WORKING PAPER

Industrial relations and social dialogue

Slovenia: Working life in the COVID-19 pandemic 2021

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Introduction

From January to 15 June 2021, the country was in a COVID-19 lockdown. The curfew from 10 pm to 5 am was terminated on 12 April after 174 consecutive days. Most pupils and students attended their classes for the 2020/2021 school year online. The closure of non-essential retail services ended in mid-February, hotels and restaurants re-opened at the end of April. Since April, services had to submit to stringent COVID-19 restrictions, but they were open the rest of 2021 despite the growth of infections to unprecedented levels in the autumn. The government yielded to pressures from employers' organisations and schoolteachers who succeeded to keep services and schools open in the second half of 2021. Despite the strong opposition to restrictive measures, people remained sceptical about vaccination. The vaccination rate reached only 56% by the end of 2021.

Despite the circumstances, the economic activity in 2021 exceeded pre-pandemic levels. In the autumn, the Institute of Macroeconomic Analysis and Development (UMAR) forecasted a 6.1% GDP growth for 2021, but the final calculations show even much higher growth, 8.1% for 2021. The manufacturing exports, less affected by containment measures, recovered to pre-crisis levels by the end of 2020. For 2022, UMAR forecasts a 4.7% GDP growth (UMAR, 2021a).

COVID-19 measures significantly contributed to high economic growth. Crucial support measures included the temporary layoff and short-time schemes for employees, and the monthly basic income for self-employed.. However, the predominant part of public subsidies went to public employees for crisis bonuses. They exceeded the total sum of employment support measures by 25% (Fiscal Council, 2021).

The number of people employed reached a historical high in 2021. Employment growth was higher among the self-employed than among employees, while in the previous year the decline in the number of self-employed was much smaller than the decline in employees (UMAR, 2021a). Employment growth was the highest in construction, health and social care. Following the employment decline in the accommodation and food service activities in 2020 and its quick recovery in 2021, this sector also had considerable employment growth, but it remained below pre-crisis levels. The arts, entertainment and recreation sectors were gravely hit by confinement measures, causing employment in these sectors to be below pre-pandemic levels (UMAR, 2021a).

The year 2021 is undoubtedly a turning point in the Slovenian ‘neo-corporatist’ social model. Most of the year, trade unions were boycotting the tripartite negotiating body, the Economic and Social Council (ESS). The government and trade unions could not find a solution to the disputes on the role of the body. While the government claims that social partners have only the right to be informed, trade unions insist on the role of ESS as a negotiating body. Under the present government, negotiations are unlikely to resume.

Political context

Stepping into power on 13 March 2020, the current party coalition overlaps with the long duration of the COVID-19 pandemic. It is led by the Slovenian Democratic Party in coalition with the New Slovenia and the Modern Centre Party (SMC, recently renamed Konkretno). The fourth component, the Democratic Party of Pensioners of Slovenia (DeSUS), withdrew from the government in December 2020. Nevertheless, the DeSUS Parliamentary deputies continue to support the coalition despite the bottom-up protests of party members. With the help of the Slovenian National Party (SNS) and the two national minorities Parliamentary deputies, the government can assure the passing of almost every law.

Internally, the government enforced quick changes of many high officials, increased its influence in public and private media, augmented its control over police forces and the judiciary system. Externally, it entered into the coalition of illiberal powers with Poland and Hungary and showed overt support to the far-right Generation Identity movement. On the other hand, the general political situation gave rise to the anti-government protest movement that has been organizing protests every Friday ever since the current coalition took office in March 2020.

The next regular Parliamentary elections will be on 24 April 2022. Opposition parties, Social Democrats (SD), The List of Marjan Šarec (LMŠ), The Party of Alenka Bratušek (SAB) and The Left (Levica), formed a coalition and announced a joint government if elected.

Governments and social partners response to cushion the effects

During the first half of 2021, the most important COVID-19 measures for mitigating the negative consequences of the pandemic, adopted in 2020, remained in force. The most important employment support measures were temporary layoff[i] and short-time schemes[ii] for employees and monthly basic income[iii] for self-employed. Regarding the first two, the government imposed criminal and material liability on employers if they do not pay wage compensation to workers or if they submit a false statement. Companies are banned from buying own shares or paying dividends, performance bonuses and awards to managers if they had benefited from COVID-19 measures. The temporary layoff scheme ended on 30 June, and the short-time scheme on 30 September. From the €635 million financial package to support employment in 2021, 42% was spent on the temporary layoff scheme, 38% on monthly basic income, 9% on the crisis bonus, and 6% on the short-time scheme (Fiscal Council, 2021). Monthly basic income for self-employed (€1,100 a month or €700 for self-employed in culture for whom the state pays social contributions) also ended on 30 June.

The government made the controversial decision to pay ecclesiastics higher social contributions during the pandemic. Before, ecclesiastics were entitled to paid social contributions, proportional to a minimum wage. For the time of lockdown, they got higher social contributions, equivalent to the average monthly salary. The crisis bonus for public employees[iv] was controversial because it far exceeded all other state COVID-19 expenses. For this purpose, the government spent more than 30% of all COVID-19 expenditure in 2021 (Fiscal Council, 2021). The measure raised the question of the justifiability of such high costs since not all public servants were exposed to risks.

Although many measures to support employment expired at the end of the officially declared pandemic, including the exceptional unemployment benefits (€513.64 a month),[v] some measures remained valid: the sick leave paid by the state[vi] and wage related compensation due to *force majeure.*[vii] The latter benefits workers in quarantine, workers who look after children in quarantine (up to the fifth class of the primary school or disabled children of all ages), and workers who cannot come to work due to the suspension of public transport or the ban on the border crossing. However, self-employed persons were excluded from these two measures throughout the second half of 2021.

At the beginning of 2021, two measures generated a controversy among social partners. In December 2021, the Parliament took advantage of the eighth COVID-19 emergency law to adopt a permanent statutory provision in the realm of the labour law. It enabled the dismissal of workers who fulfil requirements for old-age retirement.[viii] Trade unions considered the provision discriminatory and an abuse of emergency legislation. On the other hand, employer organisations welcomed it as a possibility to dismiss workers ‘no longer committed to work’ (GZS, 2020). Trade unions filed a lawsuit at the Constitutional Court and won the case in December 2021 (MMC RTV SLO, 2021b).

The second controversy concerned the Minimum Wage Law. If it came into force on 1 January 2021, the minimum wage would increase from €940.58 to €1024.24 a month. Upon employer organisations’ proposal (GZS, 2020), the government included a temporary suspension of the law (ZMinP-B) in the eighth COVID-19 emergency law. Trade unions confederations responded with the announcement of a general strike (Trade union confederations, 2020). Finally, the government offered a compromise, a partial reimbursement of the minimum wage increase[ix] from the state budget. From January to June 2021, the government paid €50 a month for each worker whose full-time salary without variable pay and bonuses has not exceeded the minimum wage. Moreover, from July to December 2021, employers could benefit from reduced social contributions.

Measures for businesses to get back-to-normal targeted sectors hit by the pandemic. They aimed at supporting sectors affected by confinement and were customized to the needs of specific sectors: direct subsidies for transport, citizens' vouchers to boost demand in the hospitality and other sectors, [x] state subsidies for annual leave[xi] (€1,024 per worker) in companies closed during the pandemic, [xii] reimbursements of 25% of direct costs for film production incurred between July and December 2021, reimbursement of costs for the event industry (80% reimbursement in case of cancellation and 60% in case of limited realization of an event), [xiii] partial reimbursement of lost income for operators of teleferics, funiculars, ski and cable lifts,[xiv] partial reimbursement of fixed costs (for land use, insurance fees, utility costs and energy bills).[xv] Employer organisations were not satisfied that support measures targeted only sectors closed in the first half of 2021, saying they should be available to all businesses hit by the pandemic. However, development incentives were available to all sectors.[xvi] According to the Ministry for Economic Development and Technology (MGRT), the state provided almost €1 billion of refundable and non-refundable grants for economic recovery in 2021.

In August, when the number of COVID-19 infections started to increase again and reached record levels in January-February 2022, employer organisations firmly argued that businesses should remain open. According to them, a new lockdown would be disastrous for the economy. There was no lockdown, but some safety measures were introduced in the autumn. From mid-September onwards, the Recovered-Vaccinated-Tested (RVT) rule applied, whereby only vaccinated, tested, or recovered had access to public transport, businesses, schools, shops, bars, restaurants, hotels, and public events. The measure was combined with other health safety measures, wearing masks, safety distance, disinfection of hands etc.

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[i] Eurofound (2020), Temporary layoff scheme and reimbursement of related wage compensation to employers, case SI-2020-11/436 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[ii] Eurofound (2020), Subsidies for short-time work, case SI-2020-23/904 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[iii] Eurofound (2020), Monthly basic income for self-employed, case SI-2020-11/445 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[iv] Eurofound (2020), Crisis bonus for public employees, case SI-2020-11/910 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[v] Eurofound (2020), Exceptional unemployment benefits, case SI-2020-11/907 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[vi] Eurofound (2020), Sick leave during pandemic covered by state funds, case SI-2020-15/402 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[vii] Eurofound (2021), Wage related compensation due to force majeure, case SI-2020-28/1948 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[viii] Eurofound (2021), Cancellation of employment contract of workers fulfilling requirements for retirement, case SI-2021-1/1675 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[ix] Eurofound (2021), Partial reimbursement of the minimum wage increase, case SI-2021-1/1781 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

[x] Eurofound (2020), Set of measures to sustain the sectors most hit by the pandemic, case SI-2020-18/908 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xi] Eurofound (2021), State subsidies for annual leave, case SI-2020-28/1944 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xii] Eurofound (2021), Help for film and audiovisual industry, case SI-2021-28/1946 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xiii] Eurofound (2021), Partial reimbursement of costs for meeting and events industry, case SI-2021-32/1945 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xiv] Eurofound (2021), Partial reimbursement of lost income for operators of teleferics, funiculars, ski and cable lifts, case SI-2021-28/1947 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xv] Eurofound (2020), Partial reimbursement of fixed cost, case SI-2020-40/1485 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.
[xvi] Eurofound (2021), Development incentives in 2021, case SI-2021-1/1800 (measures in Slovenia), COVID-19 EU PolicyWatch, Dublin.

Adapting to the pandemic and the return to work: Policies and debates

New occupational health and safety rules

Since 15 September, Recovered-Vaccinated-Tested (RVT) rule applies to workers and clients alike (*Ordinance on the method of meeting the condition of morbidity, vaccination and testing to curb the spread of SARS-CoV-2 virus infections*). Among the exceptions, there are shops selling essential goods, public security, defence, civil protection, urgent health services, urgent social services, and transit transport.

Employees and others working at the employer's premises on any legal basis must meet one of the RVT requirements. The restriction applies to workers and self-employed except for those working at home. The employer must appoint a responsible person who checks the compliance of workers with the RVT conditions. This person collects statements from workers and verifies them by checking COVID-19 certificates.

The certificate of recovery expires after 180 days unless a recovered person is vaccinated with at least one dose within 180 days. Proof of testing is valid 48 hours after a rapid test (Rapid Antigenic Test, RAT) or 72 hours after a PCR test.

For those who do not have a COVID-19 certificate, the employer must organize self-testing by rapid tests at the entry point. It must be done in regular intervals every 48 hours. The employee completes the record sheet with the date of self-testing, test results and signature. The responsible person stores the record sheet until a new one is submitted as evidence for inspection procedures. Until 8 November, costs for rapid testing were borne by employers. Employer organisations contested this obligation, demanded individual responsibility for self-testing or mandatory vaccination. The government accepted their arguments and took over the charges for rapid tests with the ordinance of 8 November (*Ordinance on the temporary measures for the prevention and control of infectious disease COVID-19*).

In principle, a worker cannot refuse the testing or the review of COVID-19 certificates. Refusal is a breach of the Employment Relationship Act. The employer may either consider it as a minor breach or initiate proceedings for the termination of the employment contract. Before any sanctions, the employer must notify workers of consequences following the failure to fulfil obligations and treat all workers equally. The media reported on two teachers dismissed due to their refusal to wear masks, self-test and provide COVID-19 certificate (MMC RTV SLO, 2021a; Siol.net, 2021). One announced to file a lawsuit against the employer.

At the workplace, the employer must instruct workers about COVID-19 health and safety measures and make hygienic safeguards available: wash and disinfect hands, disinfect objects frequently touched by several persons (doorknob, keyboards, tables etc.), personal protection equipment, regular air conditioning. When the social distancing rules (two people standing 1.5 metres apart) cannot be respected, workers must wear protective equipment (masks, gloves, glasses), only medical and FFP2 masks are allowed.

Service providers must visibly notify clients of COVID-19 rules on entry points and check compliance with RVT rules before letting clients enter. For users of services, proof of testing is valid 24 hours after the rapid test or 48 hours after the PCR test. Clients must wear medical or FFP2 masks. The current *Ordinance on the temporary measures for the prevention and control of infectious disease COVID-19* specifies more rules for specific sectors and services. Detailed instructions specify rules of behaviour (masks, social distance, air conditioning) for operators of teleferics, funiculars, ski, and cable lifts. At cultural and sports events, the audience must be seated, every second seat unoccupied, spectators must wear masks, serving of food and drink is not allowed. The maximum number of spectators of cultural and sport events is 750. Guests in bars and restaurants must be seated and the tables 1.5 metres apart. While it is allowed to serve food and drinks, dancing and entertainment programmes are prohibited.

Recovered-Vaccinated-Tested RVT rule also applies in educational institutions, kindergartens, schools and universities. Those who refuse to comply with RVT rule are not allowed to attend classes and must follow courses online. Wearing of masks is mandatory except for children under six and teachers in kindergartens.

The Constitutional Court issued a court ruling concerning tighter Recovered-Vaccinated (RV) rules for the public administration (Constitutional Court, 2021b). In the *Ordinance on the method of meeting the condition of morbidity, vaccination and testing to curb the spread of SARS-CoV-2 virus infections*, the government decided to tighten requirements for employees in the public administration from whom the condition of RV rules would be required from October 2021 onwards. Public employees, who would not conform to these rules, would risk losing their jobs. The police trade union filed a lawsuit against the ordinance. The Constitutional Court withheld the measure until its final decision, issued in November. Here, the court explained that the government has not justified why public servants are at higher risk than any other group (for instance, health and care workers).

New working arrangement policies

Employment Relationships Act (Zakon o delovnih razmerjih, ZDR-1) stipulates employer's obligations if a worker starts to work at home. In this case, the employer must conclude a new employment contract and inform the Labour Inspectorate. The employer must also pay compensation for material costs to the worker (maximum 5% of the average national salary) and is fully responsible for the health and safety of workers. During the pandemic, a simplified procedure was available to employers when they were sending workers to work at home. The *Act on Additional Measures to Stop Spreading and Mitigate, Control, Recover and Eliminate the Consequences of COVID-19* (ZDUPŠOP, Article 33), adopted in December 2021, further prolongs this rule until 31 December 2022.

Sectoral collective agreements (CAs) follow the national legislation and define conditions of telework in more detail, including health and safety conditions. Almost half of sectoral CAs (10 out of 24) have already incorporated the article on telework as a form of flexible employment. Companies that use sectoral CAs, usually incorporate provisions on telework also in the company CAs, but this are mostly large companies. Some companies (usually with no company CA) during the COVID-19 pandemic introduced company policies on performing telework.

The labour market was significantly marked by the measures to curb the COVID-19 pandemic. The statistics (SURS, 2021b) show that 58% of employees worked at the employer's location in December 2020. By mid-May 2021, the share increased to 77%. Simultaneously, the percentage of employees working full time at home declined from 17% to 6%, and hybrid work (conducted partly at the workplace and partly teleworking) increased from 7% to 10%. The data also show gender differences. While the share of male teleworkers declined from 15% to 6%, it increased from 8% to 9% for male employees performing hybrid work. On the other hand, the share of female teleworkers decreased from 19% to 6% and increased from 6% to 10% for hybrid female teleworkers. Data for September 2021 (SURS, 2021c) show a further decline, only 3% of workers reported to work at home, and 8% conducted hybrid work.

Little research has been done on the consequences of telework, but a study on 785 employees found gender differences in work satisfaction, work engagement and work efficiency during the COVID-19. The results showed statistically significant gender differences in certain aspects of perceived work satisfaction among employees. Female employees are, on average, less satisfied than male employees, especially with work-life balance. Male employees are on the other hand most satisfied with the work-life balance and least satisfied with opportunities of education and training. Self-perceived work engagement characteristics among female employees are lower than that of male employees. Regarding work efficiency, the results of the research showed that the perceived reduction in work efficiency among female employees is higher compared to that of male employees. Females workers stressed that their quality of work has decreased and that they are more exposed to stress than they were under normal conditions (Rožman et al, 2021).

Social partners agree that telework legislation needs to be updated. At the end of 2020, the Economic and Social Council of Slovenia (ESS) formed a special expert committee for law changes. Its task is to coordinate negotiations on simplifying regulation and on prevention of psychosocial risks associated with work at home, such as the right to disconnect, taxation of the compensation scheme for workers and work-life balance. There have been no solutions yet, since ESS has not been operational since May 2021 due to disagreements between unions and the government.

Labour shortages

In its forecast, the Institute of Macroeconomic Analysis and Development (UMAR) announced a steady employment growth for 2021, but the trend exceeded all expectations. Employment growth reached a historical high in the third quarter of 2021 (UMAR, 2021a). Growth of economic activity led to a surplus demand for labour, reflected in the high vacancy rate. The EU average vacancy rate, defined as a ratio between number of vacancies and occupied job posts, increased from 1.6% in the second quarter of 2020 to 2.4% in the third quarter of 2021. In Slovenia, it was at 2.8%, above the EU average (Eurostat, 2021; SURS, 2021a). While the share of Slovene companies, giving a labour shortage as a reason for business contraction, was higher than the EU average for years, it is also increasing faster in 2021 (UMAR, 2021b, p. 11).

In the latest employer survey on employment trends, the Employment Service of Slovenia (Zavod za zaposlovanje, ZRSZ) established that no sector is expecting a reduction in the workforce. While 36.5% of employers (and 61.2% of large employers) dealt with labour shortages in the beginning of the year, this share increased to 52.5% (and 75.5% among large employers) in mid-2021 (ZRSZ, 2021a, p. 11; 2021b, p. 11). The biggest shortages were in heavy truck drivers, welders, simple jobs in manufacturing, construction workers, toolmakers, sales workers, lathe operators, building electricians, mechanical technicians, and cleaners, attendants, and domestic workers (ZRSZ, 2021b, 9), followed by waiters, cooks, installers and repairers of plumbing, gas installations and devices, mechanics and repairers of motor vehicles and bicycles (ZRSZ, 2021b, 12). Employers announced the highest employment growth in construction (9.5%), administrative and support services (5.6%, on account of temporary employment agency activities), accommodation and food service (4.9%), other service activities (4.8%), transportation and storage (4.5%) (ZRSZ, 2021b, p. 6).

Only 8.7% of employers offered wage increases as a solution to the labour shortages (ZRSZ, 2021b, 10). UMAR assesses that the wage growth in some sectors (administrative and support service activities, construction, accommodation and food service activities) is possibly the result of the labour shortage (UMAR, 2021a, p. 17).

The *Occupational Barometer* measures shortage, balanced and surplus occupations by assessing Regional Employment Services. The research identified 118 shortage, 51 balanced and 18 surplus occupations in 2021 (ZRSZ, 2021c). Absolute shortage was identified in medical doctors (general practitioners and specialists), health care professions, audiologists, and speech therapists.

Employer organisations argue for a response to the labour shortage that is a mix of measures including tax reforms and labour immigration (GZS, 2021). While the latter is supposed to solve the problem of demographic change, low birth rate and ageing population, the former is a response to pressures on wage increase due to low unemployment rate. Claiming that wage growth would diminish the competitiveness of the economy, employer organisations suggest cutting down the tax wedge and, in this way, increasing the net payments for workers without imposing higher costs on employers. To this end, employers support the *Amended Personal Income Tax Act draft,* where the government proposes to raise the general tax relief and to reduce the maximum tax rate from 50% to 45%. If the draft law were to be adopted, it would lower the tax wedge for all, but disproportionally among wage brackets. While a worker with a gross salary of €1,000 a month would get €53 more, one with €10,000 would receive €225. At the same time, the personal income tax reform would generate about €800 million state budget deficit (Dernovšek, 2021). Trade unions oppose the draft law. This was one of the reasons why trade unions withdrew from the Economic and Social Council on 14 May 2021. As of January 2022, the council has not met again.

To boost development and stop the emigration of high-skilled workers (or brain drain), employer organisations propose a cap on social security contributions for wages above €4,600 a month. In the draft *De-bureaucratization law*, the government proposed a threshold of €6,000. It is a highly contested measure and, for trade unions, an unacceptable proposal. The cap did not receive support in the parliament, so the government withdrew it from the *Amended Personal Income Tax Act draft*.

To remedy labour shortage, the ministry of labour proposes legal changes to encourage market labour participation among recipients of social welfare benefits. The *Amended Labour Market Act* draft imposes stricter rules on the unemployed who would have less room to reject jobs below their qualifications. The draft law also extends the maximum duration of public works to four years.

According to Dr Miroljub Ignjatović, the labour shortages give workers a chance to search for employment with higher wages and better working conditions (Tetičkovič, 2021). Judging by their proposals, the ministry of labour and employer organisations try to avoid this outcome.

Wages and wage-setting

In the last two years, the increase of gross wages[1] have been strongly influenced by the intervention measures for the preservation of jobs and the payment of allowances related to the declaration of

[1] According to national accounts statistics of the Statistical Office of the Republic of Slovenia.

the pandemic. Wages have been rising steadily in the years before the pandemic and year-on-year growth was relatively high in the first quarter of 2020 (3.8 %) due to rising minimum wages, general labour shortages and agreements with public sector unions in 2018. Since the second quarter of 2020, job-retention measures with partial wage compensation, such as temporary layoff or short-time work, have led to a decrease in average gross wages in the private sector. Low wage growth was also influenced by some other factors related to the closure of activities, work at home or loss of employment, such as lower volume of other forms of work (student work or contract-based payments) and less holiday allowance payments. Wage growth in public service activities was mainly marked by the payment of allowances.[2]

In 2021, wage increased both in the public and in the private sectors. In the public sector, wage growth was again higher due to payment of allowances. In the private sector, wage growth resulted from several factors including the minimum wage increase (by 8.9%) at the beginning of the year, the end of job-retention measures leading to workers to return to full employment, the increase in employment due to the lifting of containment measures, and the growing labour shortages which put pressure on wages. In the future, the upward wage pressure in private sector is likely to continue amid ongoing labour shortages and rising minimum wages (4.9% increase in 2022).

In the public sector, discussions are taking place between social partners on the changes in the pay grades system (upgrading of certain job posts and/or professions) and on the exit of individual professions from the currently valid uniform salary system. However, due to the growth of economic activity in 2021 and the high employment, there is no talk of wage restraint. Furthermore, in 2021 an agreement has been reached for wage increase, which ranged from 4% to 24% for nurses and care givers. Following the trend in the EU, Slovenia’s private sector has had an increase of company-level collective agreements and a decrease of sectoral collective agreements.

[2] A temporary introduction of allowances for hazardous work and for higher workloads, as well as the allowance for work in high-risk conditions (according to the collective agreement) in the public sector and the payment of the allowance for work during the pandemic in the private sector.

Impacts on the social dialogue and collective bargaining

On 14 May 2021, during the negotiations about the ninth COVID-19 emergency law, trade unions withdrew from negotiations and announced the boycott of the Economic and Social Council (ESS) for an indeterminate period. Trade unions reproved the government for violating the rules on tripartite social dialogue by sending laws to the parliament without prior negotiations in the ESS. Reproaches referred to the personal income tax reform, the proposed raise of the general tax relief, lowering of the maximum tax rate from 50% to 45% and social security contribution cap. They especially opposed the social security contributions cap and other ‘tax gifts’, claiming that tax cuts would generate a hole in state revenues and jeopardize social services. On 28 May and 25 June, trade unions drew attention to the government's disrespect of social dialogue with two mass demonstrations. They were organized in collaboration with The Friday Protesters, credited with more than 80 protests since the present government had come to power.

In August, social partners agreed to prepare an ‘Agreement on Re-establishing the Social Dialogue’. In their agreement proposal, trade unions proposed some content-related issues and protocols to be followed by the members of the ESS. Employer organisations expressed their wish to return to tripartite social dialogue as soon as possible.

According to a trade union joint press release on 10 September 2021, the social partners’ meeting on 9 September to discuss the draft agreement was a failure, as social partners could not reach an agreement on fundamental questions. While the government insisted that social partners have only a consultative role, trade unions hold that the government negates the fundamental principles of the social dialogue and refuses to abide by the ‘Rule on the functioning of the ESS’, where social partners are defined as equal and the council’s decisions as binding for all partners.

Labour disputes in the context of the pandemic

The first conflict arose at the beginning of 2021 concerning Articles 21 and 22 in the seventh COVID-19 emergency law (ZIUPOPDVE), adopted at the end of 2020. The articles would enable employers to terminate employment contracts of workers who fulfil requirements for retirement without any justification. Trade unions claimed that the ‘forced retirement’ discriminated against older workers and abused COVID-19 emergency laws. On the pretext of emergency, the Articles permanently amended two ‘systemic’ laws (The Employment Relationship Act and Public Employees Act) without prior negotiations with social partners. Trade unions appealed to The Constitutional Court. The court repealed both Articles in November 2021 (Constitutional court, 2021a). It decided that the two Articles breach the ILO Convention No. 158, European Social Charter and Slovenian Constitution.

Protests by employers’ organisations against the minimum wage increase resulted in the partial reimbursement of the minimum wage increase by the government. The measure was a compromise solution offered by the state. From January to June 2021, the government paid €50 a month for workers whose full-time salary without variable pay and bonuses did not exceed the minimum wage. From July to December 2021, employers benefited from reduced social contributions. Although employer organisations requested the extension of the temporary layoff and short-time scheme, the state cancelled the first in June and the second in September 2021.

There were many conflicts between police trade unions, police management and the government. Among others, police trade unions launched an initiative to change the Article 85 in the Employment Relationships Act. The article sets conditions for a written warning to an employee in the case of misconduct. It is issued before the ordinary cancellation of an employment contract whereby the employee has no right to defence. The management issued many warnings for misconduct, such as the writing of personal opinion in social media, inappropriate haircut or violation of the freedom of expression when a police officer ordered the removal of a pro-Nazi group from the public square due to the escalation of violence. In the latter case, the expert commission found no wrongdoings, but the Prime Ministers and the Minister of Interior ordered the punishment of the police officer concerned (SPS, 2021).

Police trade union won two cases at the Constitutional Court against its employer. One was about the mandatory vaccination for public employees described above. The second has not been brought to the final decision yet, but the Constitutional Court has already withdrawn Articles 49a/2–4 and 49b/2–5 in the *Organisation and Work of the Police Act* (ZODPol) (Constitutional court, 2021c). If it were implemented, the director of police would have the right to change all directors of police stations at once.

The lack of health and care workers induced the government and trade unions to start negotiations on wage increases that would prevent migration of workers to better-paid jobs in other sectors or in other countries (Government, 2021). In November 2021, the government signed an annexe to the Collective agreement for the health care and social protection sector, agreeing to wage increases for low-paid health and social care workers. Negotiating parties also decided to continue talks on wage increases and work standards in mid-January 2022.

Wage increases for low-paid health and social care workers caused resentment from the trade union of doctors and dentists. It started a campaign for higher wages for doctors and dentists. The campaign resulted in a much-contested statutory provision within the tenth COVID-19 law (ZDUPŠOP), which provides doctors and dentists with a temporary exemption from the *Public Sector Salary System Act*. Consequently, doctors and dentists can be promoted up to the 63rd wage bracket instead of the 57th so far.

The measure, adopted without prior negotiations with the Economic and Social Council, provoked strident reactions from trade unions. They claim the provision abuses COVID-19 emergency law and deprives other public employees of the right to promotion. They announced to file a lawsuit at the Constitutional Court (KSS PERGAM, 2021).

Commentary and outlook

In 2021, the working life was greatly marked by the COVID-19 pandemic. Measures to curb the spread of COVID-19 infections have gradually moved from severe restrictions (including lockdowns, curfews, business closures) to more relaxed containment measures in the second half of the year. Sectors such as accommodation and food service, cultural and sports events, were particularly affected by the restrictions. After the gradual lifting of restrictions in spring 2022, none of business activity was entirely closed anymore. Since 15 September, Recovered-Vaccinated-Tested (RVT) rule aimed to prevent the spread of infections while allowing companies to operate smoothly. Employees and self-employed, except those working at home, who did not have a COVID-19 certificate, had to self-test every 48 hours. Easing the restrictions has also reduced the amount of teleworking. While 58% of employees worked at the employer’s location in December 2020, its share increased to 77% in mid-May.

The COVID-19 support measures helped economic growth. According to UMAR, Gross Domestic Product grew by 8.1% in 2021. It is thus not surprising that businesses reported the labour shortage throughout the year. The problem worsened from 36.5% of employers lacking workers at the beginning of the year to 52.5% in mid-2021. While the *Employment Forecast* survey reports shortages in simple jobs (drivers, welders, manufacturing and construction workers), the *Occupational Barometer* identified a lack of medical doctors and other health professions using another methodology.

The labour shortage contributed to wage increases in 2021, although not decisively. Among other factors, the minimum wage increase (by 8.9% at the beginning of the year) affected both the public and private sectors. In addition, the public sector wage growth was higher due to payment of COVID-19 allowances and collective agreement in the health and social sector, giving from 4% to 24% higher salaries to nurses and caregivers.

The COVID-19 measures were less successful in guaranteeing social welfare. The rate of people at risk of poverty saw a 0.4 percentage point increase in 2020 as compared with the previous year. Poor access to health services (almost 7% of the population without a doctor) is also disturbing. The COVID-19 emergency measures have not adequately addressed these problems. While the investments in the health sector, its infrastructure and personnel, are low, the government increased military weapons spending. It is expected to almost triple the investments for the health sector in the following years.

In its long crisis after the economic downturn in 2009, social dialogue has once again deteriorated. For most of 2021, trade unions boycotted the tripartite negotiating body, the Economic and Social Council (ESS). The government and trade unions could not find a solution to disputes on the role of the body. While the government claims that social partners have only the right to be informed, trade unions insist on the role of ESS as a negotiating body. However, social conflicts have not escalated due to the generous COVID-19 emergency measures, such as crisis bonuses for public employees.

An important issue at stake is the right to peaceful assembly and public meetings. The Constitutional Court, Human Rights Ombudsman and others issued warnings that restrictions of this right must be proportional and reasonable even during the pandemic. Despite the warnings, persons exercising this right continue to be repressed via fining and persecution.

New Parliamentary elections are planned for 24 April 2022. In the pre-election times, the oppositional parties focus on mobilizing voters against the current government. This goal seems to have precedence over building a solid political programme.

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