WORKING PAPER

Industrial relations and social dialogue

Slovenia: Developments in working life 2022

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Introduction

The year 2022 began with relief as the COVID-19 pandemic faded. But fear and distress returned soon following the Russian invasion of Ukraine on 24 February. European economic sanctions and Russian reprisals by gas delivery reductions have resulted in high inflation and high energy and food prices, hitting the poorer population the hardest. In the third quarter of 2022, a fifth of households found it difficult or very difficult to make ends meet (Jenko, 2022). Inflation stood at 10.3% at the end of 2022. The last time monthly inflation rates were so high was in 1995. Additionally, there was uncertainty about gas supplies – 81.0% of natural gas was imported from the Russian Federation when war broke out (SURS, 2022b) – and fear of cold winter.

Notwithstanding the circumstances, the economy continued to grow. Slovenian economic recovery from the COVID-19 pandemic surpassed the pre-crisis level in mid-2021. Even though the 2022 expansion did not outstrip the rapid growth in the previous year, it was nevertheless high. The estimated Gross Domestic Product (GDP) growth for 2022 is 5% against 8.2% in 2021 (UMAR, 2022). After months of high growth, there was stagnation and, in some activities, even a decline in the third quarter of 2022, but economic sentiment stopped deteriorating in November 2022.

The labour market figures were breaking records. High demand for labour resulted in record employment rates and, at the same time, low unemployment rates. The registered unemployment rate was 5.8% against 7.6% in 2021; the monthly ILO unemployment rate was 4.2% compared to 4.7% in 2021. The number of employments is steadily growing; consequently, formally employed surpassed 800,000. As the number of vacancies is increasing and the labour shortage is extreme, employment of foreign workers contributes a significant share in new hiring, particularly in construction and manufacturing. Among all employments, foreign nationals attained a record 13.7% in September 2022. Most of them come from Bosnia and Herzegovina (50%), Kosovo (12%) and Serbia (11%). About 1,700 of them are also from Ukraine (Jenko, 2022). Otherwise, Slovenia provided temporary shelter to over 8,000 Ukrainian refugees fleeing the conflict.

Due to high inflation, the average gross monthly wage from January to September was 1.5% higher in nominal terms and 6.4% lower in real terms than in the same period last year. This gave rise to a strike wave for wage increases at the end of 2022.

Political context

In Slovenia, parliamentary elections took place on 24 April 2022. The rule of the Slovenian Democratic Party (SDS), which came to power on 13 March 2020, coincided with the COVID-19 pandemic. The SDS and its leader Janez Janša took advantage of unfortunate circumstances to impose an authoritarian rule by repressing the media, strengthening political control over the police and judiciary system, adding provisions to the benefit of party interests into emergency laws, etc. Campaigning against these measures throughout the period, the civil society network Voice of People engaged in the election campaign to convince people to vote for opposition parties Freedom Movement (Gibanje Svoboda), Social Democrats (Socialni demokrati), Left Party (Levica) and others.

With a turnout of more than 70%, the Freedom Movement triumphed with more than one-third of the vote. The party gained 41 of the total 90 seats in the Parliament. With the coalition parties Social Democrats and Left Party, the newly elected government had the support of 53 parliamentary deputies. The Freedom Movement was founded a few months before the election (on 26 January), positioning itself in the party system as a social and green liberal party. Its president and now the Prime Minister was the CEO of the energy trading company GEN-I between 2006 and 2022. When it came to power, the new government had to deal with the energy crisis, inflation, demands for higher wages and a health system crisis. Until the end of 2022, the newly elected government adopted as many as 37 laws and decrees addressing inflation and the energy crisis.

In the autumn, there were two more elections, the presidential and local elections. In the presidential elections, lawyer Nataša Pirc Musar won in the second round on 13 November against the SDS candidate Anže Logar and took office in December 2022. Independent candidates mostly won local elections. On the initiative of SDS, there was a triple referendum on three government laws at the end of 2022. The government won support for all three referendums on the Long-Term Care Act, the Government of the Republic of Slovenia Act and the Radiotelevizija Slovenija Act.In the autumn, there was a series of strikes for pay rises. The signing of the collective agreement for the public sector (October 2022) did not calm unrest. Contrary to expectations, strike threats and demands for wage increases were strongest among occupational groups belonging to the highest income brackets (e.g., doctors and judges).

Actors, institutions and processes

Social partners

There were no significant changes in social partners or their representativeness. On the part of trade unions, there were only minor changes. The Confederation of representative trade unions in the media sector, never really active in practice, ceased to exist. On the other hand, the Confederation of Trade Unions of Slovenia – PERGAM challenged the name of the Confederation of Slovenian Trade Unions (KSS) in court, saying it is not substantially different from it. KSS lost a lawsuit and thus lost its basis as a legal person. On the part of employer organisations, there were no changes.

Social dialogue bodies or frameworks

In July 2022, the Economic and Social Council (ESS) reconvened after a long time. With the coalition of the Freedom Movement, Social Democrats and Left Party in power, the tripartite negotiating body resumed its work on 15 July. It was the first meeting since 14 May 2021, when trade unions withdrew from negotiations and announced the boycott for an indeterminate period. Although employer organisations called for restoring social dialogue, the government and trade unions could not find a solution to the disputes on the role of the body. While the former government claimed that social partners have only the right to be informed, trade unions insisted on the role of ESS as a negotiating body. At the inaugural meeting, the new Prime Minister, Robert Golob, presented the government priorities for the 2022-2026 mandate. One of the first law drafts the government submitted to the ESS was the Amended Personal Income Tax Act. The proposal also had a symbolic value as the law was one of the reasons for trade unions' one-year boycott of the ESS. Since July 2022, central topics discussed by the ESS were the health care system, measures to cushion the effects of rising energy bills and inflation, government budget, minimum wage increase, reintroduction of the temporary layoff and short-time scheme etc.

Other working life related institutions

The government reorganized the ministries and established The Ministry for a Future in Solidarity. It will take responsibility for three neglected areas in the past: long-term care, housing and economic democracy. While the aim in the first two areas is to provide accessible care for older people and non-profit housing, especially for the young, in the third area, the ministry will promote the participation of employees in the management and ownership of companies. The legal basis for economic democracy will be a law on employee involvement in company ownership.

The Ministry of Labour, Social Affairs, Family and Equal Opportunities (MDDSZ) reorganised the Labour Inspectorate arguing its ineffectiveness is a consequence of weak work methods. The ministry appointed a new Chief Inspector and two deputies. The task of the first deputy is to define priorities, the most problematic companies on which unexpected and in-depth checks should focus. The assignment of the second one is to organise the inspectorate in a way that it can conduct new duties. The reorganisation aims to prevent the most severe infringements and sanction potential breaches. According to the minister, the reorganisation should break with the previous role of labour inspectors who acted as counsellors to companies (MDDSZ, 2022c).

The draft *Employment Relationships Act* (ZDR-1) proposes the protection of shop stewards and employee representatives against unfair dismissals by which employers seek to weaken company trade unions. According to the proposal, the termination of the employment contract should not take effect until a mediation decision, an enforceable arbitration award or a final court decision is taken. If an employee is not allowed to work, the employer should provide the worker with wage compensation. It must be equal to half of his or her average salary in the three months preceding the dismissal. The draft is currently under negotiations between social partners.

Governmental responses to inflation

Since the new government came to power, as many as 37 measures to mitigate the effects of the energy crisis were adopted, targeting households, public institutions and economy (Hreščak, 2023).

One-time support for low-income households. Two packages supported vulnerable social groups that cannot make ends meet due to rising energy prices and inflation. In March 2022, the former government offered support for energy bills or so-called energy vouchers (worth €150) to low-income households.i In August 2022, the newly elected government intervened again, providing another one-time support for low-income households. This time financial support depended on the family size (the minimum was €200) and the measure anticipated beneficiaries who could become eligible by 31 March 2023.ii

Energy price reductions and caps. The government introduced price reductions in March 2022 by lowering value-added tax and excise duties for energy,iii as well as fixing the price of certain petroleum products.iv In addition to extended measures, the new ones from August 2022 brought caps on electricity price and natural gas prices for households and small businesses. Caps on energy prices are in force from 1 September 2022 to 31 August 2023.v

Dissatisfied employer organisations campaigned for the extension of energy caps to all companies, notwithstanding their size. However, the law from December 2022 adopted the electricity pricing mechanism for large companies instead of the price cap. It is a formula a retailer must consider when setting the price - the so-called dynamic cap. The Chamber of Commerce and Industry (GZS) was critical about it, saying it would not bring prices in the range between €150 and €250 as expected.

Finally, the government has set the maximum electricity and gas prices for public entities (kindergartens, schools, health institutions, municipalities, cultural institutions, providers of social welfare programmes and the like). Energy price caps for public institutions will be in force until the end of 2023.

Support for the economy. The two laws responded to rising energy costs for the economy and agriculture. In March 2022, the emergency intervention brought a partial subvention for energy costs under the condition of at least a 40% increase in energy costs for 2022 compared to 2021.vi The measure responded to employer organisations' call for help, but it was adopted with no prior consultation with social partners, as other emergency measures in spring 2022.

In August 2022, another law stipulated a 30% co-financing of the electricity and natural gas costs increased to twice the prices of 2021,vii as well as subsidies for agriculture and fishery.viii The Chamber of Commerce and Industry of Slovenia (GZS) participated in drafting the law proposal, and the Economic and Social Council discussed the draft. Nevertheless, employer organisations were not content and demanded 12 more interventions: the energy price cap and temporary layoff scheme, among others.

At the end of 2022, a package with five support schemes for the economy (such as aid for loss of revenue, aid for high-energy users, short-time work and temporary layoff schemes, and liquidity loans) came into effect. All measures are valued €1.2 billion in total. The eligibility criteria require a 50% price increase compared to 2021 and between 40% and 80% of eligible expenses, depending on the support scheme. Responses of social partners were mixed: while employer organisations lacked the cap on electricity prices, trade unions were content with a six-month ban on layoffs for beneficiaries of short-time work and temporary layoff schemes.

Retail prices control. To ensure the transparency of retail prices for consumers, the government launched a comparison of food prices. From 1 September 2022 to 31 March 2023, consumers can compare the prices of 75 products on sale by six Slovenian retailers on the webpage Comparing the prices of basic foodstuffs.ix Another website, Oil product price finder, examines fuel prices. The app enables consumers to compare fuel prices by location and distributors.

Minimum wage increase. The indexation of the minimum wage relies on two factors: inflation and minimum living costs. Firstly, the Minimum Wage Act requires an annual adjustment of the minimum wage to inflation, taking into account data provided by the Statistical Office of the Republic of Slovenia (SURS) for the previous year. Secondly, minimum living costs are calculated (at least) every six years using data from the previous year. In October 2022, the new minimum living costs, last time calculated in 2017, were set at €669.83, which is a 9.2% increase from 2017. The Minimum Wage Act stipulates that the adjustment can be in a range between 120% and 140% of the minimum living costs.

The new decision on the minimum wage increase must thus consider inflation and new minimum living costs, as well as economic growth and a less quantifiable indicators such as labour market conditions. Following the negotiations with social partners, minister of labour decides on a wage increase every January. Trade unions required two-step adjustments, one in 2022 following the new minimum living costs and the second in January 2023, when data on inflation in 2022 are available. However, the minister has decided to grant a one-time raise in January 2023. On 13 January 2023, he issued the decision of €100 increase in the net minimum wage, arguing that a 12% increase is adjusted to 10.3% inflation in 2022, the rise of minimum living costs and other factors. The gross minimum wage in 2023 is thus €1,203.36.

The minimum wage increase requires a corresponding statutory adjustment of the minimum gross hourly pay for temporary and casual work of pupils, students and pensioners. Their hourly pay increased from €6.17 in 2022 to €6.92 in 2023.

Social benefits. At the same time as the minimum living costs, calculations were made for the short-term minimum living costs. This calculation is the basis for determining social benefits. In the recent survey, short-term minimum living costs were €488.58 or 10.6% higher than in 2017. Social Assistance Payments Act (ZSVarPre) stipulates that social benefits must increase if newly calculated short-term minimum living costs exceeds 15%.   So far, there has been no increase in social benefits.

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[i] Eurofound (2022), One-time subsidy for energy bills of low-income households, case SI-2022-6/2276 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[ii] Eurofound (2022), One-time support for vulnerable groups' energy bills, case SI-2022-32/2836 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[iii] Eurofound (2022), Subsidies and fixed prices for businesses' energy bills, case SI-2022-10/2275 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[iv] Eurofound (2022), Setting prices for certain petroleum products, case SI-2022-25/2840 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[v] Eurofound (2022), Measures to mitigate rising energy costs, case SI-2022-36/2839 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[vi] Eurofound (2022), Subsidies and fixed prices for businesses' energy bills, case SI-2022-10/2275 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

[vii] Eurofound (2022), Partial subsidies for energy price increase, case SI-2022-23/2837 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

[viii] Eurofound (2022), Aid for agriculture and fisheries, case SI-2022-27/2843 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

[ix] Eurofound (2022), Ensuring transparency of retail prices for consumers, case SI-2022-36/2838 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

Collective bargaining and inflation

How inflation features in wage negotiations

Institute of Macroeconomic Analysis and Development issued a review of collective agreements in the private sector that include the inflation index as a mechanism for adjusting the value of basic salaries. The report showed that among 25 sectoral collective agreements (CAs), 14 refer to inflation as a factor for adjusting salaries. While inflation is merely one of the indicators in some cases, the value or adjustment ratio is explicitly defined in others. Among 14 CAs, only four contain a fixed indexation of wages. The CAs that cover a large part of the workers – as they have both extended validity and some form of indexation – are the agreements for the trade sector and the metal industry (Perko et al., 2022: 3). It is worth noting the indexation does not affect wages in low pay brackets. CAs usually determine their values at levels lower than the statutory minimum wage, so the employer must pay those workers the difference up to the minimum wage. Their pay rise thus relies on the indexation of the statutory minimum wage, not on changes in sectoral agreements. Given that most CAs with some indexation require prior negotiations, the authors conclude that wage increases in CAs would not very probably bring significant aggregate wage growth, despite the current high inflation.

Examples of recent responses

Controversies accompanied negotiations for wage increases in the public sector. The representatives of public sector trade unions and the government reached *Agreement on measures in wages and other labour costs in the public sector for 2022 and 2023* (Dogovor o ukrepih na področju plač in drugih stroškov dela v javnem sektorju za leti 2022 in 2023) on 29 September 2022. Social partners started negotiations arguing it should help workers with difficulties to make ends meet due to rising living costs. The outcome seems to deviate from the initial goal and critics criticise the agreement for serving more the interest of well-off wage groups than workers in most need. The agreement provides a 4.5% pay raise for all public sector employees entering into force on 1 October 2022 (a 4% pay raise for employees working abroad) and a 1% pay raise entering into force on 1 April 2023 (excluding health and social care workers whose salaries increased in 2021). It stipulates an annual leave bonus on a sliding scale: the highest (€1,374) for employees up to the 24th wage bracket and the lowest (€1,175) for the 51st wage bracket and above. It means €300 on top of the already paid bonus for employees in the lowest wage brackets and €250, €200, €150 or €100 for the rest, depending on their pay grade. It also stipulates a €6.15 food allowance with an additional six-month recalculation on the ground of the rising prices of food products. The controversial clause endowed doctors and dentists with the right to promotion up to the 65th wage grade. According to the Slovenian Higher Education Union (VSS), it would mean a five-fold wage increase for doctors and dentists compared to inflation-related wage adjustments. VSS finds ‘privileges of the most politically powerful professional groups in the public sector misplaced’ given that ‘the government has been unwilling to take better care of the lowest-paid, who do not know how they will survive the winter’ (VSS, 2022).

Health and social care trade unions went on strike on 16 February. Following the annexe to the Collective agreement for the health care and social protection sector in November 2021, parties agreed to continue negotiations on wage increases for the remaining workers in mid-January 2022.

As the government did not respect the agreement, the unions went on strike. Negotiations resumed under the new government and led to an agreement in December 2022.

Agreement on modest wage increases concluded with nurses and care workers in November 2021 spurred a campaign of the Trade Union of Doctors and Dentists (FIDES) for higher wages. The former government consented to their demands by a statutory provision within the tenth COVID-19 emergency law (ZDUPŠOP), which provided doctors and dentists with a temporary exemption from the Public Sector Salary System Act and the promotion up to the 63rd wage bracket instead of the 57th so far. The measure, adopted without prior negotiations with the Economic and Social Council, provoked reactions from other trade unions. They filed a lawsuit at the Constitutional Court that ruled out the provision in March 2022. The court said the measure is unrelated to the mitigation of the negative consequences of the COVID-19 pandemic and therefore does not fall within the scope of the intervention act (Constitutional Court, 2022). In autumn, FIDES obtained a government commitment to exempt doctors and dentists from the Public Sector Salary System Act in the collective agreement for the public sector on 29 September 2022. However, the negotiations did not go as FIDES had expected, so the trade union voted for a strike on 19 October. Back to the negotiating table, the Ministry of health insisted on an agreement covering the whole health sector, including nurses and health attendants. Unlike other trade unions, FIDES refused to sign the final offer: a promotion of four wage brackets for young doctors and two for doctors in higher pay grades. It voted for another strike in January 2023, claiming the offer is discriminatory to ‘experienced doctors’ (Dnevnik, 2022). The strike was eventually called off, but it is not yet known what the outcome of the negotiations was.

The annexe to the CA in the retail sector stopped the already-announced strike in September 2022. Signed in November, it brought a 36.18% increase in salaries up to the fifth pay bracket and a 25% increase for the sixth and seventh pay brackets, higher food and travel allowances and annual leave bonus.

The Confederation of Trade Unions PERGAM reported the conclusion of annexes to CAs in the paper, graphic, publishing, road transport, and construction industry. Higher basic salaries and higher reimbursements of work-related expenses (food allowances, travel expenses, annual leave bonuses) were readjusted to the rising living costs and inflation (PERGAM, 2022).

Developments in working time

Changes to legislation

Act on Aid to the Economy to Mitigate the Effects of the Energy Crisis (ZPGOPEK), adopted in December 2022, reactivated the short-time work and temporary layoff schemes. The two measures aimed at preserving jobs at risk due to the energy crisis. Only employers entitled to state aid, as determined in ZPGOPEK, are entitled to employment support compensation. Compensations are defined in the *Employment Relationships Act* (ZDR-1) but cannot be lower than a minimum wage.

Short-time work compensation is available from 1 January to 31 March 2023 under conditions that employers cannot provide 90% of work to 30% of workers. State aid covers 80% of compensation paid to workers up to a maximum of the average monthly salary in October 2022. Employers are allowed to combine short-time work with the temporary layoff scheme. The latter is accessible for 30 days, from 1 January to 30 June 2023. Beneficiaries must invest half of the subsidies received in green transition over the next 30 months.

Before deciding on the two schemes, the employer must consult with the trade union or work council. Trade unions were content with a provision that state aid recipients have a six-month ban on layoffs.

Bargaining outcomes

In 2022, most of the changes to working time were in the pipeline and under negotiation with social partners.

The first to mention is the *Employment Relationships Act* (ZDR-1), whose purpose is the implementation of two EU directives 2019/1152 (on transparent and predictable working conditions) and 2019/1158 (on work life balance for parents and carers) but also contains other provisions (MDDSZ, 2022b).

Compliance with the Directive (EU) 2019/1158 has led to two provisions regarding working time. The first endows parents and carers with the right to short-time work and obliges the employer to reply to such request in writing within 15 days. The second provides each worker with the right to carers' leave of five working days a year. Following the Directive (EU) 2019/1152, the time spent on education and training is part of regular working time.

Provisions beyond directives encompass (1) a possibility to stipulate a 30-hour working week with the same rights as full-time work in special laws or collective agreements; (2) the right to one 48-hour week rest a month; (3) a bonus for work on Saturdays to be determined in collective agreements; (4) a limitation of working hours for children working during summer holidays (six hours a day or 30 hours a week and two free weeks).

The second is the *Amended Labour and Social Security Registers Act* (ZEPDSV) (MDDSZ, 2022a). It will oblige employers to run more detailed evidence of working time (exact time of arrival and the end of a shift, rest periods, overtime, uneven distribution of working time, and calculation of total hours over weeks and months).

The measure was a policy response to the media report on foreign workers' exploitation. In June 2022, the Counselling Office for Workers disclosed the story of twelve Indian migrant workers in fish processing factories. Indians worked exceedingly long hours, slept in the factory, were under video surveillance and, if they slowed down, got a phone call to speed up, they were recruited by a Portuguese temporary work agency that was illegal as it failed to register in Slovenia. The scandal prompted the Labour Inspectorate to propose electronic evidence of working time mandatory for all employers.

The draft law stipulated the obligation of employers to run electronic records for all employees. The proposal met with resistance from employer organisations, so the negotiated draft law restricts it to companies where the Labour Inspectorate finds breaches of working time and companies in which workers require electronic records. The objective of the draft law is to ensure more effective checks of compliance with statutory working time, breaks and rest periods. On September 2022, the Economic and Social Council approved the draft law and agreed to solve open issues in a decree where the details of the implementation of this measure are to be determined. Employer organisations' representatives pointed out that the draft law is a model for solving open questions' (MMC, 2022).

Labour market shortages and social partners

The employment rate, which has been steadily increasing since May 2021, has reached record levels in recent months. According to the Statistical Office (SURS, 2022a), it increased by 2% in October 2022 compared with the same month in 2021. At the same time, the unemployment rate dropped to its lowest level in September 2022, but has been slightly rising since then (ZRSZ, 2022a). Institute of Macroeconomic Analysis and Development (UMAR) claims that the lower number of unemployed, and particularly long-term unemployed more than 50 years old, is a result of the transition to inactivity, which usually occurs when economic activity slows down (UMAR, 2022, p. 17).

High employment and low unemployment rate reflect a high demand for labour and a high vacancy rate. Given a high labour shortage, the employment of foreign nationals increasingly contribute to the overall growth of employment. As a result, the share of foreign nationals in the total labour force has been increasing and reached 13.7% in the third quarter of 2022 (8% in 2018). Sectors in which the employment of foreign nationals occurs most frequently are construction, transportation and storage, and administrative and support service activities.

In the latest employer survey on employment trends, the Employment Service of Slovenia (ZRSZ, 2022b) established that more than half of employers surveyed (and 80% of large companies) dealt with labour shortages in the past six months. Given that employers expect a positive employment trend for 2023, a further rise of 2.6% in the first six months, they are concerned about the labour shortage in the future. In the last six months, there was a shortage of heavy truck drivers, welders, simple jobs in manufacturing, cooks and construction workers (ZRSZ, 2022b, p. 9). These occupations will continue to be in short supply, in addition to waiters, sellers, warehouse keepers, cleaners, toolmakers etc. (ZRSZ, 2022b, p. 7). While employers expect the highest employment growth in construction (6.7%), hospitality (6.6%), administrative and support services (4.8%, on account of temporary employment agency activities), information and communication activities (4.5%) (ZRSZ, 2022b, p. 6), sectors with the most acute recruiting problems are health and social care (76.9%), hospitality (72%), administrative and support services (or TWAs, 67.4%), education (67%), construction (66.5%), and transportation and storage (62.7%) (ZRSZ, 2022b, p. 8).

More than two-thirds of employers believe there is simply no labour available (ZRSZ, 2022b, p. 9). Thus, a third of them searched for workers abroad; a fifth changed or lowered educational requirements to mitigate recruitment difficulties. Only slightly more than a tenth offered higher wages or bonuses (ZRSZ, 2022b, p. 10).

As economic growth increasingly depends on the employment of foreign nationals, the Chamber of Commerce and Industry of Slovenia (GZS, 2022) organised a discussion between businesses, ministry representatives, and the Employment Service of Slovenia in July 2022. The outcome was a recommendation to public authorities to speed up obtaining work and residence permits for high- and low-skilled foreign nationals. They recommended the recruitment of more administrative staff to handle applications and the simplification of procedures. Although the bilateral agreements with Bosnia-Herzegovina and Serbia should speed up employment, employers were critical of their effectiveness, saying procedures are no faster than the employment of any other nationals.

Another measure to fasten the employment of third-country nationals is a list of deficit occupations for which a work permit is issued without a test that no native job seeker has applied for the job

(Order determining the occupations in which the employment of aliens is not tied to the labour market, 27 December 2022). The list grows each year and includes the following professions: welders, heavy truck drivers, toolmakers, metalworking machine tool setters and operators, building and related electricians, bricklayers, carpenters and joiners, electrical mechanics and fitters, installers and repairers of plumbing, gas installations and devices, metal moulders, metal working machine tool setters and operators, butchers, health care assistants, doctors specialists. A Slovene employer can employ not more than 100 workers under this regulation.

Under the leadership of the Left Party, the Ministry of Labour believes that improvement of working conditions for foreign workers is foremost needed. The minister claimed that provision has proved detrimental in practice, as these workers do not have the right to change employers and are thus often subject to abuses in this period. For this purpose, the minister proposed a change of the article in bilateral agreements, which stipulates that a worker from Bosnia-Herzegovina or Serbia is tied to one employer for the first year of employment in Slovenia.

On the other hand, the Ministry of Economy proposed a fast-track procedure for obtaining a work permit for highly skilled foreign workers. In December 2022, the ministry presented the proposal to the Strategic Council for the Economy and at an inter-ministerial working group on removing administrative obstacles. Consultation with employer organisations and trade unions is yet to happen (Klipšteter, 2023).

Moreover, the *Amended Employment, Self-employment and Work of Foreigners Act* (ZZSDT) will introduce a change regarding EU Blue Card due to the transposition of the EU Directive. In the employment of high-skilled workers, it will be possible to consider professional experiences besides formal education (Klipšteter, 2023).

Other important policy developments

Employment status and contracts

Transposition of Directive (EU) 2019/1152 into *the Employment Relationships Act* (ZDR-1) will provide a worker with the possibility to request a more predictable and secure job (e.g., permanent instead of fixed-term, full-time instead of part-time) in order to improve worker's situation after six months of employment or after the end of the probationary period. In case of refusal, the employer will have to justify the decision in writing within 30 days.

The same draft law introduces some additional mandatory elements of the employment contract: a bank account of the worker, information on pay with all bonuses and payment deadlines, information on entitlement to training provided by the employer, and notification of collective agreements).

Self-employed

In December 2022, the Ministry of Labour issued the draft *Amended Act on Labour and Social Security Records*. More detailed working time records aim to ensure compliance with working time provisions and to make checks smoother for labour inspectors. From the perspective of self-employed, the definition of a worker in this draft law is interesting. By definition, the worker performs work for an employer on any legal basis, labour or civil contract law, provided that the work is performed in person, that the worker is involved in the work process and predominately uses the employer’s means of production. Therefore, the employer will have to run working time records for regularly employed and external collaborators, such as students, trainees, outsourced workers, pensioners and self-employed.

Wage setting

In March 2022, the *Amended Personal Income Tax Act* (ZDoh-2Z) introduced some new rules for both employees and employers. First, an employer can pay a performance bonus in cash or kind and the payment is tax-free up to 100% of the average monthly salary. The general annual tax allowance rises from €3,500 to €4,500 for 2022. Then, the personal income tax rate in the highest income tax bracket is 45% (previously 50%). Further, if an employer provides an employee with an electric company car for private use, no bonus will be charged for its use. Moreover, employers can claim a reduction of 45% of the taxable salary of a newly recruited person under 29 or over 55 or working in an occupation for which there is a labour shortage on the market.

In November 2022, a new Amended Income Tax Act (ZDoh-2AA) was adopted. The general annual tax allowance was increased to €5,000 for all taxpayers as of 1 January 2023. An additional general allowance was granted to taxable persons with a total income of up to €16,000. The amounts of the special allowance for dependants will increase by around 7.5% in 2023 and 2024. In addition, a new special allowance for young people was introduced that will reduce the taxable income from employment by €1,300 for taxable persons up to the age of 29.

Health and safety

In January 2022, the Amended Employment Relationships Act (ZDR-1) shortened the period of sick leave for which the employer pays wage compensation. Previously, the employer was required to pay for the first 30 days of sick leave and the health insurance covered wage compensation for all subsequent days. The amended law shortened the period to 20 days or a maximum of 80 days annually. The Parliament adopted the law despite the protests of six trade unions confederations. They argued the law passed without prior negotiations with social partners and warned against the unsustainability of health insurance due to the new financial burden. The Health Institute also opposed the law claiming the Parliament has not provided alternative financial sources to cover sick leave above 20 days (MMC, 2022a).

Work–life balance

In November 2022, Amended Parental Care Act was adopted in the National Assembly. The new law introduces 60 days of non-transferable parental leave for fathers; however, parental leave for mothers remains the same. Therefore, each parent will now have 60 days of non-transferable paid parental leave. This means that in total, the new parental leave for both will be 150 days – paternity leave is reduced from 30 days to 15 days and parental leave is extended to 160 days; 100 days will remain transferable from the father to the mother, while the mother will be able to take 260 days (as before). The same applies in reverse. In addition, the amendment enables that the period of part-time work for childcare purposes is extended until the child reaches the age of eight. From now on, both parents will be able to work part-time for childcare purposes simultaneously, but not more than 20 hours per week. However, the one-year non-transferability will no longer apply. The period of (carried-over) parental leave will also be extended until the child reaches the age of eight. Another addition is that parents of children in institutional care who also spend some time at home will now be able to receive partial payment for loss of income (DPID) to a greater extent (20 or 30 hours per week). If the child is in an institution where they receive free all-day care, one of the parents will be eligible to a partial payment for lost income (20 or 30 hours for a period of one year), provided that the child has been at home for at least 180 or 270 days and that in both cases parents have taken care of them in the last year before the application. The total amount of the DPID will be raised to 1.2 times the minimum wage. The maximum amount of parental allowance will be raised by changing the definition of the average salary – the data will be taken from the Statistical Office for the previous year. The basis for calculating pension and invalidity insurance contributions will also be increased from the minimum wage to the minimum base for parents who stop working due to four or more children. The new paternity and paternal leave arrangements will apply to parents of children born from 1 April 2023 and all other amendments will be in effect from 1 April 2023.

Lifelong learning and skills development

In March 2022, the National Assembly adopted three strategic documents, the National Programme for Adult Education in the Republic of Slovenia for 2022-2030, among others. The objectives are to increase the participation of adults in lifelong learning, to raise competencies and to improve the general education levels of adults.

Working life of Ukrainian refugees

Employment and working conditions

Following the outbreak of war in Ukraine and a massive exodus of population, the temporary protection for persons displaced from Ukraine was activated by adopting the government decision on 9 March 2022 (Decision establishing temporary protection for persons displaced from Ukraine). Refugees from Ukraine were endowed with the right to accommodation, income support, access to the labour market and admission to education from pre-school to university level.

According to the Ministry of Interior, more than 8,000 Ukraine refugees applied for temporary protection until 19 December 2022. These include 60 vulnerable persons, among whom unaccompanied minors prevail. More than 90% of applications were approved (4.5% of procedures were stopped due to, most frequently, withdrawal of the application and, less often, failure to meet requirements), and the rest are pending. Among people with granted refugee status, a third are males, among whom minors and seniors prevail. Altogether, 34% are below 18 years of age, 56% are in working age, and 9% are above 65 years of age. Among the working age population, there are 77% of female workers.

According to the *Temporary Protection of Displaced Persons Act* (ZZZRO), people under temporary protection have access to the labour market. They can enrol in the unemployment register and attain the right to individual counselling at the Employment Service of Slovenia (ZRSZ). In line with their 'career plan' made by the ZRSZ counsellor and a person under temporary protection, a worker may participate in education and training programmes, including the Slovenian language course. There is no information on how many have applied and how many have got a job. In June 2022, the Employment Service of Slovenia indicated that most Ukrainians under temporary protection found work in the hospitality, cleaning, and manufacturing sectors, where language proficiency is not required (N1info.si, 2022).

Social partner initiatives to support Ukrainian refugees

Slovenian Economic and Social Council (ESS) have joined a Joint Declaration of European Economic and Social Councils on the war in Ukraine, expressing deep concern, indignation and unconditional support for the Ukrainian people. Otherwise, Slovenian social partners do not report on any activities for Ukraine refugees.

Commentary and outlook

In 2022, the labour market figures were breaking records. While the employment rate will continue to grow, it will rise less in 2023 compared to 2022 due to lower economic growth. The Institute of Macroeconomic Analysis and Development forecasts a 3% increase relying on short-term employment announcements. On the other hand, the registered unemployment rate will continue to decrease over 2023. It follows the problem of the labour shortage will continue to prevail over 2023. Employers wish for more hiring of foreign nationals, who have already contributed significantly to new hiring in previous years. They thus propose the speeding up of obtaining work permits and more administrative staff to handle applications.

With a new government in power, tripartite social dialogue has returned to normal. The Economic and Social Council has regularly met since June 2022. It seems robust enough to find compromises on anti-inflation measures and changes of laws in prospect. The Employment Relationships Act (ZDR-1), the Pension and Disability Insurance Act (ZPIZ-2) and the Transnational Provision of Services Act (ZmlS) are among the first to be negotiated.

Both employer organisations and trade unions seem content with the Minister of Labour's decision on a 12.85% increase in the minimum wage for 2023 due to inflation. The minimum wage increase includes the effect of the Amended Personal Income Tax Law, so labour costs are higher by only 8.46% for employers, less than the inflation of 10.3% in 2022.

On the other hand, there is a strike wave of public sector occupational groups. While the collective agreement took urgent measures against inflation for the public sector employees, the comprehensive negotiations on the public sector salary system have been postponed to spring 2023. The deal gave rise to intensified wage increase demands, particularly among the earners of middle and high salaries, senior doctors, judges, and teachers. The government responded chaotically to their calls for wage increases from 16% to 30%, negotiating separately with each group. Its response generated discontent among trade unions. They call for a general strike if the government does not launch collective bargaining for the public sector as a whole and assure fair collective negotiations to all occupational groups. Thus far, the Government has presented a negotiating platform. One of the Government's demands was to increase the pay gap from 1:4.7 to 1:7. If this target is realised, it will present immense regression in social equality.

The new Government has taken 37 measures to reduce energy price rises and help low-income households and the economy, €0.5 billion recapitalization for power plant operator HSE and €1.7 for the electric power transmission system operator ELES. While the energy crisis will remain in focus in 2023, another crisis is emerging in the public health system. Privatisation of health care destabilised the public system to the extent that about 6% of the population does not have access to the general practitioner. For this matter, the civil society network Voice of People started a campaign for general access to health care and protection of the public health system from privatisation. Moreover, the Legal Network for the Protection of Democracy, awarded the European Citizen's Prize 2022, is preparing a lawsuit against the state in the name of people without a GP, saying that access to health is a constitutional right.

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