

**GOVERNMENT EMPLOYEES ACT**  
**No. 70/1996**

**PART I**  
**General Provisions**  
**CHAPTER I**  
**Where this Act applies**

Article 1

This Act shall apply to anyone who is hired into service of the government for a period exceeding one month, either by an indefinite contract, a fixed-period contract or temporarily, regardless of whether the person is a member of a labour union or to which union he is affiliated, as long as his job is considered to be his main occupation.

The provisions of Part II of this Act shall only apply to appointed civil servants as defined in Article 22, and the provisions of Part III to other government employees.

Unless otherwise stated, the term "job" shall apply to any job under this Act, whereas the term "post" only applies to posts to which persons are appointed, cf. Article 22.

Article 2

This Act does not apply to the President of Iceland, to Ministers of the Government or Members of the Althing. The Act applies to Justices of the Supreme Court and judges of district courts as applicable.

This Act does not apply to the following employees:

1. employees of joint-stock companies or other companies or societies to which commercial law applies, even if they are fully owned by the government.
2. employees of agencies which are partially or fully owned by parties other than the government, including self-owned institutions, even if they are fully financed by government appropriations.

Article 3

Legal provisions which state otherwise regarding the rights and duties of individual groups of employees shall remain in force.

Article 4

Should a dispute arise as to where this Act applies, the Minister shall decide. Should an employee or another interested party decide not to abide by the decision of the Minister, he may refer the matter to the courts.

**CHAPTER II**  
**Appointment and hiring of staff**

Article 5

The provisions of law shall decide which government entity makes a staff appointment. In the absence of specific provisions of law, the Minister under whose authority an agency comes shall appoint the head of that agency and, as the case may be, other civil servants at that agency, whereas the head of the agency hires other staff.

Article 6

The general conditions for qualifying for an appointment to a post or for an employment contract are as follows:

1. Being eighteen years of age. Exceptions from this minimum age may be made or employment under a study contract, for cleaning jobs, messenger jobs or similar jobs. Provisions in other laws where other age limits are specified shall remain in force.
2. Having attained majority. The condition of majority shall not apply when an exception is made under Point 1 above.
3. Being of sound mind and body to do the job at hand at each and every time.
4. Icelandic citizenship. Citizens of other member countries of the European Economic Area or the member states of the EFTA Convention or the Faroe Islands may be hired on the same terms as Icelandic citizens. This condition may be waived in exceptional circumstances in cases of citizens of other countries.
5. A general education and, in addition, an appropriate special education which is demanded by law or by the specifications of the job in order to be able to meet the demands of the job at hand.
6. Being in charge of one's own finances in cases where a financial responsibility is required, such as from cashiers or bill collectors, if so demanded by law or specifically required by circumstances.

In cases where the applicant has been sentenced for an offence under Paragraph 1, Article 68 of the Penal Code, he shall be deemed unqualified to accept employment.

Women and men shall have an equal right to public employment at equal pay for equivalent work.

#### Article 7

A vacant post shall be advertised in the Legal Gazette, and the deadline for applications shall at least be two weeks from the date of publication. It shall, however, be permissible to make a permanent or temporary appointment to a post according to Paragraph 2, Article 23 or temporarily appoint due to absences according to the first sentence of Article 24 or transfer a person between posts according to Article 36 without advertising the vacant post.

Other jobs shall be officially advertised in accordance with rules Regulation 464/1996. set by the Minister. The director of an agency shall be permitted to set special rules for the advertising of vacancies for his agency as long as such rules are made public and confirmed by the Minister. Regulations according to this Paragraph may specify that vacancies where specific education or training is not required need not be advertised publicly.

Public access to information on the names and occupation of applicants is obligatory, once the deadline for application has passed.

### **CHAPTER III**

#### **Rights**

#### Article 8

An employee shall receive information on his terms of appointment or employment when he is appointed or hired. The Minister shall set more specific rules on the implementation of this provision.

Anyone who appoints or hires staff may issue a letter specifying the duties of the employee; such instructions shall generally be issued to an employee, should he so wish, whether it applies to his job in general or to a particular aspect or aspects of it.

#### Article 9

Employees shall have a right to emoluments for their work in accordance with the decision of the Civil Servants Salary Board, cf. Article 39, or in accordance with wage and salary agreements, cf. Article 47.

The heads of agencies can decide to pay supplemental emoluments in addition to basic salaries to employees, other than to appointed civil servants and those whose salaries are determined by the Civil Servants Salary Board, which are negotiated according to Paragraph 1, due to a special ability of use on the job, to a special strain associated with the job as well as for performance on the job. These decisions may be changed at any time. An employee has the right to resign due to such a

change. He must, however, inform his agency head of his decision within one month from the date the change was conveyed to him. Should such a change disfavour the employee, it shall not take effect until his notice period of resignation has expired, cf. Article 46.

The decisions by heads of agencies according to Paragraph 2 shall be made in accordance with rules set by the Minister which for instance shall specify that men and women shall have equal opportunity to receive supplemental emoluments. The Minister shall supervise the implementation of these rules. He may, for instance, at his own initiative change decisions on supplemental emoluments if they are not in accordance with the rule and withdraw the authority of individual heads of agencies to accord supplemental emoluments, should total operational expenditures and results of the agency be inconsistent with the fiscal budget.

#### Article 10

Basic salaries shall be paid on the first working day of the following month. The term "basic salaries" in this Act is defined as basic pay for day-time work excluding supplemental emoluments according to Paragraph 2, Article 9.

In cases where someone begins work after the first day of the month, he shall receive pay in direct proportion with the number of days remaining in that month.

#### Article 11

Employees shall have a right to a holiday as prescribed by law and as circumstances permit, as decided or contracted for in the same manner as pay, cf. Paragraph 1, Article 9.

The head of an agency decides in consultation with employees when they go on holiday.

An employee is obligated to take a holiday.

#### Article 12

Employees shall have a right to receive pay during absences due to sickness or post-natal recovery Regulation 410/1989, cf. 280/1996. as prescribed by law or, circumstances permitting, as decided or contracted for in the same manner as pay, cf. Paragraph 1, Article 9.

#### Article 13

Employees shall have a right to flexible working hours. The head of an agency must agree to the wishes of employees in this respect as possible, cf. Paragraph 1, Article 17, provided it does not interfere with the service of the agency to the public.

If a head of an agency rejects the request of an employee according to Paragraph 1 the decision may be referred to the Minister in charge.

#### Article 13 a

An employee may not be adversely treated for disclosing to the appropriate parties that laws or ethical rules have been breached of which he has become aware in his work.

### **CHAPTER IV**

#### **Duties**

#### Article 14

An employee is obliged to perform his duties with diligence and care in every respect. He shall be polite, flexible and fair in performing his duties. He shall avoid anything in his work or outside the workplace which could sully his reputation or the job he performs or the profession to which he belongs.

An employee is obliged to render necessary assistance and guidance to those who seek it from him, for instance by informing them where they should direct their inquiries.

#### Article 15

An employee is obliged to obey the lawful order of his superiors regarding his work.

The Minister confirms the general ethical rules for government employees. Should the managers of agencies, other than ministries, wish to amplify them in a particular way, they must consult the employees affected and their associations. Ethical rules shall be officially published in an accessible manner. The President of the Althingi confirms the ethical rules for Althingi employees and its agencies. The Courts Council confirms ethical rules for court employees.

#### Article 16

Employees shall arrive punctually to work, whether in the morning or after a break. The establishment of a time registration system is authorised for the purpose of recording the time of arrival of the employee to work.

An employee who is absent from work without a valid explanation, may have his pay cut for up to double the time he has been absent from work.

#### Article 17

The agency head decides the hours of work of employees of an agency as prescribed by law or wage agreements.

An employee is obliged to work overtime as his boss deems necessary. However, no employees, except those who do policework or are engaged in other security services, are obliged to work more overtime each week than one-fifth of their lawful weekly work-hours.

#### Article 18

Each employee is obliged to observe confidentiality in regard to matters of which he gains knowledge in his work and shall be regarded as confidential according to law, the instructions of superiors or by the nature of the matter. The obligation of confidentiality remains even if the employee concerned leaves his employ.

#### Article 19

An employee is obligated to accept changes in his job or area of responsibility from the time he began work. An employee may choose to resign his job due to such changes; he must however inform the minister or his superior of it within one month from the time he was informed of the changes. If the changes lead to reduced pay or rights of the employee he shall retain an unchanged level of emoluments and rights during the period remaining of his appointment or to a period equal to the remainder of his contractual notice period, cf. Article 46.

#### Article 20

Before an employee intends, alongside his job, to take up a paid job in the service of another party, join the management of an enterprise or establish an enterprise, he must inform of his intention to the authority that provided him with his job. He shall be informed within two weeks whether the aforesaid job is incompatible with his job and whether he is forbidden to undertake it. Such a prohibition may be referred to the minister in question.

An employee should be prohibited to engage in activity as described in Paragraph 1 if it subsequently transpires that it is incompatible with his job with the government.

#### Article 21

If an employee is unpunctual or has shown other negligence, insubordination against legal instructions or prohibition of his superior, incompetence or sloppiness in his work, has not been adequate in his work, been drunk on the job or his comportment or demeanour are deemed incompatible with his job, the head of the agency shall issue a written reprimand to him. The employee shall be given the opportunity beforehand to present his side of the issue when possible.

**PART II**  
**Special provisions for civil servants**  
**CHAPTER V**  
**Appointment or temporary assignment to a post**

#### Article 22

Only the following employees of the state shall according to this Act be defined as civil servants:

1. The Head of Staff of the Althing, the State Auditor General, the Ombudsman of the Althing.
2. The Secretary to the President, Permanent Secretaries of ministries, directors in ministerial offices, ambassadors and counsellors in the foreign service.
3. Justices of the Supreme Court, Secretary to the Supreme Court and regional court judges.
4. The Bishop of Iceland, ordainment bishops, provosts and ministers of the church.
5. The Director of Public Prosecutions, the Deputy Director of Public Prosecutions and other prosecutors.
6. The Solicitor General, the State Mediator and the Ombudsman for Children.
7. District magistrates, the State Police Chief and the Deputy State Police Chiefs, Police Chiefs and Deputy Police Chiefs, the Head of the State Policy Academy, Director of Immigration Office and police officers.
8. Director of Customs and customs officers.
9. The State Director of Prisons, prison directors and prison wardens.
10. The Director of Internal Revenue, the Director of Tax Investigations, full-time members of the Appellate Tax Committee.
11. [...]
12. The State Veterinarian.
13. Heads of state agencies and state enterprises not listed above.

The Minister decides which employees come under Point 13, Paragraph 16 of this Article, and he shall publish no later than 1 February each year a list of such civil servants in the Legal Gazette.

#### Article 23

Civil servants shall be appointed for a fixed term of five years at a time, unless otherwise stated by law.

If an individual has been appointed to a post according to Paragraph 1 he shall be informed no later than six months before his term of appointment expires whether the post is going to be advertised as vacant. If this is not done, his term of appointment is automatically extended by five years, unless he wishes to resign in accordance with Paragraph 1, Article 37.

#### Article 24

When a person dies during his or her period of appointment or is absent for an extended period due to illness or for other reasons, the appointing authority may temporarily appoint another person to the post, although no longer than for a period of one year. A person may also be temporarily appointed to a post for a trial period before being permanently appointed, for one year at a time, although never longer than two years. The temporary appointee enjoys the rights and carries the duties described in Chapters VI and VII as applicable.

#### Article 25

If a person is permanently or temporarily appointed to a post, he shall remain so appointed until one of the following situations arises:

1. he violates the duties of his post so that he must leave;
2. he no longer fulfils the conditions of Article 6;
3. he is relieved of his post by his own wish, cf. Article 37;
4. he is relieved of his post for health reasons, cf. Article 30;
5. he has reached retirement age, cf. Article 33;
6. his term of permanent appointment expires, according to Article 23, unless the provision of Paragraph 2 applies;

7. his term of temporary appointment expires, according to Article 24;
8. he is transferred to another post, cf. Article 36;
9. his post ceases to exist, cf. Article 34.

## **CHAPTER VI**

### **Relief from a post**

#### Article 26

A government authority that appoints to a post also temporarily relieves a person of a post.

A civil servant shall be temporarily relieved of his post if he has been unpunctual or otherwise negligent, shown disobedience against lawful instructions or prohibitions of his superior, a lack of skill or sloppiness in his work, has not been adequately successful in his work, cf. for instance Article 38, has been drunk at work or his comportment or actions at work or outside are otherwise inappropriate for the post he occupies.

If a civil servant is in charge of finances or accounting he may be temporarily relieved of his post if it is suspected or confirmed that the accounts or finances are in disorder, he has been subjected to bankruptcy proceedings or sought forced debt negotiation. The same applies if a civil servant is suspected of actions which would lead to his loss of rights pursuant to Article 68 of the Penal Code.

A temporary relief from duties shall generally be written, giving specified reasons. If a civil servant is temporarily relieved of his post for reasons specified in Paragraph 2, he must be given a reprimand according to Article 21 and he must be given the opportunity to make amends before he is relieved of his post. This apart, it is not necessary to give him the opportunity to comment upon the reasons for his relief from his post before it takes effect.

A temporary relief from a post shall be explained if a civil servant so wishes. If a government authority other than a minister has taken such a decision, it may be referred to the minister.

#### Article 27

In the case where a civil servant has been temporarily relieved of his post for deliberate infractions of his duties his case shall immediately be investigated by a committee of specialists so as to discover whether he should be permanently relieved of his duties or he should resume his post. A government authority or an employee may always refer a case to police investigation.

A committee which shall investigate a case of a civil servant in accordance with Paragraph 1 shall consist of three persons with specialised knowledge of public administration. The Minister appoints the committee; the chairman and his alternate for a term of four years. Other committee members serve on the committee in each case; one nominated by the minister concerned and the other jointly by the unions of government employees. If the unions can not agree on a nomination, the Minister appoints the committee member without nomination. The committee shall deliver a reasoned opinion as to why a civil servant should be temporarily relieved of his duties.

#### Article 28

A civil servant shall receive half the fixed salary connected with his post during the period he is temporarily relieved of his post. He shall keep the residence or farm connected with his post for which he shall pay an assessed charge deductible from his pay.

In the case where a person that has been temporarily relieved of his post resumes his duties he shall be viewed as having been at his post without interruption. He shall be awarded such pay as had been cut earlier, according to Paragraph 1.

#### Article 29

A civil servant shall be permanently discharged if he has been deprived of his right to his post with a final court verdict. If a civil servant has been deprived of such right by a district court verdict, such a verdict shall specify that such a deprivation shall take effect immediately or be postponed until it transpires whether the case is appealed to a higher court or until a higher court verdict is at hand.

A civil servant shall be permanently discharged from his post if the majority of the committee according to Article 27 reaches the conclusion that he was rightfully relieved temporarily from his post, unless those charges brought against him prove to be unfounded.

A civil servant shall be permanently discharged from his post without notice if he has confessed his guilt to punishable activity which is expected to lead to a deprivation of rights according to Article 68 of the Penal Code.

#### Article 30

If a civil servant has been absent from work due to illness or accident for a consecutive period of one year or a period equivalent to 1/18 of his consecutive service with the government, should such a period exceed one year, he shall be relieved of his post due to illness. This does not apply if a physician certifies that there is prospect for full recovery within the next three months. At the end of this period he would in any case be relieved of his post if he is still unable to work.

If a civil servant falls sick and a doctor certifies that his health is such that it will no longer be possible to let him work, he may be relieved of his post due to ill health when sick pay expires; this decision may be referred to the minister concerned.

If a civil servant is relieved of his post according to this Article he shall receive unchanged pay for three months. The same applies to pay to the surviving spouse of a deceased civil servant.

#### Article 31

The government authority that appoints a person to a post also relieves from such a post unless specifically stated otherwise in law. A relief order shall be written and the causes for it shall be specified, such as due to ill health, particular infractions etc. The relief order shall always specify the date from which it takes effect and at what terms, for instance as regards an old-age pension, when applicable, a general pension, when a civil servant shall vacate his lodgings, farm etc., as applicable.

A civil servant about to be discharged from his post shall be given the opportunity to comment on his case before a decision is reached, if possible.

#### Article 32

A person discharged from a post has the right to refer the matter to the courts.

If a discharge from a post is judged wrongful, compensation will be according to a court verdict, unless the parties negotiate otherwise. In assessing compensation, regard should be had to the circumstances of the civil servant, such as his age and opportunities for employment as well as the evident mitigating circumstances of the government authority that relieved him of his post.

#### Article 33

A civil servant shall be relieved of his post as of the end of the month following his seventieth birthday.

If a person has reached the age of 65 when he is temporarily appointed to a post according to Article 23, his term of appointment should be up to the end of the month after he reaches the age of 70.

#### Article 34

In the case when a post ceases to exist, the civil servant occupying it shall continue to receive unchanged emoluments connected with the post for six months from the time he left the post, if he has been in service of the government less than 15 years, or else for twelve months, provided he has not turned down an offer for a comparable job, irrespective of whether it is with the government or with another party.

If a person receiving a salary according to Paragraph 1 resumes working for the government or another party before the six- or twelve-month period has expired, the severance pay according to this Article shall cease as long as the salary for the new post is equal to or higher than received in his earlier post. If the salary for the new post is lower, he shall be paid the difference up to the end of the six- or twelve-month period.

#### Article 35

If a person has been appointed temporarily to a post according to Article 23 and his appointment is not renewed, he shall continue to receive the same salary connected with the post for three months from the time he left the post if he has been on the post less than 15 years or for six months otherwise, provided he has not rejected an offer for a comparable job, irrespective of whether it is with the government or with another party.

If a person receiving a salary according to Paragraph 1 resumes working for the government or another party before the three- or six-month period has expired, the severance pay according to this Article shall cease as long as the salary for the new post is equal to or higher than received in his earlier post. If the salary for the new post is lower, he shall be paid the difference up to the end of the three- or six-month period.

As long as a person receives pay according to Paragraph 1, he is obliged to continue working, if so wished, and assist his successor so that tasks performed by him will be subjected to as little disturbance as possible.

#### Article 36

A government authority which has appointed a person to a post can move that person from one post to another as long as both posts come under its authority. A government authority which has appointed a person to a post can also agree that he be moved to another post under another government authority, as long as that government authority requests the transfer.

If a person moves to another post according to Paragraph 1 which is lower paid than the earlier post, he shall be entitled to receive the pay difference during the remainder of his appointment period.

#### Article 37

When a civil servant wishes to resign he must do so in writing with a notice of three months, unless unforeseen circumstances have rendered him incapable of performing his job or the government authority accepting the resignation agrees to a shorter period.

A resignation must be accepted if legally tendered. However, a resignation need not be accepted if such a large number of resignations is tendered simultaneously or at a similar time in the same profession that a dire shortage of staff would ensue if each resignation were accepted. In such a case a government authority can extend the notice period up to six months and the civil servant in question keeps his emolument terms and rights unchanged during that period. This decision must be communicated to the civil servant as quickly as possible, no later than when six weeks remain of his original notice period.

### **CHAPTER VII**

#### **Special duties**

#### Article 38

A minister issues a letter of instruction to each director of an agency in which the main goals and tasks of the agency are laid out, both in the long and short term.

A director of an agency is responsible for the operation of the agency under his direction in accordance with law, the instructions of a government authority and the letter of instruction according to Paragraph 1. A director is also responsible that the operational expenditure and financial balance of his agency is in accordance with the fiscal budget and that funds are used in an efficient manner. If expenditure exceeds available funds, the tasks of the agency are not attended to as expected or its service is considered unsatisfactory, the minister can issue a reprimand to the director in accordance with Article 21 or dismiss him from his post according to Chapter VI if he has been guilty of repeated and major negligence in his work as described above.

#### Article 39

The salary and other emoluments of civil servants shall be determined by the Civil Servants Salary Board, provided they cannot be determined in normal negotiations due to the nature of the tasks or negotiating position. The pay and other emoluments of policemen, customs officers and prison



wardens shall however be determined by pay agreements reached between their respective unions or organisations and the government, cf. Article 47.

#### Article 40

Civil servants are not allowed to instigate or participate in a strike or other similar action.

### **PART III** **Special provisions regarding government employees** **other than civil servants**

#### **CHAPTER VIII**

##### **Hiring**

#### Article 41

Government employees, other than civil servants, shall be hired on an indefinite basis with a mutual notice period. Such a period shall be three months upon completion of a trial period, unless otherwise stated in a wage agreement.

An employee may be hired on a fixed-term basis. Such an employment contract may contain a clause saying that the contract may be terminated by either party before the expiry of the contract. A fixed-term contract may not extend continuously beyond two years.

#### Article 42

A written employment contract shall be concluded between the director of an agency and an employee which for instance states the terms of hiring.

The Minister shall set regulations regarding the form of hiring contracts according to Paragraph 1.

#### Article 43

The director of an agency has the right to terminate the employment of an employee pursuant to the employment contract. The employment of an employee who is hired on a fixed-term basis according to Paragraph 2, Article 41 ceases at the end of the term without notice.

An employee shall normally be terminated as of the end of the month after he turns 70 years old.

#### Article 44

An employee must be issued a reprimand according to Article 21 and he must be given the opportunity to make amends before his employment is terminated, as long as the termination is in accordance with said Article. In other instances there is no obligation to give an employee the opportunity to comment upon the reasons for his termination before it takes effect, for instance if the termination is for other reasons, such as a reduction in the number of employees due to a reorganisation of an agency.

Should an employee wish, a written reason shall be given for a termination. If it is due to reasons stated in Article 21, it may be referred to the minister concerned.

#### Article 45

An employee shall be dismissed from his job without notice if he has been deprived of his right to perform his job by a final court verdict. In cases when a district court deprives the employee of such a right, the court's verdict shall specify whether the deprivation should take effect immediately or whether it shall be postponed until such time that the verdict will be appealed to a higher court or until a higher court verdict has been issued.

An employee shall be dismissed from his job without notice if he has confessed to having been guilty of punishable comportment which may be expected to lead to a deprivation of rights according to Article 68 of the Penal Code.

#### Article 46

An employee has the right to resign from his job in accordance with the terms of his employment contract.

A director of an agency may extend the period of notice for up to six months if such a large number of resignations is tendered simultaneously or at a similar time in the same profession at the same agency that a dire shortage of staff would ensue if each resignation were accepted. In the meantime, the employee keeps his emolument terms and rights unchanged during that period, for instance supplemental pay according to Paragraph 2, Article 9. This decision must be communicated to the employee as quickly as possible, no later than when six weeks remain of his original notice period. In cases when the notice period is shorter, the decision shall be communicated as soon as the employee tenders his resignation.

#### Article 47

Labour unions and their associations bargain collectively with the government on the pay and emolument terms of their members as further specified by law.

#### Article 48

A labour union may strike against the government in order to further its demands in a collective bargaining dispute under the conditions and limits set out in the Public Employees Pay Terms Act, the Labour Union and Labour Disputes Act and other laws.

### **PART IV Other provisions**

#### **CHAPTER XI Sundry provisions**

#### Article 49

The decisions of government authorities in accordance with this Act can not be appealed to a higher government authority unless otherwise stated in individual provisions of this Act.

#### Article 50

Directors can delegate the powers accorded to them in this Act to other supervisors in an agency, provided it is done in writing and communicated to the employees of the agency.

Directors of state enterprises enjoy all the same rights and privileges as directors of agencies in accordance with this Act, although not specified.

#### Article 51

The President of the Althing is in charge of its employees and makes decisions on their rights and duties in the same manner as a minister or directors of agencies in accordance with this Act. The President of the Althing holds the authority towards the employees of the Althing which the Minister holds under Paragraph 3, Article 9 and Paragraph 2, Article 27.

The Permanent Secretaries of ministries are in charge of the employees of ministries and make decisions regarding their rights and duties in the same manner as directors of agencies according to Articles 9, 11, 13, 17 and 21. The Head of Staff of the Althing is in the same manner in charge of the employees of the Althing as are the State Auditor General and the Ombudsman of the Althing in charge of the employees of their agencies.

#### Article 52

As government directives, other than administrative directives, in accordance with this Act are being formulated or revised, the Federation of State and Municipal Employees, the Confederation of University Graduates and the Icelandic Federation of Labour shall be given the opportunity to consult and deliberate on behalf of their members regarding possible points of disagreement.

Article 53

Violations of Article 40 are subject to a fine unless heavier penalties are specified in other laws.

**CHAPTER XII**

**Entry into force and changes in other laws**

Article 54

This Act enters into force on 1 July 1996.

Article 55

*The following Acts are abolished as this Act enters into force.*

1. *Act no. 38/1954 on the Rights and Duties of Government Employees.*
2. *Act no. 27/1935 on the Retirement Age of Civil Servants and Government Employees.*
3. *Act no. 97/1974 on the Supervision of Employee Hiring and Housing of Government Agencies.*

Article 56

*Upon the entry into force of this Act, the following provisions of law are amended:*

1. *Paragraph 2, Article 1 of Act no. 94/1986 on the Pay Terms Agreements of Public Employees shall be as follows:*

*The provisions of this Act do not apply to:*

1. *Those civil servants to whom the Act on the State Salaries Arbitration Court and the State Salaries Commission applies.*
2. *Employees of government banks and other credit institutions of the government.*
3. *Employees of agencies and enterprises of the government or municipalities when their pay and other terms are in accordance with agreements between their unions and employers, cf. Act. no. 80/1938 and Act no. 19/1979.*
4. *Those persons that are appointed to the pay bargaining committees of the government and municipalities.*
5. *Those employees of municipalities that are listed in Paragraphs 3 to 5, Article 19 of this Act and for whom a union has no bargaining mandate in accordance with a decision of a municipal government which determines their terms of employment without agreement.*

*Paragraph 1, Article 19 of the same Act is as follows:*

*The right to strike cf. Article 14 does not extend to the following employees:*

1. *Those civil servants to whom the Act on the State Salaries Arbitration Court and the State Salaries Commission applies.*
2. *The employees of the Althing and its agencies, the staff of the office of the President of Iceland and the ministries, including the foreign service*
3. *The employees of the Supreme Court and district courts.*
4. *The employees of the State Prosecutor, the State Solicitor General, the State Arbitrator and the Ombudsman for Children.*
5. *The employees of essential security services and health services.*
6. *The managers of municipalities, city and municipal attorneys, city and municipal heads of staff, city and municipal engineers, the head of the Office of the City of Reykjavík and the employees of payroll departments.*
7. *The heads of larger municipal enterprises and their service agencies as well as their deputies.*
8. *Other employees who perform tasks largely equivalent to those under Clauses 6 and 7 above.*

*The words "Clauses 3-6" in Paragraph 2, Article 19 of the same Act are replaced by: Clauses 5-8.*

*The words "Paragraphs 1 and 2 as well as 4-6, Article 19" in Paragraph 2, Article 22 of the same Act are replaced by: Paragraphs 2-4 and 6-8, Article 19.*

2. *The following amendments are made to the Act on the State Salaries Arbitration Court and the State Salaries Commission no. 120/1992:*
  1. *The words "the Ombudsman of the Althing" in Article 2 of the same Act are replaced by: the Ombudsman of the Althing and the Ombudsman for Children.*
  2. *Paragraph 2 of Article 8 is amended as follows: The State Salaries Commission decides the salaries and other employment terms of civil servants, other than those listed in Article 2, of policemen, customs officers and prison wardens, cf. the provisions of the Government Employees Act.*
  3. *Article 9 of the Act is abolished and the numbers of other Articles changes accordingly.*
  4. *Paragraphs 1 and 2 of Article 12 (which becomes Article 11) of the Act are replaced by a new Paragraph as follows:*

*The State Salaries Commission shall decide the fixed salaries for day-time work and decide upon other terms of employment. It decides which extra duties are a part of the duties under the main post and which duties shall be remunerated separately. In making its decisions the Commission can take special skills into account which are useful for that post and the extraordinary strain which comes with the post.*
  5. *A new provisional Article is added to the Act as follows*

*Despite the amendment to Paragraph 2, Article 8 of this Act at the same time as the new Government Employees Act takes effect the State Salaries Commission shall for the first time decide upon the pay and other employment terms of those civil servants who up to now have not been covered by this Act as of January 1, 1997. Until that time the pay and employment terms of such civil servants shall be decided by their collective bargaining agreements.*

### **Temporary provision**

Government employees who receive their pay in advance at the time of entry into force of this Act keep that right in spite of the provisions of Paragraph 1, Article 10 of this Act.

In spite of the provisions of Article 12 of this Act, Regulation 410/1989, on the leave of government employees due to childbirth, and Regulation 411/1989, on sick leave of government employees, shall remain in effect regarding government employees that have been appointed or hired into government service before the entry into force of this Act and to whom Act no. 38/1954 has applied, until pay during sickness absences and leave due to childbirth have been decided upon or been negotiated, cf. Paragraph 1, Article 9. The same applies to those that will be hired for the same or equivalent jobs during this period on the basis of this Act. Until otherwise negotiated, the provisions of Article 21 of Act no. 38/1954 shall also apply regarding said employees, excepting civil servants according to Article 22 of this Act.

Regarding the termination of employment of those government employees who have been appointed or hired for an indefinite period before the entry into force of this Act, without a mutual notice period, the provisions of Article 25 and Chapter VI of this Act apply, as applicable, although having regard to Article 4.

Regarding those government employees to which Paragraph 3 applies and are not regarded as civil servants according to Article 22 of this Act, the provisions in collective bargaining contracts regarding the termination of employment for reasons of health shall apply instead of Article 30 of this Act.

If a job is eliminated, an employee who has been appointed or hired into government service before the entry into force of this Act and to which Act no. 38/1954 has applied, and is not regarded as a civil servant according to Article 22 of this Act, shall have the right to receive severance pay for a period of six months, if he has been employed by the government for less than 15 years, otherwise for

twelve months. The provisions of Article 34 regarding the right to and the amount of compensation shall otherwise apply.

If a job has been eliminated before the entry into force of this Act, those employees filling the job who came under Act no. 38/1954 shall have a priority right to such jobs according to Paragraph 2 and 3 of Article 14 of said Act for a period of five years after the job has been eliminated.