SOCIAL AGREEMENT FOR THE PERIOD 2003 – 2005

REPUBLIC OF SLOVENIA

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I. THE PURPOSE

1. Social partnership enables integration of different interests and formation of a general development consensus. The general consensus on social development goals forms the basis for social partnership or co-operation for the realisation of the fundamental national interest, which is to increase the general welfare through a balanced development of all of its constituent parts. Regulation of mutual relations with the social dialogue represents a lasting way of finding common solutions to problems and forming new proposals for the measures that will contribute to further development. We therefore conclude this Social Agreement that contains the measures and actions of social partners in the most important fields of our activities.

2. By signing the Agreement, the Government of the Republic of Slovenia, employers' organisations and trade unions (hereinafter referred to as "partners") have made a commitment to direct all fields of our activities towards the realisation of the adopted goals.

3. The Agreement shall be valid for the period 2003 – 2005 unless stipulated otherwise in certain chapters.

4. The goals and tasks laid down in the Social Agreement will require day-to-day monitoring and analysis of achieved results. The partners will regularly discuss current trends in the socio-economic field and the eventual changes of activities as well as new measures for achieving the agreed goals at the Economic and Social Council, which remains the highest body for social dialogue in Slovenia.
II. THE GOALS

5. The partners hereby agree that the common goal which we shall strive to reach over the coming years and which is also supported by this Social Agreement shall be

- a balanced socio-economic development.

6. This Agreement lays down the commitments of each of the three partners and defines common and individual tasks. However, in those fields for which we find it necessary, our actions shall be laid down in detail in separate documents that comprise the constituent part of this Agreement.

7. The partners hereby commit ourselves to striving within the framework of our competences and possibilities to achieve the goals laid down in the Agreement and to ensure the realisation of our obligations at all levels of our organisation.

8. The common task of all the parties to this Agreement shall be to strive to achieve the agreed goals. Any disagreements shall be resolved by means of a social dialogue.
III. THE ACTIVITIES AIMED AT ACHIEVING THE AGREED GOALS

I. Balanced Socio-Economic Development

9. The partners hereby agree that the primary goal of economic development shall be the sustainable improved welfare of all the inhabitants of Slovenia. This includes improvement and growth of economic, social and environmental components. The appropriate level of legal security represents an important condition for this development. The improvement of welfare shall be measured using traditional economic indicators of development and the index of human development.

10. The partners agree that the primary development task shall be to improve the competitive advantage and innovation of the economy and to form a knowledge-based society that is a precondition for an active accommodation to the changes in technology and the world market. The strengthening and further development of the enterprise sector as well as investments into knowledge and human resources are of crucial importance in this context.

11. Necessary material goods and financial resources for the appropriate level of social security alone cannot ensure sustainable development; rather the whole of social development has to be oriented towards achieving this goal. The social development therefore requires not only harmonisation with the possibilities of the economic development but also its internal modernisation and pursuing of common goals. The basic strategic goals of Slovenia in the field of social development are to ensure sound social security in the state and to enable and promote social inclusion. The reaching of both goals of social development will be led by the principles of non-discrimination, social justice and solidarity.

12. We are aware of the new challenges and new social risks and pressures on the national competitiveness that Slovenia and its inhabitants are facing due to the processes of European economic and monetary integration. This unquestionably requires united action on the part of the partners in order to ensure the preservation of the present level of social security and its further development, national originality and culture, as well as the possibility to influence our further development after Slovenia joins those integration processes.

13. The partners agree that the following conditions must be fulfilled in order to achieve a balanced socio-economic development in Slovenia:

14. Economic development based on:

- stable economic conditions,
− greater competitiveness of the Slovene economy and regions,
− social dialogue and peace among the partners,
− balanced and stimulating wage policy,
− investments in health and safety at work.

15. Social security created by:
− high employment and appropriate wage policy,
− active social policy,
− family policy,
− appropriate housing policy.

16. Legal security ensured by:
− appropriate legislation,
− appropriate and efficient legal protection,
− efficient control of the implementation of laws and collective agreements,
− introduction and encouragement of various forms of out-of-court settlement of disputes (conciliation, arbitration).
I. ECONOMIC DEVELOPMENT

17. The partners are aware that the success of our common project, i.e. the future development of Slovenia, depends on the achieved economic development and growth, which is by nature, a highly complex goal requiring numerous conditions to be fulfilled. In order to fulfil individual conditions we bind ourselves to distribute the tasks and obligations in accordance with our competence and in the manner presented below.

1.0. Stable Economic Conditions

18. The partners are aware that economic development can only be achieved under relatively stable conditions and we shall therefore endeavour to create favourable conditions for investment of energy, labour and capital for the purposes of development and knowledge.

19. We agree that the basic conditions of stability include steady growth of prices, regulated fiscal law, public financial policy and financial discipline.

1.1. Steady Price Growth

20. The partners are aware that a low level of inflation is not only one of the conditions for joining the EU and EMU but, even more importantly, a vital condition for achieving the goals of this Agreement. The partners shall take appropriate actions to fulfil the Maastricht criteria regarding inflation before Slovenia joins EU. (The data summarised from the budget memorandum are given in Annex 1. The estimates are valid at the time of signing the Social Agreement.)

21. Tasks of the partners:

a) The Government shall:

− enforce liberalisation of prices of products and services in those fields where the price levels enable the economically justified costs of those products and services to be covered and where the competition factors which prevent unjustified price increases are sufficiently developed. However, in those fields where the liberalisation of prices is not possible, the control of prices will be transferred to sector regulation or remain within the competence of the Government; The Government will carry out (in combination with the monetary, fiscal and income policy) a more restrictive policy of direct price regulation with gradual raising of controlled prices or the policy of indirect price regulation with the introduction of methodologies of price formation in order to eliminate price disparities, ensure price stability, competitiveness and efficiency of economic operators. In the framework of these measures the average growth of regulated prices should not exceed the targeted annual inflation level;

− regularly inform the Bank of Slovenia regarding the activities of anti-inflation policy in order to enable optimum co-ordination of economic policies,
– currently inform the social partners on any changes of macroeconomic frameworks and indicators.

b) The employers shall:

contribute to price stability by investing in the development of knowledge and technology and by introducing modern methods to increase labour productivity.

c) The trade unions shall:

encourage their members in seeking and demanding new solutions and changes aimed at improving the social and material position of workers to look for those solutions which provide the best working and business results.

1.2. Fiscal Policy

22. The partners are aware that appropriate fiscal policy is a highly effective mechanism for providing favourable economic conditions, and if stable economic conditions are to be ensured it is not reasonable to interfere excessively in the field of fiscal legislation. Nevertheless, we believe that certain changes to the existing fiscal legislation are required and that new legislation should be adopted in order to ensure a more just division of fiscal burdens and the use of insufficiently exploited fiscal resources.

We agree that the following acts should be adopted in order to reach these goals:

– Corporate Income Tax Act, which will have the largest burden on the individual taxpayer according to his economic power and prevent the drain of the tax base abroad, will ensure impartiality of the tax system and competitiveness of economic operators on the market.

– Personal Income Tax Act prepared in 2003 on the basis of starting-points which will be directed at raising the level of general income tax relief for all taxpayers and therefore disburden particularly those in the lower income brackets and assure more equal and transparent taxation of income. The new Personal Income Tax Act will propose the solution for redundancy payment due to termination of the contract of employment pursuant to Employment Act to be non-taxable income effective already in 2004. The Personal Income Tax Act will be adopted after the social partners reach a consensus on the basic starting-points that are to be taken into account in the preparation of the Act.

The Act provides for a gradual increase of non-taxable earnings to the level of the base amount of minimum income in 2005, 2006 and 2007.

In September 2003, the social partners will examine the possibilities for establishing extraordinary reduction of tax obligations in 2004 for persons in the lowest income brackets.
– Real Estate Tax Act which will replace the existing system of real estate levies (property tax, compensation for the use of building sites) and eliminate its deficiencies.

The partners agree that in order to achieve the goals it is necessary to examine the possibility of abolishing the act on wage bill tax in relation to the more complete taxation of property and other sources of tax. Nevertheless, the bottom threshold of taxation on paid-out wages will increase in 2005 by the inflation level in 2003 and 2004 (or to the amount of SIT 150,000.00). Taking into account the public financial situation, in September 2003 the possibility will be examined for raising the bottom threshold of taxation on paid-out wages for 2004.

The partners agree that it is necessary to speed up the preparation of the profit-sharing act. Primarily, the Act has to ensure a development function of the profit and to enable additional stimulation of the employees in successful companies in a stimulating taxation environment.
1.3. Public Finance

23. Rational use of public finance and optimum balance of public finance are not only conditions for joining the EU but also represent basic conditions for stable development. The social partners have therefore always devoted special attention to this field. Excessive growth of public expenditure can endanger our common efforts against rising prices and the burdening of the economy, while severe restriction can jeopardise the provision for public services. The partners shall therefore support the changes that are necessary to ensure a stable public finance system.

The basic strategic aim of the fiscal policy is to restructure general government expenditure and revenue inflows that will have a stimulating effect on the competitiveness of the economy and will in the medium-term enable gradual balancing of public finance without increasing their share in GDP.

24. Tasks of the partners:

a) The Government shall:

prepare appropriate changes or new solutions in the field of public finance by:

- pursuing, in the field of public finance, the goal of balancing public finance in a manner which will enable, on the one hand, allocation of the major part of budget expenditure for development projects and, on the other hand, unburdening of the economy by reducing the share of general government revenue in GDP. (The data summarised from the budget memorandum are given in Annex 1. The estimates are valid at the time of signing the Social Agreement.) As the budget deficit shrinks, the need for additional national borrowing and consequently, the costs of servicing these debts will decrease. Public finance policy in the next four-year period is therefore directed towards increasing fiscal control and allocation and technical efficiency in order to create an environment which will stimulate the economic development of the state and enable a gradual improvement in general welfare together with a relatively lower level of general government expenditure;

- by enabling, in the field of state administration operations, a more rational organisation of administration and therefore certain budgetary savings. In particular the abolition of bodies and organisations of ministries in the areas where there is no need for such status will enable a more rational organisation of supporting functions (human resources, financial, accounting etc.). In this way, the number of drain-sources on the budget will decrease and a more rational execution of tasks will be enabled, since redundancy of similar tasks will be eliminated. Budgetary savings will be realised through the establishment of public agencies in the fields where this kind of organisational solution can ensure the establishment of a modern approach in the management of public funds. The programme of eliminating administrative barriers or the realisation of an anti-bureaucratic program in
practice will contribute to the reduction of public administration costs. Regarding the rationalisation of public administration, the parallel concern for improved quality from the point of view of public services users should be pointed out:

- avoiding new exceptions in the pension insurance which would represent a financial burden on the pension fund and the national budget;

- proposing, in relation to the implementation of European Directive 2000/35/EC which regulates the ways and deadlines for payment obligations in commercial businesses, appropriate legislation in order to help resolve the payment disorder;

- ensuring, in the preparation of appropriate changes or new solutions in the field of public finance, that the common share of burdening in the framework of labour costs (taxes and contributions) does not increase.

b) The employers shall:

Employers’ organisations will strive to eliminate barriers for the creation of stable economic, social and working conditions in order to ensure that workers’ rights are respected by the individual employers, ensure greater financial discipline and full implementation of tax legislation and other financial rules,

c) The trade unions shall:

By informing, consulting and training its members, trade unions will contribute to the creation of relations between workers and employers that are based on the social dialogue.
2.0. The Competitiveness and Restructuring of the Slovene Economy and Regions

25. The partners hereby determine that in order to achieve the set goals, it is necessary to increase the competitiveness of the Slovene economy and its various regions. We agree that competitiveness is increased by government measures for ensuring stimulating economic environment and especially by activities on the corporate and organisational level where the workers and employers can best make a meaningful contribution. We are aware that economic development can only be achieved given certain macroeconomic conditions through increased labour productivity, innovation, technological development, and investment in knowledge and human resources, which in turn is bound to fitting working conditions and efficient organisation.

The partners are aware that the competitiveness of the most undeveloped Slovene regions can only be increased with an active regional policy based on the principle of solidarity but aiming at activating development potentials particular to the region.

26. Tasks of the partners:

a) The Government shall:

Adopt and implement the measures aimed at strengthening economic competitiveness of in three directions:

- increasing the competitiveness of companies,
- active policy of encouraging harmonised regional development,
- completion of the transitional restructuring and privatisation processes

Regarding the measures in the field of increasing competitiveness of companies, the Government will carry out the Programme of Encouraging Entrepreneurship and Competitiveness, which represents the integration of measures and instruments of development policy aimed at creating a stimulating environment for the enterprise sector. The measures will be directed, on the one hand, towards creating more encouraging conditions for entrepreneurship, especially towards further realisation of the programme of eliminating administrative barriers, improving the functioning of state administration and eliminating conflicting laws; and, on the other hand, towards providing development incentives for companies in order to strengthen their competitiveness on international markets. The Government will take into account the guidelines and policies of the EU aimed at increasing the competitiveness and achieving the Lisbon goals (for the EU to become a more dynamic, competitive, environment-friendly and knowledge based economy by 2010). Consequently, full employment and increased economic and social inclusion are to be achieved.

Development incentives will be allocated in accordance with the development strategy and the EU rules on the allocation of state aid to promising companies
Regardless of the size of the company, form of registration, industry or activity, location or ownership. In directing development incentives, the state will pursue mainly the following goals:

- reduction of the lag in productivity which is on average three to four times lower than the EU average, by promoting investments in knowledge and innovation, technological development and integration of companies;
- development incentives will be aimed at strengthening the ability of companies and industries for development and market restructuring, innovation and technological development, staff training or restructuring of human resources and conforming to environmental requirements. To this end, the Structural Funds will be employed;
- promotion of the trend of establishing new companies, which has been decreasing recently, and of new investments for opening quality workplaces. The incentives will primarily be intended for new investments in the regions lagging behind in development and for investments into products and services with high added value;
- encouragement of internationalisation of Slovene companies, establishment of strategic ties between Slovene companies and companies abroad and the creation of systemic conditions for the companies to easily access foreign markets. The state will encourage the inflow of foreign investments and investments of Slovene companies abroad and provide support, particularly, to small- and medium-sized companies in entering international markets.

In order to improve the position and increase the competitiveness of companies in the textile, clothing, leather and footwear industries, the Government will continue till the end of 2003 to carry out the programme of adapting the Slovene textile, clothing, leather and footwear industries to the conditions of the EU internal market 2000-2003. After that period, aid will be provided for improving the position and increasing the competitiveness of companies in the above industries in the form of development incentives and pursuant to the provisions of the Act Governing the Rescue and Restructuring Aid for Companies in Difficulty (Official Gazette of the Republic of Slovenia, No 110/02).

The Government has, in order to support the companies which are about to complete the transitional restructuring and to improve the position of companies facing difficulties, prepared the Act Governing the Rescue and Restructuring Aid for Companies in Difficulty (Official Gazette of the Republic of Slovenia, No 110/02) which represents the legal basis for granting funds to those companies in accordance with the EU rules on granting state aid for the purposes of business, financial and human resources restructuring as the starting-point for their competitiveness in the future.

In carrying out the process of further privatisation of state-owned companies, the Government will take into account the social dialogue and co-operation of all partners and provide legal possibilities for internal buyout with the appropriate systemic solutions.

With amendments of acts it will strengthen the status of programme councils in regions and ensure more efficient functioning of development agencies. In the
framework of the programme it will relate available funds from the EU Structural Funds with the needs stemming from regional development programmes.

b) The employers shall:

Employers’ organisations shall encourage their members to increase the competitiveness of companies by investing in the technological development and modernisation of business processes and improvement of working conditions and by devoting more funds and attention to additional training and education of employees such that they can adapt faster to new challenges and technology at work. In forming the wage policy in companies, employers shall strive to look for new forms of rewarding employees in order to ensure better satisfaction and at the same time, closer ties between employees and the company, together with the company’s performance, which can further increase competitiveness. With concrete measures, employers shall encourage education and training of employees and carry out other programmes agreed in the region.

c) The trade unions shall:

through their organisations and representatives in companies influence the awareness of workers of the need for continuing education, encourage and support them in their efforts to improve and extend their skills and knowledge. They shall strive to ensure better informing and more intensive participation of workers in decision-making, aimed at contributing to improved worker awareness and understanding regarding the needs of the company, increasing the possibilities for efficient adaptation to changes in the organisation and technology in the working environment. Trade unions shall take part in the preparation and realisation of regional development programmes in the framework of programme committees for the regions. With concrete measures, trade unions shall encourage education and training of employees and carry out other programmes agreed in the region.

2.1. Vocational and Professional Education

27. The partners hereby agree to co-operate in the planning of vocational and professional education at all levels, i.e. in setting the standards of know-how and expertise, in adopting courses of studies and in the process of education. Quality vocational and professional education should be based on alternating educational time at school and in the working process. Only in this way can we develop vocational socialisation and knowledge necessary to achieve economic competitiveness and at the same time, individual career advancement.

We shall establish the role of an independent counsellor for the protection of apprentices’ rights.

We support greater openness of educational programmes. Schools should harmonise the open part of their curriculum with the social partners at the regional level and within industry such that they can react faster to the needs of companies, the environment and the labour market.
28. Tasks of the partners:

a) The Government shall:
   − with systemic measures enable deregulation and flexibility of the vocational educational system and strengthen the autonomy of schools and their cooperation with the social partners at the regional level;
   − with the changes of systemic legislation, strengthen decentralisation of the management of the vocational and professional educational system by transferring certain responsibilities to the regional level;
   − provide the conditions for strengthening the educational role of employers by subsidising the costs of training professional workers to perform the educational function at the workplace and by providing budgetary funds for participation in the European Structural Funds;
   − establish regional councils for the development of human resources;
   − with systemic measures promote the introduction of the certification system;
   − in the field of adult education ensure:
     a) the increase of the basic level of knowledge and qualifications to the level of a four-year school education, improve qualification structures and reduce structural incompatibility on the labour market,
     b) the measures to encourage the demand for education of all people and especially those lacking basic knowledge or having inappropriate skills,
     c) financial incentives for the development of adult education.

b) The employers shall:
   − open training workplaces for practical education of apprentices, pupils and students,
   − train their professional workers who are mentors to apprentices, pupils and students,
   − at the regional level, co-operate with schools in determining the open part of the curriculum,
   − co-operate with the competent ministry in the determination and shaping of courses of studies,
   − take part in establishing intra-company centres for practical training of skilled workers, foremen, pupils, apprentices and students,
   − through their organisations organise examinations of practical training of apprentices and pupils with interim tests,
   − organise final examinations of practical training of apprentices and pupils in vocational education,
   − propose new vocational standards,
– propose catalogues of standards of professional knowledge and skills for the introduction of the certification system.

c) The trade unions shall:
– encourage professional workers to train to be mentors to apprentices, pupils and students,
– take part in interim tests and in the practical part of the final examination of apprentices and pupils in vocational education,
– encourage professional workers to train to become members of the commissions for the examination and certification of knowledge for awarding national vocational qualifications,
– take part in the examination and certification of national vocational qualifications.
**3.0. Social Dialogue**

29. The partners hereby agree that the social dialogue is the precondition for our joint and individual actions and that the set goals can only be achieved if there is agreement between the partners. We shall therefore in our day-to-day work make efforts to create such relations that will enable resolving of conflict situations and tensions among the participants.

30. The partners agree that the model of the social dialogue developed in the past ten years has produced satisfactory results. However, we are aware that the social dialogue is a mechanism that constantly evolves, improves and adapts to new conditions resulting from changes in both the wider and more immediate environments. In order to create a mechanism that would react promptly and appropriately to the new conditions and serve its purpose, all the participants in the process shall constantly improve our knowledge and skills required for running the social dialogue between the partners successfully.

31. In promoting and developing the system of collective agreement and strengthening the social dialogue at all levels we shall establish, if required, new forms of cooperation between the partners which are known in the EU Member States (social partners' joint committees for different fields and social dialogue committees on the level of industry, region, municipality, society and institution) and new institutions for peaceful settlement of disputes (mediation, conciliation etc). We shall strive to establish the social dialogue in a way that will enable all the interested representative trade unions and employers' organisations to participate in the organised forms of social dialogue at different levels.

32. The partners commit ourselves to speed up the work related to the preparation of the Collective Agreements Act so that the latter is prepared as soon as possible (as foreseen by the end of September 2003) for its reading in the National Assembly on the basis of the new labour legislation. The condition for the adoption of the Act is consent of the social partners on the key issues.

33. The partners shall take an active part in the realisation of the project "Promoting Social Dialogue in Slovenia". We shall ensure that the programme of envisaged activities will be attended by a large number of representatives of employers and employees from all levels, i.e. the national, industrial and corporate level. In this way, a large number of immediate participants of the social dialogue in the Republic of Slovenia will be informed directly from industries and companies of the social dialogue at the EU level, of practices in the EU Member States, and of the most successful examples of the social dialogue.

**3.1. The Economic and Social Council of the Republic of Slovenia**

34. The partners agree that the Economic and Social Council (ESC) remains the central and open body of the social dialogue in the Republic of Slovenia. Any changes regarding the operation or organisation of ESC shall be adopted unanimously.
35. Tasks of the partners:

a) The Government shall:

as a partner in the tripartite dialogue strive for an active and successful dialogue between the partners regarding all issues of common interest and further support the functioning of ESC by providing finance and human resources; as the employer in the public sector, continue with the social dialogue with the representatives of employees and co-operate as a partner in concluding collective agreements.

b) The employers shall:

with further participation in ESC contribute to the strengthening of the social dialogue at the national level, strengthen the social dialogue at the level of industry and encourage members – representatives of companies – to actively participate in the social dialogue at the industry and national level and encourage them to establish an active social dialogue at the company level in direct contact between the employers and workers in companies and at workplaces. They shall strengthen the role of voluntary employers’ organisations as the social partners and parties to collective agreements.

They shall ensure high attendance of employer’s representatives in the activities of the above mentioned PHARE project and other educational programmes intended for the employers, organised by various European institutions in order to develop and increase the competence of Slovene employers toward the social dialogue.

c) The trade unions shall:

with further participation in the ESC contribute to the strengthening of the social dialogue at the national level and strive to establish a successful dialogue at the levels of industry, region, municipality, society and institution. Trade union organisations shall ensure high attendance of their representatives in the above project and take the necessary steps within the range of their possibility and competence for their members to be best informed of their rights and obligations.
**4.0. Wage Policy**

36. The partners agree that it is necessary to define, by means of a tripartite dialogue within the period of validity of this agreement, the common orientations as well as the criteria to be followed in the formation and implementation of the wage policy at the levels of industries, companies, institutions and other organised forms. We shall strive to form such wage policy in the public and private sector that will most effectively contribute to the reduction of inflation. In wage adjustment, the ratio between the EURO and SIT exchange rate and the inflation in the selected EU Member States as well as the retail price index in the Republic of Slovenia shall be taken into account.

37. The partners believe that the minimum wage as the lowest level of wage an employer may pay a full-time employee should be retained as a statutory provision, since as such it can be defended in court. The implementation of provisions regarding minimum wage has been satisfactory. By means of the special adjustment mechanism, the level achieved approaches comparable European ratios taking into account the average working wage in processing industries.

38. Collective agreements are the key instruments for determining wages. There are also special acts in those fields or sectors where the state directly or indirectly acts as the employer or financier. With the social agreement and the agreement on wage policy, the social partners lay down the framework guidelines and conditions for determining wages, the contents of which can be enacted if we express such common will.

**4.1. Long-Term Goals**

39. With long-term goals we set the tasks aimed at establishing a stable and stimulating remuneration system based on previous experience and knowledge of the positive and negative elements of the system in force. The long-term goals are:

- balanced, real growth of wages,
- resolving the problems of the disparity between the minimum wage and the collectively agreed basic wages,
- definition of minimum wage,
- strengthening of stimulating wage elements,
- introduction of profit-sharing.

40. The partners agree that in the conditions of economic growth it is necessary to ensure real growth of wages based on achieved results. This will represent the sharing of the added value, also by the employees, paid according to collective agreements. We agree that the real growth of gross wages per employee should be at least one percentage point behind the growth of productivity, which enables investment in development, the creation of new workplaces and increased social security. Envisaged changes in the field of salaries in the public sector stemming from the adopted Salary System in the Public Sector Act will be gradually implemented and will not represent a threat to achieving the above goal.
41. During the period of validity of this Agreement, the social partners shall prepare the proposal of a special act to regulate the minimum wage.

42. The partners are aware that in addition to costs, wages also represent motivation and can thus contribute significantly to achieving better results. We shall therefore strive to develop and further strengthen the remuneration systems aimed at stimulating and rewarding workers for achieving better results at work both at the individual and group levels.

43. The partners agree that it is necessary to increase the preparation of the profit-sharing act. Primarily, the act has to ensure the development function of profit and to enable further motivation of employees in successful companies using a stimulating taxation scheme.

4.2. **Short-Term Goals**

44. Short-term goals are laid down in the Incomes Policy Agreement for the period 2002-2004 (Official Gazette of the Republic of Slovenia, No 52/02).

4.3. **Reimbursement for Annual Leave**

45. Holiday bonus for annual leave for 2003 shall be at least SIT 132,170.00 while the maximum shall not exceed 70% of the average wage in the Republic of Slovenia. As the average wage, the most recent data of the Statistical Office of the Republic of Slovenia shall be valid.

46. During the coming years during which the Agreement is valid, the minimum amount of holiday bonus shall be determined by increasing the amount of the previous year by the growth of retail prices, excluding the prices of alcoholic beverages and tobacco.
5.0. Safety and Health at Work

47. The partners hereby agree that safe and healthy working conditions are a precondition for long-term development. Timely efforts of employers to eliminate inappropriate and harmful working conditions prevent far more expensive long-term negative impact on human health. The primary concern of partners in the field of safety and health at work shall be the reduction of injuries at work, health impairments, occupational ailments, diseases related to work, disabilities due to work and all manner of absenteeism.

48. The European Union provisions that we have or are to adopt in our legal order also call for greater activity in this field. Within the framework of our competence, the partners shall make efforts in order to implement those provisions correctly as soon as possible. The partners agree that investments toward the improvement of workplaces represent financial burdens for employers and that solutions will have to be found for this burden to be alleviated such that employers would not lessen their efforts to ensure health and safety at work due to short-term costs. The partners agree that differentiated contribution rates for occupational diseases or injuries at work should be determined within the framework of disability and health insurance so that all new contribution rates would be introduced in co-ordination with the Council for Safety and Health at Work and with the consent of the Economic and Social Council.

49. Tasks of the partners:

a) The Government shall:

contribute to the improvement of safety and health at work with the preparation of the National Programme of Safety and Health at Work and its pending implementation, paying special attention to occupational diseases.

In order to support employers in improving safety and health at work, the Government shall establish and develop the information system, reform educational and training programmes and develop of safety practice methods through counselling, free instruction and other instruments. Control of the implementation of regulations in the field of safety and health at work will be based on prevention, i.e. helping and advising before penalisation, which should not, however, serve to slow the elimination of irregularities and execution of measures for safety and health at work.

b) The employers shall:

shall ensure that each employer respects the requirements stemming from adopted regulations in the field of health and safety at work and makes efforts to ensure health- and work-friendly working environment which shall, in the long-term, contribute to the decrease in the prevalence of employees as well as to the reduction of direct costs of employers due to injuries at work and sick leaves and indirect (public) costs for health, pension and disability insurance.
c) The trade unions shall:

educate and train bodies and representatives of their organisations at the industrial, regional, municipal, societal and institutional levels in order to inform and raise the awareness of employees regarding the necessary measures for health and safety at work which the employer has to take and regarding the increased level of attention the workers have to pay themselves to health and safety at work.

II. SOCIAL SECURITY

50. The partners hereby agree that quality economic development and the level of social security in the country shall be closely linked and mutually dependent. The partners shall strive to ensure such conditions in which most of the people may provide for their social security themselves through their own economic activities and, by means of social security systems, contribute to a higher welfare level of those who are, for objective reasons, deemed unable to provide for themselves. We shall endeavour to achieve full employment as well as work toward efficient use of sources for social security.

51. The partners hereby agree that part of providing for a high level of social security requires a relevant family policy, which should enable all people to optimally combine their professional and family lives, providing an appropriate policy of protection and promotion of health in the country, as well as a housing policy which would ensure greater access to flats.
1.0. Growth of Employment

52. The main course of the employment policy shall be the promotion of active methods of increasing employment in the private sector and finding solutions to the problem of unemployment. The employment policy shall thus introduce a comprehensive approach towards reducing unemployment and encouraging employment, relying on an active and coordinated involvement of the social partners.

53. The partners hereby agree on setting the following strategic goals within the national programme of the labour market and employment:

- increasing employability by means of improving the education structure of the active population as well as their qualifications,
- reducing structural discrepancies,
- ensuring involvement in active programmes for all young unemployed people who fail to find a job within 6 months after becoming unemployed,
- reducing regional discrepancies in the labour market,
- further development of social partnership in resolving the unemployment problem.

54. To this end we shall act within the framework of our competence and possibilities and in line with the "National Programme of the Labour Market and Employment" and direct our activities towards meeting the priority goals, as defined for the period ending end-2006:

- employment growth, which shall in this period on average exceed the annual level of 1%, aided by accelerated economic growth which should enable the lowering of the rate of unemployment to some 5% by the international methodology, or, in terms of the registered rate, to some 8% until the end of 2006,
- the extent of long-term unemployment shall be reduced so that the share of long term unemployed shall be reduced to some 40% by the end of 2006.

55. The partners shall ensure the development and implementation of the following priority measures in individual areas of the employment policy application:

- actively finding solutions to unemployment,
- development of the culture of life-long learning,
- raising the level of education and reducing structural discrepancies,
- reducing the dropping out from vocational, secondary and higher education,
- promotion of vocational education within the dual system,
- improvement of the position of young people in the labour market,
- development of the entrepreneurial-type culture,
- enhancement of conditions for creation of jobs in companies,
partnership in ensuring sustainable development and creation of jobs within the framework of local employment initiatives,
prevention of illegal work and illegal forms of employment,
on-going assessment of the impact of fiscal burdens and incentives on employment,
improvement of flexibility and competitiveness of the economy (modernisation of work organisation, investments in human resources development),
provision of equal opportunities of access to the labour market,
provision of equal opportunities (support to people unemployed for a prolonged period of time in their re-establishment on the labour market, measures to promote inclusion in the labour market of older and disabled people, as well as other groups of unemployed people who fall into the category of less-employable, integration of the Romany population and equality between the sexes).

56. Terms and conditions of involvement by the trade unions representing their own sectors at the national level as well as at the level of employers organisations in the dual organisation of vocational education shall be determined by the Organisation and Financing of Education Act as well as by collective agreements. The partners hereby agree that an independent ombudsman shall be instituted in order to enhance the protection of the rights of apprentices.

57. The partners shall make every effort to enable the implementation of those programmes that have been already adopted by the government. The partners shall run a public campaign to make the public aware of the prejudice against employing employees beyond 40 years of age.

58. Within the National Programme of the Labour Market and Employment we shall strive to prevent social exclusion of the most exposed groups of the population.

With regard to employment of disabled people the objective shall be to include them again in common working environments.

The introduction of the quota system shall be linked to the simultaneous provision of expert, technical and material support to employers and shall start from the zero-sum basis.

Conditions for constant development and adapting of the companies employing people with disabilities to the new requirements of including disabled people in the working process and employment as well as their on-going training and education. Consistent supervision over the application of the criteria for founding and operating the companies employing people with disabilities, over the organisational and ownership changes as well as over the use of the set-aside national support funds.

59. Tasks of the partners:

a) The Government shall:
ensure the implementation of the National Programme of the Labour Market and Employment by

− a relevant legal framework for the creation and harmonisation of numerous legal regulations governing the labour market and employment in order to ensure a legal platform for the enforcement of measures and implementation of the planned policy aims, and inter alia also for the restructuring of the personnel system in the companies which find themselves in a difficult situation,
− developing and implementing employment policy programmes,
− linking of all components of the economic policy to the employment policy,
− developing an active employment policy with a focus on education programmes and promotion of life-long learning that shall contribute to a greater employability of the population and in particular, of those people who fall into the category of less-employable unemployed people,
− correlating education and training programmes with demands from the market,
− a relevant infrastructure system of operating networks of institutions, implementing individual programmes both at the national and regional level,
− monitoring and evaluating the programmes,
− complete involvement of social partners in the development and implementation of the employment policy,
− ensuring a relevant legal framework and possibilities for inclusion of unemployed people with disabilities, regardless of their status, in a relevant type of employment rehabilitation and their inclusion in the labour market on the basis of equal opportunities,
− ensuring within its competence the involvement of the social partners in the national co-ordination body and the council of the Government of the Republic of Slovenia for people with disabilities,
− reviewing the establishment and operations of disabled persons' organisations and humanitarian organisations (particularly foundations),
− supporting, within its competence and by means of personnel, expert, organisational and if necessary, also financial measures, a faster activation of labour funds for inclusion of unemployed people in the relevant education programmes, particularly in regions with limited development and employment opportunities,
− promoting the involvement of all social partners in the adoption of social agreements in cases of the personnel system restructuring of large-scale companies and companies in the majority ownership of Kapitalska družba (KAD) and Slovenska odškodninska družba (SOD),
− promoting establishment of regional and local rehabilitation centres for various types of labour rehabilitation of disabled people, particularly in the regions with limited employment opportunities for disabled, by means of personnel, organisational as well as financial sources and involving the interested companies employing people with disabilities.

b) The employers shall:

be actively involved in the implementation of their policy orientations in the areas of increasing employability, entrepreneurial promotion, encouraging adaptability of companies and individuals, and ensuring equal opportunities, by encouraging their members to:
– implement the adopted policy orientations of the national programme,
– establish and promote life-long learning,
– increase productivity by means of increasing investments in human resources development,
– timely forecast the needs for new jobs,
– to create jobs,
– modernise organisation of work,
– adhere to the regulations in force regarding fixed term employment possibilities as well as to prevent illegal work and abuse of the readiness of unemployed people to accept a job under conditions not compliant with the regulations.
c) The trade unions shall:

encourage and motivate employed persons via their representatives for:

− involvement in the programmes and policy orientations adopted in the national programmes,
− life-long learning,
− further training and education,
− training for jobs in demand on the labour market,
− within its competence and by means of personnel, expert, organisational and if necessary also financial measures, they will support a faster inclusion of unemployed people in the relevant education programmes, particularly in the regions with limited development and employment opportunities, as well as further development of labour funds. They shall also strive for a successful modernisation of work organisation.

The partners shall ensure an active social dialogue with an active expert and financial participation in the planning, implementation and monitoring of the national programme and action programmes of employment.

To promote their unity the Partners shall strengthen a multi-level social partnership that shall be reflected in the establishment and management of joint instruments and institutions also at the regional level.
2.0. Social Welfare

60. The partners hereby unanimously agree that the provision of social security for oneself and his own family shall be a responsibility of each individual; however this could not apply to a certain part of the population who are deprived of such possibility for objective reasons. In democratic societies, such as the Slovene, the care for such individuals and their families shall be the responsibility of the state, which shall prepare special programmes and earmark a certain amount of public funds for this purpose. The partners hereby agree that an active social policy should be the right approach to resolving these problems. With this in mind we shall strive to carry out the adopted policy orientations and implement the agreed social policy, directed towards the promotion and support of the needy, so that they should get actively involved in the preservation and improvement of their own welfare.

61. Tasks of the partners:

a) The Government shall:

- ensure the application of the programme of struggle against poverty and social exclusion, adopted in 2000, and evaluate its implementation,

- support the programmes to reduce the risk related to the threat of social exclusion, and increase the volume, quality and individualisation of services in the social security area. It shall enable a greater involvement of private sector potentials in the implementation of public service activities in the wider realm of social security,

- create policy, programmes and measures to ensure and promote the combining of professional and family obligations of women and men as well as a more even distribution of care, welfare and rearing of children between both parents.

b) The employers shall:

encourage their members to carry out such business and personnel policies as to ensure the lowest possible rate of unemployment and encourage them to create such working conditions that would not cause social distress to their employees due to conditions at their workplaces, as well as to organise and revive relevant services that would offer support and assistance to employees encountering problems arising from difficult situations in companies (threats of lay-off, redundancies, etc.).

c) The trade unions shall:

encourage their organisations, bodies and representatives to create and propose measures for resolving social problems at the company and institutional level and train them for counselling, assisting and supporting employees in finding solutions to their problems, arising from the situation within and outside the companies. At
the same time, shall draw the attention of the employers to possible social problems among employees and offer proposals as to how to alleviate or remove them.

3.0. Pension Insurance

62. The partners hereby agree to constantly monitor the effects and consequences of the pension insurance for the social welfare of the citizens, in line with the Agreement on the Reform of the Pension and Disability Insurance in Slovenia.

63. The partners hereby agree that the new pension and disability insurance act introduces a significant new element into the pension and disability insurance system, since it enables the employers and employees to pay in, in addition to the compulsory pension insurance, contributions to voluntary collective supplementary pension insurance schemes.

64. For this reason the partners shall strive for the greatest possible involvement of employees and employers in a collective supplementary pension insurance scheme both in the private and public sector over the following years, which shall not diminish the solidarity among generations.

65. Tasks of the partners:

a) The Government shall:

monitor the development of the system of supplementary pension insurance, promote its development by increasing awareness of the social partners and encourage its development by incentive-driven and territorially-balanced tax policy. In terms of inclusion of employers and their employees the Government shall abolish inequalities among employers concerning the inclusion into the system of supplementary pension insurance.

b) The employers shall:

encourage members of their organisations to introduce systems of voluntary supplementary pension insurance in companies so that the commitment of employees toward the company and society shall increase and thus positively affect the attitude towards work.

c) The trade unions shall:

through their organisations make employees aware of the advantages of new types of pension insurance, namely the introduction of voluntary insurance, and at the company level, they shall work with employers on the creation or selection of a pension scheme for collective supplementary pension insurance and decide on the method of financing a supplementary insurance premium.
4.0. Policy of Protection and Promotion of Health and Development of Health Insurance

66. The social partners hereby agree that health should be recognised as a universal value and human right. We shall be aware that health and health care affect the economic and social development in a number of ways. Health is an important element in the quality of life of an individual as well as of the quality of human capital, namely the people as a primary economic resource.

67. Health should thus be developed, promoted and protected by means of organised social actions, not only as a fundamental human right but also as a way of support for development of human resources. We hereby agree that investing in health means investing in economic and social welfare that, however, shall not imply uncontrolled increase in social expenditures. Commitment to health and development shall prevail at all levels of social decision-making.

68. Over the last decade the system of health care and health insurance has witnessed developments in medical science in the discovery of new drugs, new methods of diagnosing and treating diseases, rehabilitation and development of medical technology across the world, all of which introduced great new popular demands for medical rights and thus indirectly also pressures for the increase of expenditures intended for health. Slovenia could not have averted such trends either.

69. Due to a body of accumulated problems whose resolution is in the interest of both the state and its citizens, it shall be necessary for the health care system and other health-related fields to revise, over the next few years, certain adopted solutions and accelerate the initiated processes of improvement. The partners shall support such changes of the health care system which would be based on greater solidarity in providing the funds for medical rights, introduced by reform, as well as greater fairness in their distribution, equal access to medical rights for all users, increase of such access, greater transparency and consequently, shorter waiting lists for medical treatment, better quality and efficiency of the health care system, a more active role on the part of users and better supervision.

70. The reform shall observe the following goals:

- greater solidarity in health insurance, which declined upon the introduction of supplementary payments for the majority of rights stemming from compulsory health insurance and a uniform premium for voluntary insurance to cover these rights;
- promotion of such system of distribution of funds for health care which would be based primarily on the user's needs, as determined by analysis, rather than the supplier's needs. This means that suppliers shall be equally paid for comparable cases;
- assessment and adjustment of the present base for contribution rates for different social groups;
- establishment of a list of rights, by way of consent from the social partners, which shall be entirely covered by compulsory health insurance and to which shall be constantly added those rights that are unequivocally beneficial to health, while observing the established priority criteria. Once such list of priorities is established
its transparency shall ensure greater fairness and accessibility and greater solidarity;
− introduction of quality standards for health care procedures and operations as well as their application in the control over the financing of suppliers. These standards shall enable suppliers to be compared according to both their professional efficiency and economic effectiveness;
− improvement of procedures for the protection of citizens' rights, which shall establish the possibility of settlement at the very outset of a complaint procedure and the institution of independent counsel for the defence of patient rights;
− provision of stable financing and relevant supervision over the health care expenditure;
− rationalised organisation of health care suppliers.

71. The partners hereby agree that the funds for compulsory health insurance remain autonomous and outside the state budget as a special part of public finances, and that the role of the social partners in managing these funds be ensured. We hereby also agree that health centres be preserved and their role as suppliers of health care service be strengthened at the primary level.

72. Tasks of the partners:

a) The government shall:

− prepare an analysis of the current situation in health care and a proposal for its reform in the form of a special document, which would be submitted to the social partners for discussion and to the Economic and Social Council for consent;
− create a comprehensive strategy for the protection and promotion of health as well as strategies for easing the disparity in health;
− establish and ensure the implementation of national food policy, illegal and legal drug policy, physical activity promotion policy and protection of mental health;
− establish and ensure the implementation of the national policy of health protection and promotion at the workplace and supervision of working conditions in work environments;
− strengthen the position of public institutions and regulate relations between public institutions and private concessionaires;
− actively support the application of the agreed reform of the health care system.

b) The employers shall:

− be actively involved in the establishment of a healthy working environment and in the adoption of healthy and humane conditions of work;
− be actively involved in the protection and promotion of health in the working and living environment;
− actively support the application of the agreed reform of the health care system.

c) The trade unions shall:
be actively involved in the establishment and implementation of measures and actions for the promotion of health and safety at work for employed people in their work environments as well as propose possible solutions aimed at improving health and making work for employed people more worker-friendly;

− be actively involved in the introduction of changes which shall increase solidarity in the health care system as well as health security of the social groups at risk;

− actively support the application of the agreed reform of the health care system.

5.0. Family Policy

73. The partners hereby agree that a balanced social and economic development can be more easily achieved if the possibility for the successful combining of private or family and professional life is ensured in a society.

We are aware that in addition to the measures for protecting the family and children, it is necessary, in order to provide equitable conditions and ensure social security, to encourage those activities which represent better organisation of services for families with children. We shall take that into account in preparing national plans as well as in encouraging companies to follow a family-friendly employment policy.

74. Tasks of the partners:

a) The Government shall:

In order to address the needs of different generations, take numerous measures, including fiscal measures, to improve the possibilities for combining professional life with family obligations. It shall develop the policies, programmes and measures that will ensure and promote combining professional and family obligations of women and men. The activities should be oriented towards:

− providing town planning solutions which will encompass the needs of young families and the elderly and establishing a network of services for all generations,

− adjusting child care to the evolving needs of the family stemming from changes of working and business timetables,

− offering services to facilitate the obligations of parenthood,

− introducing more flexible forms of employment for young families with children up to three years of age,

− encouraging companies to pay special attention to families with dependant family members in home care via the action "Family-Friendly Company".

b) The employers shall:

encourage their members to have a more active attitude towards combining family and professional life in companies. They shall promote the appropriate standard of workers in view of the development of the company.
With appropriate informing and warning of violations prevent discrimination by employers in hiring and employment practices (rejecting young women who haven’t yet begun raising families etc.).

c) The trade unions shall:

offer their members the necessary support for resolving problems related to combining family and professional obligations and propose possible solutions to employers for the resolution of those problems of workers in their companies.

6.0. Ensuring Equal Opportunities

75. The partners shall strive to ensure equal opportunities for all persons, regardless of sex, race or ethnic origin, religion or belief, disability, age or sexual orientation, as regards employment, promotion, training, retraining, wages and other income from employment, fringe benefits, absence from work, working conditions, working time and termination of the contract of employment.

The social partners shall strive to include measures for equalising opportunities on that basis into collective agreements and other agreements between the social partners.

76. Tasks of the partners:

a) The Government shall:

− support the functioning of non-governmental organisations who strive to improve working conditions for persons with fewer opportunities on the labour market due to disability or age;

− ensure equal opportunities for women and men and promote combining of professional and family life by developing measures for preventing, detecting and eliminating discrimination of women on the labour market, by adopting measures in order to provide special support to women in establishing their own companies, to increase the participation of women in programmes of education and training, and to reduce segregation and inequality in salaries; and by implementing the act on equal opportunities of women and men, which among other things, enables the introduction of positive measures as a tool to promote the process leading to real equality of sexes and elimination of concealed discrimination.

b) The trade unions shall:

− monitor the situation in the working environment and warn employers of discriminatory situations;

− raise awareness of discriminated-against or potential discriminated-against workers of their rights.

c) The employers shall:

− in cases of disabled people in employment, adopt measures to enable the disabled person to access the workplace, to be promoted or to take part in
training, unless such measures represent a proportionally excessive burden for the employer;
– in case of discriminatory measures, make efforts to eliminate it and improve the situation;
– according to examples of good practice, continue to make efforts to enforce equal opportunities for women and men in practice.
7.0. Housing Policy

77. The partners hereby agree that the basic living conditions affecting efficiency of individuals at work also include appropriate housing conditions. Housing problems are especially pressing for the young who are just starting careers, since the price of housing in big cities with better opportunities for employment is extremely high and as a result, usually almost inaccessible. We agree that it is necessary to change housing policy in order to ensure greater accessibility of housing.

78. Tasks of the partners:

a) The Government shall:

− promote the building of subsidised housing by granting loans to municipalities and subsidised housing organisations from the Housing Fund of the Republic of Slovenia and from its investments in order to gradually increase the number of flats available for rent,
− encourage long-term housing saving by ensuring budgetary funds for paying out premiums to those who save in the national housing saving scheme,
− in forming and implementing the policy of subsidised rent ensure the balance of cost-effectiveness and, with the help of the Slovene state, the principles of social sustainability,
− with different systemic measures ensure the conditions for increased offer of housing for those who resolve their housing situations on their own,

b) The employers shall:

encourage their members to participate within the framework of their economic possibilities in resolving housing problems of their workers.

c) The trade unions shall:

encourage workers to participate in national and corporate schemes of housing saving schemes.
III. LEGAL SECURITY

79. The partners hereby agree that legal security represents an important element of development of every society. We are aware that in addition to appropriate legislation, efficient judicial protection and various forms or institutions of out-of-court settlement, legal security is particularly ensured by knowledge and observance of the adopted regulations.

1.0. Appropriate Legislation

80. In order to establish and maintain legal order, it is especially important to ensure quality of regulations applicable to individual areas. The partners shall therefore, within the framework of our possibilities and competence, strive for the adoption of such legislation, which shall be clear, understandable and unambiguous, and which shall not provoke any instances of conflict when implemented in practice.

81. Tasks of the partners:

a) The Government shall:

as initiator of legal directives, insist on clarity, comprehensibility and unambiguity of statutory provisions, and within its competence, prevent the adoption of potential amendments to the regulations, which might reduce the legal security.

b) The employers shall:

as partners at a tripartite level, participate in the Government's efforts to adopt appropriate legislation; as partners in the negotiations on collective agreements, strive for clear, understandable and unambiguous provisions of the agreements in order to prevent differing interpretations and unintentional encroachment of rights in practice.

c) The trade unions shall:

as partners at a tripartite level, participate in the Government's efforts to adopt appropriate legislation; as partners in the negotiations on collective agreements, strive for clear, understandable and unambiguous provisions of the agreements in order to prevent inconsistent interpretations and unintentional encroachment of rights in practice; strive to remove sources of varying interpretations.
2.0. **Appropriate and Efficient Judicial Protection**

2.1. **Judicial Protection of Employees and Employers**

82. In order to ensure greater legal security of employees and employers, it is necessary to reduce court backlogs and to try to do away with them as quickly as possible. In 2005 the aim shall be to reach the same number of pending court cases as in 1990, with the final goal of ensuring the passing of legal decisions on current matters in 2007 (Annex 2).

83. **Tasks of the partners:**

a) The Government shall:

   by amending the legislation on the organisation and working of courts, provide for appropriate judicial protection of the rights of the parties to the proceedings and for the reduction in the number of court backlogs, as well as strive for their removal and for the implementation of the right of the parties to trial within reasonable time. The key tasks comprise:

   − implementation of the adopted amendments to the Judicial Service Act allowing such organisation of the judicial system, which shall ensure quality work of the judges, taking into account both the independence of the judicial branch as well as the independence of each individual judge,
   − amendments to the Labour and Social Courts Act and implementation of the adopted amendments to the Execution of Judgments in Civil Matters and Insurance of Claims Act,
   − computerisation of the judicial system and quicker access to data,
   − simplification of judicial proceedings for settlement of social and labour disputes.

Within the framework of its competence, the Government shall strive to limit the increase in costs related to the implementation of legal security, such as court and other fees as well as other prices for performance of services, such as attorney's or notary's services.
3.0. Efficient Control and Implementation of Laws

84. The partners agree that implementation of laws and efficient control over them represent a common task, which cannot be provided solely by means of inspection services.

85. Tasks of the partners:

a) The Government shall:
   − maintain the system of inspection services and provide for their further development and training,
   − ensure that the Labour Inspectorate of the Republic of Slovenia informs the trade unions on the measures and the findings of the inspection services should they institute a proceeding,
   − provide the conditions for professional training of judges in the area of new labour legislation, Criminal Procedure Act, and other statutory and implementing acts in this area,
   − provide for the basic acquaintance of lay judges with their role and competence.

b) The employers shall:

   encourage their members to observe the adopted regulations, the collective agreements and/or otherwise agreed obligations.

c) The trade unions shall:

   − provide as efficiently as possible information to workers on their rights and obligations as well as on the possible ways of their enforcement,
   − evaluate the problems related to the work of lay judges and propose possible amendments to the legislation.
4.0. Out-of-Court Settlement of Disputes

86. The partners agree that the judicial method of settling disputes represents the final form, which may be used in the settlement of disputes, and therefore shall strive for more frequent use or establishment of institutions of out-of-court settlement.

The trade unions and the employers shall strive for the formation of arbitration boards and for arbitration settlement of individual disputes in accordance with the Employment Act. The trade unions and the employers shall promote the possibilities provided by the legislation with regard to the intermediation of labour inspectors in the amicable settlement of individual disputes.

The partners agree that within the framework of the funds for the operation of the Economic and Social Council, the funds shall be provided for the work of the Presidents of the arbitration boards for settlement of collective labour disputes.

The partners shall seek common ways of promoting arbitrated settlement of collective disputes.

87. Tasks of the partners:

a) The Government shall:

- by amending the Labour and Social Courts Act introduce also the institution of a settlement hearing,
- provide for appropriate training of judges in relation to the first settlement hearing.

b) The employers shall:

in case of disputes, encourage their members to use the available out-of-court procedures (mediation, arbitration), and include these in the collective agreement system.

c) The trade unions shall:

in case of potential violation of rights, provide their members with suitable help, whereby priority shall be given to the amicable settlement of disputes and to various forms of out-of-court settlement of disputes (mediation, arbitration).
IV. COMMON AND GENERAL PROVISIONS

A. MONITORING THE IMPLEMENTATION OF THE AGREEMENT

88. The partners agree that we, as signatories to the Agreement, are jointly responsible for the implementation and realisation of this Agreement and thereby guarantee that our actions shall ensure the observance of the Agreement by the members of the organisations we represent. We undertake to monitor the realisation of obligations adopted by the Agreement and to draw the attention of our members as well as of the representatives of other signatories to possible non-compliance with the agreed orientations.

89. The signatories ensure that we shall prepare a report on the implementation of the Agreement for each year of its validity, comprising an evaluation of the results achieved presented separately by the employers, trade unions and the Government. We agree that the Economic and Social Council shall discuss the three reports at a special session, which shall, as a rule, be held in April. The signatories to the Agreement shall strive to contribute to the removal of the mistakes made and to the efficient correction of the potential unsuitable solutions. On the basis of the adopted findings, the Economic and Social Council shall propose to the signatories possible new solutions and changes.

The signatories to this Agreement shall also encourage the representatives of institutions, the activities of which are related to the implementation of the Social Agreement, to observe this document.

90. The partners agree that the provisions regarding wage policy require particularly close attention. Therefore, pursuant to the act on the implementation of the agreement, the Minister, responsible for labour, issued the rules on transmission of data on wages. The data shall be gathered and processed according to the prescribed method by the Agency of the Republic of Slovenia for Public Legal Records and Services. The Rules ensure further gathering of data in a way applicable so far. We agree that such monitoring also need be provided in the following periods for which the Agreement is valid, and for which wage policy has not yet been comprehensively determined.

The Statistical Office shall continue to provide the required monthly data on absolute levels and wage growth indexes at the state and branch levels since they represent an important basis for the formulation of the social partners’ opinions in negotiations.

91. The signatories to the Social Agreement are aware that constant encouragement and maintenance of social peace in practice represent the right environment for successful enforcement of the content and intent of the Social Agreement. The signatories agree that in case of deviation from the agreed obligations or the adopted common obligations and orientations laid down in the Agreement, any signatory may require an immediate discussion on the problems concerned at the session of the Economic and Social Council.
B. SIGNING AND VALIDITY OF THE AGREEMENT

92. By signing this Agreement, the partners undertake to observe the principles laid down in the Agreement and to strive at all levels of our activity to achieve the adopted goals.

93. The partners agree that the Agreement shall enter into force when signed by the Government and the majority of the employers' and employees' organisations united in the Economic and Social Council.

94. A signatory to this Agreement may be any organisation which participated in the negotiations on the conclusion of this Agreement. A co-signatory of this Agreement may be any other organisation which expresses an interest in such.

95. The Agreement shall apply as of the date of its signature to 31 December 2005, whereas individual chapters and provisions, the validity of which has been determined directly, shall apply until the date stipulated in the Agreement.

96. The social partners agree that during the period the Agreement is valid and upon the consent of the signatories, its provisions may be amended, and that before the end of 2003, we shall agree upon the orientations regarding wage policy further into the period of the valid Agreement.

C. PUBLICATION OF THE AGREEMENT

97. The Agreement shall be published in the Official Gazette of the Republic of Slovenia.

D. ANNEXES TO THE AGREEMENT

98. The social partners agree that the constituent parts of the Agreement shall also be Annex 1: "Important Macroeconomic and Public Finance Indicators and Human Development Index" and Annex 2: "Development of Cases at Labour and Social Courts".
ANNEX 1

IMPORTANT MACROECONOMIC AND PUBLIC FINANCE INDICATORS AND HUMAN DEVELOPMENT INDEX

<table>
<thead>
<tr>
<th>Important macroeconomic indicators:</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<tr>
<td>Gross domestic product (GDP), real growth in %</td>
<td>3,2</td>
<td>3,7</td>
<td>4,1</td>
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<tr>
<td>Employment growth* in %</td>
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<td>0,7</td>
<td>0,9</td>
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<tr>
<td>Work productivity growth in %</td>
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<td>Gross salary per employee, real growth in %</td>
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<tr>
<td>- in private sector** (AtoK)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- in public sector** (LtoO)</td>
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<td></td>
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<tr>
<td>Unemployment rate according to the ILO methodology</td>
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<td>5,9</td>
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<td>Inflation, growth average year/year in %</td>
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<td>Exchange rate SIT/EUR growth rate in %</td>
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<td>1,3</td>
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</tbody>
</table>

Source: For 2002, the data provided by the Statistical Office of the Republic of Slovenia (SORs), for 2003 and 2004, the data from the Budget Memorandum for 2003 and 2004. (Bulletin of the National Assembly, No. 96, October 2002)
*Persons in employment in the equivalent of full working time
**Division into the private sector and the public sector takes into account only the basic areas of the Statistical Classification of Activities
For 2002, the data on salaries and employees for the areas of activities are taken into account in the same way as before the statistical corrections made by the SORS. The data have not been published officially, although the SORS calculated them for the areas of activities.
On the basis of these data, the Office for Macroeconomic Analyses and Development carried out a calculation for the private and the public sectors (Economic Mirror, No. 2, February 2002)

<table>
<thead>
<tr>
<th>Consolidated balance of public financing</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<tr>
<td>General government revenues in comparison to the GDP in %</td>
<td>40,7</td>
<td>43,0</td>
<td>42,7</td>
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<tr>
<td>General government expenditure in comparison to the GDP in %</td>
<td>43,8</td>
<td>44,2</td>
<td>43,6</td>
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<tr>
<td>Surplus (deficit) in comparison to the GDP in %</td>
<td>-3,1</td>
<td>-1,2</td>
<td>-0,9</td>
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<tr>
<td>- deficit of the current budget year of 2002</td>
<td>-1,6</td>
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<tr>
<td>- equalisation deficit in 2002*)</td>
<td>-1,5</td>
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For 2002, the data of the Ministry of Finance, Bulletin of Public Finance, No. 2, February 2003
For 2003 and 2004, the data from the balance sheet supplements to the Budget Memorandum for 2003 and 2004 (Bulletin of the National Assembly, No 96, October 2002)
*) The equalisation deficit in 2002 was the result of cancellation of the prolonged budget year. The year of 2002 comprises the payment of VAT and excise duties from 1 February to the end of the year as a consequence of harmonisation of the budget year with the calendar year.

<table>
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<tr>
<th>Values and ranks of the human development index (HDI) and its components and the poverty index</th>
<th>2000</th>
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<td><strong>Human development index (HDI)</strong>*</td>
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<tr>
<td>-index value</td>
<td>0,879</td>
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<td><strong>Gross domestic product by purchasing power per inhabitant</strong></td>
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<td><strong>Life expectancy</strong></td>
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<td><strong>Education index</strong></td>
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*General development indicator consists of three development indexes: economy, health and education.
HDI rank signifies the position among 173 countries.
## ANNEX 2

### DEVELOPMENT OF CASES AT LABOUR AND SOCIAL COURTS IN THE PERIOD FROM 1990 TO JULY 2002

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<tr>
<td>HIGHER LSC</td>
<td>- - - - reorg. 1994</td>
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<td>HIGHER LSC reorg. 1994</td>
<td>- - - - 1677 1828 2178 2029 2111 2498 2708</td>
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<td>HIGHER LSC reorg. 1994</td>
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</tbody>
</table>

* CAL RS = Court of Associated Labour of the Republic of Slovenia
** HIGHER LSC = Higher Labour and Social Court
Source: Ministry of Justice
SIGNATORIES

THE GOVERNMENT OF THE REPUBLIC OF SLOVENIA

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WORKERS’ UNION OF SLOVENIA - SOLIDARNOST
Albert PAVLIČ

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Rastko PLOHL
CO-SIGNATORIES:

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TRADE UNION OF HEALTH AND SOCIAL SERVICES OF SLOVENIA
Nevenka LEKŠE

Ljubljana, 22.04.2003