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## Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe:

### Slovenia

By Goran Lukić\*

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\* **Goran Lukić**, expert on social issues, labour market and migration in the Association of Free Trade Unions of Slovenia (ZSSS)

© Friedrich-Ebert-Stiftung  
Regional Project for Labour Relations and  
Social Dialogue in South East Europe  
Tadeusa Kosciuska 8/5  
11000 Belgrade, Serbia

E-Mail: [fes@fessoe.de](mailto:fes@fessoe.de)  
Internet: [www.fessoe.de](http://www.fessoe.de)

The text is available online:  
[www.fessoe.de](http://www.fessoe.de)

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#### 1. Executive summary

In 2010 Slovenia has gone through a very tough economic, social and political situation which is still going on. Although there are signs of economic recovery, when we look at the autumn forecast of economic trends for 2010, the number of legal entities with unpaid liabilities has risen from 4,870 in January 2010 to 5,715. An average daily amount of unpaid liabilities has risen from €273,883,564 to € 363,459,843 for the same period (Agency of the Republic of Slovenia for Public Legal Records and Related Services, 2010). On 17<sup>th</sup> June 2010 there were 192 bankruptcy procedures, which is a very high number compared to 278 bankruptcy procedures during the whole of 2009. In comparison to October 2009, the value of construction works in October 2010 decreased by 17.6%. As regards building work, it decreased by 16.3% and regarding civil engineering by 18.3 %. (Statistical Office of the Republic of Slovenia (SORS), 2010) The number of registered unemployed is not going down, but is stabilizing at around 100,000

unemployed persons. There is a growing problem of long term unemployment – the share of long term unemployed persons among the registered unemployed has risen from 37% in January 2010 to 45.8% in November 2010. Slovenian government's first reaction to the economic and social crisis was the introduction of two intervention laws, among which was the subsidization of shorter working time. Throughout the whole year the government has made very strong efforts on structural reforms in several fields – labour market, health insurance, pension system, social security system, by which they are imposing strong intentions of liberalizing these systems, which is connected with strong fiscal consolidation efforts. Trade union reaction to that was and is very strong, including referendum actions in relation to two laws – Act on Mini jobs and Act on Pension and Disability Insurance, because these reforms, in connection with the fiscal consolidation, tend to lower basic workers' rights. Due to the governmental ignorance of traditional social dialogue structure, we can say that the tripartite social dialogue at the national level barely exist in Slovenia at the moment.

## **2. Socio-economic developments**

In 2009, Slovenian GDP per capita in PPS amounted to 88% of the EU-27 average. In 2008 it amounted to 91% and in 2007 to 88% of the EU-27 average (SORS, 2010). According to the Statistical Office of Slovenia (SORS) gross domestic product (GDP) increased by 1.7 percent in the third quarter of 2010 compared to the third quarter of 2009. Seasonal and working days adjusted, GDP increased by 0.3 percent compared to the second quarter of 2010. In the period January-September 2010, GDP increased by 0.9 percent compared to the same period in 2009. The autumn forecast of the economic trends for 2010 (Institute for Macroeconomic Analysis -IMAD) has projected economic growth of 0.9% for this year in Slovenia, which is somewhat higher than the spring forecast (0.6%). Incentives for stronger economic activities in Slovenia this year come mainly from the international environment, with economic growth in Slovenia's trading partners being even higher in the second quarter than expected in spring. At the same time, the phasing-out of anti-crisis stimulus packages and the fiscal austerity measures announced in a number of countries of the EU lowered the values of expectation indicators in the recent months, which suggest that this high growth will not continue in the second half of the year.

Regarding the Foreign direct investments (FDI) the total amount of EUR 103.8m was net investment in ownership capital and reinvested profit, whereas the remaining EUR 177.5m was in the form of debt. Foreign direct investments in 2008 amounted to EUR 1.33bn (EUR 398m of which was ownership capital and reinvested profit), and it decreased to EUR 418.6m in 2009. The drop in 2009 was caused by the Slovenian companies repaying loans to foreign investors. At the end of 2009, Slovenia had a total of EUR 10.5bn in total FDI, out of which the ownership capital and reinvested profit accounted for EUR 7.4bn. (Bank of Slovenia, 2010)

The current account had a surplus for the fourth consecutive month in September 2010, as a result of the high surplus of trade in services brought by tourism and exports. The merchandise trade deficit in the third quarter narrowed in year-on-year terms, as the slowdown in quarterly growth in merchandise imports was greater than on the export side. In the context of these movements the current account deficit in the 12 months until September narrowed to EUR 105 million or 0.3% of GDP (Bank of Slovenia, November 2010).

In November 2010, the National Assembly adopted the state budget for the next two years, which envisages a gradual reduction of the deficit. The deficit is estimated at 4.5% of GDP in 2011 and 3.6% of GDP in 2012. Under the excessive deficit procedure the government has committed itself to cutting the general government deficit to below

3% of GDP by 2013. The state budget revenues during the first ten months of the year were down by around 3% for the last year, while the state budget expenditure was up by approximately the same amount.

It is crucial, that we mention the privatisation issue, when talking about public finances. Slovenia is now at the end of the second chapter of privatisation. First, the “external” was accompanied by a broad privatisation of public companies between 1990 and 1994. In 1990 there were 2,077 public and 5,316 private companies. In 1994 there were 2,475 public companies and 27,715 private (Source: Rus, 2001). After that the second wave of privatisation came, and it was defined by MBOs (Management Buy-out’s) as an internal privatisation. The amount of credit lines for MBO taken from mostly state owned Bank NLB has risen from € 421 mil in 2005 to € 1,601 bio in March 2009. The consequences of the MBO are very much economically negative as analysed by Dr. Prašnikar, who discovered, that between 2006 and 2009, the debt of the companies in which MBO was implemented, rose by almost three quarters and the profits have fallen by 99 percent in 2008.

In November 2010, year-on-year inflation as measured by the HICP was down 0.5 percents compared to the previous month when it was at 1.6%. The largest factor was a decline in year-on-year growth in energy prices as a result of base effects. The core inflation indicators remained at low levels in November, and are still reflecting the adverse macroeconomic situation in the domestic environment (Bank of Slovenia, November 2010)

Average monthly gross earnings for October 2010 amounted to EUR 1,487.86 and were a bit more than two € (0.2%) higher than earnings for September 2010. Average monthly net earnings for October 2010 amounted to EUR 964.48 and were less than one euro (0.1%) higher than earnings for September 2010. (SORS, 15<sup>th</sup> December 2010). In 2009, 65.6% of the employed persons received below average gross earnings. (SORS, 28th October 2010) Slovenia has adopted in 2010 a new minimum wage act, which has increased gross minimum wage from € 597.43 to €. 734.15 The new minimum wage is valid from 1<sup>st</sup> March 2010.

In October 2010 the number of the employed decreased by about 700 to 835,525, which is mainly due to a decrease in construction by approximately 1,100. However, the number of the employed increased in manufacturing, in education and in administrative and support service activities (in each section of activity by about 300) (SORS, 16<sup>th</sup> December 2010). At the same time, the registered unemployment rate increased by 0.4%, reaching 10.9%. The last time the same level was reached happened in February 2004 (SORS, 16<sup>th</sup> December 2010). At the end of November 2010 the employment office of Slovenia registered 103,831 unemployed persons, which is 1.1% more than in October 2010. Compared to November 2009, unemployment was up by 8.8% (ESS, December 2010)

According to the 2009 Survey on Income and Living Conditions (SILC), the at-risk-of-poverty rate in Slovenia was 11.3%. This means that in 2009 11.3% or about 223,000 people in Slovenia were living below the at-risk-of-poverty threshold. The annual at-risk-of-poverty threshold for a one-member household was set at EUR 7,118; the available net monthly income of people below the at-risk-of-poverty threshold was thus below EUR 593 per adult person. A four-member family with two adults and two children younger than 14 should have at least EUR 1,246 of the available net monthly income to rise above the at-risk-of-poverty threshold, while a two-member household without children should have at least EUR 890 per month (SORS, 29<sup>th</sup> October 2010)

In 2008, the Gini coefficient in Slovenia was 23%. The average Gini coefficient across the EU-27 was 31% (IMAD, Social overview 2010).

### 3. Governmental policies and legislation

In its Exit Strategy 2010 -2013 the Slovenian Government has already defined some of the urgent structural measures: the pension reform, the health-care reform, the social welfare reform and the labour market reform. Thirteen of 26 acts envisaged in the exit strategy have been passed so far, including – the Labour Market Regulation Law, the Law on Minimum Wage, the Law on Corporate Governance of State Capital Investments, the Law on Establishment of the Public Procurement Agency, and the Law Governing the Conversion of Pension Fund Management (KAD) and the Slovenian Compensation Company (SOD). Three laws are currently being debated in parliament: on the Slovenian Motorways Company, railway transport and also the pension law. Although measures put in that structure are being promoted as socially and economically sustainable, in several cases that is not the case – for further reading see below.

Budget income in 2011 was estimated at EUR 8,284 million, while expenditure is foreseen to be EUR 10,020 million, which means that the budget deficit is to decrease by 0.4 % of GDP in 2011, standing at 4.5 per cent of GDP, while it will stay around 3.6 % of GDP on annual level in 2012. The planned gradual decrease of the deficit follows the key government's goals for the next few years, i.e. bringing the budget within the framework of the Maastricht criteria requiring a maximum of a 3 % deficit of GDP. The Government has again decided to introduce the so-called fiscal rule, which sets the upper limit of budget expenditure. Social impacts of such fiscal consolidation goal are seen in the Law on Interventions which was adopted in the National Assembly on 22<sup>nd</sup> November 2010. The law temporarily restricts the growth of specific public budget expenditure, the budgets of municipalities, of the Pension and Disability Insurance Institute, and the Health Insurance Institute of Slovenia. Growth of social transfers and pensions will be limited to 25 percents in 2011 (compared to 50 percents in 2010). The compensations and salaries of civil servants and public officials are also temporarily restricted.

When dealing with EU norms and standards, one of the important issues of the Labour Market Regulation Law, adopted in 2010 was the transposition of the Directive 2008/104/EC of the European Parliament and the Council of 19<sup>th</sup> November 2008 on TAW (Temporary Agency Work). Regarding autonomous agreements concluded by EU social partners (especially stress, mobbing) on the EU level it's very hard to achieve progress concerning the proper implementation on national level.

Regarding the social welfare system, the Law on Exercise of Rights to Public Funds and the Law on Financial Social Assistance (FSA) have been adopted in 2010. In addition, the draft law on social security services, which will replace the current Law on Social Security, is in its final stage of preparation. The preparations are in progress to implement the "e-Sociala" electronic one-stop-shop social security entry point approved by the Government at the beginning of 2010. Although FSA will increase the level of minimum income from the current EUR 229.52 to EUR 288.81, it has several problematic points, for example the obligation of acceptance of any work in case of being the recipient of welfare assistance (Article 42 of FSA) and also the banning of the availability of assets for the long term recipients of welfare assistance.

Regarding the labour market measures, the Labour Market Regulation Law (LMRL) was adopted in 2010, and its main goals are to increase the security of job-seekers, but on the other side it is decreasing the security of the older population. The Law on Mini Jobs (LMJ), which has been recently passed in the National Assembly, is said to "uni-

formly regulate different forms of occasional employment”, but the real effect of this law tends to be very negative, as it pushes job seekers into precarious, low paid labour market segments.

Slovenian government is trying to impose the “Flexicurity” concept into Slovenia’s labour market, but by lifting the flexibility part of the equation. Ministry of labour, family and social affairs has already put out a proposal for lowering the severance pay and shortening the period notice in a way that the notice period for workers with at least 25 years of service would be reduced from 150 to 90 days and for those with at least 15 years from 75 to 60 days. The severance pay sum for all workers would be calculated by multiplying their years of service with one fifth of their base salary (Slovenia Press Agency, 5<sup>th</sup> March 2010).<sup>1</sup>

(Re-) actions of trade unions on these actions were at first concentrated on lifting the minimum wage on decent level – at the end of 2009, the amount of net minimum wage of EUR 459 was EUR 86 lower than the poverty rate for single households in 2008. That is why unions demanded to increase the minimum wage to EUR 600 net. On 1<sup>st</sup> March the new Minimum wage act was valid, which put the minimum wage on EUR 562.07, net level. That meant a rise of EUR 103 net, which is the consequence of a strong trade union push for the decent level of minimum wage. However, further actions of Slovenian government were directly in favour of the employers by promoting flexibility of the labour market and making work force “cheaper”. The trade union reaction to that was strong, but the ruling political coalition decided to go further with the legal proposals which were not coordinated with the trade unions (case: pension reform). That is why there are two referendums to be set in the very near future– on Mini jobs law and on Pension reform.

#### **4. Industrial relations**

On 13<sup>th</sup> October 2010 a strike of the trade unions in the public sector, that was suspended for a week, was finally called off after the government and the unions reached a provisional agreement that was to be put into effect in a weeks’ time. One of the main demands of the unions has been the implementation of the 2008 agreement that public sector wages would rise gradually in 2010 and 2011 as a part of a deal to rectify pay imbalances across the public sector. The agreement reached on 13<sup>th</sup> October determines that the payment will be postponed until Slovenia’s economic growth reaches 2.5%. The deal, in the form of a general agreement on pay measures and an annex to the collective agreement is endorsed by at least 15 representative branch unions in the public sector. In the meantime, the government pledged not to enforce the unilateral rescission of the collective bargaining agreement (STA, 13<sup>th</sup> October 2010).<sup>2</sup>

Regarding the development of the internal situation of the trade union movement and according to the available studies from the Centre for Public Opinion Research from the period between 1991 and 2008 the overall trade union density rate from 'initial' 66.5% decreased to 26.6% (as measured in February 2008 - these are the most recent data available). The drop of trade union density was significant in the period after the accession to the EU – it fell from 43.7% in 2003 to 26.6% in 2008 (Stanojević, 2009).

Employers’ organisations are having much lower revenues due to declining membership fee payment, which is also connected to a fact that from 2006 the Chamber of commerce of Slovenia does not have an obligatory membership anymore, while the Chamber of Craft and Small Business still has obligatory membership. Voluntary membership also exists in the Employers’ Association of Slovenia and the Commerce

<sup>1</sup> <http://www.sta.si/en/vest.php?id=1487923&s=a>

<sup>2</sup> <http://www.sta.si/vest.php?id=1564342&s=a>

Chamber of Slovenia. The last available data reveals that Employers' association of Slovenia has 1,417 members; the Chamber of commerce of Slovenia 11,532 members; the Commerce chamber 6,473 members; the Chamber of Craft and Small Business 5,632; the Chamber of Agriculture and Forestry has 111,271 members; we must also take into account the Association of Craft Employers and Entrepreneurs (Delo, 2010).<sup>3</sup>

## 5. Tripartite social dialogue

On the tripartite level, there has been a considerable deterioration of the quality of social dialogue. There were several cases of unilateral governmental actions of imposing changes in labour legislation, and recently also on pension reform. On 16<sup>th</sup> June 2010 Slovenian government confirmed the proposal for lowering the severance pay and shortening the period of notice, despite the strong warnings and disapproval of the trade union side to those proposals. On 16<sup>th</sup> July the Slovenian government took the position on social dialogue, by which it has obliged to respect the structure of tripartite social dialogue in Slovenia; and it prescribes that the social dialogue has only advisory and not the decision making role, which is the responsibility of the government and National Assembly; that the differences in views or obstruction of the bargaining process by one of the social partners cannot block the decision making process, for which the government has the responsibility; that the government will pursue the goal of achieving the highest possible consensus among all sides in the social dialogue, until the views of the social partners could be brought closer and avoid unrealistic and maximalistic demand (Ministry of Labour, Family and Social Affairs, 1<sup>st</sup> July).<sup>4</sup>

In September this year the Slovenian government has continued to disregard the social dialog, to the extent, that it has sent into the legislation procedure the Law on Mini jobs, which is broadening the precarious part of the Slovenian labour market with low pay and almost no social protection, and the Law on Pension and Disability Insurance, which is also going into the wrong direction, when considering the social protection of workers. The Slovenian government is obviously trying to bypass the traditionally strong social dialogue structure in Slovenia by following one single goal of quick implementation of structural reform. That kind of position toward social dialogue, as we can see, is being supported by the Government with the argument that they have the final responsibility for the political decisions they take. One further proof of putting the social dialogue on the side is the fact, that there weren't any talks about new collective agreement for the period 2009 – 2011. So the last signed Collective agreement was for the period 2007 – 2009.<sup>5</sup>

## 6. Forecasts

Autumn forecast for economic trends 2010 (IMAD, September 2010) is predicting the following: the Economic growth is projected to be 0.9% for this year, somewhat higher than the spring forecast (0.6%). With domestic consumption recovering and export demand remaining relatively strong, economic growth will increase to 2.5% in 2011 and 3.1% in 2012. Exports will increase by 7.0% this year, as stronger foreign demand has a favourable effect on the value added growth in export-oriented activities. The deficit in the current account of the payment balance will be reduced from the last year's 1.5% to 0.9% of GDP in 2010 and will amount to around 1% of GDP in the next two years.

In 2010, the number of employed persons will still be 2.3% lower, in average, than in 2009 (statistical carryover effect). The number of employed persons will still decline

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<sup>3</sup> <http://www.delo.si/clanek/123851>, <http://www.delo.si/clanek/132053>

<sup>4</sup> <http://www.mddsz.gov.si/nc/si/splosno/cns/novica/article/12106/6403/>

<sup>5</sup> [http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti\\_pdf/social\\_agreement\\_07\\_09.pdf](http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti_pdf/social_agreement_07_09.pdf)

during the first quarter of 2011, after it is expected to start increasing gradually, but will still be 0.3% lower in the year as a whole compared to 2010. The registered unemployment rate is to grow from 10.7% in 2010 to 11% in 2011 and then decrease to 10.6%. The ILO unemployment rate is to decrease from 7.2% in 2010 to 7.1% in 2011 and then to 6.9% in 2012.

Regarding the (tripartite) social dialogue, there is a realistic prediction that the strategy of unilateral imposing of structural reforms from the side of government is going to cause further deterioration of tripartite social dialogue and strong trade union reactions.

## Annex

### Collective bargaining system

In Slovenian legal system of collective bargaining between the trade unions and employers and their associations, does not have a long tradition. In the socialist, social and political order after the Second World War, 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 the employees. In the system of self-management which was based on the so-called social property of the means of production the original power of decision making in the works units was given to the employees. Their assemblies and workers' councils were considered the highest governing bodies at the enterprise level, which appointed the managers and also created the autonomous self-management instruments. Some of them regulated working conditions within the frameworks determined by the Statutes. Such system covered the majority of the work force in Slovenia. Only a small part of the economy was run by private owners, farmers, and craftsmen. The employment relations in this narrow part of economy were based on **labour contracts**. They were partly regulated by the collective agreements concluded between the **unique socialist trade union** organization and the representative organizations of private employers. The range of the regulation of working conditions by contracts was very limited by the Statute. The situation changed after the introduction of the new social and political system. The Slovenian collective bargaining system has developed on the basis of the Constitution, adopted in 1991, and on the basis of the ILO conventions on the trade union freedom. The nature of the collective agreements has been changing through the time, so there is a distinction between the collective agreements of the first, second, and third generation. The latter is a result of the frameworks for the collective bargaining defined by the statutes, which is in fact the codification of already existing practices in this area with a few novelties. The Law on **Collective Agreements**, adopted in 2007, provided the social partners with the regulation of the **procedure** of collective bargaining and with legal tools for the **prevention and resolution of collective conflicts** between the contracting parties. The statutory contents must be regarded in relation to the other regulations, especially with international law concerning social dialogue, the constitutional principles, and also the general provisions of civil contractual law. The Law does not contain the exhaustive list of different types of collective agreements regardless of the fact that it mentions some of these types. It regulates the possibility to extend the validity of some collective agreements, which may be concluded for an area wider than an enterprise. The power to extend such type of collective agreements is given to the Minister of labour. On the other hand, the Law does not regulate the problem of the possible extension of the collective agreements concluded at the level of the enterprise. For this type of the collective agreements, former statutory regulation of the representative nature of trade unions stays in force, adopted in 1993, which contains the rule that representative

trade unions may conclude collective agreements which have “erga omnes” legal effect.<sup>6</sup>

### **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, unanimously taken, 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 laws 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 the social agreement and wage policy, social policy, employment issues and working conditions, collective bargaining, prices and taxes, the economic system and economic policy, plus other areas within the responsibility of the social partners. As well as dealing with areas requiring tripartite agreement, the ESC can also examine other matters of economic and social nature.

In addition to its advisory role, the ESC has a key role in negotiations, with the social agreements - and, until some years ago, wage policy agreements too - being adopted under its auspices. So far, four social agreements have been adopted through the ESC, the latest in October 2007. This agreement, obtained after eighteen months of negotiations, will apply until 2009. Several laws relating to wage policy have been adopted on the basis of the wage policy agreements concluded by the ESC. The most recent agreement of this kind, covering the 2004-2006 periods, was concluded in spring 2004.

The ESC examines the draft legislation covering the entire spectrum of economic and social relations between employers and employees. In this respect, the 1999 agreement reached between the social partners on the pension system reform and the 2002 law on employment relationships are considered major achievements. Both were later modified and, in 2006, further amendments to the Employment Relationship Law came under discussion between the social partners and the government. After a year of negotiations, consensus was achieved in June 2007. The ESC also examines strategic development papers put forward by the government, amongst them Slovenia's development strategy and the draft economic and social reform package to enhance the competitiveness of the Slovenian economy. It was also consulted on the reform program for the implementation of the Lisbon Strategy and thereafter on the yearly reports on the implementation of the program. In addition, it puts together position papers and opinions on the Budget Memorandum and State Budget and on documents dealing with employment, health and housing policy; it also discusses regulations concerning health and safety at workplace, as well as other matters of topical importance.<sup>7</sup>

### **Education and vocational training**

**Pre-primary education** (1-5 year) is an integral part of education system. Pre-primary provision integrates centre-based child care and early general pre-school education. The programmes are carried out by public and private pre-school institutions (*vrtni*), pre-school units attached to basic schools (*vrtni pri osnovnih šolah*) and private pre-school teachers as child minders (*vzgojno-varstvene družine*). The Ministry of Educa-

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<sup>6</sup> <http://www.fu.uni-lj.si/personal/tinae/515/collecitve%20bargaining%20in%20Slovenia.doc>

<sup>7</sup> Secretariat General of the Government of Republic of Slovenia, source:  
[http://www.gsv.gov.si/en/economic\\_and\\_social\\_council/](http://www.gsv.gov.si/en/economic_and_social_council/)



tion and Sport is in charge of the formation of staff, programmes and aids to particular groups of children. The municipalities are the main founders, founders and direct providers of services.

Pupils at the age of 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 children enter **Post-compulsory education/ secondary and post-secondary level**.

|  |                                 |
|--|---------------------------------|
| <i>Splošno srednje izobraževanje – Gimnazija</i> (general secondary education)                         | 15-18 years of age (four years) |
| <i>Srednje tehniško in strokovno izobraževanje</i> (technical secondary education)                     | 15-18 years of age (four years) |
| <i>Poklicno izobraževanje</i> (short and medium length vocational secondary education)                 | 15-17 years of age              |
| <i>Maturitetni tečaj</i> (preparatory classes for the matura examination, classified as ISCED level 4) | 19 or more (one year)           |
| <i>Poklicni tečaji</i> (vocational courses, classified as ISCED level 4)                               | 19-20 years of age (one year)   |

**Tertiary education** in Slovenia comprises higher vocational college education and higher academic and professional education. Higher vocational education is provided by higher vocational colleges (*višje strokovne šole*) that offer two-year vocational education (120 ECTS) at the sub-degree level (short-cycle, ISCED level 5B). Higher vocational colleges issue a diploma, stating the field of education, and a Diploma Supplement in the Slovenian language and in one of the EU languages. Joint study programmes are also possible. The traditional higher education study programmes are offered by public or private universities and single higher education institutions (*samostojni visokošolski zavodi*).<sup>8</sup>

**Secondary vocational and technical education** and training are governed by the Law on Vocational Education (enacted in 2006). It is divided into 20 broad technical/vocational fields within which several courses are available. Courses differ in their length (including number of credit points), admission criteria, options for the continuation of education, level of vocational standards for the specific profession and levels of qualification. According to the new Law all courses must be evaluated with credit points (1 credit point equals to 25 hours of coursework). Young people and adults can acquire vocational qualifications through alternative means outside the formal school system, by participating in the certified national vocational qualification scheme. Adults, who have acquired a secondary vocational qualification and have at least 3 years of work experience, may acquire a secondary technical education by taking a master craftsman, foreman or managerial examination with the competent association.

The objectives of vocational and technical education and training are to develop key competences, skills and vocational qualifications at an internationally comparable level and to provide knowledge and skills for employment, further education and lifelong learning. All courses include general education for continuous personal development, environmental studies and personal health care. Every vocational or technical course must also contain subjects aimed at: the development of communication skills; the development of knowledge and awareness, learning about national integrity, national identity, one's own cultural tradition as well as other cultures and civilizations, the de-

<sup>8</sup> Eurydice, source:

[http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/national\\_summary\\_sheets/047\\_SI\\_EN.pdf](http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/national_summary_sheets/047_SI_EN.pdf)

velopment of talents and training for artistic expression and perception of arts. Courses must be provided at an internationally comparable level and must enable participants' involvement in the European labour market. (Ministry of Education and Sport, 2009)

### Social security system – coverage and unpaid social contributions

|   |   |
|---|---|
| <b>Compulsory health insurance</b>      | In the period from 31 December 2008 to 31 December 2009 there were 1,850 people (0.09 percent of the population) who did not have the compulsory health insurance over one year. From 31 March 2009 to 31 March this year the figure was 3,111, which represents 0.16 percent of the total population (Health Insurance Institute of Slovenia (HII, 2010). There was €58,370,327 of unpaid employers' contributions for health insurance at the end of December 2009 (Tax administration of the Republic of Slovenia, 2010) |
| <b>Pension and disability insurance</b> | There were 894,886 persons in the pension and disability insurance, among them 699,436 persons employed at legal entities (Pension and Disability Insurance Institute, 2009). There was € 114,702,697 of unpaid employers' contributions for pension and disability insurance at the end of December 2009 (Tax administration of the Republic of Slovenia, 2010)  |
| <b>Unemployment insurance</b>           | There was € 564,378 of unpaid employers' contributions for unemployment insurance at the end of December 2009 (Tax administration of the Republic of Slovenia, 2010)  |

### Employment rate

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 62,6 | 62,9 | 62,2 | 62,8 | 63,8 | 63,4 | 62,6 | 65,3 | 66,0 | 66,6 | 67,8 | 68,6 | 67,5 |

Source: EUROSTAT

### Persons in employment

| 2010 M01 | 2010 M02 | 2010 M03 | 2010 M04 | 2010 M05 | 2010 M06 | 2010 M07 | 2010 M08 | 2010 M09 | 2010 M10 |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 836,081  | 836,038  | 836,902  | 839,250  | 838,870  | 839,333  | 835,898  | 833,978  | 836,212  | 835,525  |

Source: SORS

### Average monthly salary

|         | Gross earnings         | Net earnings           |
|---------|------------------------|------------------------|
|         | Monthly earnings [EUR] | Monthly earnings [EUR] |
| 2010M02 | 1,431.45               | 930.01                 |
| 2010M03 | 1,499.23               | 967.32                 |
| 2010M04 | 1,483.44               | 960.02                 |
| 2010M05 | 1,475.04               | 956.55                 |
| 2010M06 | 1,491.57               | 965.71                 |
| 2010M07 | 1,480.69               | 960.14                 |
| 2010M08 | 1,487.20               | 964.55                 |
| 2010M09 | 1,485.58               | 963.84                 |

Source: SORS

## Gender pay gap

According to the provisional data of annual earnings' statistics, obtained exclusively from the existing administrative sources, in 2009 the average annual gross earnings of men calculated at monthly level amounted to EUR 1,499, while the average annual gross earnings of women calculated at monthly level amounted to EUR 1,454. Because these are average values, it is necessary to point out that the reason for differences is also in different education, occupation and age structure. The median, which separates the population in two halves, was EUR 1,189, which means that half of 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 highest in health sector and social work activities, where women had on average 30.0% lower earnings. The difference was similar in financial and insurance sectors, where on average women had 29.4% lower earnings than men. The difference between men's and women's earnings was the lowest in real estate sector, by 7.2% or EUR 110 in favour of men. The difference was similar in electricity, gas, steam and air conditioning supply, where it was 7.4% or EUR 153 also in favour of men. In 2009 women had higher gross earnings than men in construction (by 26.3%), in water supply, sewerage, waste management and remediation activities (by 15.8%) and in transportation and storage (by 10.9%).

### Average monthly gross earnings by sectors of activity and gender, Slovenia, 2009 - PROVISIONAL DATA

| Sector of activity |  | Total | Men   | Women | Ratio w/m |
|--------------------|--|-------|-------|-------|-----------|
|                    |  | EUR   |       |       | %         |
| Total              |  | 1,479 | 1,499 | 1,454 | 97.0      |
| A                  | Agriculture, forestry and fishing                                    | 1,212 | 1,255 | 1,113 | 88.7      |
| B                  | Mining and quarrying   | 1,892 | 1,923 | 1,655 | 86.1      |
| C                  | Manufacturing  | 1,242 | 1,310 | 1,107 | 84.5      |
| D                  | Electricity, gas, steam and air conditioning supply                  | 2,051 | 2,079 | 1,926 | 92.6      |
| E                  | Water supply, sewerage, waste management and remediation activities  | 1,444 | 1,398 | 1,619 | 115.8     |
| F                  | Construction   | 1,124 | 1,098 | 1,387 | 126.3     |
| G                  | Wholesale and retail trade, repair of motor vehicles and motorcycles | 1,324 | 1,448 | 1,203 | 83.1      |
| H                  | Transportation and storage   | 1,363 | 1,334 | 1,480 | 110.9     |
| I                  | Accommodation and food service activities                            | 1,025 | 1,102 | 976   | 88.6      |
| J                  | Information and communication  | 2,093 | 2,218 | 1,857 | 83.7      |
| K                  | Financial and insurance activities                                   | 2,201 | 2,728 | 1,926 | 70.6      |
| L                  | Real estate activities   | 1,486 | 1,536 | 1,426 | 92.8      |
| M                  | Professional, scientific and technical activities                    | 1,802 | 1,904 | 1,671 | 87.8      |
| N                  | Administrative and support service activities                        | 1,006 | 1,075 | 915   | 85.1      |
| O                  | Public administration and defence, compulsory social security        | 1,837 | 1,941 | 1,736 | 89.4      |
| P                  | Education  | 1,827 | 2,091 | 1,756 | 84.0      |
| Q                  | Health and social work activities                                    | 1,810 | 2,398 | 1,679 | 70.0      |
| R                  | Arts, entertainment and recreation                                   | 1,817 | 1,931 | 1,694 | 87.7      |
| S                  | Other service activities   | 1,280 | 1,561 | 1,153 | 73.9      |

Source: SORS

## Monthly minimum wage

| 2010      | Gross minimum wage |
|-----------|--------------------|
| January   | 597,43 EUR         |
| February  | 597,43 EUR         |
| March     | 734,15 EUR         |
| April     | 734,15 EUR         |
| May       | 734,15 EUR         |
| June      | 734,15 EUR         |
| July      | 734,15 EUR         |
| August    | 734,15 EUR         |
| September | 734,15 EUR         |
| October   | 734,15 EUR         |

Source: Tax Administration of the Republic of Slovenia

## Actual weekly working hours

According to our labour legislation, full time work is 40 hours per week. According to the EUROSTAT data there was 42.5 hours per week of full time employment. According to the data from SORS (28<sup>th</sup> September 2010) in the 2nd quarter of 2010 workers were working 1.7% hours less than in the 2nd quarter of 2009 and 8.5% less than in 2nd quarter of 2008. In the first half of 2010 the employees have performed 3.0% and 7.1% hours less work compared to the first half of 2009 and 2008, respectively. According to provisional data the total number of work hours in the 2nd quarter of 2010 decreased most in construction, namely by 12.5% compared to the same period of 2009 and by 7.9% compared to the previous quarter. This is followed by mining and quarrying, and accommodation and food service activities, where the employees in 2nd quarter of 2010 had 10.8% and 6.2% less work hours than in 2nd quarter of 2009. While the volume of work hours increased most in professional, scientific and technical activities (by 8.1%), and electricity, gas, steam and air conditioning supply (by 7.7%). In the 2nd quarter of 2010 an employee worked on average 136 hours per month, which is the same as in the 1st quarter of 2010 or 1.5% more than in the 2nd quarter of 2009. In view of economic activity, on average most work hours (141 hours per month) were performed by the employees in electricity, gas, steam and air conditioning supply, transportation and storage, and professional, scientific and technical activities. (SORS, 2010)

## Normal work / atypical work

According to the data from Kramberger the central part of the Slovenian labour market representing full time employment with permanent contracts stands for 60% of actual posts. Other 40% have precarious jobs. According to the EUROSTAT data, in 2<sup>nd</sup> quarter of 2010 the share of temporary employment in Slovenian labour market was 17.7%, which is higher than EU27 average, and amounts to 14%. The biggest problem is the extremely high existence of temporary employment among young people. According to the same EUROSTAT data, 80% of women aged 15 – 24 are working in temporary employment, which is almost twice as high compared to the EU27 average of 42.5%. Slovenia has 10.5 % of total workforce in part time employment, which is lower than the EU27 average of 18.7%. But the existence of part time employment is again very high among young people between 15 and 24 years of age– 42.2%, which is considerably higher than the EU27 average of that age group – 29.6%.

### Unemployment rate (ILO methodology), %

| 2010<br>M01 | 2010<br>M02 | 2010<br>M03 | 2010<br>M04 | 2010<br>M05 | 2010<br>M06 | 2010<br>M07 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 6.6         | 6.7         | 6.9         | 7.2         | 7.3         | 7.4         | 7.3         |

Source: SORS

### Number of registered unemployed people (ESS)

| 2010<br>M01 | 2010<br>M02 | 2010<br>M03 | 2010<br>M04 | 2010<br>M05 | 2010<br>M06 | 2010<br>M07 | 2010<br>M08 | 2010<br>M09 | 2010<br>M10 | 2010<br>M11 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 99,591      | 99,784      | 98,893      | 99,316      | 98,401      | 98,187      | 98,406      | 99,032      | 97,908      | 102,683     | 103,831     |

### Migration

| Year                    | 2000  | 2001  | 2002  | 2003  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   |
|-------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Immigration from abroad | 6,185 | 7,803 | 9,134 | 9,279 | 10,171 | 15,041 | 20,016 | 29,193 | 30,693 | 30,296 |

Source: SORS

At the beginning of 2010, 12.4% of Slovenia's population was born abroad (i.e. every eight person). Foreign nationals immigrate to Slovenia primarily due to economic reasons. Most foreign nationals who immigrate to Slovenia find employment within the year of immigration. Immigrants to Slovenia represent just over 13% of the employees in our country. (SORS, 14<sup>th</sup> December 2010)

| Year                 | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006   | 2007   | 2008   | 2009   |
|----------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| Emigration to abroad | 3,570 | 4,811 | 7,269 | 5,867 | 8,269 | 8,605 | 13,749 | 14,943 | 12,109 | 18,788 |

Source: SORS

### Human Development Index (HDI)

|            | HDI rank | HDI value | Life expectancy at birth (years) | Mean years of schooling (years) | Expected years of schooling (years) | GNI per capita | GNI per capita minus HDI rank | Non-income HDI value |
|------------|----------|-----------|----------------------------------|---------------------------------|-------------------------------------|----------------|-------------------------------|----------------------|
| <b>SLO</b> | 29       | 0.828     | 78.8                             | 9.0                             | 16.7                                | 25,857         | 3                             | 0.853                |

Source: UNDP, 2010

### Gini coefficient (GC)

| Year         | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------|------|------|------|------|------|------|------|------|------|------|
| GC, EU27     |      |      |      |      |      | 30,6 | 30,2 | 30,6 | 30,7 | 30,4 |
| GC, Slovenia | 22   | 22   | 22   | 22   | ...  | 23,8 | 23,7 | 23,2 | 23,4 | 22,7 |

Source: EUROSTAT

### Collective agreement coverage

Figures from the Slovenian national statistical office show that in September 2005 only 4% of employees were covered by individual rather than collective agreements, and

these are senior management rather than normal employees. (Worker participation, 2010)<sup>9</sup>

### **Ongoing important collective bargaining agreements - 2010**

In 2010, collective agreement between the representatives of workers and small business was signed.

On 29<sup>th</sup> September 2010 a collective agreement for the acquisition and processing of non-metal minerals sector was cancelled by the trade union with the proposal of a new one. The employers' side accepted the proposal as a starting point for negotiations.

Collective agreement for the hospitals and tourism was cancelled by the employers'. Right now new round of negotiations are held, according to the new version the level of lowest basic wage has risen for 2% in 2010. In chemical and rubber industries an annex has been signed to the Collective agreement, which adapts the lowest basic wage with the projected inflation in 2010 and also expands it in scope.

The wages in agricultural and food sector are to increase by 1, 3%.

There are new values established for the basic wage in the metal sector, an agreement has been reached to increase the lowest wage.

A higher monthly basic wage has been put into effect in the collective agreement for the electric industry.

Collective agreement for the textile, clothing, leather and leather manufacturing industry became generally binding.

The lowest basic wages in the collective agreement of the wood industry has been increased by 3, 8%.

The collective agreement for road transport sector has become generally binding.

The collective agreement for banks and saving banks has become generally binding.

In private sector there is an ongoing bargaining process to conclude the collective agreements in the sectors that do not already have one.

In the public sector all the collective agreements were first cancelled and then discarded, which means that the new system of coordination is in process, but it's in the institutional court procedure.

### **Trade unions density**

According to the available studies from the Centre for Public Opinion Research between 1991 and 2008 the overall trade union density rate decreased from 'initial' 66.5% to 26.6% (as measured from February 2008 - these are the most recent data available to us). The drop of trade union density was significant in the period after the accession to the EU – it fell from 43.7% in 2003 to 26.6% in 2008 (Stanojević, 2009).

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<sup>9</sup> <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Slovenia/Collective-Bargaining>

## Employers' organizations density

The last available data reveals that the Employers' association of Slovenia has 1,417 members; the Chamber of commerce of Slovenia 11,532 members; the Commerce chamber 6,473 members; the Chamber of Craft and Small Business 52,632; the Chamber of Agriculture and Forestry has 111,271 members; we must also take into account Association of Craft Employers and Entrepreneurs.

## Workplace representation

Workplace representation in Slovenia is provided by both the union at the workplace and the works council. Both have information and consultation rights, although the rights of the works councils are more extensive, while only the union can undertake collective bargaining. Employees at the workplace are represented both by their local union structures and, at the workplaces with more than 20 employees, a works council. In practice, works 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 of Germany and neighbouring Austria. Figures from 2004 suggest that around two-thirds of larger companies have works councils. However, there continue to be difficulties in their operations. In particular, where there are differences with the employer, it can take a long time to get issues to arbitration.

The numbers and structures of trade union representatives at the workplace are set by the unions themselves. The arrangements for works councils, however, are set by legislation. Employees can set up a works council in any company which employs 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 a right to set up a workers' board. (The right to set up a works council was extended to businesses which are not companies – such as sole traders – by the 2007 Workers' Participation Act. However, in these cases the lowest threshold is 50 employees.)

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 every 1,000 employees.

The works council, which is a body composed entirely of employees, should elect a chair and a deputy chair and it can set up special committees to cover issues of particular interest to certain groups of workers. These can be broad groups like women or young workers, but they can also cover particular parts of the company's business. They can also be nominated among the other employees, not those elected members of the works council (Worker participation, 2010).

## **Trade unions**

Within the scope of its powers arising from the Law on the Representativeness of Trade Unions (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. Presently, the list of representative trade unions comprises 39 trade unions. Seven of these trade union associations are representative at the national level: ZSSS (Association of Free Trade Unions of Slovenia), Pergam, KNSS (New Trade Union Confederation of Slovenia), K-90, Alternativa (Alternative), Solidarnost (Solidarity), Confederation of Public Sector Trade Unions (KSJS).

According to the number from EUROFOUND (2008) ZSSS has 192,200 members; KSJS has 73,725 members; KNSS has 19.000 members; Pergam has 19,000 members; K 90 has 14.000 members; Solidarnost has 3,100 members; Alternativa has also 3,100 members. According to the research paper from Stanojević (2009) there are only two bigger trade union confederations. ZSSS has around 200,000 members, KSJS has around 70,000 and among other confederations only two have more than 10,000 members (Stanojević, 2010).

ZSSS is the only trade union confederation in Slovenia that is a member of European Trade Union Confederation (ETUC).

## **Employer's organizations**

The last available data reveals that Employers' association of Slovenia has 1417 members; the Chamber of commerce of Slovenia 11.532 members; the Commerce chamber 6473 members; the Chamber of Craft and Small Business 52.632; the Chamber of Agriculture and Forestry has 111.271 members; we must also take into account the Association of Craft Employers and Entrepreneurs (Delo, 2010)

The Employers' association is the only employers' organisation that is a member of BUSINESS EUROPE.