

2016

# Annual Review of Labour Relations and Social Dialogue Slovenia

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- Slovenia's main economic indicators improved in 2016 while the labour market situation has been giving mixed signals. The number of people in paid employment in September 2016 was more than in September 2015. However, there is a clear rise in the number of persons who work as self-employed "service providers" or persons who work for companies that provide workers on a temporary basis but who are not officially registered as Temporary Agency Workers (TAW).
- The year was heavily defined by several cases of severe breaches of labour and social legislation by some private companies.
- On the level of tripartite social dialogue, there has been quite a lot of tension regarding the work of the Economic and Social Council (ESC). In June, the Employers Association of Slovenia announced its decision to no longer attend the sessions of the ESC until conditions that would enable tripartite social dialogue on a suitable level were met. The other employers' organizations and chambers of commerce joined this decision. This led to new rules for the functioning of the ESC presented in December, bringing the employers' organisations back to the table.
- There were several trade union actions and strikes in 2016; an energy workers strike in April; a doctor's strike in November; kindergarten assistant teachers' protests in September; and protests by the lowest paid public servants in November.
- On 21 December 2016, the government and public sector trade unions signed an agreement to phase out the remaining austerity measures affecting pay and to tackle pay disparities over the next two years.

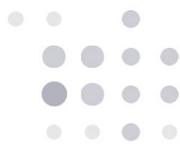


## Content

- Socio-economic developments
- Governmental policies and legislation
- Industrial relations
- Tripartite social dialogue
- Forecasts

Annex - Information about:

- Collective bargaining, social dialogue, social security, education & vocational training, employment, wages
- Trade unions and employer organizations



## 1. SOCIO-ECONOMIC DEVELOPMENTS

Slovenia's main economic indicators improved in 2016 while the labour market situation has been giving mixed signals.

Actual individual consumption per capita in purchasing power standards in Slovenia in 2015 lagged behind the EU-28 average by 26 per cent. Slovenian gross domestic product per capita in purchasing power standards in 2015 was 17 per cent lower than the EU-28 average (Statistical Office of the Republic of Slovenia - SORS, 15 June 2016)

According to the Statistical Office of Slovenia (SORS), GDP increased by 2.7 per cent in the third quarter of 2016 compared to the third quarter of 2015 (SORS, 2016).

Foreign Direct Investment in Slovenia increased by €802 million in 2016. Monthly Foreign Direct Investment in Slovenia averaged €41.27 million from 1994 until 2016, reaching an all-time high of €769.80 million in November 2002 and a record low of -€223.30 million in December 2014. (Bank of Slovenia, Trading Economics, 2016).

Slovenia recorded an all-time high current account surplus of €376.50 million in September 2016. (Trading Economics, 2016).

Slovenia will pursue its fiscal target of achieving a public deficit of 2.2 per cent of GDP in 2016 and 1.3 per cent of GDP in 2017. The draft budgetary plan for 2017 for the first time was drafted along with the "Decree on general government framework 2017-2019 changes" in accordance with the Fiscal Rule Act. On 18 November 2015 the National Assembly adopted a national budget for 2017 and on 17 November 2016 for 2018. For 2017, the planned budget revenues are set at €8.7 billion while expenditures will be €9.4 billion. For 2018, the planned budget revenues are set at €9.2 billion while expenditures will be €9.5 billion.

In the second quarter of 2016 the government recorded a surplus of €52 million or 0.5 per cent of GDP (in 2015 the deficit amounted to €275 million or 2.8 per cent of GDP). Government gross debt amounted to €32,314 million or 82.3 per cent of GDP, 1.2 percentage points less than at the end of the first quarter. In the second quarter of 2016 the surplus was the result of higher revenues

(+3.2 per cent) and lower expenditures (-3.7 per cent) than in the same period of the previous year.

In the second quarter of 2016 actual social contributions increased the most compared to the same period in 2015, namely by €113 million or 8.2 per cent. Revenues from taxes on production and imports also increased (by €48 million or 3.4 per cent) as did taxes on income and wealth (by €41 million or 5.5 per cent). An increase was also recorded within the category property income (by €45 million or 36.7 per cent). Similar to the first quarter of 2016 investment grants also decreased in the second quarter compared to the year before, by €120 million or 95.0 per cent. This drop could be attributed mainly to the transition to the new EU financial perspective (SORS, 30 September 2016).

On the expenditure side, similar to the first quarter, gross fixed capital formation decreased the most. It amounted to €237 million in the second quarter, which is €227 million less (or 48.9 per cent) than in the same period in 2015. This drop is also mainly attributed to the closing of the old EU financial perspective and the transition to the new. In the second quarter of 2016 capital transfers also decreased, namely by €75 million, or 66.4 per cent, to €38 million. Compensation of employees has been increasing for three consecutive quarters. In the second quarter of 2016 it amounted to €1,169 million, which is €73 million more (or 6.7 per cent) than in the same period last year. Moderation in interest expenses can still be observed but in the second quarter of 2016 these amounted to €294 million, which is €11 million more (or 3.8 per cent) than in the same period last year (SORS, 30 September 2016).

After almost two years of deflation, Slovenia recorded consumer price growth in the months of September and October of 2016. Year-on-year inflation stood at 0.6 per cent in October. The higher year-on-year growth mainly reflects the ever-smaller declines in energy prices and the strengthening of food price growth. Prices of services are higher year-on-year and prices of semi-durable goods are also up again after the decline in the summer months (Institute of Macroeconomic Analysis and Development (IMAD), 15 November 2016).



Average monthly gross and net earnings for October 2016 amounted to €1,567.99 and €1,020.40, respectively. Compared to earnings for September 2016 they were higher in nominal terms (gross by 0.6 per cent, net by 0.5 per cent) while in real terms they stayed about the same (SORS, 15 December 2016).

The number of persons in paid employment in September 2016 was 738,445, which is 19,650 more than in September 2015 (718,795). In November 2016, there were 96,843 registered unemployed people in Slovenia, 10,569 less than in November 2015 (107,412). Compared to October 2015, the registered unemployment rate was down from 11.7 per cent to 10.5 per cent (ESS, 2016, 2015). However, there is a clear rise in the number of persons who work as self-employed “service providers” or who work for companies, which provide workers on a temporary bases but who are not officially registered as Temporary Agency Workers (TAW).

The minimum wage in December 2016 was €790.73 (Tax Administration of the Republic of Slovenia, 2015).

According to the 2015 Statistics on Income and Living Conditions (SILC), the at-risk-of-poverty rate in Slovenia was 14.3 per cent, meaning that in 2015 about 287,000 people in Slovenia were living below the at-risk-of-poverty threshold. This was a decrease in the at-risk-of-poverty rate by 0.2 percentage points from the previous year. The at-risk-of-poverty annual threshold for one person household increased by €253 from year to year (from 7.146 EUR to 7.399 EUR). The calculation is based on income earned in 2014, since 2014 was the income reference year for the 2015 survey.

The annual at-risk-of-poverty threshold for a one-member household was set at €7,399; thus those with net disposable monthly income below €617 per equalised adult person were those below the at-risk-of-poverty threshold. The threshold for a four-member family with two adults and two children younger than 14 was set at €1,295 per month and the threshold for a two-member household without children at € 925 per month (SORS, 14 July 2016).

In 2015, the Gini-coefficient in Slovenia was 24.5 per cent. The average Gini coefficient across the EU-27 was 31 per cent (Eurostat, 2016).

## 2. GOVERNMENTAL POLICIES AND LEGISLATION

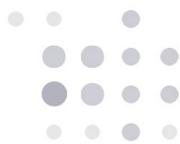
In response to some cases of severe breaches of labour and social law by private companies, the government presented some proposals in May 2016 to tackle the problem. Proposals included the implementation of so-called “solidarity responsibility of the client company”; a possibility of forbidding all the operations of the main client until the end of all breaches of the law; effective penal action; and similar.<sup>1</sup>

Previously, in March 2016 the results of an investigation by the Financial Administration of Slovenia (FURS) about a company called “Marof Trade” had been published. FURS found that Marof Trade worked in cooperation with different legal entities, which were linked in order to avoid tax obligations. All of the companies linked to Marof Trade were providing workers to the client company (GGP, PE Marof) but not in accordance with the Slovenian legal framework. Consequently, in lots of cases a contract was concluded with bogus provision of services.

The FURS surveillance procedure that started in 2015 noted that the companies which apparently acted via a chain of subcontractors were constantly changing. FURS identified various types of irregularities such as illegal employment, infringements in relation to the reported number of hours per week and actual number of weekly hours worked, payment of wages in cash, and similar. In the period between January 2012 and April 2016, the Labour Inspectorate of the Republic of Slovenia (IRSD) conducted 46 inspections associated with PE Marof. However, most of these companies, which were operating within the premises of Marof Trade, were “letter box” companies, against whom such measures are ineffective.

As for the case of misuse of civil contracts instead of proper labour contracts, one of the parliamentary parties (Združena levica)

<sup>1</sup> <http://imss.dz-rs.si/imis/c42e803a514a13d013c8.pdf>



started a legislation procedure for reforming the Labour Inspection Act to further regulate the misuse of civil contracts. Unfortunately, this procedure was stopped in May 2016, when the Parliamentary committee of labour, family, social affairs and handicapped rejected the proposed legal changes of the Labour Inspection Act. Eventually in November, the Ministry of Labour, Family, Social Affairs and Equal Opportunities started public consultations to reform the Labour Inspection Act in order to regulate misuse of civil contracts.

In July 2016, coalition partners reached common ground on a legislative proposal for tax restructuring. The so-called “mini tax reform” will reduce personal income tax and the tax on performance bonuses, while increasing the corporate tax rate to 19 per cent from the current 17 per cent. The proposal introduces five (in place of the current four) personal income tax brackets, dividing the current third highest bracket into two. Those making roughly 1.6-times the average gross wage or around €31,000 will keep roughly €39 more a year; those making double the average wage would get around €412 more a year; and those with triple the average wage would keep an extra €1,440.

The privatisation procedure for (partially) state-owned companies continued. In December 2015 most of the privatization procedures approved under a decision from the government and ratified by the Parliament in June 2013 had been closed. In 2016 the Domžale-based coating company Helios was sold to the Japanese paint maker Kansai for €572 million, more than three times more than it was initially sold to Austrian Ring International (value of €145 million). According to a press release, Helios will become Kansai's European centre of innovation, R&D, production and distribution.

With regards to the developments in state-owned companies, the case of the port of Luka Koper raised lots of controversy. On 1 July 2016, the chairman of Slovenian Sovereign Holding (SSH), Marko Jazbec, and the supervisory board of the state assets custodian came to a mutual agreement on Jazbec's resignation. The decision came as the shareholders of Luka Koper were about to

decide on the proposal of SSH to replace three supervisors at the port operator.

Jazbec said in a statement for the press that the decision to propose the replacement of the supervisors, including chief supervisor Alenka Žnidaršič Kranjc, was professional and responsible, adding that it had been confirmed the previous night by the SSH supervisory board. "However, given all the developments and today's blockage of the operation of Luka Koper, I have decided to come to a mutual agreement with the supervisory board of SSH to leave the management board," Jazbec stated. He was referring to the workers of Luka Koper who stopped their work in the morning and gathered in front of the entrance to the Port of Koper, blocking it with heavy machinery to protest the planned replacements. The proposal, which came amid plans for expensive construction of a second rail track to the port, was met with resistance from the local community and the in-house trade union.

In the field of social welfare legislation, the National Assembly (by a 69 to 3 vote) on 20 December 2016 relaxed the welfare benefits legislation, enabling people to receive welfare benefits without constraints on their real estate and inheritance. The constraints do remain in place for owners of property worth more than €120,000.

### 3. INDUSTRIAL RELATIONS

In 2016 the negative trend of bankruptcy of enterprises in Slovenia persisted with 1,127 bankruptcy procedures started in the year (not including data for December 2016), which is still more than the number in 2015 (1,051 cases for the whole year) and more than double the number filed in 2012 (595) (AJ PES, 2016).

According to data from the IRSD, there were 16,077 inspections in 2015 (1,315 less than in 2014) and these found a total of 10,358 violations relating to the labour market, most of them in the area of wages (3,776). In 2014 there were 3,542 violations and in 2008 “only” 843 such violations (IRSD, 2016).

In April, workers from the energy sector called a general strike, which lasted for two weeks. The trade union demanded a decision on the restructuring and organisation of the



Slovenian energy sector industry and a suspension of layoffs that were occurring under the cover of rationalisation and optimisation of the industry, until the final document on the restructuring would be adopted. The managements of the energy companies considered the strike as unwarranted or even illegal and referred to high salaries in the energy sector as well as a generous holiday allowance. After two weeks, the unions reached an agreement within the Economic and Social committee for Energy sector (ESOE - a tripartite committee, composed from representatives of trade unions, management boards of energy companies and state representatives') and are currently trying to resolve the issues that triggered the strike.

In September, employees from the company Lentherm called a strike after not receiving their wages and social contributions for August. The dispute ended in December, when the court began the insolvency procedure against the company. The proposal for the start of the insolvency procedure came from the side of the 50 employees of the company.

Also in September, assistant teachers in kindergartens rallied in front of the government headquarters to demand a fairer pay policy. "We will no longer accept the fact that money can always be found for some but not for others. We demand a pay rise and we demand it now," stressed the head of the teachers' trade union SVIZ, Branimir Štrukelj<sup>2</sup>

In November, 2.500 of the lowest paid public sector workers ("wage group J") rallied in front of the government to demand fairer wages. As was pointed out in the protest, 9,000 public sector workers are paid wages below the minimum wage, and additional 10,000 have wages just above minimum wage. It was also pointed out that the government had not eliminated these pay anomalies in the last eight years.

Also in November, Slovenian doctors started striking after failing to find common ground with the government on pay and workload standards in negotiations that have lasted for almost a year. On 23 November 2016 the

Ministry of Health and the FIDES trade union of doctors and dentists of Slovenia initialized an agreement on temporary suspension of strike activities. According to the ministry, the agreement is not interfering with the overall wage system for public sector workers. But the agreement has caused other trade unions in the public sector, which were involved in negotiations on relaxing the austerity measures in public sector, to step up their demands (see also next part on tripartite social dialogue).

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 and to 23 percent in 2012 (Stanojević, 2009; Dernovšek, 2016). In absolute numbers the biggest trade union confederation (Association of Free Trade Unions of Slovenia – ZSSS) had 150,000 members according to 2012 data. According to the 2013 data from the Centre for Public Opinion Research, the overall trade union density in Slovenia fell to 22 per cent (Stanojević, 2014).

In October 2016, a new trade union for precarious workers introduced itself. It is part of the Free Trade Union (SSS), which is one of the 23 trade unions affiliated with the Association of Free Trade Unions of Slovenia. The main goal of the trade union for precarious workers is to fight against changes in the labour market leading to more precarious work and greater flexibility for employers.

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 since the end of October 2013. Voluntary

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<sup>2</sup><https://english.sta.si/2308819/assistant-kindergarten-teachers-rally-in-demand-of-pay-talks>



membership is also in place for the Employers Association of Slovenia and the Commerce Chamber of Slovenia. Available public data report 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

Representative trade union confederations and the Association of Works Councils jointly presented a new proposal for a Workers Participation in Management Act in March, in order to empower the role of workers in co-decision-making and management of companies. The proposal was rejected at the session of the National Assembly on 21 June 2016 with 7 votes in favour and 61 against.

There has been quite a lot of tension regarding the work of the Economic and Social Council (ESC) in 2016. In June, the Employers Association of Slovenia announced its withdrawal from the sessions of ESC until the conditions which it said would enable tripartite social dialogue on a suitable level would be met.<sup>3</sup> The other employers' organizations and chambers joined the decision of the Employers' Association of Slovenia. A tripartite working group was instructed to redefine the ESC's rules of operation. In July, the Prime Minister attended a joint meeting on the initiative of both the employers and the trade unions and pledged to speed up restoration of the highest levels of social dialogue in the country. The new rules of operation for the ESC were discussed in the ESC's December session, which was also attended by the employers' organisations.

The mini tax reform package, mentioned in the part Governmental policies and legislation was not well received by the social partners: trade unions defined it as a tax gift to the wealthiest while the employers' side called on the government to withdraw the reform on the grounds that it reduced the taxation of pay of the most high-skilled workers and raised corporate income tax, saying that if not withdrawn they would challenge the reform by

all available means.

On 21 December 2016, the government and public sector trade unions signed an agreement to phase out the remaining austerity measures affecting wages in the public sector and to tackle pay disparities over the next two years. The overall effect on public finance is estimated to be €56 million. The agreement foresees the abolition of the austerity measures in 2017 and 2018. In 2017, abolition of anomalies on valuing working posts, relaxing holiday pay and premiums on the collective supplemental pension scheme will be undertaken.

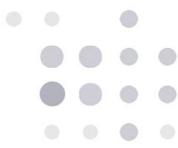
Maybe the best definition about the current state of tripartite social dialogue comes from the section of the governmental document on the very same negotiations with the public sector trade unions, "the government is insisting on social dialogue and does not want any escalation of the situation. There is a need for the awareness that the government team is responsible for the balanced development of the wellbeing of all social groups, not just public servants. Threats with strikes, when wages in place in public sector are increasing, are unacceptable, and unrealistic strike demands are threatening the stability of state".<sup>4</sup>

#### 5. FORECASTS

According to the autumn forecast of economic trends 2016, GDP growth will be 2.3 per cents in 2016, 2.9 per cent in 2017 and 2.6 per cent in 2018. Exports will remain the key driver of economic activity over the entire forecasting period. They will continue to be fuelled by not only the expected growth in foreign demand but also competitiveness gains in the trading sector. Economic growth is becoming broad-based as the contribution of domestic consumption gradually rises. Household consumption is therefore expected to increase significantly in 2016, with a marked improvement in labour market conditions and a high level of consumer confidence, and these positive trends will also continue in 2017 and 2018.

<sup>3</sup> <http://www.zds.si/si/mediji/231689/detail.html>

<sup>4</sup> <http://www.vlada.si/fileadmin/dokumenti/si/projekti/2016/160915pogajanja.pdf>



From 2017 onwards, higher growth will also be recorded for government investment co-financed by EU funds, where delays and a lower absorption rate than planned continued to be seen in 2016. With high capacity utilisation, the growth in private investment primarily reflects the favourable and more stable expectations of businesses, the persistence of low interest rates, strong business performance and the improving ratio of profit to debt. Government consumption will also continue to increase this year and next, chiefly on account of public sector pay rises, a larger number of employees and an increase in some other forms of expenditure, particularly health care (IMAD, October 2016).

As part of the European Semester, Slovenia still is constantly under “recommendations” on budgetary discipline and fiscal consolidation. The European Commission’s recommendations of 14 July 2016 on the 2016 National Reform Programme of Slovenia and the delivering of a Commission opinion on the 2016 Stability Programme of Slovenia consisted of four recommendations in several areas:<sup>5</sup>

1) Following the correction of the excessive deficit, to achieve an annual fiscal adjustment of 0.6 per cent of GDP towards the medium-term budgetary objective in 2016 and in 2017. Set a medium-term budgetary objective that respects the requirements of the Stability and Growth Pact. Strengthen the fiscal framework by appointing an independent fiscal council and amending the Public Finance Act. Complete and implement the reform of the long-term care and healthcare systems, making them more cost-efficient to ensure

long-term sustainability of accessible and quality care. By the end of 2017, adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system.

2) In consultation with social partners, increase the employability of low-skilled and older workers, including through targeted lifelong learning and activation measures.

3) Improve the financing conditions for creditworthy business, including by facilitating durable resolution of nonperforming loans and access to alternative financing sources.

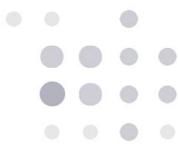
Ensure the proper implementation of the bank asset management company strategy.

4) Make measures to modernise public administration and reduce the administrative burden on business. Improve the governance and the performance of state-owned enterprises.

Trade unions can (as is the case in the 2015 recommendations) absolutely agree on some of the issues, especially on increasing the employability of low-skilled and older workers, but on the other side they emphasize the necessity of including workers and civil society in the procedures of privatisations of state-owned companies and strengthening the role of the representatives of the workers in the Slovenian Sovereign Holding (SSH).

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<sup>5</sup>[http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0818\(22\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0818(22)&from=EN)



## 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 first, second and third 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.<sup>6</sup> 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

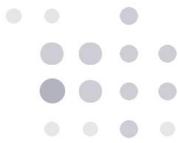
Social partners in Slovenia participate in the Economic and Social Council (ESC), which was founded in 1994 and represents a framework that has consolidated democratic relationships between the social partners. The ESC is a consultative body whose decisions, which are taken unanimously, are binding for 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 December 2016. 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, tripartite social dialogue has come under heavy pressure from the so-called “European Semester” mechanisms (Stability

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



and Convergence Programmes, National Reform Programmes, Country Specific Recommendations). Seemingly, 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	2016
<b>Compulsory health insurance</b>	Number of people without compulsory health insurance: 9,678 (from 31 December 2010 to 31 December 2011)	Number of people without compulsory health insurance: 3,768 (from 31 December 2011 to 31 December 2012)	Number of people without compulsory health insurance: 2,756 (from 31 December 2012 to 31 December 2013)	Number of people without compulsory health insurance: 2,145 (from 31 December 2013 to 31 December 2014)	No data	No data
	€102,980,119 of unpaid employers' contributions (June 2011, Tax Administration of RS)	€135,463,549 of unpaid employers' contributions (July 2012, Tax Administration of RS)	€142,427,954 of unpaid employers' contributions at the end of June 2013; Tax Administration of RS)	141.822.905 € of unpaid employers' contributions at the end of December 2014; Tax Administration of RS	€137.579.644 of unpaid employers' contributions at the end of June 2015; Tax Administration of RS)	€142.669.396 of unpaid employers' contributions at the end of June 2016; Tax Administration of RS)
<b>Pension and invalidity insurance</b>	869,638 persons in the pension and invalidity insurance system, 672,723 persons in paid employment at legal entities (October 2011).	848,499 persons in the pension and invalidity insurance system; 657,728 persons in paid employment at legal entities (October 2012)	833,063 persons in the pension and invalidity insurance system; 649,675 persons in paid employment at legal entities (October 2013)	831,376 persons in the pension and invalidity insurance system; 654,023 persons in paid employment at legal entities (December 2014)	846.574 persons in the pension and invalidity insurance system; 669.715 persons in paid employment at legal entities (October 2015)	863.463 persons in the pension and invalidity insurance system; 687.282 persons in paid employment at legal entities (September 2016)
	€221,982,405 of unpaid employers' contributions (Tax Administration of RS, June 2011)	€267,094,969 of unpaid employers' contributions at the end of July 2011 (Tax Administration of RS, 2012)	€298.386.400 of unpaid employers' contributions at the end of June 2013 (Tax Administration of RS, 2013)	€293.970.803 of unpaid employers' contributions at the end of December 2014 (Tax Administration of RS, 2015)	€286.294.564 of unpaid employers' contributions at the end of June 2015 (Tax Administration of RS, 2015)	€294.771.607 of unpaid employers' contributions at the end of June 2016 (Tax administration of RS, 2016)
<b>Unemployment insurance</b>	€1,011,534 of unpaid employers' contributions (Tax administration of Republic of Slovenia, June 2011).	€2,210,287 of unpaid employers' contributions at the end of June of 2012 (Tax administration of Republic of Slovenia, 2013).	€2,117,336 of unpaid employers' contributions at the end of June of 2013 (Tax administration of Republic of Slovenia, 2013).	No data	No data	No data

Source: Institute for Pension and Disability Insurance of Slovenia 2016, Tax Administration of the Republic of Slovenia, Institute for Health Insurance of Slovenia, 2016



• **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 childminders' 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.<sup>7</sup>

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 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)**

	2012	2013	2014	2015	2016
<b>Employment rate, in %</b>	64.3	64.5	64.6	66.7	65.9

Source: EUROSTAT, 2015, age: from 15 to 64 / data for 2016: Q2

• **Persons in paid employment**

	2012 M12	2013 M12	2014 M12	2015 M10	2016 M9
<b>Persons in paid employment</b>	699,898	694,370	704,410	721,152	738,445

Source: SORS, 2016

• **Unemployment rate (ILO methodology)**

	2012 M12	2013 M12	2014 M12	2015 M11	2016 M10
<b>Unemployment rate (%)</b>	9.6	9.8	9.4	8.3	7.6

Source: EUROSTAT, 2015

<sup>7</sup>[http://eacea.ec.europa.eu/education/eurydice/documents/eurydice\\_base/national\\_summary\\_sheets/047\\_SI\\_EN.pdf](http://eacea.ec.europa.eu/education/eurydice/documents/eurydice_base/national_summary_sheets/047_SI_EN.pdf)

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

	2012 M12	2013 M12	2014 M12	2015 M12	2016 M11
<b>Number of registered unemployed people</b>	118,061	124,015	119,458	113,076	96,843

Source: ESS, 2016

- **Average gross monthly salary**

	2012 M12	2013 M12	2014 M12	2015 M10	2016 M10
<b>Average gross monthly salary, in €</b>	1534.54	1544.85	1566.09	1540.58	1.567,99

- **Average net monthly salary**

	2012 M12	2013 M12	2014 M12	2015 M10	2016 M10
<b>Average net monthly salary, in €</b>	1,000.21	1,007.65	1,018.67	1,004.34	1,020.40

- **Gender pay gap**

	2012	2013	2014	2015	2016
<b>Average gross monthly level of earning, men, in €</b>	1,639	1,639	1,678	1,695	No data
<b>Average gross monthly level of earning, women, in €</b>	1,555	1,551	1,589	1,594	No data

Source: SORS, 2016

According to provisional data of the annual structure of earnings statistics, obtained exclusively from existing administrative sources, in 2015 the average annual gross earnings calculated at the monthly level amounted to €1,649; average gross earnings of men amounted to €1,695 and of women to €1,594 or 94.0 per cent of men's earnings. Because these are average values, the reason for differences is also in different educational, occupational and age structures.

The median of gross earnings, which divides the population in two halves, was €1,362 (€1,382 for men and €1,334 for women), which means that half of the persons in paid employment had monthly gross earnings lower than this value.

The difference between men's and women's gross earnings was the lowest in real estate activities, by 2.7 per cent or €44 in favour of men. Women had higher gross earnings than men in construction (by 15.0 per cent), in

water supply, sewerage, waste management and remediation activities (by 14.6 per cent) and in transportation and storage (by 11.4 per cent). In all three activities women were in the minority and they mainly did better paid work.

Women were in the prominent majority in human health and social work activities (almost 81 per cent) and in education (over 80 per cent). However, in these two activities the difference between the earnings of men and women is higher. In human health and social work activities gross earnings of women were on average 24.3 per cent lower than gross earnings of men while the median of gross earnings was lower by 10.7 per cent. The reason for this difference was mainly in a different structure regarding occupation, since approximately 19 per cent of men and only 7.5 per cent of women in this activity were medical doctors. It was similar in education, in which almost 19 per cent of men and only 4 per cent of women were university and professional higher education teachers and assistants.



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.

In the public sector almost 53 per cent of persons in paid employment had tertiary education, about 42 per cent had upper secondary education and fewer than 6 per cent had basic education or less. In the private sector 24 per cent of persons in paid employment had tertiary education, 63 per cent had upper secondary education and approximately 13 per cent had basic education or less. This structure affected the average earnings in the public and private sectors, though the differences between the sectors were also in the amount of average earnings received by persons in paid employment with certain levels of education.

Average gross earnings of persons in paid employment with tertiary education in the private sector in 2015 were 2.9 per cent higher than average gross earnings of equally educated persons in paid employment in the

public sector. If we take a closer look at the public sector and divide 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 persons in paid employment in the general government sector, but 12 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 9.8 per cent higher average gross earnings than equally educated persons in paid employment in the private sector. In general government, the average gross earnings of persons in paid employment with upper secondary education were 1.6 per cent higher and in public corporations 20.6 per cent higher than the average gross earnings of equally educated persons in paid employment in the private sector.

Source: SORS, 28<sup>th</sup> of September 2016

• **Minimum wage (M12)**

	2012 M12	2013 M12	2014 M12	2015 M12	2016 M12
<b>Minimum gross wage (M12), in €</b>	763.06	783.66	789.15	790.73	790.73

Source: Tax Administration of the Republic of Slovenia, 2015

• **Actual weekly working hours**

	2012 Q3	2013 Q3	2014 Q3	2015 Q3	2016 Q3
<b>Actual weekly working hours</b>	32.7	32.0	No data	No data	No data

Source: SORS, 2015

According to provisional data, in the 3rd quarter of 2016 persons in paid employment in Slovenia worked 269.1 million hours, which is 1.0 per cent more than in the same period of 2015. The total number of hours worked increased mainly due to the increase in the number of persons in paid employment compared to the 3rd quarter of 2015.

An increase in the total number of hours worked was observed also in the first three

quarters of 2016, i.e. the total number of hours worked in this period was 1.4 per cent higher than in the same period of 2015.

In spite of positive growth rate in the total number of hours worked, in the 3rd quarter of 2016 a person in paid employment in Slovenia worked on average fewer hours than in the 3rd quarter of 2015, i.e. a monthly average of 126 hours or 1.3 per cent fewer than in the same period of 2015. The main reasons for this were



more public holidays (non-working days) and fewer unpaid overtime hours.

In the July-September 2016 period the largest number of hours was worked by persons employed in construction; on average 141 hours per month. Also, the share of hours worked in paid hours was in this activity the highest among all the activities, 82.5 per cent. In contrast, the lowest monthly average of hours in this period was worked by persons employed in education; on average 112 hours per month.

As regards activities, the total number of hours worked in the 3rd quarter of 2016 compared to the same period of 2015 increased the most in transportation and storage (by 7.9 per cent), followed by accommodation and food service activities (by 7.8 per cent). The main reason for the increase in the total number of hours worked in both activities is the increase in the number of persons in paid employment.

**Source:** SORS, 5<sup>th</sup> of December 2016

• **Regular work / atypical work**

	2012 Q4	2013 Q4	2014 Q4	2015 Q3	2016 Q3
<b>Temporary employees as a percentage of the total number of employees</b>	16.5	15.8	16.2	19.6	17.1
<b>Part-time employment as a percentage of the total employment</b>	9.3	9.2	10.4	10.3	9.2

*Source: EUROSTAT, 2016*

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 2016 the share of temporary employment in the Slovenian labour market was 17.1 per cent, which is higher than the EU 28 average, which stands at 14.3 per cent (Q2 2016). The biggest problem is the extremely high incidence of temporary employment among young workers. According to the same EUROSTAT data, 85.6 per cent of women aged 15-24 are working on temporary employment status (Q3 2016), which is almost more than twice the EU 28 average of 44.6 per cent (Q2 2016).

Slovenia has 9.2 per cent of its workforce aged 15-64 in part-time employment, which is lower than the EU 28 average of 19.6 per cent (Q2 2016). But the incidence of part-time

employment is, as mentioned, very high among young people between 15 and 24 years old – 34.8 per cent (Q3 2016), which is higher than the EU 28 average for that age group at 33.0 per cent (Q2 2016).

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 110 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 6,801 in September 2013 to 15,982 in September 2016 (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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Immigration from abroad	20016	29193	30693	30296	15416	14083	15022	13871	13846	15420	No data

YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Emigration to abroad	13749	14943	12109	18788	15937	12024	14378	13384	14336	14913	No data

Source: SORS, 2016

• Human Development Index (HDI)

	2011	2012	2013	2014	2015	2016
HDI rank	21	21	25	25	No data	No data
HDI value	0.884	0.892	0.878	0.88	No data	No data

Source: UNDP, 2015

• GINI-coefficient (GC)

YEAR	2012	2013	2014	2015
GC, EU 27	30.6	30.5	30.9	31
GC, Slovenia	23.7	24.4	25.0	24.5

Source: EUROSTAT, 2016

• 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).<sup>8</sup>

<sup>8</sup><http://www.worker-participation.eu/National-Industrial-Relations/Countries/Slovenia/Collective-Bargaining>

- **Ongoing important collective bargaining agreements – 2016**

OFFICIAL GAZETTE NO.	DAY OF PUBLISHING	COLLECTIVE AGREEMENT	
4/2016	22 January 2016	Collective Agreement for Road Passenger Transport of Slovenia	Prolonged validity until 31.12. 2016
4/2016	22 January 2016	The collective agreement for extraction and processing of non-metal minerals Slovenia	Increase of basic wages
17/2016	29 February 2016	Collective agreement catering and tourism sector of Slovenia	New collective agreement
18/2016	4 March 2016	Collective agreement on the occupational pension plan for public servants	Change in scheme
24/2016	1 April 2016	Collective Agreement for Retail sector	Prolonged validity until 31.12. 2018
36/2016	20 May 2016	Collective agreement of catering and tourism sector of Slovenia	Extended validity of collective agreement
49/2016	8 July 2016	Collective agreement of catering and tourism sector of Slovenia	Change in holiday pay
50/2016	15 July 2016	Collective agreement for road management of Slovenia	Cancellation of Collective agreement
52/2016	29 July 2016	Collective Agreement for the paper and paper-manufacturing industry	Increase of bonuses and basic wages
60/2016	16 September 2016	Collective agreement of the Slovenian coal mining industry	Extended validity of collective agreement
67/2016	28 October 2016	Collective agreement for Agriculture and Food Industry of Slovenia	New collective agreement
67/2016	28 October 2016	Collective agreement Wood Processing of Slovenia	New collective agreement
67/2016	28 October 2016	Collective agreement for real estate sector	New collective agreement
74/2016	25 November 2016	Collective Agreement for Postal and Courier Services	New collective agreement

Source: Official Gazette 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.<sup>9</sup> The Chamber of Commerce and Industry has around 7,500 members<sup>10</sup> and the Chamber of Crafts and Small Businesses has

<sup>9</sup> <http://www.zds.si/si/zds/predstavitev/>

<sup>10</sup> Taken from the members register



about 30,000 members.<sup>11</sup> The Chamber of Commerce of Slovenia has about 5,900 members.<sup>12</sup>

- **Workplace representation**

Both a trade union in the workplace and a 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.

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).

<sup>11</sup><http://www.delo.si/gospodarstvo/podjetja/trideset-tisoc-clanov-vidi-prednosti-ozs.html>

<sup>12</sup>Full register of its members available at: [http://www.tzslo.si/pic/pdf/objava\\_clanov-2013.pdf](http://www.tzslo.si/pic/pdf/objava_clanov-2013.pdf)



• 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 48 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 2,797 registered trade unions in Slovenia in 2014 (AJPEŠ, 2016).

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.



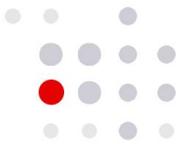
• **Employer's organizations**

<b>Employer's organisation</b>	<b>Number of members</b>	<b>Member of international employer's organisations</b>
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 <sup>13</sup>	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 <sup>14</sup>	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

<sup>13</sup> Full register of its members available at:  
<http://www.gzs.si/slo/57043>

<sup>14</sup> Full register of its members available at:  
[http://www.tzslo.si/pic/pdf/objava\\_clanov-2013.pdf](http://www.tzslo.si/pic/pdf/objava_clanov-2013.pdf)



## About the Author

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

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