

2015

Annual Review of Labour Relations and Social Dialogue Slovenia

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- Slovenia's main economic indicators improved in 2015 while the labour market situation is giving mixed signals. The number of people in paid employment in October 2015 was more than in October 2014 but on the other hand, there is a clear rise in the number of people who work not as employees but as self-employed "service providers".
- 2015 was a year that was defined by the intensification of the privatisation procedure for companies with a state share (Žito, Aerodrom Ljubljana, Adria Airways Tehnika, Elan).
- On the level of tripartite social dialogue, the Social Agreement 2015-2016 was signed between the social partners but before the end of the negotiation procedure, several employer' organisations withdrew from it. At the moment, the Agreement is still valid until the end of 2016, as it has been published in the official gazette. But practically the Minister of Labour, Family, Social Affairs and Equal Opportunities has publicly declared that the Social Agreement has "fallen".
- The process of privatisation of (partially) state-owned companies had also a strong impact on bilateral as well as tripartite social dialogue due to the fact that in some cases (Adria Airways, Tehnika) representatives of employees were almost completely ignored by the formal consortium of sellers of state-owned companies.
- In 2015, after almost twenty years of pressure, trade unions managed to change the definition of minimum wage through a "popular initiative" action so that some bonuses will no longer be included within the definition of the minimum wage and will be paid as extra compensation.
- After a very intense period of negotiations, an agreement on measures in the field of salaries and other labour costs in the public sector was signed between the public sector trade unions and the government on 10 November 2015.



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1. SOCIO-ECONOMIC DEVELOPMENTS

Slovenian GDP per capita (in PPS) was rising up to 2008 when it stood at 91 per cent of the EU-27 average (Croatia became a member of the EU in July 2013). In recent years, the country's GDP gravitates around 83 per cent of the EU-28 average. According to Eurostat, in 2014 Slovenian GDP per capita in PPS was 83 per cent of the EU-28 average (SORS, 16 June 2015).

According to the Statistical Office of Slovenia (SORS), GDP increased by 2.5 per cent in the third quarter of 2015 compared to the third quarter of 2014 (Statistical Office of the Republic of Slovenia -SORS, 2015).

Foreign direct investment (FDI) in Slovenia increased by € 362.5 million in October 2015. FDI in Slovenia averaged € 37.06 million from 1994 until 2015, reaching an all-time high of € 769.80 million in November 2002 and a record low of € -230.30 million in December of 2014 (Bank of Slovenia, Trading Economics, 2015).

Slovenia recorded a Current Account surplus of € 291.70 million in October of 2015. The Current Account in Slovenia averaged € 6 million from 1994 until 2015, reaching an all-time high of € 420.10 million in September of 2015 and a record low of € -363.70 million in July of 2008 (Trading Economics, 2015).

According to the 2016 Draft Budgetary plan issued on 15 October 2015, Slovenia will pursue its fiscal target of achieving a general government deficit of 2.9 per cent of GDP in 2015 and 2.2 per cent of GDP in 2016, the headline annual deficit that insures a path toward a balanced structural deficit, as it is stated in the Constitution. Under this assessment, the general government structural balance is to be achieved in 2020 (Draft Budgetary Plan 2016). On 18 November 2015 the National Assembly adopted a modified proposal for the national budgets for 2016 and 2017. For both years the planned budget revenues are set at € 8.7 billion while expenditures will be € 9.5 billion in 2016 and will be reduced to € 9.4 billion in 2017 (National Assembly, 2015).

In the first three quarters of 2015 the total revenue of the general government increased in nominal terms by 3.8 per cent compared with

the same period a year before while the total expenditure increased by 1.0 per cent. The reason for the considerable decrease in the deficit for the first three quarters of 2015 is higher nominal growth of the total government revenues (by 3.8%) compared to the growth of government expenditure (by 1.0 per cent). Total revenues from taxes and social contributions increased by 3.4 per cent, revenues from dividends and other distributed profits increased by 23.8 per cent and revenues from capital transfers (EU funds) increased by 10.5 per cent.

Total important expenditure components (compensation of employees, intermediate consumption, social benefits in cash and in kind, and gross fixed capital formation) that represent around 90 per cent of total expenditure, nominally decreased by 0.4 per cent. During this period expenditure increased the most on current transfers (by 22.1 per cent) and capital transfers (by 44.4 per cent). In the first nine months of the previous year interest expenditure amounted to € 874 million while in the same period of 2015 it amounted to € 904 million or 3.4 per cent more. For the first time after the beginning of the financial crisis, a government primary surplus was recorded in the first three quarters of 2015 in the amount of € 161 million or 0.5 per cent of GDP (SORS, 30th of December 2015).

In November 2015, prices remained down year-on-year (-0.5 per cent). The decline was mainly driven by lower energy prices. Liquid fuel prices remained down relative to the same period of 2014 while electricity prices were higher. The decline in prices of durable goods deepened. In the euro area, price growth remained modest in November (0.1 per cent). Prices of services, unprocessed food and non-energy goods moved higher (contributing 0.5, 0.2, and 0.1 percentage points to total price growth, respectively) while energy prices moved lower (-0.8 percentage points) (Institute of Macroeconomic Analysis and Development (IMAD), Slovenian Economic Mirror, November 2015).

Average monthly gross earnings for October 2015 amounted to € 1,540.58 and net earnings to € 1,004.34. Average monthly net earnings were higher in both nominal and real terms than in September 2015 by 0.9 per cent.



Compared to October 2014 average monthly net earnings were 0.3 per cent lower in nominal terms and 0.5 per cent higher in real terms. In comparison with September 2015 average monthly gross earnings for October 2015 were higher by 1.2 per cent (SORS, 15 December 2015).

The minimum wage in December 2015 was € 790.73 € (Tax Administration of the Republic of Slovenia, 2015).

The number of persons in paid employment in October 2015 was 721,152, which is 10,262 more than in October 2014 (710,890). In December 2015, there were 113,076 registered unemployed people in Slovenia, 6,382 less than in December 2014 (119,458). Compared to October 2014, registered unemployment rate was down from 12.6 per cent to 11.7 per cent (ESS, 2014, 2015).

According to the 2014 Survey on Income and Living Conditions (SILC), the at-risk-of-poverty rate in Slovenia was 14.5 per cent. This means that in 2014 about 290,000 people in Slovenia were living below the at-risk-of-poverty threshold. Compared to the previous year, the at-risk-of-poverty rate remained the same while the at-risk-of-poverty threshold increased by € 35 per year. The calculation is based on income earned in 2013 since 2013 was the income reference year for the 2014 survey.

The annual at-risk-of-poverty threshold for a one-member household was set at € 7,146; the disposable net monthly income of people below the at-risk-of-poverty threshold was thus below € 596 per equalised adult person. The threshold for a four-member family with two adults and two children younger than 14 was set at € 1,251 per month and the threshold for a two-member household without children at € 893 per month (SORS, 10 December 2015).

In 2012, the Gini-coefficient in Slovenia was 25.0 per cent. The average Gini coefficient across the EU-27 was 30.9 per cent (Eurostat, 2015).

2. GOVERNMENTAL POLICIES AND LEGISLATION

2015 was defined by intensification of the privatisation procedure for companies with a

state ownership share. On 21 April 2015, a majority stake in the Žito company was sold to the Croatian group Podravka. Also in April 2015, Dutch brewer Heineken signed an agreement to purchase a majority stake in Pivovarna Laško for € 25.56 per share in a deal that valued the entire company at about € 224 million. Owners of sports goods maker Elan signed a contract on 30 July 2015 on the sale of the outright stake in the company to Merrill Lynch International and financial holding company Wiltan Enterprises. A 75.5 per cent stake in airport operator Aerodrom Ljubljana was sold to the German airport operator Fraport on 5 September 2015. On 24 November 2015, the owners of Adria Airways, Tehnika, signed an agreement to sell the aircraft maintenance firm to the Polish industry peer, Linetech Holding.

Parallel but not coordinated to those actions, the Ordinance on State Asset Management was published in Official Gazette No. 53/2015 (17 July 2015). Consequently, the timing of the whole privatisation procedure in Slovenia had become highly questionable because, as already written, several (partially) state-owned companies had been sold even before the adoption of the Ordinance. And despite the fact that this main strategic document in the field of privatisation of state assets is very clear, that its main goal is to “pursue stable, balanced and sustainable economic development, thus providing for the stable long-term well-being of inhabitants of the Republic of Slovenia”, in all of the cases of privatisation of state assets only one indicator proved to be the main one – the price.

In Official Gazette 54/2015 (20 July 2015) the Changed Claim Enforcement and Security Act was published, which raised the amount of the money to stay on the account of a debtor to € 600.95. This positive action was a direct realisation of the commitments set in the Social Agreement 2015-2016 that was signed on 5 February 2015.

The National Assembly passed on 14 July 2015 in an 83-0 vote amendments to the Companies Act that tighten provisions on the incorporation of companies and introduce curbs to prevent the “chain incorporation” of entities. The main purpose of the amendment is to prevent unfair business practices. In accordance



with the changes, persons who have had stakes in excess of 50 per cent in limited liability companies (LLCs) that were erased from the companies' registry without liquidation will be banned from setting up new LLCs for six months. No individual will be allowed to set up more than one LLC every three months, a provision that directly tackles the daisy-chaining of companies. One of the conditions to establish a new company is that owners who have already owned a company need to prove that the workers in any previous company were paid all welfare contributions in the last 12 months. Those who were fined twice in relation to payment of workers or undeclared employment in three years will be banned from establishing or becoming a partner in a new company for three years (Slovenian Press Agency (STA) 14th of July 2015).

On 14 May 2015 seven trade union confederations put into the legislative procedure changes to the Minimum Wage Act under which persons with wage bonuses for night shifts and work on Sundays and public holidays would be eliminated from the gross minimum wage and will be paid as extra compensation. On 1 September 2015 the trade unions, under the Referendum and Popular Initiative Act¹, started to collect signatures on the proposal for redefinition of the minimum wage. On 10 September 2015 seven trade union associations filed more than 11,000 verified signatures supporting the proposal to redefine the minimum wage with the National Assembly. On 24 November 2015 the National Assembly adopted, with a 74-0 vote, the draft Act Amending the Minimum Wage Act proposed by the trade unions. The new Minimum Wage Act was published in Official Gazette 92/2015 (4 December 2015).

In Official Gazette 90/2015 (27 November 2015) a set of legislation changes were published that eliminated some of the austerity measures from the Public Finance Balance Act (published in Official Gazette 40/2012, 30 May 2012) in the field of social welfare. The level of basic minimum income, for example, was changed from € 270.82 as previously published in the Financial Social Assistance Act (Official Gazette 61/2010, 26 July 2010) for 1

of January 2016 to the higher level of € 288.81. But at the same time, new restrictions indicators for other measures on the field of social welfare were put in place. Or as it was stated in the public statement of Ministry of Labour, Family, Social Affairs and Equal opportunities (23 September 2015): "Due to the fiscal situation of the state it is necessary to extend the validity of certain measures. They will be released in the year that follows the year when the GDP growth exceeds 2.5 per cent and at the same time employment rate growth exceeds 1.3 per cent."

An amended Public Procurement Act, which has put more emphasis on social aspects of public procurement, was published in Official Gazette 91/15 (30 November 2015). The statement from the Government, when it approved the draft Public Procurement Act (23 July 2015) was that the change "regulates the rational use of public funds and transposes new EU directives on public procurement. Its solutions will enable more transparent, shorter and more effective procedures. The new system promotes innovation and quality, and explicitly prohibits price as the only criterion for specific services (engineering and architectural services)". But the changes in the Public Procurement Act did not generalize the exclusion of price as the only criterion in public procurement. The amended act also did not include the highly efficient institute of full supply chain examination and severability liability of contractors throughout the contracting chain.

In the midst of the so-called "refugee crisis", Slovenian authorities at the end of September 2015 unfortunately closed down a highly successful info point for foreigners at the Employment Service of Slovenia, and also earlier (at the end June) stopped financing a highly successful "Counselling office for migrants" run by the Association of Free Trade Unions of Slovenia (ZSSS). These very unfortunate decisions by the state came because Slovenian authorities wrongly excluded the field of integration of migrants from use of European Social Funds (ESF). The Slovenian Operational Programme 2014-2020 even states "activities in the frame of the Asylum, Migration and Integration Fund (AMIF) will ensure integration

¹ Popular Initiative action is a legal possibility within the Referendum and Popular Initiative Act (Official Gazette 47/2013 in

which at least 5,000 voters propose that a certain law should be changed.



measures for asylum seekers and migrants". Such (dis)placement of migrants in the Slovenian Operational Programme 2014-2020 is contrary to the EC document "Supporting the integration of asylum seekers and refugees" (issued 25 September 2015²) which is among other documents stating that "ESF can support, within its investment priorities, the integration of migrants with a view to facilitate their social inclusion and integration into the labour market".

3. INDUSTRIAL RELATIONS

In 2015 the negative trend of bankruptcy persisted with 1,051 bankruptcy procedures commenced in the year, more than double the number of 2012 (595) (AJPES, 2015).

According to data from the Labour Inspectorate (IRSD), there were 17,392 inspections in 2014 and these found 10,802 total violations relating to the labour market, most of them in the area of proper payments (3,542). In 2008 there were "only" 843 such violations (IRSD, 2015).

On 18 November 2015 Slovenian police started a general strike demanding the implementation of promises made by several previous governments, which they said should lead to pay rises. They also demand bonuses for specific police duties and the hiring of new personnel. On 10 December 2015 about 3,000 police workers attended a protest in front of the building of the Government of Slovenia. The strike was still ongoing at the time of this report. On 13 January 2016 the Police Strike Committee delivered an answer to the communication of the Government regarding the strikers' demands.

Regarding the development of union membership (according to available studies from the Centre for Public Opinion Research) between 1991 and 2008 the overall trade union density rate fell from an 'initial' 66.5 per cent to 26.6 per cent (as measured in February 2008 - this is the most recent information available). The drop of trade union density was significant in the period after joining the EU – it fell from 43.7 per cent in 2003 to 26.6 per cent in 2008

(Stanojević, 2009). In absolute numbers the biggest trade union central (Association of Free Trade Unions of Slovenia – ZSSS) had 150,000 members according to 2012 data. According to the 2013 data from Centre for Public Opinion Research, the overall trade union density in Slovenia fell to 22 per cent (Stanojević, 2014).

Employers' organisations are receiving much lower revenues due to a decline in membership fee payments, which is also connected with the fact that since 2006 the Chamber of Commerce and Industry of Slovenia has not had obligatory membership, while the Chamber of Crafts and Small Business has not had obligatory membership from the end of October 2013. Voluntary membership is also in place for the Employers Association of Slovenia and the Commerce Chamber of Slovenia. Available public data reports that the Employers Association of Slovenia has 1,400 members organised into 11 sections. The Chamber of Commerce and Industry has approximately 7,500 members and the Chamber of Crafts and Small Business has about 30,000 members.

4. TRIPARTITE SOCIAL DIALOGUE

There has been a very positive sign of improvement in tripartite social dialogue since the beginning of 2015, as the Social Agreement 2015-2016 was signed among the social partners on 5 February 2015, after six years of contention. The agreement covers areas such as finance, economic development, the public sector, health care, wages, and pensions as well as implementing the European cohesion policy, education and legal security. Slovenia's Chamber of Commerce and Industry (GZS) refused to participate actively in negotiations or sign the agreement. It believed the agreement lacked clear focus or an agenda for implementing its goals. Members of the Employers Association of Slovenia (ZDS) believed the agreement will ensure stable conditions for companies and especially appreciated the commitment to no extra tax burdens or company contributions in the next two years.

² http://europa.eu/rapid/press-release_MEMO-15-5717_en.htm



The biggest trade union confederation, ZSSS, felt it is important that despite their (at the time) unsuccessful attempts to separate bonuses from the minimum wage, no definition of minimum wage was included in the agreement. That gave the trade unions the opportunity to achieve their aim through other actions (which indeed happened through the Popular Initiative action allowing for a referendum if 5,000 voters or more officially proposed that a certain law be changed). A similar approach will be taken on insolvency, where trade unions insist that when a company goes bust, workers are to be paid first (Kanjuro Mrčela, 2015).

Unfortunately, on 27 November 2015 the Employers Association of Slovenia, the Chamber of Commerce of Slovenia and the Association of Crafts and Small Business Employers withdrew from of the Social Agreement 2015-2016. Even though the Social Agreement 2015-2016 did not mention the minimum wage, they used the adoption of the changed legal definition of minimum wage, as proposed by trade union through the Popular Initiative action, as the reason for abandoning the Social Agreement 2015-2016. At the moment, the Social Agreement 2015-2016 is still formally valid until the end of 2016, as it has been published in the official gazette. But the Minister of Labour, Family, Social Affairs and Equal Opportunities has publicly declared that the Social Agreement has “fallen”.

Another not quite successful case of tripartite social dialogue involved the proposal of a tax reform package, initiated by the Ministry of Finance in November 2015. The tax reform package was not at all coordinated with social partners and encountered heavy opposition from the employers as well as from the trade unions. The employers protested heavily about the proposal eliminating tax relief for employment and lowering the level of tax relief on investment in R&D from 100 per cent to 50 per cent, among other things. The trade unions openly opposed the proposed system of rewarding employees by unilateral action by employers and not by bilateral agreement. The Ministry of Finance withdrew the proposal at the end of November 2015 and transferred the issue of tax reform to 2016.

A still very important issue from the perspective of social dialogue is the privatisation procedure for (partially) state-owned companies.

In June 2013, the Government approved the draft text of its decision that authorised SOD as the manager of assets owned by the Republic of Slovenia, KAD, Modra zavarovalnica, DSU, d.o.o., and PDP, d.d., to dispose of their investments in 15 companies. This approval is required under Article 38 of the Sovereign Holding Act until strategic documents (classification) are adopted. The proposed decision of the National Assembly means that the latter has agreed to the disposal of assets in the following companies (where the procedure has already begun): Adria Airways, d.d.; Aero, d. d.; Elan, d.o.o.; Fotona, d.d.; Helios, d.d.. The proposed decision of the National Assembly means that it has agreed to the disposal of assets in the following companies (where the procedure has not yet commenced): Aerodrom Ljubljana, d.d.; Adria Airways Tehnika, d.d.; Nova KBM, d.d.; Telekom Slovenije, d.d.; Cinkarna Celje, d.d.; Gospodarsko razstavišče, d.o.o.; Paloma, d.d.; Terme Olimia Bazeni, d.d.; Unior, d.d.; and Zito, d.d. In 2015 several of these procedures were closed.

One of the most controversial cases from the perspective of the quality of social dialogue was the case of Adria Airways Tehnika (AAT), where the state asset part was sold to the Polish company Linetech at the end of November 2015. But throughout the whole procedure of selling the state's part of AAT, the representatives of trade unions were systematically ignored by the formal consortium of sellers, so they even did not have the chance to negotiate on non-price obligations, which are to be finalized in the final sales contract, and which directly touch the issues of collective bargaining, protection of right of employees and ensuring a long-term commitment of the new owner. A majority of employees of AAT even submitted their own financial offer to buy the state's part of AAT but they were not successful even though they managed to submit a very concrete financial offer, on top of very clear broader social and economic commitments.

After a very intense period of negotiations, an Agreement on Measures in the Field of Salaries and Other Labour Costs in the Public Sector, aiming to balance public finances for 2016, was signed between the public sector trade unions and the government on 10 November 2015.



5. FORECASTS

According to the autumn forecast of economic trends 2015 (IMAD, October 2015), GDP growth will be 2.7 per cents in 2015 and 2.3 per cent in 2016. The main drivers of economic recovery will be exports and private consumption; the somewhat weaker growth in 2016 will be mainly attributable to reduced government investment during the transition to the 2014-2020 financial perspective. Economic growth in 2017 (predicted at 2.3 per cent) will be similar to that in 2016. With exports following the foreseen increase in foreign demand and further growth in private consumption, a significant contribution to GDP growth will again come from investment consumption, where private investment will continue to expand (IMAD, 2015).

Being part of the European Semester, Slovenia is constantly under “recommendations” to further reinforce budgetary discipline and fiscal consolidation. European Commission recommendations of 14 July 2015 on the 2015 National Reform Programme of Slovenia and delivering a Commission opinion on the 2015 Stability Programme of Slovenia consisted of four recommendations in several areas: to advance long-term reform of the pension system; to review in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum

wage, and in particular the role of allowances; increase the employability of low-skilled and older workers; take measures to address long-term unemployment and provide adequate incentives to extend working lives; bring down the level of non-performing loans in banks by introducing specific targets; improve credit risk monitoring capacity in banks; take measures to improve access to finance for SMEs and micro companies; adopt a strategy for Slovenian Sovereign Holding with a clear classification of assets; implement an annual asset management plan and apply performance criteria; and ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.

Though trade unions can absolutely agree on some of the issues, especially on increasing the employability of low-skilled and older workers and to tackle the problem of long-term unemployment, unions view it as unreasonable to “advance with the reform of pension system”, as the last reform of pensions took place only a couple of years ago and the country has big problems with the low employment rate of older people. However, unions can be sure that in the very near future there will be (even stronger) concrete policy pressures from the international monetary institutions and employers in the way of another pension reform.



ANNEX OF DATA

• **Collective bargaining system**

The Slovene legal system of collective bargaining between trade unions and employers does not have a long tradition. From the time of the socialist social and political order following World War II until the creation of the new independent State and the adoption of the new Constitution in 1991, labour relations had the character of mutual relations between employees. Employment relations in this narrow part of economy were based on labour contracts, only partly regulated by collective agreements concluded between the single socialist trade union organization and the representative organizations of private employers. The range of regulations of working conditions by contracts was very limited by the statute.

The situation changed after the introduction of the new social and political system, when the new collective bargaining system was developed based on the Constitution that was adopted in 1991, following ILO conventions about trade union freedom. The nature of collective agreements has been changing through time, so there is a distinction between the collective agreements of the 1st, 2nd, and 3rd generation. The latter are the result of the statutorily defined frameworks for collective bargaining, which is in fact the codification of already existing practices in this area with a few additions. The Collective Agreements Act, adopted in 2007, provided social partners with the regulation of procedures of collective bargaining and with legal tools for the prevention and resolution of collective conflicts between the contracting parties.³ One of the problems of the system of collective bargaining is the short average lifespan of the collective agreements (approximately one year) while the scope of content of the collective agreements remains too narrow.

• **System of tripartite social dialogue**

Social partners in Slovenia participate in the Economic and Social Council (ESC), which

was founded in 1994 and represents a framework that has consolidated democratic relationships between the social partners. The ESC is a consultative body whose decisions, which are taken unanimously, are binding for all three partners. The significance of the ESC is reflected also in the position of the National Assembly of RS, according to which all acts and policies that in any way affect the interests of social partners must first be negotiated at the ESC level. Its working procedures are governed by the Rules of Procedure of the Economic and Social Council, which date from 1994 and were last amended in 2007. The ESC was primarily set up to deal with issues related to social agreements and wage policy, social policy, employment issues and working conditions, collective bargaining, prices and taxes, the economic system and economic policy, plus other areas falling within the remit of the social partners. As well as dealing with areas requiring tripartite agreement, the ESC can also examine other matters of an economic and social nature.

In addition to its advisory role, the ESC has a key role in negotiations, with social agreements – and, until some years ago, wage policy agreements as well – being adopted under its auspices. So far, five social agreements have been adopted through the ESC, the latest Social Agreement 2015-2016 was agreed in February 2015. Unfortunately, on 27 November 2015 the Employers Association of Slovenia, the Chamber of Commerce of Slovenia and the Association of Crafts and Small Business Employers withdrew from the agreement. Before the actual signing of the Agreement the same action was taken by the Chamber of Commerce and Industry of Slovenia. Several laws relating to wage policy have been adopted based on the wage policy agreements concluded by the ESC.

In recent years, the tripartite social dialogue has come under heavy pressure from so-called “European Semester” mechanisms (Stability and Convergence Programmes, National Reform Programmes, Country Specific

³ <http://www.fu.uni-lj.si/personal/tinae/515/collective%20bargaining%20in%20Slovenia.doc>



Recommendations). Apparently, the European Semester instruments mainly ignore the system of tripartite social dialogue based on

the fact that all the documents prepared within the European Semester are not sufficiently coordinated within tripartite social dialogue.

• **Social security system – coverage and unpaid social contributions**

	2011	2012	2013	2014	2015
Compulsory health insurance	Number of people without compulsory health insurance: 9,678 (from 31 st of December 2010 to 31 st of December 2011) 102,980,119 € of unpaid employers' contributions (June 2011, Tax administration of Republic of Slovenia, 2011).	Number of people without compulsory health insurance: 3,768 (from 31 st of December 2011 to 31 st of December 2012) 135,463,549 € of unpaid employers' contributions (July 2012; Tax administration of Republic of Slovenia)	Number of people without compulsory health insurance: 2,756 (from 31 st of December 2012 to 31 st of December 2013) 142,427,954 € of unpaid employers' contributions at the end of June 2013; Tax administration of Republic of Slovenia, 2013)	Number of people without compulsory health insurance: 2,145 (from 31 st of December 2013 to 31 st of December 2014) 141,822,905 € of unpaid employers' contributions at the end of December 2014; Tax administration of Republic of Slovenia, 2015)	No data 137,579,644 € of unpaid employers' contributions at the end of June 2015; Tax administration of Republic of Slovenia, 2015)
Pension and invalidity insurance	869,638 persons in the pension and invalidity insurance system; 672,723 persons in paid employment at legal entities (October 2011). 221,982,405 € of unpaid employers' contributions (Tax administration of Republic of Slovenia, June 2011)	848,499 persons in the pension and invalidity insurance system; 657,728 persons in paid employment at legal entities (October 2012) 267,094,969 € of unpaid employers' contributions at the end of July 2011 (Tax administration of Republic of Slovenia, 2012)	833,063 persons in the pension and invalidity insurance system; 649,675 persons in paid employment at legal entities (October 2013) 298,386,400 € of unpaid employers' contributions at the end of June 2013 (Tax administration of Republic of Slovenia, 2013)	831,376 persons in the pension and invalidity insurance system; 654,023 persons in paid employment at legal entities (December 2014) 293,970,803 € of unpaid employers' contributions at the end of December 2014 (Tax administration of Republic of Slovenia, 2015)	846,574 persons in the pension and invalidity insurance system; 669,715 persons in paid employment at legal entities (November 2015) 286,294,564 € of unpaid employers' contributions at the end of June 2015 (Tax administration of Republic of Slovenia, 2015)
Unemployment insurance	1,011,534 € of unpaid employers' (Tax administration of Republic of Slovenia, June 2011).	2,210,287 € of unpaid employers' at the end of June of 2012 (Tax administration of Republic of Slovenia, 2013).	2,117,336 € of unpaid employers' at the end of June of 2013 (Tax administration of Republic of Slovenia, 2013).	No data	No data

Source: Institute for Pension and Disability Insurance of Slovenia 2015, Tax Administration of the Republic of Slovenia, Institute for health insurance of Slovenia, 201



• **Education and vocational training**

Preschool education (1-5 years) is an integral part of the overall education system, integrating centre-based childcare and early general pre-school education. These programmes are carried out by public and private pre-school entities; pre-school units can be part of primary schools, privately run pre-schools or individual teachers at a child minder’s families. The Ministry of Education and Sport is in charge of the formation of staff, programmes and aids to particular groups of children. The municipalities are the main founders and direct providers of services. Pupils aged 6 enter the 9-year compulsory school which is divided into first cycle (1-3; age 6-8); second cycle (4-6; age 9-11) and third cycle (7-9; age 12-14). After that they enter post-compulsory education/upper secondary and post-secondary level.

Tertiary education in Slovenia comprises higher vocational college education and higher academic and professional education.

Higher vocational colleges that offer two-year vocational education (120 ECTS) at the sub-degree level (short-cycle, ISCED level 5B) provide higher vocational education. Higher vocational colleges issue a diploma, stating the field of education, and a Diploma Supplement in the Slovene language and in one of the EU languages. Joint study programs are also possible. Public or private universities and single higher education institutions offer the traditional higher education study programs.⁴

The Vocational Education Act (enacted in 2006) governs upper secondary vocational and technical education and training. According to this Act all courses must be evaluated with credit points (1 credit point equals to 25 hours of coursework). In December 2013 the National Assembly adopted changes to the Post-Secondary Vocational Education Act, giving it a larger role in the National Agency for quality in higher education (NAKVIS) and has also begun addressing the problem of so-called fictitious enrolments.

• **Employment rate (Q3)**

	2011	2012	2013	2014	2015
Employment rate, in %	65.1	64.3	64.5	64.6	66.7

Source: EUROSTAT, 2015, age: from 15 to 64

• **Persons in paid employment**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 (M10)
Persons in paid employment	723,042	699,898	694,370	704,410	721,152

Source: SORS, 2015

• **Unemployment rate (ILO methodology)**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 M11
Unemployment rate (%)	8.6	9.6	9.8	9.4	8.6

Source: EUROSTAT, 2015

⁴http://eacea.ec.europa.eu/education/eurydice/documents/eu-rybase/national_summary_sheets/047_SI_EN.pdf



• **Number of registered unemployed people (ESS)**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 M12
Number of registered unemployed people	112,754	118,061	124,015	119,458	113,076

Source: ESS, 2015

• **Average gross monthly salary**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 M10
Average gross monthly salary, in €	1546.09	1534.54	1544.85	1566.09	1540.58

• **Average net monthly salary**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 M10
Average net monthly salary, in €	999.33	1000.21	1007.65	1018.67	1004.34

• **Gender pay gap**

	2011	2012	2013	2014	2015
Average gross monthly level of earning, men, in €	1,616	1,639	1,639	1,678	No data available
Average gross monthly level of earning, women, in €	1,542	1,555	1,551	1,589	No data available

Source: SORS, 2015

According to the provisional data of annual structure of earnings, obtained exclusively from the existing administrative sources, in 2014 the average annual gross earnings of men calculated at the monthly level amounted to € 1,678, while the average annual gross earnings of women calculated at monthly level amounted to € 1,589. Because these are average values, the reason for differences is also in different educational, occupational and age structure. The median, which separates the population in two halves, was € 1,353, which means that half the persons in paid employment had average monthly gross earnings lower than this value.

The difference between men's and women's earnings was the lowest in real estate activities, by 4.8 per cent or € 79 in favour of men. Women had higher gross earnings than men in water supply, sewerage, waste management and remediation activities (by 16.4 per cent), in construction (by 14.9 per cent) and in transportation and storage (by 11.5 per cent). In all three activities women were in a minority

and they mainly did better paid work. The lowest difference between men's and women's gross earnings is in the Jugovzhodna Slovenija statistical region, by 0.7 per cent or € 12 in favour of women. The highest difference between men's and women's gross earnings was recorded in the Gorenjska statistical region, where women earned on average 11.0 per cent or € 186 less than men.

Highly educated persons in paid employment were better paid in the private sector; those with upper secondary education were better paid in the public sector. Average gross earnings of persons in paid employment with tertiary education in the private sector in 2014 were 3.9 per cent higher than average gross earnings of equally educated persons in paid employment in the public sector. With a closer look at the public sector, dividing it into general government and public corporations, persons in paid employment with tertiary education in the private sector had average gross earnings 7.4 per cent higher than equally educated per-



sons in paid employment in the general government sector, but 9.9 per cent lower than equally educated persons in paid employment in public corporations (these are corporations under control by units of the general government sector).

Persons in paid employment with upper secondary education in the public sector had 10.8 per cent higher average gross earnings than

equally educated persons in paid employment in the private sector. In general, government average gross earnings of persons in paid employment with upper secondary education were 3.9 per cent higher and in public corporations 21.1 per cent higher than average gross earnings of equally educated persons in paid employment in the private sector.

Source: SORS, 24 September 2015

• **Minimum wage (M12)**

	2011 M12	2012 M12	2013 M12	2014 M12	2015 M12
Minimum gross wage (M12), in €	748.10	763.06	783.66	789.15	790,73

Source: Tax Administration of the Republic of Slovenia, 2015

• **Actual weekly working hours**

	2011 Q3	2012 Q3	2013 Q3	2014 Q3	2015 Q3
Actual weekly working hours	31.4	32.7	32.0	No data	No data

Source: SORS, 2015

According to provisional data, in the 3rd quarter of 2015 persons in paid employment in Slovenia worked 264.6 million hours, which is 2.6 per cent more than in the same period of 2014. The reason for this is mainly the increase in the number of persons in paid employment as well as fewer public holidays (non-working days) compared to the 3rd quarter of 2014. An increase in the total number of hours worked was observed also in the first three quarters of 2015, i.e. the total number of hours worked in this period was 1.8 per cent higher than in the same period of 2014.

The highest average number of hours worked was by persons employed in construction in the 3rd quarter of 2015; a person in paid employment in Slovenia worked a monthly average of 126 hours, which is 1.0 per cent more than in the same period of 2014. In the July-September 2015 period, the largest number of hours was worked by persons employed in construction, on average 144 hours per

month. In addition, the share of hours worked in paid hours was in this activity the highest among all the activities, 84.1 per cent. In contrast, the lowest monthly average of hours in this period was worked by persons employed in public administration, defence and compulsory social security, on average 114 hours per month.

Regarding work activities, the total number of hours worked in the 3rd quarter of 2015 compared to the same period of 2014 increased the most in administrative and support service activities (by 12.7 per cent), while the largest decrease in the total number of hours worked in this period (by 5.8 per cent) was recorded in mining and quarrying. The main reason for changes in the total number of hours worked in the mentioned activities is the change in the number of persons employed in these activities.

Source: SORS, 4th of December 2015



• **Regular work / atypical work**

	2011 Q4	2012 Q4	2013 Q4	2014 Q4	2015 (Q3)
Temporary employees as a percentage of the total number of employees	19.2	16.5	15.8	16.2	19.6
Part-time employment as a percentage of the total employment	9.7	9.3	9.2	10.4	10.3

Source: EUROSTAT, 2015

According to the data from Kramberger (2012) the central part of the Slovenian labour market with full-time employment and permanent contracts represents 60 per cent of the actual work positions. The other 40 per cent are part of the precarious jobs segment.

According to EUROSTAT data, in the 3rd quarter of 2015 the share of temporary employment in the Slovenian labour market was 19.6 per cent, which is higher than the EU 28 average, which stands at 14.8 per cent (Q3 2015). The biggest problem is the extremely high incidence of temporary employment among young workers. According to the same EUROSTAT data, 90.2 per cent of women aged 15-24 are working on temporary employment status (Q3 2015), which is more than twice the EU 28 average of 45.7 per cent (Q3 2015).

Slovenia has 10.3 per cent of its workforce aged 15-64 in part-time employment, which is lower than the EU 28 average of 19.3 per cent (Q3 2015). But the incidence of part-time employment is, as mentioned, very high among

young people between 15 and 24 years old – 40.8 per cent (Q3 2015), which is considerably higher than the EU 28 average for that age group at 31.1 per cent (Q3 2013).

Another point of reference is that the use of TAW (temporary agency work) is getting more and more popular among employers. The number of registered temporary work agencies has fallen to 99 now due to new restrictions in 2014 through the changes in the Labour Market Regulations Act, but the number of people employed on or through TAW has soared from 6,819 in October 2013 to 14,937 in October 2015 (SORS).

Two additional things that must be mentioned are the falling share of people employed with labour contracts as a percentage of the active population in 2013 and 2014, and the rising combined share of other types of work (self-employment, student work) in the structure of the economically active population as shown in the table below.

SHARE IN STRUCTURE (%)	2008	2009	2010	2011	2012	2013	2014
Employed	80.9	78.9	77.7	78.1	79.6	78.7	77.4
Self-employed	9.9	10.7	12.4	12.6	12.2	11.9	12.7
Student work and other types of work	4.7	5.0	5.1	5.1	4.1	4.7	4.0

Source: Ministry of Labour Family, Social Affairs and Equal Opportunities, IMAD



• **Migration**

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Immigration from abroad	15041	20016	29193	30693	30296	15416	14083	15022	13871	13846	No data

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Emigration to abroad	8605	13749	14943	12109	18788	15937	12024	14378	13384	14336	No data

Source: SORS, 2015

• **Human Development Index (HDI)**

	2010	2011	2012	2013	2014	2015
HDI rank	29	21	21	25	25	No data
HDI value	0.828	0.884	0.892	0.878	0.880	No data

Source: UNDP, 2015

• **GINI-coefficient (GC)**

YEAR	2011	2012	2013	2014
GC, EU 27	30.7	30.6	30.5	30.9
GC, Slovenia	23.8	23.7	24.4	25.0

Source: EUROSTAT, 2015

• **Collective agreement coverage**

Figures from the Slovenian national statistical office show that in September 2005 only 4 per

cent of employees were covered by individual, rather than collective, agreements and these were senior management rather than 'regular' employees. (Worker Participation, 2010).⁵

⁵ <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Slovenia/Collective-Bargaining>



• **Ongoing important collective bargaining agreements – 2015**

OFFICIAL GAZETTE NO.	DAY OF PUBLISHING	COLLECTIVE AGREEMENT	
3/2015	16 January 2015	Collective Agreement for Road Passenger Transport of Slovenia	Extension of validity until 31.12. 2015
6/2015	30 January 2015	Collective Agreement for Post and Courier Activities of Slovenia	Extended validity of Collective Agreement
6/2015	30 January 2015	Cancellation of the Collective Agreement for Wood Processing of Slovenia	Cancellation of the Collective Agreement for Wood Processing of Slovenia
6/2015	30 January 2015	Collective Agreement for the Metal industry of Slovenia	New Collective Agreement
16/2015	6 March 2015	Collective Agreement for the Activities of Extraction and Processing of Non-metal Ores of Slovenia	Increase in minimum basic wages, change in holiday pay
26/2015	17 April 2015	Attachment to the Collective Agreement for the Activities of Electro industry of Slovenia	Increase in minimum basic wages, change in holiday pay and business travel expenses
28/2015	24 April 2015	Changes additions of the Collective Agreement for Craft and Business	Changes and additions in business travel expenses, working time of mobile workers, severances
39/2015	5 June 2015	Collective Agreement for the Activities of Metal Materials and Foundries of Slovenia	Extended validity of Collective Agreement
43/2015	19 June 2015	Collective Agreement for Wood Processing of Slovenia	New Collective Agreement
43/2015	19 June 2015	Collective Agreement of the Communal Activities of Slovenia	New collective agreement
48/2015	3 July 2015	Collective Agreement of the Activity of Commerce Sector of Slovenia	Increase in reimbursement of expenses related to work and business travel expenses
61/2015	21 August 2015	Collective Agreement for Wood Processing of Slovenia	Tariff Annex to the Collective Agreement for Wood Processing of Slovenia
80/2015	26 October 2015	Collective Agreement for the Metal Industry of Slovenia	Extended validity of Collective Agreement
101/2015	23 December 2015	Collective Agreement of the Construction Activities	New Collective Agreement

Source: Economic Department of Association of Free Trade Unions of Slovenia, 2016



- **Trade unions density**

According to available studies from the Centre for Public Opinion Research between 1991 and 2008 the overall trade union density fell from an 'initial' 66.5 per cent to 26.6 per cent (as measured from February 2008). The drop of trade union density was significant in the period after the joining the EU – it fell from 43.7 per cent in 2003 to 26.6 per cent in 2008 (Stanojević, 2009). In absolute numbers the biggest trade union, the Association of Free Trade Unions of Slovenia – ZSSS, has 170,000 members according to 2012 numbers. According to the 2013 data from Centre for Public Opinion Research, the overall trade union density in Slovenia has fallen to 22 per cent (Stanojević, 2014).

- **Employers' organizations density**

Available public data indicates that the Employers Association of Slovenia has 1,400 members, which are organised in 11 sections.⁶ The Chamber of Commerce and Industry has around 7,500 members⁷ and the Chamber of Crafts and Small Businesses has about 30,000 members.⁸ The Chamber of Commerce of Slovenia has about 5,900 members.⁹

- **Workplace representation**

Both a trade union in the workplace and the Works Council provide workplace level representation in Slovenia. Both have information and consultation rights, although the Works Council's rights are more extensive and the union can only undertake collective bargaining. Employees at the workplace are represented both through their local union structures and, in workplaces with more than 20 employees, with a Works Council. In practice, council members are frequently trade union activists, although the extent of trade union involvement varies from industry to industry. The Works Council legislation dates from 1993 and draws heavily on the experiences in Germany and neighbouring Austria. Figures from 2004 suggest that around two-thirds of larger companies have Works Councils. However, difficulties continue in their operations. In particular, where there are differences with the employer, it can take a long time to get issues to arbitration. The unions themselves set the numbers and structures of trade union representatives at the workplace. The arrangements for Works Councils, however, are set out in legislation. Employees can set up a Works Council in any company with more than 20 employees. Works Councils in Slovenia are set up on a company rather than a plant basis. In companies with 20 or fewer employees, there is the right to set up a workers' trustee. The right to set up a Works Council was extended to businesses that are not companies – such as sole traders – by the 2007 Workers' Participation Act. However, in these cases the lowest threshold is 50 employees.

⁶ <http://www.zds.si/si/zds/predstavitev/>

⁷ Taken from the members register

⁸ <http://www.delo.si/gospodarstvo/podjetja/trideset-tisoc-clanov-vidi-prednosti-ozs.html>

⁹ Full register of its members available at:

http://www.tzslo.si/pic/pdf/objava_clanov-2013.pdf



The size of the Works Council varies according to the number of employees as follows:

Number of employees	Number of Works Council members
21-50	3
51-100	5
101-200	7
201-400	9
401-600	11
601-1,000	13

There are then an extra two members for each additional 1,000 employees. The Works Council, which is composed entirely of employees, should elect a chair and a deputy chair and it can set up specialist committees to cover issues of particular interest to certain groups of

workers. These can be broad groups like women or younger workers, but they can also cover particular parts of the company's business. They can also draw in employees other than the elected members of the Works Council (Worker Participation, 2010).

• **Trade unions**

Trade Union confederation / association	Number of members	Member of international trade union organisations
Zveza svobodnih sindikatov Slovenije - ZSSS (Association of Free Trade Unions of Slovenia)	150,000 (2015)	European Trade Union confederation - ETUC
Konfederacija sindikatov javnega sektorja - KSJS (Confederation of Public Sector Trade Unions)	73,421	/
Konfederacija sindikatov Slovenije PERGAM (Confederation of Trade Unions of Slovenia PERGAM)	19,000 (2008)	UNI global unions IndustriaAll
Konfederacija sindikatov 90 Slovenije – KS 90 (Confederation of Trade Unions 90 Slovenia)	No data available	No data available
NEODVISNOST, Konfederacija novih sindikatov Slovenije (Neodvisnost, Confederation of New Trade Unions of Slovenia)	19,000 (2008)	No data available
Slovenska zveza sindikatov ALTERNATIVA (Slovenian Association of Trade Unions Alternativa)	3,100 (2008)	No data available
Zveza delavskih sindikatov Slovenije – SOLIDARNOST (Association of Workers Trade Unions of Slovenia Solidarnost)	3,100 (2008)	No data available
Zveza reprezentativnih sindikatov Slovenije (Association of Representative Trade Unions of Slovenia)	No data available	No data available

Source: internal data, EUROFOUND



Within the scope of its powers arising from the Representativeness of Trade Unions Act (Official Journal of RS, No. 13/1993), and based on the evidence of meeting the conditions stipulated by the legislation, the Ministry of Labour, Family and Social Affairs issues decisions on trade union representativeness for trade union associations or confederations and for independent trade union representatives within their industry, sector, occupation, municipality or broader local community. Currently, the list of representative trade unions comprises 47 representative trade union confederations, associations and autonomous trade unions. Eight of these trade union associations are representative at the national level

(see respective table). Overall, there were 2,816 registered trade unions in Slovenia in 2014 (AJ PES, 2015).

Two of the biggest trade unions are Sindikat kovinske in elektro in industrije (Trade Union of Metal and Electrical Industry – SKEI), which is a member of ZSSS and Sindikat vzgoje in izobraževanja (Trade Union of Education – SVIZ), which is a member of KSJS. SKEI has approximately 32,000 members (2013) and is a member of international trade union organization IndustriAll. SVIZ has 39,127 members and is a member of international trade union organization Education International.

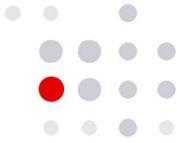
• **Employer’s organizations**

Employer’s organisation	Number of members	Member of international employer’s organisations
Združenje delodajalcev Slovenije - ZDS (Employers Association of Slovenia)	1,400	BUSINESS EUROPE
Gospodarska zbornica Slovenije - GZS (Chamber of Commerce and Industry of Slovenia)	ca. 7,500 ¹⁰	A.I.E.C.E. (Association d'Institutes Economiques de Conjoncutre Economique) EUROCHAMBRE I.C.C (International Chamber of Commerce)
Obrtno podjetniška zbornica Slovenije - OZS (Chamber of Crafts and Small Businesses of Slovenia)	30,000	No data available
Trgovinska zbornica -TZS (Chamber of Commerce of Slovenia)	ca. 5,900 ¹¹	Section of direct sale is a member of FEDSA - Federation of European Direct Selling Associations Section of Slovenian franchise companies is a member of EFF -The European Franchise Federation
Združenje delodajalcev obrti in podjetništva - ZDOPS (Association of Crafts and Small Business Employers)	No data	European Economic and Social Council - EESC (representative)

Source: Websites of employers’ organisations

¹⁰ Full register of its members available at: <http://www.gzs.si/slo/57043>

¹¹ Full register of its members available at: http://www.tzslo.si/pic/pdf/objava_clanov-2013.pdf



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Goran Lukic was a member of the Association of Free Trade Unions of Slovenia until 31 December 2015.

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