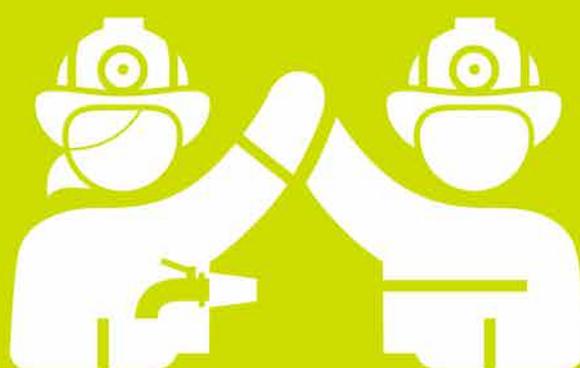
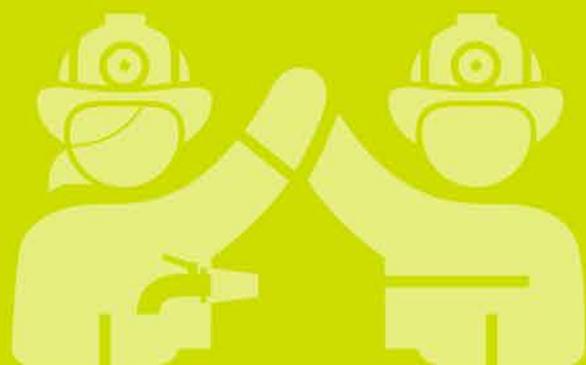


Pay in the public services – how workers continue to pay for the crisis





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In response to the financial crisis of 2008, governments across Europe used public money to stabilise the system and bail out the banks. Public spending also helped maintain the European economy as private sector activity and investment collapsed. However, many national governments, with pressure from the European institutions, then proceeded to impose deep austerity measures to cut public spending and reduce public debt.

Many public sector workers across Europe were directly affected by those austerity measures. Pay cuts or pay freezes were imposed by government and public sector employers in 19 countries in the European Union, impacting on over 20 million workers. In several countries public sector employees were also forced to work longer hours for the same pay.

At the same time, governments were freezing recruitment and cutting jobs leaving public sector employees to face higher workloads as they tried to maintain public services with fewer staff. In addition, the increase in short-term employment contracts in public services has led to more precarious employment, particularly for example in early childhood education, higher education and research.

These measures have had a long-term impact on public sector employees and in several countries where there were substantial cuts and long-term pay freezes, workers have yet to see their purchasing power return to pre-crisis levels.

This briefing provides an overview of what happened in 7 countries and the situation facing public sector workers today. The ETUC, in its pay rise campaign, launched earlier this year, argues that Europe's workers need a pay rise. This briefing makes clear that public service workers need a pay rise and for many this will be only a step towards restoring their pay to what it was 10 years ago.

The long-term legacy of pay cuts, pay freezes and other austerity measures on public sector workers

In its two **Wrong Target** reports in 2010 and 2012, EPSU identified 10 countries where pay cuts had been imposed on public sector workers along with other changes that worsened employment conditions. In some of those countries pay for public sector workers has gradually returned to pre-crisis levels, but in others trade unions are still campaigning and negotiating to restore lost purchasing power and other benefits. In addition, public sector workers in countries like France, Italy and the UK, that didn't experience actual pay cuts, have seen a major erosion of purchasing power as a result of prolonged pay freezes or below-inflation pay rises.

The ETUCE education federation has also monitored how austerity has had a direct impact on teachers' salaries, which were either frozen or cut in several European countries over the period. The highest decrease in real terms of statutory salaries was recorded in Portugal and England (more than 10%) and Greece, where the decrease reached a peak of more than 30% between 2005 and 2014.

The details below provide an overview of the impact in 7 countries.

Greece

Pay: the first steps to cut pay began in November 2009 and by October 2010, The main methods used until the end of 2010 were a cumulative 20% cut in a range of allowances, as well as major reductions in, or in some cases the complete abolition of, the 14th and 13th month salaries that public sector employees previously received. The government estimated that the 2010 reductions were equivalent to a 14% cut in pay in nominal terms. A new payments system was introduced, which the government expected would cut pay on average by another 17% over three years. An estimate from the OECD indicates a 30% fall in the annual actual statutory salary of teachers from €25,000 in 2010 to €17,592 by 2014. With pay freezes continuing since then, public sector workers overall will have seen an average 40% fall in purchasing power.

Jobs: The total number of jobs in public administration fell from 377,800 in 2008 to 334,100 in 2016, a fall of 47,800 or 12.6%, the fourth largest decline in the EU over that period according to Eurostat. Greece also saw a 6.8% (13,600) fall in healthcare employment over this period. This was the sharpest fall in the EU in both absolute and percentage terms, when most EU countries were increasing employment in this sector. The total number of teaching staff fell dramatically, too, from 193,635 in 2007 to 175,868 in 2014, according to the UNESCO Institute for statistics

Ireland

Pay: Public sector workers were initially hit by the imposition of a pensions levy, announced in February 2009, which effectively meant an average 7.5% cut in pay for all public service employees. Pay cuts were then implemented in January 2010. An agreement with the unions was reached in March 2010, under which there would be no further reductions until the end of the agreement in 2014 and no compulsory redundancies. Higher paid workers, those on more than €65,000 saw further cuts in 2013. The intervention of the International Monetary Fund at the end of 2010 led to a 10% cut for new recruits, but no change in pay for existing employees.

Hours: In 2013, hours were increased without compensation in pay with those on 35 hours moving to a 37-hour week and those already on more than 35 hours moving to a 39-hour week.

Jobs: Irish teachers and lecturers have been faced with increasing casualisation of the profession whereby teachers could not get full-time and permanent jobs and are employed on hourly contracts.

Portugal

Pay: Initially frozen in 2010, public sector pay was cut by an average of 5% in 2011. Following the election of a new government, a new package of cuts was announced in October 2011. Depending on earnings, this abolished or halved the 13th and 14th month payments in both 2012 and 2013. With pay frozen since then, unions estimate a 9% loss of purchasing power for public sector workers.

Hours: The government imposed an increase of weekly working hours from 35 to 40 without compensation pay. This was resisted by many public sector workers and unions were able to negotiate with local public authorities to retain the 35-hour week. However, some workers are still covered by the 40-hour week

Jobs: By the end of 2016 there were 43,800 fewer jobs in public administration than in 2008, a fall of over 13%, the third largest decline in the EU over this period, according to Eurostat. In 2012, the education sector was subject to a major reform reducing the weekly amount of teaching hours and eliminating some curricular areas, that led to reductions in the number of teaching and non-teaching staff. The number of teaching staff fell from 219,569 in 2010 to 175,504 in 2015, a reduction of 20%.

Spain

Pay: The government cut public sector pay by 5% in June 2010 and announced it would remain frozen at this lower level until the end of 2011, but this freeze was then extended with no pay increase awarded until a 1% rise in 2016. Trade union estimates indicate on average a 15% loss of purchasing power for public sector workers.

Hours: In 2011, a uniform 37½ hour working week for all public sector employees was introduced meaning a 2.5 hour increase in working time for many employees in local and regional government, without any compensatory pay increase.

Jobs: The number of public service jobs has fallen by 216,400.

UK

Pay: Pay is agreed or negotiated in separate agreements covering health, local government and various parts of the civil service. The initial step was a three-year pay freeze from 2010, implemented in full in local government, but in the case of the health service and civil service there were exceptions for those earning less than £21,000 a year. From 2013 a 1% pay cap on increases was imposed with some exceptions for the lowest paid workers. Median public sector pay in the UK in 2009 was £27,692. By 2016 it had reached £30,586 but if it had kept pace with inflation then it would have risen to £34,103, indicating a loss of purchasing power of £3,517. From 2009 to 2014, the education sector in the United Kingdom registered an overall decrease of over 9% in the minimum gross annual statutory salary.

Jobs: over 200,000 jobs were cut from public administration between 2008 and 2016 according to Eurostat.

France

Pay: Civil servants had already faced pay increases below inflation for several years before 2008. After rises of 0.8% in 2009 and 0.5% in 2010, pay was frozen for the next five years and the next increase was not until a 0.6% rise in July 2016 with a further 0.6% in February 2017. Trade union estimates indicate that the loss of purchasing power is anything from €1,100 a year to nearly €3,000 a year, depending on occupation and grade.

Jobs: Over 250,000 jobs were cut from public administration between 2008 and 2016 according to Eurostat.

Italy

Pay: Collective bargaining in the public sector was suspended in 2010, initially for three years, but this was extended so that pay has effectively been frozen for the past seven years. According to official data, average annual pay in the public sector in 2015 was €34,146, €376 less than in 2009. If the average had kept pace with inflation over this period, it would have reached €38,107, indicating an average loss of purchasing power of €3,961.

Jobs: The combination of job cuts and a recruitment freeze has meant that there are 215,974 fewer jobs in the public sector than in 2008. The precarious employment status of many teachers has dramatically increased, with more than 200,000 teachers now employed under precarious conditions.



**PUBLIC SECTOR WORKERS
NEED A PAY RISE**



www.epsu.org

EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC and comprises 8 million public service workers from over 260 trade unions across Europe. EPSU organises workers in the energy, water and waste sectors, health and social services and local, regional and central government, in all European countries including the EU's Eastern Neighbourhood. It is the recognised regional organisation of Public Services International (PSI).



www.payrise.eu

ETUCE, the European Trade Union Committee for Education, is the European Region of Education International representing 132 education trade unions in Europe with 11 million individual members from all levels of education. ETUCE is the European Social Partner in education and a European Trade union Federation in ETUC, the European Trade Union Confederation.