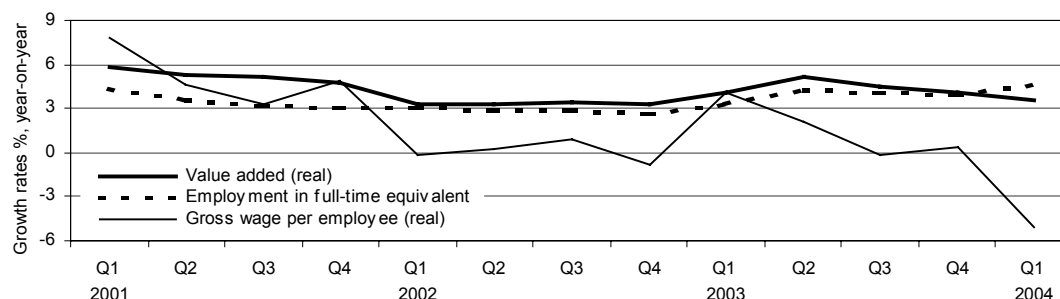
Value added and employment in public services (activities L, M, N, O, P)											
SCA code	Activity	Real value added growth rates, %					Employment growth rates, %				
		Φ 95-00	2001	2002	2003	Q1 2004/Q1 2003	Φ 95-00	2001	2002	2003	Q1 2004/Q1 2003
A-P	Total activities	4.2	3.3	3.9	2.5	3.8	0.0	0.5	-0.4	-0.3	-0.4
G-P	Service sectors	3.7	3.9	3.4	3.1	4.0	1.4	1.8	1.0	1.5	1.2
L-P	Public services	4.5	3.3	2.3	3.6	3.7	2.6	1.9	1.3	2.5	2.6
L	Public administration, defence, compulsory social security	5.8	5.3	3.3	4.4	3.6	4.5	3.4	2.9	3.9	4.6
M	Education	3.7	2.2	2.6	2.3	2.5	2.2	1.5	1.6	1.4	1.6
N	Health and social work	2.2	2.6	4.0	4.5	4.4	0.3	1.6	2.4	3.0	3.2
O	Other community, social and personal services	7.0	2.8	-2.2	3.0	4.7	4.2	1.0	-3.4	2.8	0.8

Source of data: SORS (revised data series on value added and employment by activities – First Release, No. 81; June 2004, calculations by the IMAD. Notes: ¹statistics of national accounts, ²according to the Eurostat's methodology, public services include activities L-P; Activity P (private households) represented 0.04% of the total value added and 0.2% of the value added in public services in 2002.

In **2003**, value added climbed again in public services compared to the previous two years, rising by 3.6% in real terms (see table). Public services contributed 0.7 of a percentage point (28.1% in 2003 compared to the 11.7% in 2002) to the rise in the total economy's gross value added (2.5%) and 1.2 percentage points (37.6%) to the rise in the service sectors (3.1%). In comparison with 2002, the structure of growth was less favourable, recording a significant acceleration in the public administration, defence and compulsory social security and a fall in education. The high real value-added growth in the **public administration, defence and compulsory social security (activity L)** was caused by a surge in employment growth, amounting to 3.9%. The majority of new recruitments were due to the formation of professional armed forces and the setting up of the Schengen border. However, the increase in the number of employees seen in other state administration bodies and administrative units was almost as high. **Education (activity M)** recorded the lowest employment growth in the last four years (1.4%). Data on the number of people employed in education indicate a decline in recruitment in all education fields except for pre-school and primary education, where growth in the number of people in employment from 2002 was retained due to the reform introducing the nine-year primary school. Employment growth declined in higher education despite the launching of new programmes and growing numbers of students. In the group of mainly market-oriented services of adult and other education, a slowdown in recruitment growth was recorded for the second year running. Real value-added growth was high (4.5%) in **health services and social work (activity N)**. In health services, recruitment went up especially in hospitals and specialised clinics, whereas most new employees in the social work sector were recruited in the mainly market-oriented services, including homes for the elderly. **Other community, social and personal services (activity O)** recorded 3.0% real growth in value added (-2.2% in 2002). Employment growth also strengthened (reaching 2.8% compared to -3.4% in 2002), with the largest increase being recorded in employers' organisations and trade unions. The largest share of value added in activity O is normally generated by market activities, particularly the recreational, cultural and sporting activities, which nevertheless saw a slight easing in employment growth last year.

In the **first quarter of 2004**, real value-added growth in public services achieved a high 3.7% (see table). Changes in the structure of public services were more favourable than last year: real growth in value added declined in the public administration, defence and compulsory social security, while strengthening significantly in the mainly market-oriented activities of other community, social and personal services. The trends seen in public services in the first quarter were in line with the forecasts in the Spring Report.

Graph: **Value added, employment and wages in the public administration, defence and compulsory social security (L)**



Source of data: SORS, calculations by the IMAD.