



Industrial relations in central public administration: Recent trends and features

Introduction

Industrial relations in central public administration

Recent changes to aspects of industrial relations

Main outcomes of austerity measures for employees

Commentary

Bibliography

Country codes

This report is available in electronic format only.

This report maps current developments in industrial relations systems in the central public administration sector across the Member States, covering all EU Member States except Croatia, which joined the EU in mid-2013. The report explores to what extent there is formal industrial relations processes within the sector, including the organisation of unions and employer representatives, and the role of collective bargaining and consultation. It also examines the specific features of the sector in terms of both industrial relations processes and worker outcomes and charts reforms that have been carried out since 2008: changes in collective bargaining and in the balance of negotiation versus unilateral imposition of change by the employer, and the responses of trade unions. Finally, the report addresses the role of the social partners regarding the outcomes for employees of the recent austerity measures on issues such as wages, job security, working time and pensions.

Introduction

This report aims to chart current developments of industrial relations systems in central public administration across the EU Member States.

It is important to acknowledge first, that this sector varies widely across Europe in its definition, nature and functions. Along with other Eurofound research, in this field, in particular the 2013 study *Working conditions in central public administration* ([TN1303013S](#)), this report defines central public administration as

[...] those central government departments or ministries that carry out planning, management and coordination functions rather than public-service delivery functions.

In some countries, central public administration is identified with a set of career civil servants who have special, legally anchored, employment status, operating within a clear hierarchical structure. However, since many civil servants are being replaced by workers under private law, the legal status of central public administration employees remains outside this definition. Furthermore, this definition excludes government-funded non-profit or for-profit organisations, local and regional government, and autonomous public agencies delivering public services, even if these agencies have large numbers of employees with civil servant status. Central public administration boundaries vary based on the kinds of work conducted by contractors, the division of functions between national and sub-national levels, and the organisational divisions between the conception and execution of public services as set out by the European Commission in its statistical classification of economic activities (3.19 MB PDF)

The present study uses this functional definition of central public administration. It should be pointed out that this definition is not always recognised, and not therefore applied to national specific structures. Malta does not recognise central public administration as a distinctive part of public administration; and other countries, such as Portugal, Romania, and Slovakia do not have clear organisational boundaries separating public service delivery and planning. Depending on the State structure (for example, Germany's Federal State), public administration can also exist at various levels. The difficulty of presenting a single, clear-cut definition is well illustrated by the following excerpt from the national report for Germany (available on the report's [index page](#)):

Firstly, the German federal system is divided into three levels, which all carry out public planning, management and coordination functions for different entities. These are the national level (the federal ministries and subordinated bodies), the level of the 16 states (Bundesländer) and the local administrations. Traditionally, CPA has been associated with the employment of career civil servants who enjoy certain rights and obligations (e.g. foregoing the right to strike). This contribution mainly deals with public

This report is available in electronic format only.

administration at the federal level. [...] Secondly, there are several self-governing public bodies which take on public-service delivery functions. It may not be possible in all cases to make a clear-cut distinction between planning, management and coordination functions, on the one hand, and public-service delivery functions, on the other. Thirdly, there are different statistical sources [...].

Despite this variety, in every country some functions are in the remit of central public administration and this subsector displays specific features distinguishing it from other parts of the public sector. The 2008 Eurofound report *Industrial relations in the public sector* ([TN0611028S](#)) shows that these features – though not all found in every case – include large numbers of career civil servants covered by a separate employment law framework, a ministry structure directly accountable to a national government, direct responsibility for certain matters such as defence and international relations, and a higher proportion of men in the workforce than in the public sector more generally.

Furthermore, the nature of employment in this sector is still strongly influenced by the historical background, legal traditions, and institutions of individual countries. Some common trends have nevertheless become increasingly visible, especially as employment in central public administration has undergone extensive changes in the last two decades due to ‘new public management’ ideas and policies (Pollitt and Bouckaert, 2006), and often promoted by the European Commission, as can be seen from the Commission’s [Annual growth survey 2012 \(134 KB PDF\)](#) and its [report, Labour market developments in Europe 2012 \(4.3 MB PDF\)](#). Since 2008, the speed of change has increased in some countries due to greater financial constraints and, in extreme cases, agreements with international financial institutions such as in Greece, Cyprus, Portugal and Romania.

Building on all these features, industrial relations systems have sometimes developed awkwardly in central public administration and can be complicated to assess, as the existence and importance of social dialogue, collective bargaining arrangements, statutory rights of employees, representative organisations and institutions, vary from country to country.

This study is based on data collected through the network contributing to the [European Industrial Relations Observatory \(EIRO\)](#), which comprises experts from the European Member States and Norway. Croatia, which joined the EU in July 2013, is not included in this overview. However, two reports to be published by Eurofound in 2014 specifically address working conditions and industrial relations in Croatia’s central public administration.

This overview will examine:

- the existence of formal industrial relations processes within central public administration, including the organisation of unions and employer representatives, the role of collective bargaining and consultation, and the specificity of central public administration in terms of both IR processes and worker outcomes;
- reforms to formal industrial relations processes since 2008, including reforms to collective bargaining, the changing balance of negotiation, versus unilateral imposition of change by the employer, and the responses of trade unions;
- employee outcomes, including changes in job security, pay, working time, and pensions.

Industrial relations in central public administration

The nature of central public administration is so specific that the existence of formal industrial relations systems is not guaranteed. It is not always clear that any formal industrial relations processes or their distinctive features exist in central public administration. In most countries governments can implement unilateral decisions about civil servants’ employment terms and conditions. Collective bargaining and consultation with worker representatives are not universal, and employer associations are rare. On the other hand, many countries subject their central public administration to many of the same formal industrial relations practices as the rest of the public sector.

This report is available in electronic format only.

Distinctive features of central public administration

Specific industrial relations practices and outcomes depend on whether a central public administration is defined as something distinct from the rest of the public sector. In countries where it is nearly always considered as part of the wider public sector there are no separate collective agreements, consultation bodies, unions, or employer structures. However, in Austria, Germany, and the UK, for example, the terms and conditions of employment and industrial relations processes are distinct from the rest of the public sector. In other countries, there may be distinct processes governing industrial relations in the central public administration and the broader public sector, but with a government that achieves the same concessions from workers in both. The question of the distinctiveness of central public administration is, therefore, a complex one.

In the majority of the countries under review there are special regulations in force for specific groups of workers within central public administration. For example, there is often a special regime that governs the employment rules and conditions of workers in the police, prisons and armed services. In Latvia, the police and fire services can establish trade unions, but they are prohibited from striking, as are civil servants in Norway and Germany. However, in Estonia, a recent reform gives the right to strike to those who work under the 'Employment Contracts Act'. Indeed the existence, in most countries, of a separate legal framework governing the employment contracts of civil servants, combined with the concentration of these workers in central public administration rather than other parts of the public sector, constitutes a distinctive feature of central public administration industrial relations across Europe.

Formal collective bargaining structures

Formal industrial relations refers to collective bargaining and consultation between employers and worker representatives to determine working conditions, such as pay, pensions, working time, and job security. As can be seen in Table 1, 16 countries recognise some sort of collective bargaining processes while 11 do not. Among the latter are five countries of the former 'EU15' (Austria, Belgium, Spain, Luxembourg and the Netherlands) and half of the former 'EU12' (Poland, Latvia, Lithuania, Hungary, Bulgaria and Romania).

Table 1: Collective bargaining structures in central public administration

Is there formal collective bargaining?	Countries			
	EU15		EU12	
		Programme countries*		Programme countries*
No	BE AT LU NL	EL	PL LV**	LT
No			HU BG**	RO
Yes	DK and NO		CZ EE SK SI	CY
Yes	FR FI DE UK SE	ES* IE IT* PT	MT	

* programme countries or countries under International / European observations

** exceptions exist as in some cases no collective bargaining is foreseen in principle but still some agreements covering a small number of workers apply.

Source: EIRO National reports

Key country-level differences

There are key differences between industrial relations in central public administration, and industrial relations in other sectors. In central public administration, for example, as has been mentioned,

This report is available in electronic format only.

working conditions can sometimes be implemented unilaterally by an employer and underpinned by legislation.

In a few countries, industrial relations in central public administration are regulated by the state alone, without collective bargaining or social dialogue mechanisms. For example, in Poland, all terms and conditions of work, including pay and working time issues, are regulated in the [1998 Civil Service Act \(131 KB PDF\)](#) and the ‘Act on employees of state offices’. Estonia has a similar civil service act. However, in other countries, collective bargaining in central public administration is strictly limited by budgetary decisions or/and labour legislation, as in Romania and the Czech Republic. Collective agreements in the Romanian public sector may be negotiated, but only with the approval of bodies in charge of the revenues and expenses budgets. Moreover, public sector salaries may only be negotiated on an individual basis, within the threshold permitted by law. In the Czech Republic, also, wages and conditions can be regulated by collective agreements solely within the framework set by labour legislation.

There are various reasons to account for the lack of collective bargaining. In Bulgaria, Estonia and Poland, it reflects an industrial relations system that is not fully developed. Poland explicitly excludes the public sector from its legal framework for works councils, and no collective bargaining is permitted. In Austria, however, while 90% of the public sector is excluded from bargaining, there is a strong informal system of consultation over working conditions.

There is also variation in the strength of centralised collective bargaining. In some countries with formal collective bargaining systems, such as France, Italy, UK and Spain, there are either collective agreements which are not legally binding, or there are certain groups of employees in central public administration which are excluded from the agreements, and the right to collective bargaining is regulated differently for salaried employees and civil servants. In some countries, such as France, negotiations can apply, but the outcomes are not legally binding on the state. In others, collective agreements apply only, or mainly, at central level, for example, in Belgium, or at local level, for example in Spain and Lithuania, or even on a department by department basis as, for example, in the UK. In the Czech Republic and Lithuania, collective bargaining has limited scope and can take place only at a decentralised level. In Slovakia, the scope of collective bargaining in the civil service remains, to some extent, narrower and more limited in comparison with the private sector.

Finally, unilateral government action can be combined with collective bargaining and consultation in various ways. Negotiations take place under certain rules and conditions, for example the state’s budgetary constraints or limits to certain topics determined by law. This is the case in the UK, where maximum pay increases are imposed unilaterally by government and then unions and department-level management negotiate within this parameter. Elsewhere, government decisions can be imposed by law if there is no agreement in consultation procedures. In Belgium, there is no formal collective bargaining procedure but, if the government imposes a measure without having consulted the trade unions, it can be invalidated by the Council of the State. In France, if there is no negotiation, or if negotiations fail, the government can act unilaterally in setting new employment regulations for its central public administration. In the Netherlands, an agreement on labour terms is incorporated in a special settlement for civil servants.

Potential collective bargaining issues

There is a very wide range of topics potentially covered by collective bargaining. By far the most common subject of bargaining is pay (reported in 14 countries). France has a collective bargaining agreement on wages although the government retains extensive flexibility and imposed a wage freeze for 2013. Other topics include working time, the collective bargaining framework itself, social insurance contributions, and training. In one or two countries, topics discussed also included health and safety, disabled workers, gender equality, conflict resolution, trade union work, telework, promotion, job classification, non-standard work, the problem of an ageing workforce, and pensions.

This report is available in electronic format only.

Table 2: Collective bargaining issues

Issues	Countries			
	EU 15		EU12	
		Programme countries *		Programme countries *
Pay	SE NL DE LU FR FI and NO	ES IT	CZ SK	
Working time	DE	ES IE PT	SK	
Bargaining practices	SE	ES PT	SK SI	
Social insurance contributions	FR		SK CZ	
Training	FR	ES	CZ	
Downsizing	UK		BG	
Conflict resolution		PT	CZ	
Trade union activity		PT	CZ	
Promotion	BE	ES		
Job classification		ES	SI	
Work organisation		ES IE		
Nonstandard work		ES PT		
Pensions	UK and NO			
Telework		PT		
Gender equality		ES		
Research on public sector employment		ES		
Ageing workforce	SE			

* programme countries and others countries under European/International surveillance

Source: EIRO national reports

Topics not covered by collective bargaining are usually determined by law, including regulations on specific services, as in Austria, or across the whole sector, as in Malta. The Maltese [Public service management code](#), in accordance with the 'Employment and Industrial Relations Act', resembles a human resources manual and applies to all workers in the public services. In contrast, government

This report is available in electronic format only.

departments in the UK may change procedures without concluding new agreements or negotiations as long as they consult the relevant trade unions. Issues not covered by agreements can also be discussed through special social dialogue structures and industrial dispute resolution mechanisms. Examples of these structures include:

- Bulgaria's councils for social cooperation;
- the Cypriot departmental joint staff committees and joint consultative committee statutes;
- Germany's additional agreements between the Federal Government and the Confederation of Municipal Employers' Associations ([VKA](#)) on topics such as flexible retirement;
- Ireland's civil service conciliation and arbitration scheme.

Employees in central public administration have the right to information and consultation in many of these countries, especially in Italy, Estonia (depending on the employment status), the Netherlands, Germany and Hungary. Social dialogue and neo-corporatist structures are evident across almost all Central and Eastern European Member States, even if their outcomes are ambivalent. For example, in Hungary, there are still consultation forums between the government and trade unions; but hostility is growing due to rules imposed by successive Hungarian governments since 2008, including the regulation of strikes. In Bulgaria, formal collective bargaining structures are substituted by discussions in the National Council for Tripartite Cooperation' (NCTC) which result in definite decisions on wages. NCTC comprises equal numbers of representatives from national trade unions and employers' associations and government representatives.

Variety of social partner structures

Social partners' organisations play a varied role in industrial relations in central public administration.

First, it can be difficult to identify the employer, (and even more so the employer representative) in charge of collective negotiations. In central public administration a government is the employer, but what this means in terms of collective bargaining varies widely. The employer representative may be the Minister of Finance, or it may be a ministry responsible for public-sector management or industrial relations. Italy, for example, has a separate administrative unit, the Negotiating Agency for the Representation of Public Administration ([ARAN](#)) that is responsible for national-level negotiations with unions. In some decentralised systems, such as in the UK and the Czech Republic, negotiations take place between unions and management within departments and agencies. Distinct employer associations for the public sector, including central public administration, exist only in Finland, Germany, Luxemburg, and Sweden. On the management side therefore, industrial relations systems in this sector are still mostly characterised by a lack of dedicated representative organisations.

However, workers' organisations can be quite numerous, leading to significant fragmentation in some countries and, at times, to competition for membership and representation role in central public administration. Moreover, there are differences in the degree of competition and reasons for it. Beyond membership, collective bargaining has been a cause of competition in Belgium and Bulgaria. In Hungary, there is no competition between unions for members, but confederations there as in Portugal competed for affiliates, while there is competition in Italy over public policy and collective bargaining. The Netherlands and Norway report 'healthy competition', although it is unclear what this means.

Table 3: Elements of competition between unions in central public administration

	Reasons reported
BE	for members, and sometimes disagreements over public policy and collective bargaining
BG	for members and for collective bargaining rights

This report is available in electronic format only.

	Reasons reported
HU	between confederations for affiliates, but not between unions for members
IT	for members and in politics
MT	for members
NL	'healthy competition'
NO	'healthy competition'
PO	between unions in different confederations
SI	for members
ES	for members, but not in politics
SE	for members

Source: EIRO national correspondents

Recent changes to aspects of industrial relations

The global financial crisis, increases in public sector deficits and subsequent austerity policies have, since 2008, had an impact on the nature of industrial relations within central public administration in Europe. This has led to increased pressure on existing social dialogue arrangements, although this has not necessarily resulted in structural changes. However, there have been reforms to industrial relations arrangements, with the largest group of countries experiencing restructuring, rather than a reduction or expansion in labour rights.

Few changes in social partners' structures

The structure of social partners' organisations has remained mostly stable since 2008.

Even if the state organisation has been significantly restructured in some countries, with changes to the 'employer' role, there have been no changes to the structure of employers' organisations in central public administration in any of the 27 countries under consideration. Greater change can be seen on the employees' side.

Since 2008, there have been structural changes to the trade union landscape in Bulgaria, Italy, Romania, Slovakia, and Slovenia. Interestingly, two opposite trends – the reduction and multiplication of unions – are seen to be developing simultaneously in some countries

First, there have been mergers of independent unions in Italy, while in Slovakia, the Trade Union of Culture and Social Organisations (SOZ KaSO) merged in 2010 with the Slovak Trade Union Association of Public Administration and Culture ([SLOVES](#)). New forms of cooperation have been created in Romania and Slovenia. In 2009, in Romania, 10 central public administration unions formed an umbrella organisation to combat government austerity measures, and in Slovenia, in 2011, police officers, customs officials, defence ministry workers and government agency workers formed a new confederation of trade unions called FENIKS in 2011. New unions have also been created in Bulgaria and Italy. In Bulgaria three new unions were created to represent workers in different ministries:

- the Trade Union Federation of the Employed in Ministry (TUFEMI);
- Association of the Civil Servants in the Ministry of Interior of Interior (ACSMI);
- the Trade Union Alliance 'Security' in Ministry of Interior (TUASMI)

However, at the same time, two trade unions withdrew from representing workers in central public administration: FTU-HS Federation of Trade Unions in the Health Service (affiliated to CITUB) and the PK Union of Administrative Employees (affiliated to CL Podkrepa). In Italy, there has been an increase in small organisations representing central public administration employees.

This report is available in electronic format only.

In Romania, it is likely that small unions have disappeared since changes in union representativeness rules in 2010, under which only 10 out of 21 Romanian unions in central public administration retained their right to engage in collective bargaining. The result of a similar ‘10% limit’ rule in Hungary has yet to be seen.

Profound changes in industrial relations processes

While many countries, before 2008, modernised underdeveloped collective bargaining systems by extending or formalising them, there has been limited progress since then. Various changes have been implemented in nine countries and proposed in two others (Greece and Sweden). As can be seen in Table 4, they include direct attacks on collective bargaining and consultation, through restrictions on trade union activity and bargaining rights, implemented in Hungary and Romania and proposed in Greece. However they also include the strengthening of social dialogue in France and Lithuania, and there have been other forms of restructuring in the UK, Portugal, Romania and Ireland and proposed in Sweden.

Table 4: Reforms to formal industrial relations processes

Type of reform	Countries	Change
Restriction	HU	Restrictions on union activities
	RO	Restrictions on collective agreements
	EL	Legalisation of trade union de-recognition (proposed)
Expansion	FR	Expansion of bargaining topics, restrictions of representativeness
	LT	New sectoral social dialogue committee
Restructuring	UK, SE, RO, IE, BG	Decentralisation (proposed in Sweden)
	FI and IT	(Re)-Centralisation

Source: *EIRO National reports*

Direct restrictions have been introduced to formal industrial relations in two countries. In Romania, the ‘Social Dialogue Act’, passed in 2011, stipulates among other things that public workers’ employment contracts or collective agreements cannot deviate from what is set down by law. Hungary has, since 2010, introduced significant new restrictions to collective bargaining and trade union activities. The government abolished:

- employment protection for workplace trade union representatives;
- automatic collection of union dues;
- the requirement for employers to provide unions with facilities;
- paid time-off for trade union work.

In addition, changes introduced in Hungary’s 2012 labour code and the act on the legal status of public servants led to the repeal of collective agreements concluded by trade unions which represent fewer than 10% of the employees in a company (sector). Moreover, two government bodies (MKK and MRK) have been created, as mandatory membership organisations for central public administration employees, to represent their interests and carry out the advocacy work formerly done by unions. In Greece, a law is planned which will mean that managers in central public administration no longer have to recognise unions for the purpose of collective bargaining.

This report is available in electronic format only.

In France and Lithuania there has been an expansion of formal industrial relations processes. In Lithuania a bilateral ‘Commission of Civil Servants’ was created in 2010, to deal with current and ad hoc issues, including those directly or indirectly related to working conditions. A similar commission for central government is being set up, with the participation of the Ministry of the Interior. In France, more far-reaching changes include an expansion of the topics that could be discussed under collective bargaining as well as changes to rules on union representativeness. The latter has been agreed with the five social partner confederations traditionally considered as ‘representative’ (according to former automatic criteria of *présomption de représentativité*) and strengthen their position.

The decentralisation of bargaining has taken place in the UK, Sweden, Ireland and Romania. In Sweden, agreements on salaries are now set locally through individual dialogue between the employer and each employee. Romania and Ireland have both moved their central public administrations out of a comprehensive national bargaining framework and instigated sectoral bargaining. Finland and Italy, in contrast, have moved towards more centralised bargaining, with the central public administrations included in an economy-wide agreement in Finland and a reduction in the number of bargaining units. In the latter country, though, it is important to note that the alignment of the public and private sector industrial relations systems has yet to be implemented. This is because in 2010 the government decided to freeze any national-level collective bargaining over the 2010–2012 period, with a likely extension to 2013 and 2014.

Austerity practices post-crisis

Perhaps the implementation of austerity policies provides the best insight into how industrial relations practices have changed since 2008. Some countries have used meaningful negotiation with social partners to implement austerity measures and others have imposed change through unilateral government decree. There are also a handful of countries where non-binding consultation has been sought with social partners. Complicating the picture further is the fact that some countries have implemented austerity against a backdrop of pressures from international financial institutions.

In some cases the legislation that underpins austerity policies in central public administration is the result of an agreement with an international institution for a loan, (as in Greece, Romania, Latvia, Portugal and Cyprus) or is a response to pressure from international institutions, (as in Italy and Spain). Table 5 shows the types of reforms which were included in the ‘letters of intent’ between the International Monetary Fund (IMF) and the governments of Ireland, Greece, Cyprus, Portugal, Romania and Latvia.

Table 5: IMF loans and labour reforms of public and central administration

	Type and size of loan	Letter of intent/MOU/date	Reforms
LV	IMF Standby arrangement €1.68 billion and €3.1 billion from EU	IMF Letter of intent and technical Memorandum of Understanding – 27 July 2009	Public administration reforms of jobs and wages.
RO	IMF Standby facility loan \$17.5 billion, part of €20 billion loan	IMF Letter of intent and Technical Memorandum of Understanding – 8 September 2009	Reforms to Social Dialogue Code, reduction in government employment and restructure of state agencies.
IE	IMF Extended Fund Facility loan of €22.5 billion, part of €85 billion rescue arrangement	IMF Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding – 3 December 2010	Reduction in numbers of public sector employees and public service pensions. Raising of retirement age.
EL	€110 billion emergency loan - €80 billion loan from the Eurozone states and €30 billion from the IMF	IMF Letter of Intent, Memorandum of Economic and Financial Policies, Technical Memorandum of Understanding, and Memorandum	Reduce government spending. Reform of public employment, employment protection legislation, minimum wages, reduced overtime working,

This report is available in electronic format only.

	Type and size of loan	Letter of intent/MOU/date	Reforms
		of Understanding on Specific Economic Policy Conditionality (EC & ECB) – 6 August 2010	Allowing firm-level agreements to prevail over other levels.
PT	IMF €27.51 billion Extended Fund Facility (EFF) and EU €52 billion	IMF Letter of intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding – 9 December 2011	Public administration labour law (2013) aligning public employment regime with private sector rules including working hours, holidays and termination of tenure. Reduction in public sector jobs and wages and changes in working hours.
CY	IMF Extended fund facility €1 billion part of €10 billion loan from European Stability Mechanism	IMF Letter of Intent, Memorandum of Economic and Financial Policies, Technical Memorandum of Understanding, and Memorandum of Understanding on Specific Economic Policy Conditionality (European Commission) – 29 August 2013	Reform of public administration – size of workforce, employment and working conditions.

In these countries, the mixture of unilateralism and negotiation has varied. In Greece and Cyprus, there was no room for negotiation over cuts to the budgets of their central public administrations. In Romania, as mentioned above, a Social Dialogue Code was introduced, implementing restricted collective bargaining. In Spain, the ‘Popular Party’ government halted the access of central public administration employees to negotiations over working conditions, enabling further measures to be pushed through by royal decree. In Portugal, as in Spain, a change from centre-left to centre-right government saw a hardening of the government’s stance and hence a reduction in negotiation. In Ireland, by contrast, there were extensive talks over the shape of negotiations.

Governments did not need the intervention of international financial institutions in order to act unilaterally. In Hungary, for example, union mobilisation led to meaningful concessions over austerity measures prior to 2010; afterwards, however, consultation became a formality. Rather than seeking reconciliation with social partners over further restructuring to its central public administration, the government made numerous changes that restricted the scope of formal industrial relations.

There has been some negotiation over austerity measures in Denmark, Ireland, the UK, the Netherlands, Slovakia, Spain and Slovenia. The term ‘negotiation’ here should be heavily qualified, however, because it means different things in different countries. In Slovakia, where the main austerity measure in central public administration has been pay restraint, moderated wage increases have been negotiated with social partners. In other cases, governments have defined the broad sweep of policy but allowed social partners to negotiate over smaller details and how they are implemented. Examples of this include:

- Ireland – where the government imposed pay cuts by decree but allowed some negotiations over their pay-grade weightings;
- the Netherlands – where the government pushed through downsizing but negotiated with unions over their ‘social consequences’;
- the UK – where the Treasury Department sets the constraints within which decentralised negotiations over pay and pensions take place.

In Denmark, existing tripartite structures remain but the social partners have been given a relatively marginal role in establishing the nature of austerity programmes. This is a stronger presence than they were allowed in the case of local government reforms, where for example, changes to teachers’ conditions were unilaterally imposed.

In other countries, the government has pursued non-binding consultation with the social partners over austerity. This process has not been a great success. Examples here include Belgium, Bulgaria and Latvia. In Belgium, protocols on pension reform have not been signed by unions but will nonetheless

This report is available in electronic format only.

be implemented by the government. In Bulgaria, unions believe that consultations have had little effect. In Latvia, non-binding consultations with social partners failed to achieve a common platform, leaving room for the government to proceed.

Unions' responses to austerity measures

In some countries (Austria, Luxembourg, Norway, Malta and Sweden), there have been no austerity policies. Elsewhere, however, unions have responded to these sorts of measures in a number of ways, including strikes and other forms of industrial action such as protests and demonstrations and, in a couple of countries, legal action. In several countries, industrial action has affected the whole public administration sector, not just central public administration.

In a few countries, trade unions do not think that austerity measures will affect industrial relations processes. This is because there have been no austerity measures as such, or because they consider austerity measures have not a particular impact on industrial relations in central public administration, as in Slovakia. Indeed, according to the SLOVES union, the Slovakian social partners negotiating the multi-employer collective agreement for the civil service accepted the wage freeze proposed by the government in 2011–2013 and kept the social peace. However, in Poland, trade union representatives believe that the imposition of a pay freeze in central public administration exemplifies the non-existence of social dialogue in government administration as a whole. They do not think that austerity measures will have any impact on this state of affairs, because there are no proper industrial relations in central public administration anyway.

In general, trade union views of austerity measures and industrial relations processes in central public administration have been critical. Austerity has placed a great strain on industrial relations in this sector with many unions criticising pay freezes or cuts, reductions in staff and changes in terms and conditions (especially pensions), and increases in retirement age.

In Finland, in 2013, after three weeks of exploratory negotiations, the social partners found that the positions and preconditions of the trade unions and employers remained so wide apart that there was no basis for discussions.

In Italy, unions generally have a negative view of the impact of austerity measures on industrial relations in central public administration and more broadly in the public sector. The national employers' body, ARAN, has to remain neutral. However, the employers of non-central state administrations, such as regional and territorial authorities, and public universities, have often expressed negative views, not so much against the austerity measures as such, but in relation to the nature of some measures and their cost implications. After three years of contracts' renewal freeze in the sector, and related wages freeze for all public employees (likely to be extended to 2014), the most important issue for the trade unions, in central public administration as in the entire public sector, is to re-establish 'normal' social dialogue and collective bargaining practices, hopefully with the opening of the bargaining round for 2013–2015.

In the UK, austerity has had far-reaching effects on industrial relations in its central public administration and some unions have expressed concerns that they are not bargaining with the people actually making decisions about spending and policy. They argue that the Treasury and Cabinet Office dictate pay and other policy centrally, but that the actual bargaining is with decentralised departments and agencies. While decentralisation has offered individual government departments the ability to be flexible within certain limits, discretion over pay and human resources policy is perceived to be shrinking. A key concern raised by trade unions about the future of industrial relations in the sector is the lack of dialogue with the real decision-makers. In addition, unions point to both privatisation and digitalisation as issues of growing importance in industrial relations.

In some of the newer Member States, social partnership arrangements have yet to be developed, and unions have been seeking to develop them. In October 2009, for example, trade unions from the three Baltic States met in Riga to discuss the development of social dialogue in the state sector. Juris Kalniņš, the head of the Latvian Public Utilities and Transport Workers Union ([LAKRS](#)), stressed that social dialogue in central public administration is a sensitive issue in the three countries, as it is

This report is available in electronic format only.

assumed that all issues are so well regulated by law that social dialogue is not viewed as relevant to central public administration. In Latvia, the social partners do not distinguish between industrial relations in central public administration and industrial relations in other sectors and such matters are rarely discussed and analysed by the social partners. It is likely that employers' organisations are more involved in negotiations with the government institutions than unions, but these negotiations are focused on the effectiveness of central public administration from the business point of view rather than on the improvement of industrial relations. The unions take the view that austerity policies in Latvia have made industrial relations in central public administration less democratic. Similarly, in Lithuania, the unions in this sector have failed to initiate real social dialogue at sectoral level. The working conditions and salaries of staff in central public administration are regulated by law rather than by collective agreements, and amendments have simply been made unilaterally to the relevant legislation to change conditions and remuneration in order to save money during the crisis. These changes were made even though the unions, which were consulted, opposed the amendments.

In Greece, the unions condemned the institutional downgrading of their bargaining role in the public sector and were angry about the absence of social dialogue when the government decided unilaterally to implement reforms to the employment conditions of thousands of civil servants, and to the structure and operations of the public sector itself. The trade unions having, in practice, no capacity to intervene and be consulted at institutional level, are calling for strikes and are planning sit-ins. In Hungary, the decline of union membership and the creation of two public bodies to provide social welfare payments (MRK and MKK) in competition with this traditionally union-held role are also undermining social partnership.

In two countries, however, social partnership seems to have developed despite or because of austerity measures. In Bulgaria, unions suggest that the establishment of councils for social cooperation in the security sector and the signing of a series of agreements have supported capacity-building of the trade unions and the promotion of social dialogue. They see the future of industrial relations in strengthening social dialogue structures and maintaining and upgrading agreements on wages, social benefits, health and safety, and working time. They would like to see positive legislative changes related to protecting trade union leaders in central public administration against prosecution and unfair dismissals and a new regulation authorising collective agreements for civil servants. In Ireland, against the background of a recent history of social partnership arrangements at national level and strong pressure from 'the troika' (IMF, ECB, EC), a concession agreement was reached with some trade unions – the Haddington Road Agreement – in May 2013. The central public administration unions, however, were divided over this agreement, with the recommendations from union leaders diverging from the outcomes of their members' ballots. A key feature of the Haddington Road Agreement is that individual unions will sign up to or be covered by the agreement based on their individual ballots or decisions. This opened up the possibility that some unions in the civil service could have been covered by the agreement and some may not have. As all civil service unions accepted the agreement this did not turn out to be the case.

More concrete trade union responses to these changes have been varied, as Table 6 shows. There have been strong trade union responses both in countries which have been strongly affected by austerity policies, (whether externally or internally imposed), and in those which have not. In the main Continental Europe countries and in the UK and Ireland, unions have reacted strongly to austerity policies in their central public administrations. In France, for example, there were demonstrations involving both public and the private sectors against pension reform in 2010. In Germany, industrial action has affected the whole public administration sector, not just central public administration, although strike action has related more to long-term reform measures and consolidation process in public administration and pre-dated recent austerity measures. Public sector employees at federal and state levels were involved in the largest industrial dispute in 2011. In the UK, at national level, trade unions have made several responses to austerity measures: by making protests, alliances and suggestions of alternative economic policy and by taking industrial action. In Ireland, civil service unions and colleagues have criticised austerity policies and lobbied against them. They have engaged in intensive negotiation on reform through collective bargaining at sectoral level. In the Netherlands,

This report is available in electronic format only.

the unions reacted to the austerity policies in the central public administration by requesting a social plan in which not one employee should be forced to leave their job.

In southern Europe, where the effects of austerity policies have perhaps been most marked, there has been also a strong response from unions. In Italy, trade unions have opposed unilaterally imposed austerity measures, in some cases with industrial action, especially under the centre right Berlusconi government from spring 2008 to November 2011. However, the three largest confederations were often divided on these issues, with the strongest opposition coming from the General Confederation of Italian Workers ([CGIL](#)), while the Italian Confederation of Workers' Unions ([CISL](#)) and the Union of Italian Workers ([UIL](#)) adopted a more neutral or conciliatory attitude. In Spain, the unions called a strike of all public workers in 2010 against wage cuts imposed by the government. In Portugal, industrial action by workers in central public administration has taken place every year since 2008. In Greece, since the introduction of the support mechanism, several strikes have been organised by the Confederation of Public Servants ([ADEDY](#)) and the Greek General Confederation of Labour ([GSEE](#)). In Cyprus, despite the introduction of harsher austerity measures in 2012, strike activity in the public sector in general has not increased since 2011.

In Central and Eastern Europe, trade union reactions to austerity measures have also varied, but have been mostly strong. In several countries, trade unions have felt increasingly dissatisfied with the quality of social dialogue. In Bulgaria, civil servants' unions are not allowed to join the national representative trade union confederations, and therefore cannot participate in the National Council for Tripartite Cooperation, set up on October 2011. The lack of comprehensive dialogue on pay reforms in central public administration and the unilateral decisions imposed by the government have forced both trade union confederations to walk out of the NCTC. The Lithuanian Trade Union Confederation ([LPSK](#)) adopted a declaration regarding 'inconsiderate and unreasoned' policies implemented by the Lithuanian government, and on 19 June 2009, protested in several ways, including hunger strikes. Likewise, in Slovenia there were strikes in the central public administration in 2010, 2012, and 2013 involving 80,000–100,000 workers.

In one case a statutory change has been reported that has restricted public-sector strikes. In Hungary an amendment of the law on strikes in 2010 made industrial action in public services unlawful if organised without providing a sufficient level of service. This level may be determined by agreement, law or a court. The government reached agreement with four out of the five unions that had set up strike committees, leading to these unions dissolving their strike committees.

When trade unions felt they could not be heard through industrial relations processes they went to court. Trade unions in Greece and Portugal have lodged legal appeals against proposed changes to pay and working conditions. In Greece, unions that did not have the capacity to intervene or be consulted at an institutional level appealed to the courts, claiming that both the labour reserve and the abolition of tenure for civil servants contravened the Greek Constitution.

In Portugal, the Constitutional Court, in 2012, declared as unconstitutional the government's decision to cut public sector workers' traditional extra two month salary (Christmas bonus and holiday allowance). Although the Court ruled that it would make an exception for the suspension of the 2012 payments, it demanded that they should be resumed in 2013 and beyond. In 2013, the government overturned the Constitutional Court decision, cutting the bonus of public sector employees. The Constitutional Court rejected this decision in April 2013 but the government then presented a new austerity package in May 2013.

Main outcomes of austerity measures for employees

The financial crisis resulted, in most Member States, in a squeeze on public spending, with severe implications for employment conditions in their central public administration. Only three respondents, Sweden, Malta and Norway, report no austerity measures at the time, in terms of central public administration job cuts, pay, pensions, or working time. Table 6 sets out the main changes in pay, pensions and working time in the other Member States (and Norway), as well as the implementation process.

This report is available in electronic format only.

Table 6: Changes in wages, working time and pensions and implementation process

	Wages	Working time	Pensions	Implementation process
AT	Pay freeze			Imposed by law but informally negotiated.
BE			Raising the retirement age, limiting early retirement, changes to final salary calculation, extension of required service period.	Government imposed changes to pensions in breach of an agreement with unions, unions walked out of consultation forum over pay. Law passed despite union protests.
BG	Performance related pay, reduction in redundancy pay	Reduction in annual leave for civil servants, working time flexibility	Raising the retirement age, limiting early retirement, freezing or reducing the value of the pension extension of required service period.	Wage and working time rules imposed despite union protests; the most significant ones were passed in 2012. Pension reforms the same year violated a 2010 agreement with unions.
CY	Pay freeze (2011–2017), pay reduction of between 6.5% and 12.5%, proposed performance-related pay	Extension of weekly working time, working-time flexibility	Raising the retirement age, financial penalty for early retirement, freezing or reducing the value of pensions, increasing worker contributions.	Imposed by government legislation in the face of legal challenges and union protest.
CZ	Pay cut to reduce overall spending on salaries by 10%, implemented in a decentralised way; loosening of seniority principle		Raising the retirement age, limiting early retirement, extending the service period, reform to final-salary pension determination, change to indexation.	Imposed by government legislation despite union protests and industrial action, including two rounds of industrial action in 2010.
DE			Raising the retirement age.	Imposed by government legislation in the face of union protest.
DK	Slow nominal pay increases, real pay decline.		Raising the retirement age, limiting early retirement.	Negotiation within a fiscal framework unilaterally determined by the state.
EE	Pay cut of 7% in 2009, followed by 2-year pay freeze		2012 act abolishing special civil service pensions.	Imposed by government legislation despite union protests.

This report is available in electronic format only.

	Wages	Working time	Pensions	Implementation process
EL	Pay freezes since 2009, pay cuts between 12% and 20% (2010) Cuts up to 17% (2011–2013) and reductions in bonuses	Extension of weekly working time, part-time working, unpaid leave	Raising the retirement age, freezing or reducing pension value, changing the calculation of the final salary, pre-retirement policies.	Imposed by government despite union protests and legal challenges.
ES	Reduction	Extension of weekly working time	Raising the retirement age, limits on early retirement, incentives to delay retirement, changes to final salary calculation, extension of service period.	Changes in 2008 and 2009 devised through negotiation; changes in 2010-13 imposed through legislation.
FI				Little change since 2008; trade unions blocked an attempt to raise the retirement age.
FR	Pay freeze (2010–14), but with individual guarantee of purchasing power	Reduction in sick leave	Raising the retirement age, reform of final-salary pension determination (from 6 months to 3–10 years).	Imposed by government legislation, but the government favours social dialogue; this takes place against a backdrop of occasional union protests and industrial action.
HU	Pay cuts, abolition of bonuses, reform to performance-related pay, reduction in social benefits		Raising the retirement age, change to indexation, restriction of early retirement.	Imposed by government legislation despite union protest.
IE	Pay freeze since 2008. Pay cuts of between 5% and 7% (2009) and 5% to 15% imposed in 2010, further pay cuts negotiated in 2013	Extension of weekly working time, reduction in sick leave	Raising the retirement age, one-off pension fund levy of 7% of workers' after-tax pay.	Initial pay cuts imposed by government legislation; other measures negotiated in the Public Service Agreement (2010–2014) and Public Service Stabilisation Agreement (2013–2016). Unions divided on the issue.
IT	Pay freeze in 2007-2014		Raising the retirement age, change to indexation, shift to defined-contribution pensions.	Changes were imposed unilaterally through legislation. State restrictions on pay increases were in place from

This report is available in electronic format only.

	Wages	Working time	Pensions	Implementation process
				2007-14, with a few options for local negotiated productivity-based increases.
LT	Pay cuts in 2008 and 2009 totalling 8%, reductions in bonuses, still in effect in 2013		Raising the retirement age.	Imposed unilaterally by the government through law.
LU	Performance related pay			Imposed by law, but in line with a CPA collective agreement.
LV	Pay cut of 15% in 2009 and 2% in 2010–2011,		Raising the retirement age, freeze in indexation, abolition of early retirement.	Imposed unilaterally by the government through law; deeper pension cuts were abandoned after they were rejected by the constitutional court.
MT			Raising the retirement age.	Pension changes are determined by law.
NL	Pay freeze		Reduction in the value of pensions in 2013, change to indexation.	The framework of reform is imposed by the government, with unions and works councils negotiating the consequences.
NO				Little change since 2008.
PL	Pay freeze in 2010–2013		Raising the retirement age.	Imposed by government.
PT	Pay freeze since 2010 Cuts of 5% (2010) Cuts between 3.5% and 10% (2011) Elimination and reduction of bonuses (2012-13), loosening of seniority principle, performance-related pay	Extension of weekly working time, working time flexibility	Raising the retirement age, restricting early retirement, end of final-salary pensions, freezing or reducing the value of pensions, one-off pension fund levy.	Negotiated working time flexibility in 2009, but failed negotiations over other topics in 2008 and 2009. Government then made a series of changes through law, despite a challenge by the constitutional court and a 2013 general strike.
RO	Temporary salary cut of 40-70% in 2010-12, followed by restoration of nominal pay		Raising the retirement age; abolishing special provisions for the police, military, and magistrates.	Pay and pensions changes imposed by law in the face of union protest.

This report is available in electronic format only.

	Wages	Working time	Pensions	Implementation process
SE				Agreement by the social partners for CPA wage restraint.
SI	Reduction		Restricting early retirement, extending the service period, changes to indexation.	Most changes have been imposed through legislation, although pay is governed by a collective agreement for the public sector.
SK	Performance-related pay, 2-year pay freeze		Raising the retirement age, change to indexation.	Pay governed by 2009 social pact and by multi-employer collective agreement; pension changes imposed by law.
UK	3-year pay freeze, reduced redundancy pay		Raising the retirement age, phasing out of final-salary pensions, increase in worker contributions, and reduction in value of pension.	Pay and pension guidelines set unilaterally by treasury; details negotiated at the departmental level. Unions respond with protests, industrial action, and legal challenges.

Source: EIRO national reports

Pay

Changes in pay have been implemented in a number of different ways.

In most cases, pay freezes or pay cuts have been imposed by legislation despite union protests. This has been the situation in Belgium, Bulgaria, Cyprus, the Czech Republic, Estonia, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Poland and Romania. In other countries, pay freezes have been combined with some sort of industrial relations process. In France, although a pay freeze was imposed and a non-binding social dialogue process characterises central public administration, there is still some degree of social dialogue over pay. In Slovenia pay cuts were imposed, although there is still a public sector collective agreement which determines pay. In the UK, pay guidelines were imposed by the Treasury but there were negotiations at departmental level. In Portugal and Spain, there were negotiations in 2008–2009 but pay cuts were imposed through legislation from 2010–2013. In Ireland, although initial pay cuts were imposed by the government, there have been some negotiations (albeit under pressure from international and European institutions) through the Public Service Agreement (2010–2014) and the Public Service Stabilisation Agreement (2013–2016).

A much smaller group of countries had pay freezes and pay cuts imposed following either a negotiation within a fiscal framework (Denmark), or a social pact and multi-employer collective agreement (Slovakia), or an agreement with social partners for wage constraint (Sweden).

Nevertheless, even in Sweden, there have been some difficulties in the negotiations over wages. For example, the main demand of the Swedish Agency for Government Employers, in the wage negotiations of 2012, was to implement ‘numberless agreements’ for all trade unions. In these types of agreements, salaries are set locally through personal dialogue between the employer and each employee. Such an agreement is already in place between the Swedish Agency for Government Employers and the Swedish Confederation of Professional Associations (Saco-S). But the other trade unions still refuse number-less agreements and instead require agreements setting out a numeric increase for all employees.

However, in some countries there were no pay cuts. Finland, one of the countries less directly hit by the crisis, did not implement an austerity programme, and even tripartite negotiations in 2011 led to a pay increase of 4.3% covering 94% of the Finnish workforce. In Germany, the absence of measures on pay may be explained by reductions in central public administration employment and reforms to pay and conditions agreed prior to 2008. In Belgium, austerity policies have prioritised pensions and

This report is available in electronic format only.

career progression rather than pay. Since 2008, there have been reductions in nominal pay in 10 countries. In the severest cases there were pay cuts of at least 10%. This is the case in Ireland (ranging between 5%–15%, weighted towards higher earners), Cyprus (on a sliding scale with a maximum of 12.5% weighted towards highest earners), Latvia, Spain and potentially the Czech Republic (where 10% reductions were mandated by the president in 2011 but are yet to be implemented). In Lithuania, because of cuts made in 2008–2009, central public administration pay reductions averaged 8%. In all of these cases the change was imposed unilaterally.

Pay freezes were reported in 12 countries. In these cases, change was more likely, though far from inevitably, to have been negotiated with the social partners, for example, France, the Netherlands, Austria and Slovenia. In France and Italy, pay freezes were accompanied by rules protecting the purchasing power of workers' pay.

Some countries also targeted other forms of remuneration. Greece, Hungary, and Portugal all eliminated bonuses, such as the '13th month' payments. The UK eliminated pay for voluntary redundancies in order to create an extra incentive to participate in voluntary redundancy schemes. Bulgaria, Ireland, and Slovenia all reduced paid leave, (such as for sickness). Performance-related pay was introduced in Bulgaria in 2011 and in Portugal in 2007–2008, and a 2010 Italian decree partially exempted performance-related pay from a broader freeze in wages. Estonia, however, reduced performance-related pay during its recession. Similarly, Bulgaria, the Czech Republic, and Portugal moved to loosen or eliminate the link between pay and length of service.

Hungary is an exception in its pay policies. It abolished performance evaluations in 2010–2013, but introduced a new scheme for task-specific performance-related pay. This, together with an increase in the minimum wage, led to overall pay increases for workers in the Hungarian public sector.

Working time

There have been changes to working time in seven countries (Bulgaria, Germany, France, Greece, Ireland, Portugal and Spain).

Table 7: Working time reforms

Measures	Countries
Extension of weekly overtime	ES, PT, IE, EL, CY
Reduction in annual leave	BG
Reduction in sick leave	IE, FR
Working time flexibility	PT, BG, CY
Part-time working and unpaid leave	EL

Source: EIRO national reports

These changes have been mostly imposed by the governments despite union opposition, such as the reduction in annual leave and working time flexibility for civil servants in Bulgaria. However, there were some sort of negotiations in a few countries, either before the critical phase of the crisis, (as in Portugal where working time flexibility had already been negotiated in 2009); or under international institutions' pressures, (as in Ireland, where an extension in working time and reduction in sick leave were negotiated through the 2010–2014 Public Service Agreement and the 2013–2016 Public Service Stabilisation Agreement).

The most common change, seen in five of these countries, was the extension of the working week without compensation, but there were also countries that reduced annual leave and sick leave and, in other ways, made working time more flexible (see Table 7).

The first kind of working time reform was that of unpaid increases in working time, achieved by lengthening weekly overtime and reducing paid leave. Under Ireland's 2013 Haddington Road Agreement, working time was increased from 35 to 37 hours or from 37 to 39 hours with a one-hour

This report is available in electronic format only.

increase for workers already working 39 hours per week. The agreement also changed the rules on paid sick leave and annual leave. In other countries this was accomplished through unilateral government action. In Spain, the government passed a law in 2012 extending the working week from 35 to 37.5 hours. In 2013 the Portuguese government unilaterally increased weekly working time from 35 to 40 hours and reduced workers' annual leave from 25 to 22 days. The Greek government similarly passed a law in 2011, increasing weekly working time from 37.5 to 40 hours. Bulgaria reduced paid annual leave for civil servants to the level of other workers in central public administration and France introduced complex changes to paid sick leave.

A second kind of working time reform was 'flexibilisation'. Portugal, Bulgaria, and Cyprus all pursued policies to stagger working hours in order to cover hours of operation of public services while avoiding overtime payments. In Portugal, this was agreed in the 2009 collective agreement for its central public administration. In Cyprus, this was part of a law passed in 2012, increasing the barriers to overtime working. In Bulgaria, the working day was restructured as eight working hours within flexible margins between 7.30 and 18.30, with an obligatory working time from 10.00 to 16.00. Greece took a different route to working time flexibility. The 2011 'Law on Working Time Flexibility' enables the public sector to be shrunk by introducing an option for the worker to cut their working time by up to 50% or take a leave of absence, both with a proportional reduction in pay.

Pensions

In some countries, broad measures have targeted pensions. Raising the retirement age, limiting early retirement and limiting the value of the pension were measures imposed by governments in most countries, which included Belgium, Bulgaria, Cyprus, Czech Republic, Greece, Hungary, Latvia, Portugal, Slovenia, Spain and the UK. In Germany, Lithuania and Poland, governments changed the retirement age but did not cut the value of workers' pensions. In Estonia, the government imposed legislation to abolish special civil service pensions. In Romania, the retirement age was extended and special provisions for the police, military and magistrates were abolished, integrating them in the new unitary state pension scheme. In Slovakia, although pay was governed through a multi-employer social pact, increases in retirement age and changes to pension indexation were imposed by law. Although the overall impact of raising the retirement age means that workers have to work longer in order to draw a pension, a small number of countries have imposed increases in pension contributions. Cyprus imposed increases in worker contributions. Ireland negotiated a one-off pension fund levy of 7%. Portugal imposed a one-off pension fund levy.

Changes to central public administration pensions have been widespread since 2008. It is important to consider the wider social context here, and changes are rarely precipitated solely by austerity. The most common change is an increase in the retirement age, which is as much due to increased life expectancy as it is to austerity.

Indeed, in the case of the countries in which austerity has precipitated no specific actions on pensions, the explanation for this is not that pensions have been spared, but rather that significant reforms had already been made prior to 2008. The exception is Finland, where the government attempted to raise the retirement age after 2008 but was dissuaded from doing so by the unions.

Other countries explicitly prioritised central public administration pension reform as key cost-saving measure, even if these reforms sought legitimacy through demographic factors. One such example is the United Kingdom, which has attempted to shrink its central public administration pension costs, (along with wider public sector pension costs) by increasing staff contributions, raising the retirement age, and reducing final pay-outs. Belgium has also undertaken several pension reforms within its central public administration as a key response to austerity. Spain has been particularly 'innovative' in developing distinctive measures on pension reforms as part of budget restraint, particularly under the current 'Popular Party' government.

An important theme, not mentioned in the table, is the issue of gender. Respondents from Poland, Italy, Lithuania, the Czech Republic and Slovakia referred to measures taken since 2008 to harmonise retirement ages between men and women. These measures also reflect factors other than austerity. In

This report is available in electronic format only.

some cases, for example, Italy, they are a response to EU directives on gender equality. As such, these measures are often not specific to central public administration and reflect societal changes even where governments have not pursued pension reform as a response to austerity within central public administration. For example, while Poland has not introduced pension reform as a response to austerity, it has nonetheless sought to harmonise retirement ages for men and women.

Commentary

This report has examined recent changes in the central public administration sector, especially in the aftermath of the financial crisis of 2008. It has examined the basic framework for industrial relations in the sector as well as reforms to industrial relations, the behaviour of employers, the responses of unions, and the resulting changes to working conditions. To varying degrees and in diverse ways, the sector has been affected by austerity policies in terms of jobs, pay, pensions, status, collective bargaining processes, and social dialogue practices. This section summarises the main findings.

In central public administration, the government is the employer and there is considerable scope in most countries for the unilateral imposition of austerity measures. This, however, is not universal, and the vast majority of countries have some form of collective bargaining and consultation governing wages or other aspects of employees' working conditions. There have been few mergers of trade unions and no mergers of employers' organisations, although there are a few examples of new trade unions being created to represent central public administration workers such as those in Italy and Bulgaria. In a minority of countries there is competition between trade unions in central public administration, either within the workplace or at a national confederal level. Social dialogue in central public administration is well developed in many northern European countries but remains underdeveloped in Central and Eastern Europe. Despite a few attempts to create social dialogue in Central and Eastern European countries, many governments are committed to using legislation to determine pay and conditions. While there are signs of strengthening social partnership in Bulgaria, this has become the exception rather than the rule.

The machinery of formal industrial relations has changed in some countries. However, there are few signs of strengthened collective bargaining but several cases of continued or intensified government unilateralism. The environment in which trade unions operate has become more hostile, even in countries where collective bargaining and consultation structures are strong and stable. Government unilateralism plays a strong role in most of the Central and Eastern European Countries, with legislation regulating pay and working time issues and allowing very little bargaining or consultation. Governments in Greece and Cyprus have moved in a similar direction with their use of legislation to circumvent collective bargaining agreements and implement austerity. Portugal and Spain have taken a more negotiated path in the same direction, also with a strong element of government unilateralism.

Since 2010, the central public administration sector has been greatly reduced. Although this downsizing began in most countries in the 1990s, it has increased through recruitment freezes, redundancies, privatisation, and mergers between government agencies. The status of central public administration workers has been eroded with fewer workers being given civil servant status. This retrenchment, along with varying qualitative changes to central public administration structures, such as decentralisation and de-concentration, are leading to extensive changes in the size and nature of central public administration, with one or two exceptions.

Austerity measures have had a significant impact on the pay, and terms and conditions of central public administration workers. This report finds that most countries have experienced pay restraints, pay freezes or pay reductions. Retrenchment in pension systems was also widespread due to a combination of budgetary and demographic pressures. Eighteen countries have increased the age of retirement and ten have reduced entitlements to early retirement. Most of the countries which did not introduce pension reforms after 2008 had already introduced similar ones before the crisis. In half of the countries experiencing austerity in these areas, the changes were in line with the public sector as a whole; in the other half, the countries' central public administration – and workers with civil service status in particular – were targeted for specific measures.

This report is available in electronic format only.

Overall, the quality of social dialogue has deteriorated in central public administration. This is clearly affecting countries facing severe austerity policies, as most of the measures have been imposed and not negotiated. With pay freezes or cuts in pay and pension reforms, even when some form of negotiation was pursued by government, the overall result was an imposition of changes, although sometimes accompanied by flexibility of implementation. The extent to which central public administration has been affected has been influenced by the extent to which it has been seen as separate from the public sector and by the extent of reforms before 2008. There is little evidence that trade unions or formal industrial relations processes have been able to counter these trends. Strikes, and other forms of industrial action and protests and demonstrations, have been the most widespread responses. In many countries, these have been part of a wider public sector response and a reaction to the deterioration of social dialogue. In a minority of countries, legislation makes it illegal for central public administration workers to strike or take industrial action; moreover Hungary has recently introduced new legal restrictions on strikes. Where austerity is most severe, social dialogue is most under strain.

The deteriorating quality of social dialogue is not a response only to the current crisis: the trend could be considered structural as it also applied, prior to 2008, to many of the countries that are currently experiencing little or no austerity.

While the social partners are actively responding to the crisis at the European level, their actions have yet to halt these troubling trends at the national level.

Bibliography

European Commission (2013), *European social dialogue*, Brussels.

Eurofound (EIRO) (2011), *Representativeness of the European social partner organisations: Public administration*, Dublin.

Swedish Agency for Public Management, EUPAN (European Public Administration Network) (2009), *Evaluation of the test-phase of enhanced informal social dialogue for central public administration*, Stockholm.

International Labour Organization (2012), *Public sector adjustments in Europe: Scope, effects and policy issues*, 21–22 June, Brussels.

OECD (2011), *Public employment: Key figures* available at <http://www.oecd.org/gov/pem/publicemploymentkeyfigures.htm>.

OECD (2010), *Survey on strategic human resources management in central governments of OECD countries (2010)*, Paris.

Pollitt C. and Bouckaert G. (2004), *Public management reform: A comparative analysis*, Oxford University Press, Oxford.

Jane Lethbridge, Ian Greer, Lefteris Kretsos, Charles Umney, and Geoff White, University of Greenwich

EF/14/18

Country codes

EU28

AT	Austria
BE	Belgium

IE	Ireland
IT	Italy

This report is available in electronic format only.

BG	Bulgaria
CY	Cyprus
CZ	Czech Rep
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary

LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

This report is available in electronic format only.