

<b>Earnings</b>	Slovenian Economic Mirror	IMAD
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Gross wage per employee, growth index	Wages in SIT February 2004	In nominal terms		In real terms <sup>1</sup>	
		Feb 2004/ Jan 2004	Feb-2004/ Feb 2003	Feb 2004/ Jan 2004	Feb 2004/ Feb 2003
Gross wage per employee, total	254,752	98.7	105.5	98.6	101.8
<b>Private sector (activities A to K)</b>	233,452	98.1	106.8	98.0	103.1
A Agriculture	204,505	96.1	105.3	96.0	101.7
B Fisheries	195,340	96.1	103.0	96.0	99.4
C Mining and quarrying	314,574	99.8	109.7	99.7	105.9
D Manufacturing	212,490	98.0	107.6	97.9	103.9
E Electricity, gas and water supply	291,435	97.6	106.5	97.5	102.8
F Construction	203,118	98.1	107.8	98.0	104.1
G Wholesale, retail; certain repairs	226,710	99.3	107.5	99.2	103.8
H Hotels and restaurants	189,900	96.7	104.9	96.6	101.2
I Transp., storage & communications	276,175	98.3	103.5	98.2	99.9
J Financial intermediation	359,819	97.8	105.9	97.7	102.2
K Real estate, renting, business service	274,971	97.3	105.6	97.2	101.9
<b>Public services (activities L to O)</b>	313,525	99.8	102.3	99.7	98.8
L Public administration	320,198	100.6	100.9	100.5	97.4
M Education	315,179	100.6	104.3	100.5	100.7
N Health services and social work	305,717	99.3	101.0	99.2	97.5
O Other social and personal services	308,894	96.5	103.4	96.4	99.9

Source of data: SORS, private sector and public services wages calculated by the IMAD.  
Note: <sup>1</sup>deflated by the consumer price index.

**February's** gross wage per employee fell by 1.3% in nominal and 1.4% in real terms over January.

A nominal fall is typical of the **private sector (activities from A to K)** at this time of year, when wages return to their usual levels after one-off allowances were paid at the end of the preceding year. The gross wage per employee continued to decline in **industry and construction (activities from C to F)**, going down by 2% in nominal terms. The fall was slightly weaker in **production services (activities G, H, I)**, with the gross wage per employee declining by 1.3% in nominal terms. The gross wage fell the most in **business services (activities J and K)**, down 2.6% in nominal terms, where allowances paid at the end of last year were the highest.

In **public services (activities from L to O)**, the nominal gross wage per employee fell by 0.2%. In the public administration and education, the gross wage per employee rose slightly (up 0.6% in nominal terms) probably due to new jobs. The nominal gross wage continued to fall in health and social work from the beginning of the year. The gross wage fell the most in other community, social and personal services, where the private sector prevails.

In the **first two months**, the gross wage per employee rose by 5.1% in nominal and 1.2% in real terms (with consumer prices rising by 3.8%) compared to the same period last year. The gross wage rose more in the **private sector**, going up by 6.6% in nominal and 2.7% in real terms, while in **public services** the gross wage rose by 1.3% in nominal terms and fell by 2.4% in real terms. Here, February's year-on-year fall was much lower than January's mainly as a result of characteristic wage movements in the public administration (see SEM 3/2004: 12). Within public services, the gross wage only rose in education (see SEM 3/2004: 12).

While the wages policy for the public sector for 2004-2005 was agreed in July 2003, the wages policy for the private sector has just been negotiated and the social partners signed the **Wages Policy Agreement for the Private Sector for 2004-2005**. The adjustment mechanism includes anticipated movements in consumer prices excluding alcohol and tobacco, anticipated inflation in the EU, and the anticipated exchange rate of the euro, as proposed by the Social Agreement. According to this mechanism, the gross wage should be adjusted by 3.2% in 2004 and 2.7% in 2005. The most important element of the Agreement is that adjustment now involves an agreed amount of wage supplement rather than a percentage increase. This should achieve the following: (i) contrary to current practice, the wages of all employees will rise by the agreed adjustment amount; (ii) this amount will be agreed at the level of sectoral collective agreements, which should encourage dialogue between the social partners at the level of activities; (iii) all employees within the given activity will get the same adjustment amount, which should improve wage distribution in the private sector; and (iv) this should help change that part of collective agreements which determine the base wage because the adjustment mechanism takes the gross wage as the starting point. The minimum adjustment amount agreed for 2004 is SIT 5,000 and SIT 5,100 for 2005.

The adjustment mechanism also includes a safeguard clause. If the actual rise in consumer prices excluding alcohol and tobacco is higher than anticipated, exceeding 3.6% in 2004 and 2.9% in 2005, this difference should be incorporated in the next wage adjustment. This exceptional adjustment should be made in August. There is an additional safeguard clause if enterprises cannot pay the adjustment amount for business reasons, in which case the employer and employees make an internal agreement at the level of the enterprise.

While the Wages Policy Agreement sets the adjustment mechanism which takes price movements into account, the social partners may negotiate an additional rise in the adjustment amount at the level of activities based on that activity's performance. However, the social partners must follow the guideline of the Social Agreement that the gross wage per employee must rise at least one percentage point less than productivity.

The social partners also agreed on the level of the minimum wage: it was agreed that the minimum wage will amount to SIT 117,500 in August 2004 (a rise of 5.4% over the level of December 2003) and SIT 122,600 in August 2005 (a rise of 4.3% over the level of August 2004).