



Weekly Briefing

Slovenia Social briefing:
The most important social outlook in 2018
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Briefing on the perspectives of society in 2018 in Slovenia

In 2018 a deciding debate in Slovenian society will be one about the public sector, especially about the salary system in public sector, which is presently being negotiated. The success of the current or the next government to successfully achieve a compromise with syndicates of the public sector and other key social partners will undoubtedly determine general social stability and functioning of the state.

Background: The making of the public sector salary system

In the first years after 1991, public sector had a confusingly complex system of salaries, partly inherited from the previous Yugoslav regulations and then ammended. The law on salaries in public sector, passed in 1994 had to be coordinated with more than 40 different legal regulations from different time periods and based on different principles, which made the salary system extremely non-transparent. First systematic law on public sector salaries was only passed in 2002, but then it took 6 years for it to be successfully implemented in coordination with the social partners. While this was going on, the salaries in public sector started to increasingly lag behind the salaries in private sector, from 2002 to 2007 the growth of public sector salaries was 13,6 percentage points less than those in the private sector.

In May 2008 the negotiation on the new salary system were finally brought to an end and in June 2008 and *Collective agreement for public sector* was signed. The architect of the reform and later the name that became the target for any criticisms of the reform, was the Minister of the Public Administration, Gregor Virant. In September 2008 the system was made operational. Any remaining misbalances that occurred with the shift to the new system were to be recompensated in four steps. Due to the economic crisis, the third (scheduled September 2009) and fourth (scheduled March 2010) recompensation were

delayed and were only paid in 2012 after a series of strikes in public sector, especially severe in autumn 2010. The crisis and the saving program, implemented in public sector, also meant that the attempted balance between the growth of public and private sector salaries was not achieved. The crucial milestone was the 2012 *Law for the balancing of public finances*, which systematically prescribed the saving model for all the budget expenses, also lowering all the salaries in the public sector by 8% and freezing any achieved promotions. This meant a big shock for the public sector in Slovenia

Public sector strikes threat

Ever since the passing of the Law on the public sector salary system, new and new imbalances are addressed on regular basis. The interior contradictions and the issue of several categories of public sector employees that were seriously harmed by the new system became a motivation for a series of public sector strikes. The first to object the new system were the judges, unsatisfied with the unitary salary system, who went on (white) strike for ten months from July 2008 to April 2009. A similar attempt was made by the medical doctors in 2010. In September they cancelled all the over-time work and caused long delays in the treatment of patients, which forced the government into an agreement after a week. One of the biggest public sector strikes happened in late September and early October 2010. More than 80.000 employees went on strike, including police force, customs' officers, public administration workers, national TV and radio staff, health workers etc. A wave of strikes also accompanied the passing of the saving law on the balancing of public finances in 2012. More than 100.000 public sector employees went on strike in April 2012 and the agreement was only reached after three weeks with most of the striking syndicates. Only the police syndicate continued until they reached a separate compromise at the end of May 2012. The same dynamics picked up a year later when the police syndicate objected that the 2012 agreement was not implemented and a general strike followed after another series of budget cuts for

the public sector was announced. 100.000 people went on strike again in January 2013 when severe cuts were announced, threatening with the dismissal of a larger number of public sector employees.

From 2015 on the public sector saw another type of unrest occurring, mainly from three different interest groups within the public sector employment system:

- Medical doctors (but not other health workers), united under Fides syndicate, started to claim for better defined normative of work due to the lack of staff, clear delimitation of over-time work and a better pay for the over-time hours. They went on strike in 2015 and then again in November 2016, now demanding that certain medical professions and positions should become an exception of the unitary salary system and could be paid over the now maximum 57th salary category, which before was only possible with political officers.

- In 2015 after a difficult role they played in the migration crisis which many felt was not compensated for adequately, the police syndicate went on strike again and continued for 323 days. The agreement was only signed in October 2016, permitting a reorganization and promotion of different categories of police officers into higher salary categories and an additional sequence of promotions in the following years up to 2018.

- In 2017 the lowest paid public sector employees, the so-called J-group (mostly technical and supplementary staff) protested again for a reorganization of the system, especially because according to the salary system a lot of them went under the minimum wage guaranteed by law. This persistent anomaly of the salary system was addressed in July 2017 and additional funding was allotted for the purpose.

- After the health workers and police force were allowed a restructuring of the salary system, the syndicate of education "SVIZ" called for a reevaluation of the salary system categories in education as well. The negotiations in late 2017 and in 2018 so far were not successful, which will most probably lead to the already scheduled strike of education (primary schools,

secondary schools and universities), pre-school care and other affiliated professions on February 14th.

What will follow in the next few weeks will most probably be a series of interconnected strikes by different public sector groups and syndicates, having each a different, but interconnected series of demands. Several other syndicates of the public sector will go on a general strike on January 24th and health care workers on February 13th.

2018 challenges

The exemption granted to the medical doctors' syndicate Fides in November 2016 is claimed by the other public sector syndicates as the first step in the collapse of the unitary public sector salary system. The pressure from the syndicate side will only increase in the following months, especially because the position of government is very weak just before the upcoming elections. Although the general position of the syndicates, except for Fides, is that the unitary system should remain, reorganization is called for to address the pressing anomalies which became evident in the ten years after the system was implemented. The government side for now is firmly against any such amendments, claiming that the total demanded raise in salaries would amount to over half billion Euros. The current Minister for Public Administration, Boris Koprivnikar, claims that for such a change a general public consensus should be reached. This effectively addresses another important divide in the Slovenian society which is especially present from the 2008 crisis onwards, namely, the "competition" between the public sector and the private sector, which is often used as an argument by the more populist strand of politicians to justify budget cuts in public sector. The government side also refers to the other factors which could make any budget concessions risky: especially the unsustainable pension system which could pose a serious threat in the next years.

It could be expected that, if strikes continue in the months before the parliamentary elections, the future of the public sector will also become a crucial

topic of the campaign. The now mostly centre-oriented leading government SMC party will have to respond to the public sector demands and this will require its political profile to lean further left (if it agrees to them) or further right (if it rejects them), and that could greatly influence the recombination of votes along the political spectrum.