Chapter 2

Slovenia’s public sector salary system

Slovenia implemented a new public sector salary system in 2008. Negotiations for the new system were long and the reform process was complex. Implementation of the reform was further complicated by the unexpected deterioration of Slovenia’s economic growth and public finances, necessitating a temporary freeze to some provisions in the new system. This chapter explains the current public sector salary system and its evolution.
Background

*Initial development of the public sector salary system and first reforms*

The Law on Relation of Salaries in State Organs, Local Communities and Public Institutions, adopted in 1994, established a unified salary scheme for the whole of the Slovenian public sector, ranging from officials in higher state institutions (the President, parliamentarians, ministers, etc.) to the lower ranked public employees. There were similarities between this system and the present structure. However, the cohesion and systematisation of the original scheme turned out to be unsustainable, possibly because it was not supported by an appropriate budget system and efficient employer co-ordination. The system was instead distorted little by little over the course of time, as ministries made adjustments and introduced new forms of cash supplements.

As the proliferation of allowances and special cases grew, the system was distorted. It became almost impossible to know which salary components and amounts were applicable, and the scheme became quite opaque. Salary disparities between ministries were widespread and substantial – the variable component of a salary could amount to more than 50% of the take-home pay (even up to 80% according to certain sources), varying from one budget user to another, or even from one individual to another.

The state of the then-salary system led to a push by the government and unions for reform. Negotiations between the government and the representative trade unions on a proposal to modernise the public sector salary system commenced in 1998/1999. After a long negotiation period, a settlement was agreed; the first stage of a modernisation effort occurred with the implementation of the Public Sector Salary System Act and Civil Servant Act, which were adopted by the Slovenian Parliament in 2002. Vital parts of the implementation of the Public Salary System Act, including salary setting, could only be achieved through a collective agreement.

The reform was at least partially intended to restore the remuneration structure laid down in 1994. It thus entailed changes in the relative remuneration (including cash supplements) for different tasks and professions – a controversial issue in any national context. The changes in relative salaries also meant that remuneration increases for some employees would have to be balanced by remuneration reductions for other employees, which is even more controversial. It is thus not surprising that the reform led
to disagreements among trade unions and a continued fracturing of the trade union structure.

An element which helped Slovenia overcome these controversies and to reform the system was that all salary adjustments were frozen when the Public Sector Salary System Act was adopted, awaiting a collective agreement on its implementation. As the years passed, this led to a gradual general erosion of the public remuneration level. However, at the same time, a stockpile of unallocated salary increases was accumulating. The erosion reduced the number of employees who would have to face additional salary cuts when the new system was adopted, and the stockpile of funds facilitated the government’s financing of the salary increases that would come with the implementation of the new public sector salary system.

However, this was not in itself sufficient for an agreement. The legislative requirements for a collective agreement meant that the government had to secure acceptance by trade unions representing a majority of the public sector employees. This turned out to be difficult, possibly due to the strain of the re-arrangement of relative salary levels and abolition of special allowances, and was probably the main reason for the drawn-out reform process. Progress was only made possible by a legislative amendment changing the formal requirement to a majority of the representative unions (quorum rules). The reform could then be launched with the support of a number of small unions, even against the opposition of certain large trade unions. It is unclear if, and to what extent, this affected the content of the collective agreement.

Negotiations between the government and the representative trade unions continued after the adoption of the Public Sector Salary System Act in 2002, until a new salary system was agreed in 2008. In effect, negotiations on the existing salary system took some nine years (negotiations on the reform of the public sector salary system originally commenced in 1998/1999). This negotiation period was long and protracted, and it is fair to say that public servants, unions and the government grew weary.

The final stage of negotiations became hurried, since the government wanted to conclude the process before the parliamentary elections in 2008. This also meant that the time available for implementing the new salary system in the different public organisations was cut short; several officials interviewed indicated that this also affected the quality of the implementation of the new salary system and negatively impacted upon public sector staff.
The outcome of the negotiations was implemented partially through legislation and partially by collective agreement. The reform – which became the existing public sector salary system – entailed substantial changes in relative salaries and the abolition of many supplementary cash benefits, which meant that there would be both winners and losers at the individual level, as well as across public functions and professions. A key component of the agreement was the payment of a 13% salary adjustment to staff, eliminating disparities between agreed and actual wages, to help compensate staff for the long period of frozen wages during the negotiation period. Slovenian public employees went without salary increases during the negotiating period for the new salary system, and thus made a major contribution to the reform process. They could legitimately argue that the increases distributed were not new salary increases but represented a paying out of salaries due for past work.

The release of the pool of frozen salary increases entailed a substantial increase in the public wage bill. In order to avoid an economic disturbance due to a rapid increase in domestic demand, it was agreed that the salary adjustment increases should be paid out in four instalments. The first two payments were made as agreed. However, due to the unexpected deterioration of Slovenia’s economy and fiscal situation in 2009, the government considered that it would not be prudent to implement the remaining agreed adjustment increases. Thus, the third and fourth payments were frozen. They remain so today, and will be paid only after growth in real GDP exceeds 2.5%. As at May 2011 (OECD, 2011a), growth in real GDP is expected to pass the 2.5% threshold in 2012, when it is predicted to reach 2.6% (see Figure 2.1).

Wage adjustments were also frozen after the January 2011 indexation (but should the actual cost of living growth index for the period December 2010 to December 2011 exceed 2%, basic salaries will be increased by this difference in January 2012). A number of other cost-saving measures were implemented in the public sector salary system at the same time as salary increases. These included freezing performance pay and bonuses during 2011 and 2012, and reducing compensation for an increased workload. In addition, officials promoted to a higher position during 2011 would not receive the corresponding salary increase until 2012, and other public employees could not progress to a higher pay class during 2011.

Any slowing in economic growth will see the remaining payment of salary increases pushed further into the future, which will likely have a devastating impact on staff morale and performance. This would also impact the government’s ability to further negotiate reform of the public sector salary system with trade unions. It is understood that the Negotiating Group of Public Sector Trade Unions, which opposed the government’s measures...
to freeze salaries and payments, has challenged the decision before both the Constitutional Court and a Labour and Social Court, and attempted to initiate a popular referendum.

Figure 2.1. Real GDP growth, 2000-2012

Annual percentage change


The present public sector salary system

Scope of the public sector salary system

The salary system in Slovenia applies to approximately 160 000 employees in the public sector, including functionaries and directors. The public sector salary system is centralised and applies to employees in different activities of the public sector.

The main rules in relation to the present public sector salary system are enshrined in parliamentary legislation. The main acts are the general Employment Relations Act, the Public Administration Act, the Civil Servants Act (CSA), and the Public Sector Salary System Act (SSA). These are complemented by secondary legislation adopted by the government, including the Decree on the Promotion of Public Employees to Salary Grades.
The Public Sector Salary System Act regulates the rules for stipulating, calculating and paying salaries, as well as the rules for earmarking the amount of funds for salaries. The General Collective Agreement for the Public Sector defines benchmark positions and titles, and the scale of bonuses and criteria for work performance. Only bonuses defined by the Public Sector Salary System Act can be paid; their amount is provided by the General Collective Agreement.

The public sector salary system covers the whole of the public sector, including the central public administration and broader public sector (see Box 2.1).

**Box 2.1. Structure of the public administration**

The Slovenian public sector is composed of:

- state bodies and the administrations of self-governing local communities;
- public agencies, public funds, public institutions, and public commercial institutions; and
- other entities of public law that indirectly use state or local government budgetary funds.

Public enterprises and commercial companies in which the state or local communities are controlling shareholders or have prevailing influence are not considered to be part of the public sector (CSA, s1(2); SSA, s2(1)).

There are three distinct groups of staff within the Slovenian public sector; functionaries, officials or official civil servants, and professional-technical civil servants. **Functionaries** are not explicitly defined, but it would seem that they are political staff, i.e. ministers, state secretaries and political advisors holding functions. All other personnel within the public sector are referred to as **civil servants**. These are subdivided into three groups depending on the type of post. 1

An **official** is a qualified civil servant who performs public tasks or provides qualified assistance to officials. Officials who hold managerial posts – called **positions** – correspond to what is normally referred to as senior civil servants (CSA, s80). Other officials are said to be appointed to both a work post and a **title**, and mainly correspond to what is normally referred to as administrators. Other civil servants are called **professional-technical civil servants** and perform ancillary administrative or technical work (CSA, s23).

1. This report uses the label “post” rather than “position”, which is normally used in OECD documents. The reason for this is that the Slovenian legislation uses the label “position” to designate posts held by politically appointed persons.
The Ministry of Public Administration is responsible for the public sector salary system, i.e. for setting the salary system regulations, interpretation of legislation, and supervision of the implementation of the regulations. Responsibility for the proper implementation of the salary system and paying salaries is devolved to individual budget users. As basic salaries are stipulated by a regulatory framework, they are not negotiable within individual organisations (either by the HR unit or individual managers).

**Employment arrangements**

The Slovenian employment system is post-based, but also includes elements normally found in career-based systems. Recruitment is always for a specific post which is included in an approved personnel plan (CSA, s55), but internal careers are both encouraged and facilitated. The use of titles for official civil servants creates an image of a corps. The central personnel office operates a form of an internal labour market in the public administration by keeping records of vacant posts, work requirements in project groups and similar personnel requirements, and of employees who request permanent or temporary transfers or whose principal proposes such transfers (CSA, s48).

Workforce planning is based on personnel plans (known in Slovenia as jobs systematisation), which are drawn up by each budget user (CSA, s21) and are used as a means to calculate expected costs. These plans show actual employment, state the intended permanent and temporary (fixed-term) employment, and contain an action programme covering the following two years. Personnel plans may, when appropriate, identify an expected reduction or restructuring of work posts; they may also contain plans for additional permanent and/or temporary employment in case of an increase in workload that cannot be actioned based on existing staffing levels (CSA, s42).

Establishment control is based on parallel processing of draft personnel plans and budget petitions. After the budget is adopted, budget users must adopt personnel plans that are harmonised with the budget (CSA, s43). Personnel plans may be amended during a budget period if more staff are needed provided that funding has been secured (CSA, s45). Budget users must keep a catalogue of functions, posts and titles associated with official work posts that include, for example: the name of the function or post, the tariff group for the post, the salary grade of the function, the post or title that can be achieved through promotion to a higher grade (SSA, s7(4)). Benchmark posts are selected posts that facilitate comparison inside salary groups and between salary groups (SSA, s12).
Staff may only be hired for posts which are included in a budget user’s personnel plan (CSA, s55). Before a budget user can initiate an external recruitment it must first determine if the vacancy can be filled internally, either within the organisation or within the wider public administration (CSA, s57). Employment can be offered on a permanent basis or for a fixed term (CSA, s54); however, fixed-term employment (i.e. temporary employment) is only permitted in specified situations (CSA, s68). Permanent employment is not guaranteed for life, and under certain provision can be terminated (CSA, Chapter XXI).

Appointment to a senior management position is for five years (CSA, S82). Persons who were officials before their appointment have a right to transfer to another appropriate post when leaving the position, if such a post is available. The employment of other staff is terminated at the end of their respective appointment term (CSA, s93).

Salary progression (known as promotion in Slovenia) depends on the time spent at a particular grade, but also on a positive service performance assessment. Promotion to a higher title within the same career class is possible after a minimum number of positive assessments (SSA, Chapter V). The maximum number of earned grade increases varies based on posts and titles – but generally public servants may be promoted by one or two salary grades every three years if they fulfil the prescribed conditions (SSA, s16(3)).

The Slovenian public administration has a system for awarding performance rewards (SSA, Chapter VI). These can be awarded for regular work performance, but also for an increased workload (SSA, s21). The allocation of performance rewards for regular work is regulated by a collective agreement (SSA, s22a). The total amount of performance rewards payable is between 2% and 5% of the annual payroll (per budget user); however, the amount of performance rewards for regular work paid to the same civil servant may not exceed two monthly wages. Performance rewards for senior management are calculated separately (SSA, s22). Additional performance rewards for increased workload can be financed from savings due to vacancies (SSA, s22d-22e). Bodies that sell goods and services on the market may, under certain conditions, use part of the proceeds for additional performance rewards (SSA, s22i-22j).

The extent of an employer’s powers to terminate an employment contract and the due procedure for doing so are regulated by law (CSA, s155). The employment of a civil servant may be terminated for reasons of: reduction in the scope of public tasks; privatisation of public tasks; organisational, structural or financial reasons or similar (CSA, s159); and for incompetence (CSA, s141-146). However, before a permanent
employee can be terminated for grounds other than incompetence, the opportunity must be provided to transfer the employee to another position available on the internal labour market.

**Salary system arrangements**

The basic wage of a civil servant is determined by the salary grade into which the post or title of the civil servant is classified, or which the civil servant has acquired through salary progression (SSA, Article 9.1).

There is a common salary scale with 65 salary grades (see Annex A). The salary starts with EUR 478.27 in grade 1, and increases by 4% between each salary grade to EUR 5 890.80 in salary grade 65.5

All functions and posts belong to a salary group and a salary subgroup (SSA, Article 7.1). These are listed in Annex B. An annex to the Public Sector Salary System Act6 lists a range of allowed salary grades for each wage subgroup.

All posts and titles also belong to a tariff group that denotes the level and difficulty of the position and titles, with regard to required education or training (SSA, Article 8(1-3)). These are listed in Annex B. For each tariff group, a lowest possible salary grade for the public sector has to be set through the collective agreement. These are included in Annex C.

All posts and titles are classified into salary grades (SSA, Article 12) using a common methodology and taking into consideration:

- the level of difficulty of the work tasks or the conditions for acquiring the title;
- the level of training required (the necessary professional qualifications, the additional skills and experience required);
- the responsibility and authorisations;
- the physical and mental exertions involved; and
- environmental influences.

Benchmark posts and titles are selected posts and titles that facilitate comparison inside salary groups and between salary groups.

The common methodology, the definition of the benchmark posts and titles, and the classification of these posts and titles must be determined for the public sector via collective agreement. The positions and titles in salary groups D, E, F, G, H, J and K, and in salary subgroups C2, C3, C5 and C6, have to be classified in salary grades through a collective agreement for the public sector.
In addition to their basic salaries, public servants are also able to access a list of various cash supplements (called allowances or bonuses); this has recently been simplified. The present supplements are: i) a position bonus; ii) a length of service increment; iii) a mentorship bonus; iv) an allowance for specialisation, master’s degree or PhD, if such is not a condition for occupying the position; v) a bilingualism bonus; vi) bonuses for disadvantageous working conditions not taken into consideration in the valuation of the position or title; vii) bonuses for dangers and special burdens not taken into consideration in the valuation of the position or title; and viii) bonuses for working during less convenient hours (SSA, s23(1)).

Main challenges in the existing system

The existing system is a foundation on which to build

In its National Reform Programme, the Slovenian Government has recognised recent and ongoing changes to the functioning of its public sector. It acknowledges that the growing complexity of the public sector environment requires new ways of organising work, increasing flexibility and streamlining operations. The Slovenian Government has thus decided to introduce a new approach to public sector management (Government of Slovenia, 2011a).

The long-term goals of this programme include savings in public expenditure, an increase in the quality of public services, a modernisation of the justice system, and more transparency in public management. Among other things, the Slovenian Government intends to introduce results-oriented management, increase flexibility, and transfer powers and responsibilities to lower levels within the public management. Management is to be oriented towards achieving objectives and expected results, and budget users will be required to report on their advancements (Government of Slovenia, 2011a).

The recently introduced public sector salary system addressed a number of existing problems and represented an important first step towards a modernised public sector salary system, corresponding to the requirements of a small open economy within a larger currency area. The acute problems existing today were created less by the recent salary system reform than the unexpected fiscal crisis, and exacerbated by the government’s difficulties in reducing other public expenditure and/or increasing tax revenues.
**But the reforms have left a number of rigidities and insufficiencies**

While a uniform salary system has the advantage of preventing incoherencies, it also impedes necessary adaptation to organisational needs and workforce characteristics at budget-user level. A general trend among OECD member countries has thus been to develop more flexible public sector salary systems that enable such adaptations within a common uniform framework.

The process leading up to the reform and implementation of the new public sector salary system in Slovenia was not optimal. Under normal circumstances, the new system could have been allowed to be fully implemented and “bedded-down” before initiating discussion about the next steps in modernising the salary system. However, fiscal turbulence in the euro area has required temporary departures from the original agreement.

At the same time, there are some weaknesses in the present salary system that will need to be addressed. One of the weaknesses of the present system is that it is built on an implicit assumption that a parallel salary evolution in all parts of the public sector is desirable. However, the market wage for different tasks and skills does not evolve in the same way and an adaptation of these differences is difficult (although not impossible) without an element of decentralised pay setting. Thus, the Slovenian public service requires a larger scope for taking the organisational needs and workforce characteristics of different budget users into account. This is virtually impossible to achieve in a fully centralised system due to information asymmetries, transaction costs and lead times.

The multitude of cash supplements that existed in the previous public sector salary system was a typical characteristic of a centralised, and thus static, salary system. When basic salaries could not be adjusted to adapt to varying organisational needs and workforce compositions, different cash supplements were created. These same effects can be seen today in France, and in Sweden before the reform of its public sector salary system. Slovenia has managed to increase the transparency and coherence of its salary system by eliminating a large number of cash supplements, but if the basic system is not made more flexible it will be hard to resist a re-emergence of many of these cash supplements.

The present public sector salary system is linked to budgeting processes and establishment controls through both the grading of posts and titles and job systematisation. When the salary system is made more versatile, it will be necessary to consider how establishment controls and budgetary systems should be adjusted. The integration of elements of top-down budgeting is already challenging the existing linkages, and a full conversion of the budgeting arrangements would facilitate continued reforms of the public sector.
sector salary system. A more detailed discussion of the public sector budgeting system operating in Slovenia is provided in the broader OECD Public Governance Review.

A downside of the present job systematisation and salary system is that in practice there is little scope for any active workforce planning. The personnel plans are essentially descriptions of an existing structure. Competencies play a limited role and are largely identified with formal diplomas. The statutory clause that grading (and re-grading) of a post requires a collective agreement adds to the inertia and to a relatively static organisational structure. It also introduces an asymmetry, since it can be expected to be easier to get an agreement on an up-grading than on a down-grading.

Key considerations for a more effective public sector salary system

New paradigms for public management

Ability to govern and manage

The ability to govern and manage adequately is essential for the quality, efficiency and responsiveness of public services. During the 20th century, the old and established paradigm for public management – oriented versus stability and foresight – has been challenged by new models.

Two paradigms – an ideal bureaucracy and new public management – are often perceived as alternatives and opposed to each other. Neither, however, are exclusive and the new heterogeneity of the public service means that different parts might need to be governed and managed in different ways in order to be efficient (Kiviniemi and Virtanen, 2000; Rexed, 2008). These two paradigms can therefore coexist within a public service that is able to adapt its human resource management arrangements to the organisational needs of different budget users. The Weberian ideal type is also still very relevant for countries making a transition from an authoritarian to a democratic form of governance. However, if there is a common trend in the evolution of human resource management in the public administrations among OECD member countries, then it is a paradigm shift from rule-based governance and rule obedience to managerial discretion and accountability for results.
**Ability to attract, motivate and retain**

The high-level goals of any human resource management system are to ensure that the organisation concerned is adequately staffed with competent and motivated employees, both at present and sustainably over time. Public human resource management has a number of additional goals including ensuring equal access to public employment and ensuring adherence to core civil service values.

Public employment has traditionally been associated with a certain social standing, which has strengthened its competitiveness compared to private employment. Many OECD member countries have also built their core public employment systems as career systems, with entry at low functional levels, promotions reserved for insiders and expectations of life-long service. This has provided their public employees with vested interests in attained positions and has led to reduced turnover.

Value changes among citizens are undermining these systems. These changes are mainly linked to growing affluence, but also to other factors. One such shift is from trust in traditional authorities to self-reliance; something which tends to normalise the social standing of public employees. This shift has been relatively strong in the former Communist countries. Another shift is that so-called survival values are gradually weakened while so-called “self-expression” values are strengthened. At the same time, immaterial rewards are becoming more important than material rewards for large parts of the population.

Other European surveys (Personalestyrelsen, 2001; EIPA, 2002) show that persons attracted to public employment tend to assign more importance to a meaningful job and to their contribution to society than other persons. Public sectors thus do not normally have to compete for competence only with material rewards. Still, employees have to feel valued and respected if they are to be motivated and abstain from looking for other jobs.

Career systems, life-long employment and better security when sick, disabled or retired (including benefits for surviving family members) have enabled many OECD member countries to pay relatively low salaries in their public sectors. The expansion of the general social security systems and the emergence of cross-sectoral professions with stronger identification with their profession than with the public service have, however, weakened these elements.

The public services of all OECD member countries need to be attractive employers in order to acquire and retain competent employees. The weakening of the traditional attractiveness of the public service has to be met in an adequate manner. It has not only becomes imperative to pay market wages, but also to provide a stimulating work environment. Public
employees also need to feel that they are respected and have possibilities for self-expression and personal development.

**Ability to adapt and evolve**

OECD member countries have undergone substantial changes since the middle of the 20th century. Today their economies and societies are more open to international influences than before and their public sectors are more complex and heterogeneous. Rising affluence and a more sophisticated society create demand for new services and increase quality expectations. A technical revolution based on digitalised information and micro-electronic applications creates new potential for responsiveness, service quality and efficiency. At the same time, the more challenging macroeconomic environment described earlier creates new constraints that have to be observed.

To this can be added the constant shifts in the supply of and demand for skills in the modern and more sophisticated labour market; this leads to shifts in the relative market wage for different skills. Basing salaries on posts rather than on skills, or increasing all salaries at the same pace, risks that governments will be unable to recruit and retain employees with sought-after or high-demand skills.

All OECD member country governments also face a constant need to re-organise parts of their public services, increasing some and downsizing others as needs and priorities change. Public services can therefore no longer afford a static organisation or static human resource management arrangements. They also need to be able to pursue a salary policy that limits the risks for both under- and over-payment in relation to market wages.

Failure to adapt may be costly. Adding on new staff for new tasks and public functions without being able to downsize the establishment due to demand changes or technical innovations creates a bloated public sector. Inability to respond to labour market changes generates recruitment and retention problems. Inability to reduce the size of public establishments and/or the level of public salaries severely restricts a country’s capacity for active fiscal policies.

A final observation is that establishment flexibility has become more important than remuneration flexibility. The need to pay market wages implies that pay cuts can only be temporary measures (unless wages are above the market rates and the pay cuts entail a normalisation). Forced salary cuts also threaten the implicit social contract between the state and its servants. Establishment adjustments are therefore a more sustainable way of achieving fiscal stability and an appropriate workforce.
**Ability to perform**

Performance is not a new concept in public management. Even Weber’s ideal bureaucracy (discussed earlier) can be understood as intending to enable and reward the type of individual performance appropriate for civil servants exercising public authority: correct behaviour and due processes. Today’s more costly and heterogeneous public services have led to a broadening of the performance concept to include cost efficiency, quality improvements and responsiveness to citizens’ expectations. It means that good performance today means different things in different public functions.

It is necessary to make a distinction between the individual and the organisational performance, and to understand how they interact with each other. Merely optimising individual performances is no guarantee for an optimal organisational performance. The focus must be on the contribution of each individual towards the organisational performance and the achievement of the organisational goals.

The notion of individual performance is complex and sometimes contradictory. Today, it is less a question of working more, faster or harder than of doing the right things at the right time and in the right way. It is also about using one’s full capacity and competence to further the goals and interests of the organisation. It is also about signals. An organisation that doesn’t distinguish between good and bad performance sends an implicit message to its employees that performance doesn’t matter. In these respects there are no fundamental differences between private and public organisations; what differs are merely the goals and interests of private and public organisations.

The notion of organisational performance and productivity of public services is problematic. The quality of products and services sold on a market is reflected in the price, and estimates of organisational performance and productivity can therefore be based on price and volume indicators. Public organisations have to find separate and reliable indicators of the quality of the provided services in the absence of price signals.

Managing for performance in public organisations requires a broad range of adapted management practices, arrangements and mechanisms including strategic planning and management, internal administrative and organisational flexibility, citizen relation management and systematic competency management. A performance-oriented remuneration system cannot by itself achieve any significant results, but it is a necessary complement to the other elements of performance-oriented management.
A performing organisation is characterised by an awareness of the need for performance improvements, openness to individual initiatives and a capacity for innovation. A performing organisation therefore uses its remuneration system to signal the importance of improved performance. Performance is essentially a cultural issue, and the desired state is a culture of continuous improvement.

**Comparable countries**

Slovenia has expressed an interest in public management systems that are comparable with its own in terms of the size and structure of the public service, and the wider human resource management context (e.g. currently devolved or centralised). Estonia could be seen as a logical choice due to its similar size and background, and its innovative record as a member of the euro zone. However, there are significant differences. Estonia has made a clearer break with pre-independence administrative arrangements, but the planned reform of its Civil Service Law is long overdue since attempts to reform it have consistently been thwarted. Trade unions are also considerably weaker and less involved in public human resource management in Estonia.

There are no ready-made systems in other OECD member countries that can be copied and transferred for use in Slovenia. OECD member countries are a very heterogeneous group; in size as well as in constitutional context, administrative culture and public human resource management arrangements. Other OECD member countries can still provide valuable guidance and role models for the Slovenian Government, as long as Slovenia makes the necessary adaptations to its own context. Interesting examples of different arrangements can be found in both small and large countries, and a country that is innovative in one area may be more traditional in another.

The countries used for comparisons and illustrations in the report therefore vary. However, three relatively small countries seem to be especially interesting when looking at the Slovenian context:

- Belgium, with its Copernicus reform intended to strengthen public management;
- Denmark, with its evolved social dialogue; and
- New Zealand, with its innovative central governance of decentralised management.
Notes

1. This report uses the label “budget users” for public entities that have their own budget allocations, since this term is used in Slovenian documents.

2. Initially, the Public Sector Salary System Act determined that the collective agreement for the public sector was agreed when signed by the Slovenian Government and representative public sector trade unions (representing at least four different activities) whose total membership exceeded 40% of public sector employees. This article was changed in 2010, whereby Article 42 (conclusion of collective agreements and deadlines for their implementation) states that: (i) the collective agreement for the public sector and its amendments shall be deemed to be concluded when signed by the Government of Slovenia and the majority of the public sector representative trade unions (representing at least four different public sector activities); and (ii) if the collective agreement for the public sector or its amendments are not concluded in accordance with (i) that it shall be sufficient for the conclusion of the collective agreement for the public sector or its amendments if they are signed by the Government of Slovenia and the public sector representative trade unions (of at least four different public sector activities) whose total number of members exceeds 40% of public sector employees covered by the collective agreement for the public sector.

3. At the individual level, the government intended that wage disparities be eliminated based on the pay class of the civil servant immediately prior to and upon the new salary system entering into force. The collective agreement for the public sector signed in June 2008 assumed that wage disparities would be eliminated by 2010 based on the following proportions and dynamics: first settlement at the implementation of the new salary system, but with settlement from 1 May 2008, the second at 1 January 2009, the third at 1 September 2009, and the fourth at 1 March 2010. It should be noted that the first and the second payments were implemented within the stipulated period. However, the third and the fourth have yet to be paid. An agreement in November 2010 provides for the third and fourth tranche to be made in the October of two consecutive years when real growth in gross domestic product exceeds 2.5%; in the first year, the base salaries for civil servants will increase for the value of the third quarter of wage disparities, and in the second year the base salaries for civil servants will increase for the value of the fourth quarter of wage disparities.

4. The description of the present Slovenian public sector salary system is based on translated versions of selected Slovenian legislative acts and on other material available in one of the OECD’s official languages. Thus,
there is the unavoidable risk for errors due to incomplete information or misunderstandings.

5. The amounts given are valid from 1 January 2011.

6. This annex is not included in the translated versions of the act that is available on the Internet.

7. “Top-down” refers to a system where budget allocations are determined by political priorities and not by existing expenditure structures. It presupposes that budget users have the powers necessary for reducing their costs when necessary.

8. This paragraph is based on the results of the multi-national World Values Survey.