



ESPN Thematic Report on Access to social protection of people working as self-employed or on non-standard contracts

Slovenia

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Summary

Major non-standard forms of work in Slovenia include work on fixed-term contracts, part-time work, temporary agency work (including student work), work on civil contracts, daily work through vouchers, etc. There have been no important changes in the numbers of non-standard workers since 2008, which means that a decrease in the number of persons with permanent employment contracts was not a consequence of a significant shift to non-standard employment/work.

An increased share of the self-employed in total employment (from 10.4% in 2008 to 12.8% in 2015), and an almost doubled (estimated) share of possible "bogus" self-employment between 2012 and 2015, reveal the probability of people having been encouraged or even forced to become self-employed (SORS, 2016).

The self-employed are insured against all risks (FARS, 2016a), and pay both the employer's and the employee's social security contributions at the same rates as employees on employment contracts and their employers. Most non-standard work contracts are covered by social security insurance – particularly pensions and disability- and health-related insurance, as well as insurance against accidents and work and occupational injuries – and the same or similar contribution rates apply as for workers on permanent full-time employment contracts. However, their low insurance base entitles them to low benefits. A high proportion of the self-employed pay social security contributions by reference to the minimum base and will be entitled to the minimum old-age pension. A low density of work is another problem for non-standard workers. Relatively short insurance periods have negative consequences for the long-term social security of workers on fixed-term contracts, including casual and seasonal workers, temporary agency workers, workers on civil contracts, etc. If unable to earn a (decent) pension, they will live in poverty in their old age.

With uncertain income and fixed contributions, it often happens that the self-employed and workers on non-standard contracts are not able to pay their social security contributions. In that case, they and their family members (other than children) are denied healthcare rights and are only entitled to emergency care. No such provision applies to persons on employment contracts.

While sickness benefits are received by the employed from the first day of sickness (they are paid by the employer), the self-employed receive them only after the first 30 days of sickness, at which point the Health Insurance Institute of Slovenia (HIIS) takes over their coverage. Workers on civil contracts (apart from a small specific group) have no right to sickness benefit at all.

Recent revisions, based on the "each work counts" principle, have undoubtedly increased the social security of non-standard workers. For workers on civil contracts and students performing student work, the future total pension insurance period has been increased, which will result in higher accrual rates and higher pensions. On the other hand, a higher social security contribution base for the self-employed and some non-standard workers has immediately decreased their disposable income with no effect on their future pensions, since they remain below the minimum pension base.

There have been amendments to labour market legislation and measures, both implemented and foreseen, in Slovenia to: stimulate the conclusion of permanent employment contracts, support self-employment for the formerly unemployed, discourage the conclusion of non-standard contracts, detect and punish disguised employment/"bogus" work, and increase the social security of workers on non-standard contracts.

1 Context: self-employment and non-standard work relationships in the national economy and labour market

A permanent full-time employment contract is the primary legal basis for performing work in Slovenia. Self-employment is more than five times less frequent.¹ Non-standard work includes work on fixed-term contracts, part-time work, temporary agency work (including student work), work on civil contracts, daily work through vouchers, etc. Student work is a form of temporary and occasional agency work (performed through student brokerage services) and has been the most widespread precarious form of employment in Slovenia. In Slovenian labour market legislation, there is no mention of on-call or zero-hours workers.

Legal use of non-standard forms of work may be associated with lower legal, economic and social security for employees. Hidden (“bogus”) work contracts represent an illegal use of non-standard forms of work designed to decrease or suppress the social security of employees through evading the payment of social security contributions.

The Employment Relationship Act (2013, Article 213) introduced the definition of an economically dependent person. This is a self-employed person who performs work on the basis of a civil contract in person, for payment, independently and for a longer period in the circumstances of economic dependency, and who does not employ any worker. Economic dependency means that the person obtains at least 80% of their annual income from the same contracting authority. There is limited legal protection for economically dependent persons regarding discrimination, minimum notice periods in case of contract termination, prohibition of unjustified dismissal terms, payment for contracted work, etc. (Article 214). However, one should distinguish this group from the “bogus” self-employed.

1.1 Working population by employment status and type of contract

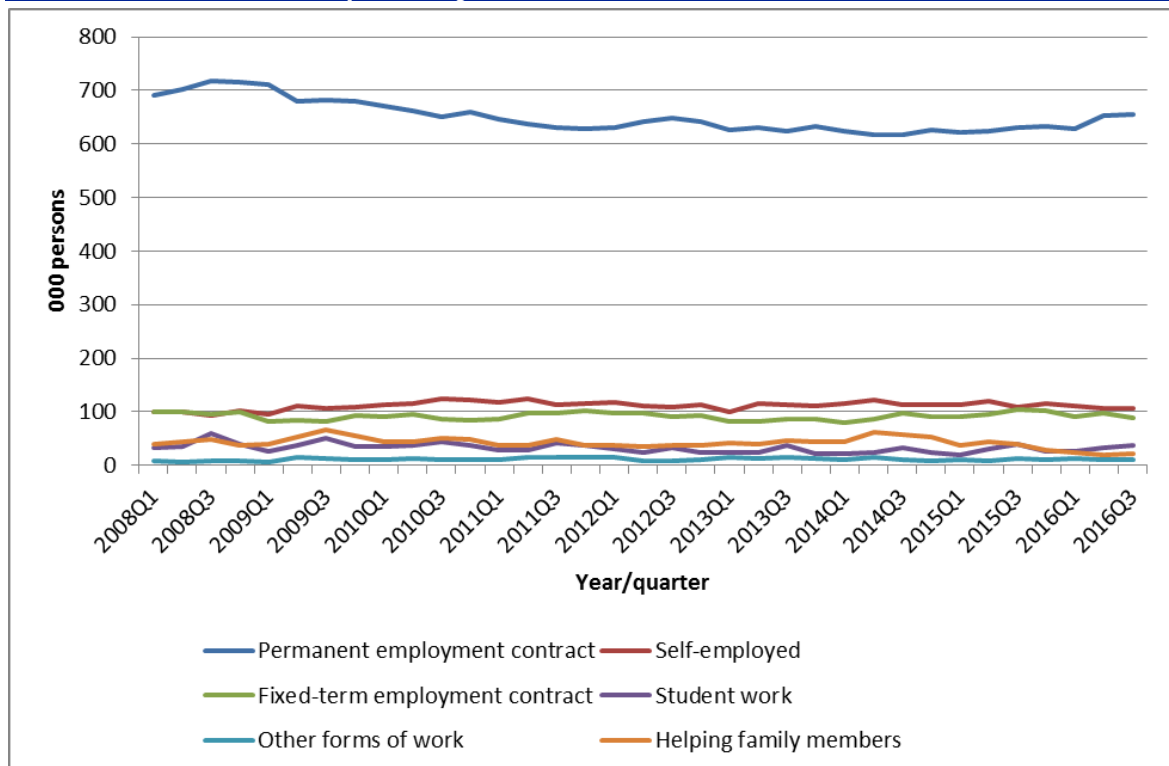
Referring to a considerable increase in the minimum wage in 2010-2012, the OECD (2016, p.52) pointed to a possibility that a “high minimum wage may provoke a shift away from regular full-time employment towards temporary or part-time employment, as employers comply with the minimum wage but take more care to pay only for the hours of work that they most need, or they shift to non-standard forms of employment which escape the minimum wage or lower labour costs in other ways (e.g. reduced social insurance contributions, other labour rights and restrictions on termination)”.

It is evident from Figure 1 that there have been no important changes in the numbers of non-standard workers since 2008. This means that a decrease in the number of persons with permanent employment contracts² was not a consequence of a significant shift to non-standard employment/work.

Unfortunately, there are no statistical data available on permanent or fixed-term employment contracts by working time (full time or part time). Due to that, we include two tables with information on employment: Table 1 distinguishes between permanent and fixed-term employment, while Table 2 distinguishes between full-time and part-time employment.

¹ A “self-employed person” is defined by the Labour Market Regulation Act (2010, Article 5), but also by the acts regulating social security insurance; primarily the Pension and Disability Insurance Act (2012).

² The number of all persons employed in the public sector has remained the same (a decrease of less than 1% from June 2008 to September 2016). In the same period, the number of all persons employed in the private sector decreased by 9% (by 13% from June 2008 till February 2013 at its low point) (SI-Stat Data portal, 2016).

Figure 1: Working population, Slovenia, by employment status and type of contract, 2008-2016, quarterly data

Source: SI-Stat Data Portal, 2016.

In the period from 2008 to 2015 the total number of working people decreased by 79,000 (Table 1). The highest absolute decrease was among employees with permanent contracts (also by 79,000 persons, or by 11.2%), while the highest relative decrease was in student work (by 13,000 persons, or by 31.0%). Self-employment in particular, but also civil contracts, agency work, etc., experienced increases in both absolute and relative terms.

After (more or less) a decline till 2013, both the number and share of employees with fixed-term contracts increased in 2014 and 2015. Similar patterns can be observed for both genders. In 2015, there were 99,000 persons on fixed-term employment contracts. According to the ILO, in 2014 around 68% of fixed-term employment in Slovenia was involuntary (ILO, 2016, p. 57).

Part-time employment contracts are not very common in Slovenia (Table 2). Since employers rarely offer part-time jobs,³ the great majority of part-time workers are: 1) persons who opt for part-time work due to health reasons (illness or disability), and 2) parents (mothers) who make use of parental protection provisions (taking care of their small or disabled children) and have social security contributions (based on the minimum wage) paid from the central government budget up to the full working hours. Part-time employment contracts account for less than 6% of all employment contracts (Table 2). Seven out of ten persons on part-time employment contracts are women. Around 10% of part-time work was involuntary in 2014 (ILO, 2016, p. 80).

The number of self-employed people increased between 2008 and 2010 and has been oscillating since then. There were 99,000 self-employed people in 2008 and 114,000 in 2015. Men account for around 70-73% of the self-employed.

³ Due to in-work benefits, it is more expensive to employ two persons part time than one person full time.

The number of helping family members has been oscillating considerably (between 37,000 and 54,000 persons in the period 2008-2015), but the gender structure has been constant: 40% have been men and 60% women.

Table 1: Working population, Slovenia, by employment status, 2008-2015

	2008	2009	2010	2011	2012	2013	2014	2015	Change 2015 /08 (000)	Change 2015 /08 (%)
TOTAL										
Permanent employment contract	707	687	661	636	641	628	621	628	-79	11.2
Fixed-term employment contract	99	86	89	96	95	85	89	99	0	0.0
Self-employed	99	105	119	118	113	109	116	114	15	15.2
Helping family members	42	54	47	40	37	43	54	37	-5	11.9
Student work	42	38	38	34	28	27	26	29	-13	31.0
Other non-standard work	8	11	11	13	10	13	11	11	3	37.5
Working population (total)	996	981	966	936	924	906	917	917	-79	-7.9
MEN										
Permanent employment contract	384	365	354	338	340	335	331	335	-49	12.8
Fixed-term employment contract	47	42	42	47	47	44	49	52	5	10.6
Self-employed	72	78	85	83	80	78	83	81	9	12.5
Helping family members	18	23	20	17	15	19	20	14	-4	22.2
Student work	19	17	16	15	12	11	10	13	-6	31.6
Other non-standard work	4	5	6	6	5	7	7	6	2	50.0
Working population (total)	543	531	523	506	500	495	499	501	-42	-7.7
WOMEN										
Permanent	323	323	307	297	300	294	290	293	-30	-9.3

employment contract										
Fixed-term employment contract	52	43	47	49	48	40	40	47	-5	-9.6
Self-employed	27	27	35	35	32	31	33	33	6	22.2
Helping family members	25	31	27	23	22	25	33	23	-2	-8.0
Student work	23	21	22	19	16	15	16	16	-7	-
Other non-standard work	4	5	5	7	5	6	5	5	1	25.0
Working population (total)	453	450	443	430	424	411	417	417	-36	-7.9

Source: SI-Stat Data Portal, 2016

Table 2: Employed persons by kind of contract, working time and sex (thousand persons)

	2008	2009	2010	2011	2012	2013	2014	2015
	All							
Full-time employment contract	775	737	712	697	699	678	672	684
Part-time employment contact	30	36	38	34	37	35	38	43
Full-time student work	16	13	13	10	10	10	8	10
Part-time student work	26	25	25	24	18	17	17	19
Full time, other non-standard contracts	3 M	4	3 M	5	4	5	4	4 M
Part-time, other non-standard contracts	5	7	7	8	6	8	7	7
	Men							
Full-time employment contract	775	737	712	697	699	678	672	684
Part-time employment contact	30	36	38	34	37	35	38	43
Full-time student work	16	13	13	10	10	10	8	10
Part-time student work	26	25	25	24	18	17	17	19
Full time, other non-standard contracts	3 M	4	3 M	5	4	5	4	4 M
Part-time, other non-standard contracts	5	7	7	8	6	8	7	7
	Women							
Full-time employment contract	775	737	712	697	699	678	672	684

Part-time employment contact	30	36	38	34	37	35	38	43
Full-time student work	16	13	13	10	10	10	8	10
Part-time student work	26	25	25	24	18	17	17	19
Full time, other non-standard contracts	3 M	4	3 M	5	4	5	4	4 M
Part-time, other non-standard contracts	5	7	7	8	6	8	7	7

Sources: SI-Stat Data Portal, 2016.

Legend: M = small number.

In 2013 in the 15-24 age group, 73.2% of all employed persons had fixed-term contracts, which was the highest proportion in the EU. In the second quarter of 2016, the proportion was 75.7% (Eurostat, 2016).⁴ Student work accounted for most of this (IMAD, 2014, pp. 56 and 49).⁵ Around 60% of students performing student work are women. In 2015, there were around 13,000 men and 16,000 women engaged in student work. In 2013 student work⁶ was more than a third lower than in 2008 (IMAD, 2014, p. 49),⁷ but has since then been increasing again (29,000 workers in 2015, which was 69% of its level in 2008) despite its higher cost for employers due to the introduction of social security contributions on this work in February 2015 (Act Amending the Public Finance Balance Act, 2014). The same act also introduced a minimum hourly rate of EUR 4.50 gross. Obviously, student work is still appealing to employers as an extremely flexible form of employment (OECD, 2016, p. 48). It is interesting to note that around a third of student work is full-time. Around 10,000 workers could have been employed on fixed-term contracts in recent years, had the employers not opted for cheaper student workers.

1.2 “Bogus” work

There is a widespread opinion in Slovenia that all work except full-time permanent employment is (potentially) precarious. However, experts in labour law only consider work to be precarious if a civil contract is misused to hide the actual employment relationship. Self-employment is considered as “bogus” when an employee is paid through a contract for services (OECD, 2016, p. 53). There is no official definition of precarious or “bogus” work in Slovenia. Experts in labour law describe it as a situation where “a person performs work for another on the basis of false status of a self-employed person and/or on the basis of different civil law contracts, although – taking into account all circumstances – a person actually performs work for another in a dependent employment relationship” (Kresal, 2014, p. 177). According to Ignjatović and Kanjuo Mrčela (2015, p. 76), “the reference on the growing trend and share of bogus self-employment in the Slovenian labour market is only anecdotal, since there are no quantitative data on the actual share of this form of employment”.

The share of the self-employed in total employment reached 13.4% in 2015, compared with 10.4% in 2008. It is very probable that it also includes the “bogus” self-employed. Some rough estimates are possible using the Labour Force Survey data, namely those

⁴ The share was still high (28.8%) in the 25-29 age group (Eurostat, 2016), where the majority of salaried workers are on fixed-term contracts (Kajzer, 2013; Ignjatović and Kanjuo Mrčela, 2015).

⁵ Šušteršič et al. (2010) found that, unfortunately, students mainly performed physical and other less demanding types of work rather than “work that is more closely tied to gaining experience, which would have a positive effect on the future career development of students/pupils and facilitate their transition from education to employment” (IMAD, 2014, p. 64).

⁶ Although student work is a kind of temporary work, it is presented separately in Figure 1 because of its extent in Slovenia.

⁷ In June 2012, the Public Finance Balance Act (2012) increased the fee that the employer/client pays on student work from 12% to 18%.

derived from the additional questions on work mainly for one client and in the premises of that client, which are available from 2012 on. The data reveal a significant increase in the number of persons who may be considered as “bogus” self-employed in the years 2012-2015. The share of the “bogus” self-employed in the total number of self-employed estimated in this way has increased from 3.8% in 2012 to almost 6.6% in 2015 (see Table 3). Assuming that the data on “work for mainly one client” contain both economically dependent and “bogus”/dependent self-employed, a rough estimate would be that the share of the economically dependent self-employed increased from 4.0% to 5.6% in the same period. The actual numbers are, however, unknown. We also do not know whether there are any major differences between the economically dependent and the “bogus” self-employed. Substantially more attention should be paid to this issue. An in-depth analysis of self-employed persons in Slovenia is needed.

1.3 Risk of poverty and poor health

The in-work risk of poverty is considerably higher for persons working part time (14.6% in 2015) than for those working full time (5.9%). It is also much higher for employees with fixed-term jobs (12.5% in 2015) than for those with permanent jobs (3.7%). In-work at-risk-of-poverty rates are not very different for men and women. For male employees with fixed-term jobs, they are lower for men (11.8% in 2015) than for women (13.7%), but they are higher for men with permanent jobs (5.0%) than for women (3.8) (Eurostat, 2016). Considering the fact that the self-employed and persons on non-standard contracts (except well-paid employees on consecutive fixed-term contracts) are paying social contributions by reference to a relatively low base, it may be expected that, on average, they will receive lower pensions than employees with permanent contracts and will thus also have a higher risk of poverty and social exclusion in the long term.

Table 3: The self-employed by selected characteristics, Slovenia, 2008-2015 (%)

	2008	2009	2010	2011	2012	2013	2014	2015
Self-employed (total)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
• Working in their firm	16.6	24.4	25.8	21.1	17.7	20.0	18.0	20.0
• Individual entrepreneurs	48.5	46.2	43.9	49.3	51.4	52.2	54.4	59.3
• Farmers	32.5	27.5	27.2	27.3	28.6	24.4	26.0	19.1
• Employed in liberal professions	2*	2*	3*	2*	2*	3*	2*	2*
Working predominantly for one client	..	..	..	..	7.8*	9.3*	9.8	12.1
• Working mainly on the premises of that client	..	..	..	..	3.8*	3.7*	4.7*	6.6*
• Economically dependent	..	..	..	..	4.0*	5.6*	5.1*	5.6*

Source: SORS, 2008-2016, own calculations.

Notes: * Less accurate number (use cautiously); ** Estimate based on the assumption that the self-employed working predominantly for one client are economically dependent or dependent (“bogus”).

In 2015, the at-risk-of-poverty rate was much higher for the self-employed (22.4%; 22.4% for men and 22.9% for women) than for the overall population of Slovenia (14.4%) (SI-Stat Data Portal). Srakar (2015, pp. 43-44) estimated that in 2011 the risk of poverty was almost double for workers on non-standard contracts in the cultural sector

engaged in artistic creation (26.7%), than for the total population (13.6%). The economic and social situation (including indebtedness, housing conditions, health status, etc.) needs to be investigated for all self-employed and non-standard workers, as well as by subgroups. It is also important to raise the awareness of the self-employed regarding the impact of using the minimum insurance base (opted for by many, also due to low income) for their future pensions and risk of poverty.

Srakar and Prevolnik Rupel (2016) found the health of the older self-employed (in general) in no way inferior to that of older employees. However, there are visible differences between the health status of older employees and older non-standard workers on almost all health indicators observed and in the vast majority of the 15 countries included in the analysis. A large heterogeneity among the workers on non-standard contracts was found.

1.4 Fostering self-employment

On the basis of the Pension and Disability Insurance Act (ZPIZ-2 (2012, Article 145, para 14; hereinafter ZPIZ-2), since July 2013 the self-employed have been exempt from paying pension and disability insurance contributions after their first entry in the Business Register or other register or records. In the first 12 months of operation, they are exempt from paying 50% of both the employee and employer contributions, while in the following 12 months the exemption is 30%.

Please see section 2.2.2 for more information.

1.5 Extending the social protection of non-standard workers

Until February 2015, neither students nor their employers had to pay any social security contributions in respect of student work, which made students a much cheaper labour force than workers on employment contracts. A new regulation relating to student work (Act Amending the Public Finance Balance Act, 2014) has improved the social security of students. Following the principle that “every work counts”, some social security contributions (both the employee’s and the employer’s) are now paid on student work (see section 2.1), which has eliminated the major characteristic that made it a precarious form of temporary and occasional work.

Since 2014, those workers on non-standard contracts in the cultural sector⁸ who are engaged in artistic creation are entitled to the daily amount of sick pay if unable to work for at least 31 days. The daily amount (EUR 20 for full-time work in 2014-2016) is defined annually by Prime Ministerial decree and is paid for one episode of illness per year (MC, 2017). This measure is aimed at encouraging independent work in the cultural sector, improving the position of workers and creating more favourable conditions for their work.

1.6 Current policy debate

There is an ongoing debate on precarious work in Slovenia, where “precarious” includes all work except permanent full-time employment. In March 2016 the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MLFSAEO, 2016b) presented the paper “For Decent Work”, which analyses the situation in the Slovenian labour market following implementation of the 2013 amendments to the Labour Market Regulation Act and the Labour Relationships Act. The paper deals with new structural challenges that increase the gap between workers on employment contracts and all other workers. One of the paper’s aims is to eliminate, to the highest possible extent, the reasons for the use of non-standard contracts (civil contracts, student work and other agency work in particular). It includes measures that would lead to the appropriate social, economic and legal protection of all workers. Based on a comparison of wage-cost structures by kinds

⁸ The Slovenian term is “self-employed in culture”.

of contract (see Figure A.1 in Annex 2), the paper proposes the harmonization of bases for the payment of social security contributions and the contribution rates for all kinds of income from work and for all types of contract (MLFSAEO, 2016b, p. 23).

The issue of the unfavourable position of the sick self-employed and non-standard workers (except those on employment contracts) has frequently been discussed. The revision of the social security system in order to provide the highest possible social security has been proposed by the paper "For Decent Work". A loss of the basic income source in the first 30 days of illness has been pointed to (MLFSAEO, 2016b, pp. 30-31).

The same paper raises the issue of new ways of performing work, such as through e-platforms, and proposes an analysis of the status and rights of such workers (MLFSAEO, 2016b, p. 33).

Please see section 2.2.4 for legislation under public debate.

2 Description and assessment of social protection provisions for the self-employed and people employed on non-standard contracts

2.1 Description of social protection provisions for the self-employed and people employed on non-standard contracts

The self-employed are insured against all risks (FARS, 2016a). They pay both the employer's and the employee's social security contributions at the same rates as employees on employment contracts and their employers. The insurance base for the self-employed is defined by the Pension and Disability Insurance Act (ZPIZ-2, 2012, Article 145). The following formula applies:

- $IB = 1/12 (\text{profit} + \text{SSC} + \text{reduction TB} - \text{increase TB}) * 0.75$,
- where
- IB = insurance base;
- profit = profit achieved in the previous year (according to the Personal Income Tax Act);
- SSC = social security contributions paid;
- reduction/increase TB = reduction or increase in the tax base according to the Personal Income Tax Act provisions.

That is, the insurance base is three-quarters of the profit achieved in the previous year, increased by the social security contributions paid and corrected for the reduction and increase of the tax base made for the purpose of the personal income taxation. It is divided by 12 to obtain a monthly base (FARS, 2016a, p.7).

Before 2013, there were eight income brackets for the self-employed that defined their insurance base. The maximum insurance base was 2.4 times the average annual gross salary in Slovenia in the previous year (divided by 12). In 2013, the maximum insurance base was equal to 2.4 times the average gross salary in Slovenia in the penultimate month and was increased to 1/12 of 3.5 times the average annual salary in Slovenia from 2014 on (FARS, 2016a, p. 7).

In 2013 and 2014, the minimum insurance base for the self-employed was the gross minimum wage. In 2015 it was increased to 54% of 1/12 of the last known average annual salary of employees in Slovenia and will be steadily increased, by two percentage points each year, till 2018 when it will reach 60% of 1/12 of the last known average annual salary of employees in Slovenia. In the case of health insurance (only), the

minimum insurance base has already been increased to 60%, since February 2014 (FARS, 2016a, p. 7).⁹

Social security contribution rates (the employee's and the employer's) are the same for the self-employed as they are for workers with permanent full-time employment contracts. This means that the self-employed are paying the employee's contributions at the total rate of 22.1% of their insurance base and the employer's contributions at the total rate of 16.10%.¹⁰

For **farmers who attain the 'income census'** defined by pension and disability insurance regulations (60% of the average monthly salary) pension and disability insurance is mandatory (ZPIZ-2, 2012, Article 17; FARS, 2016a, p. 10). Their total contribution rate is 22.59% since they also pay – apart from the employee's contributions – the employer's contributions in respect of parental protection insurance and insurance against accidents at work and occupational injuries. They are not insured against unemployment. Their insurance base, as well as the minimum and the maximum base, are defined in the same way as for other self-employed people.

Farmers who do not attain that 'income census' may opt for voluntary pension and disability insurance. The same contribution rates apply as those of the first group of farmers, but their insurance base is the minimum one applied to self-employed persons (including the first group of farmers) (FARS, 2016a, p. 11-12). Farmers who had been voluntarily covered by pension and disability insurance before January 2013 pay contributions by reference to the insurance base that applied in the last month before the ZPIZ-2 was enforced. Contribution rates are the same as for the other two groups of farmers, but they do not pay contributions towards insurance against accidents at work and occupational injuries.

Social security contributions and the base from which they are paid are the same for **workers on fixed-term or part-time** employment contracts as they are for workers on permanent employment contracts. They are insured against all risks. The total employee's contribution rate is 22.1%, while the employer's is 16.1%.

There is a group of part-time workers who also have contributions paid in respect of the shortfall relative to full working time. These contributions are paid from the general government budget for persons who work part time due to parenthood (Parental Protection and Family Benefits Act, Article 12). The basis is the minimum wage.

For persons **working under civil contracts**, pension and disability insurance is mandatory. Since January 2013 the employer's contributions have been paid at the rate of 8.85%, and from January 2014 this insurance (at a rate of 15.5%) is also paid by workers if they are not insured under another legal basis (employment, for instance) or exempted by law (e.g. pensioners). These contribution rates are the same as those for persons with employment contracts (ZPIZ-2, 2012, Article 18). One month of the insurance period is credited for each 60% of the average monthly salary from such work, up to a maximum of 12 months per calendar year. However, work under civil contracts is frequently the secondary activity of persons in employment and pensioners, who are covered by social protection insurance through their primary status. In this case, pension

⁹ The changes were expected to bring an additional EUR 36 million annually into the health insurance fund.

¹⁰ The social security contribution rates for employment contracts are the following (FARS, 2016a):

Insurance	Contribution rate (employee)	Contribution rate (employer)
Pension and disability	15.50	8.85
Health	6.36	6.56
Parental protection	0.10	0.10
Unemployment	0.14	0.06
Accidents at work and occupational diseases	-	0.53
Total	22.10	16.10

and disability insurance contributions are not paid from civil contracts. Workers on civil contracts cannot voluntarily join the parental protection insurance or unemployment insurance arrangements, but they have to join health insurance as self-payers if they are not insured as employees or pensioners.

Temporary agency workers are also insured against all risks and at the same rates as other workers with an employment contract. However, their employment contract needs to last for at least three months in the case of some categories of temporary agency worker (those employed for the first time, or without Slovenian citizenship, etc.) in order for them to receive health insurance through the agency (see Table A2 in Annex 1). There is also a risk of profiteering from temporary contracts.

Since February 2015 (Act Amending the Public Finance Balance Act, 2014) social security contributions are paid on **student work**. Employee and employer contributions in respect of old-age and disability insurance are paid at the same rates as in the case of employment contracts (15.5% by the student and 8.85% by the employer). The employer's contribution in respect of health insurance is paid at the rate of 6.36% (0.2 percentage points lower than in the case of employment contracts). The employer's contribution is also paid in respect of insurance against accidents at work and occupational injuries (at the same rate as in the case of employment contracts). However, there is no insurance in respect of parental protection and unemployment.

For persons performing **daily work through vouchers**, insurance in respect of pensions and disability, healthcare, accidents at work and occupational diseases insurances is mandatory if they are not insured otherwise (as employed or self-employed, inactive partners of insured persons, etc.). They have to be insured against disability or death as a consequence of accidents at work or occupational disease.

Rights to employment-related social protection are fully preserved when people change jobs.

2.1.1 Healthcare and sickness: cash benefits and benefits in kind

Contribution rates are mainly the same for standard employment contracts and non-standard contracts. It is the definitions of contribution bases that cause the differences in the amounts of contributions paid. On the one hand, the healthcare contributions paid by/for persons with employment contracts (permanent or fixed-term, full-time or part-time), the self-employed, farmers, workers under civil contracts and even student work, are related to the value of their income defined in various ways (gross wage, profit, value of the contract, etc.). On the other hand, the contributions paid by self-payers¹¹ and some non-standard workers (e.g., daily workers through vouchers) are defined in absolute terms. With no clear rationale, there are unusual differences in the minimum contribution bases between various types of workers/insured persons (Table 4).

¹¹ Self-payers are people who have permanent residence in Slovenia and do not fulfil the criteria for any insurance category. They need to pay contributions themselves, as defined in Article 15, paragraph 1 (20) of the Health Care and Health Insurance Act (2015).

Table 4: Contribution base, rate, and access to healthcare and sickness rights

Category	Contribution rate	Contribution base	Sickness benefits	Health care services
Employed	6.36% (employee) + 6.56% (employer)	Gross wage. Minimum: 52% of last known annual wage in Slovenia	✓	✓
Self-employed	6.36% + 6.56%	Profit in the last year Minimum: 56% of last known annual wage in Slovenia	✓	✓
Farmers	6.36%	Profit in the last year. Minimum: 54% of last known annual wage in Slovenia	✓	✓
Farmers (below the income census) – voluntary	5.21%	56% of last known annual wage in Slovenia	x	✓
Farmers with no pension insurance	18.78%	Cadastral income	x	✓
Self-payers (Article 15 para 1 (20))	EUR 22.72		✓	✓

Source: FARS, 2015.

The Health Care and Health Insurance Act (2013) increased healthcare contributions for certain categories of work/insured persons: the self-employed, workers under civil contracts and self-payers of healthcare contributions. The self-employed reacted harshly to these changes and warned that the rights of the self-employed differ from those of employees. While sickness benefits are received by the employed from the first day of sickness (they are paid by the employer), the self-employed receive them only after the first 30 days of sickness when the Health Insurance Institute of Slovenia (HIIS) takes over their coverage. Subsequently, contributions were introduced for daily work through vouchers, the rest of civil contracts (as of January 2014) and student work (as of February 2015). For self-payers, the contributions were defined in absolute terms and increased from EUR 14.17 to EUR 22.72.

2.1.2 Maternity/paternity cash benefits and benefits in kind

Maternity/paternity/parental/adoption benefits are partly funded from parental protection insurance, while the majority of funds come from general taxation. Maternity/paternity/parental/adoption insurance covers all persons covered by pension and disability insurance, e.g. persons on employment contracts (both permanent and fixed-term, either full-time or part-time), the self-employed, (including persons performing agricultural activities) and temporary agency workers.

The contribution rate for parental protection insurance is 0.1% of gross earnings for both employees and employers (FARS, 2016a). The self-employed and persons performing agricultural activities have to pay for themselves both the employee's and the employer's contributions. The contribution base is the same as for pension and disability insurance (Parental Protection and Family Benefits Act, Article 10). Contributions for parental protection insurance are not paid in respect of civil contracts and student work.

To benefit from the maternity/paternity/parental/adoption leave and benefits (income compensation), a person has to be covered by parental protection insurance (which is part of the mandatory social security arrangements) on the day before the first day of the leave. Persons who are not insured at the time when the leave starts, but who have been insured for at least 12 months in the last three years before the start of the leave, receive 55-105% of the minimum wage (approximately EUR 324 to EUR 618 per month), depending on the period they have been insured for in the last three years.

2.1.3 Old-age and survivors' pensions

Since February 2015, student work has been taken into account in the calculation of the pension and disability insurance period. The basis for the calculation of the insurance period is the payments that the student receives in a calendar year. In 2015, one month of pensionable service was acknowledged for every 54% of the average monthly salary earned. The percentage is being increased by two percentage points a year, up to 60% in 2018.

Some categories can voluntarily opt in to the mandatory public scheme (ZPIZ-2, 2012, Article 25), for instance: a) persons in part-time employment (in respect of the shortfall compared with full-time working hours), and b) nationals of Slovenia who are employed abroad if they were insured in Slovenia before leaving it. In these cases, the insurance base is the minimum one, defined as (1/12 of) 60% of the average annual salary in 2021, following the transition period (it is 52% of the average annual salary in 2015-2017, divided by 12). Voluntarily insured persons have to pay the employee's and the employer's contributions in respect of pension and disability insurance (15.50%+8.85%).

2.1.4 Unemployment benefits and social assistance benefits

Since 1 January 2011, unemployment insurance has been regulated by the Labour Market Regulation Act (2010). Until the end of 2010, it was regulated by the Employment and Insurance against Unemployment Act (2006).

Mandatory unemployment insurance applies to persons with an employment contract and the self-employed (Labour Market Regulation Act, 2010, Article 54). Voluntary unemployment insurance is available to: Slovenian citizens who had an employment contract with an employer in a foreign country and who after return to Slovenia cannot exercise their rights related to unemployment on another basis; persons during suspension of their employment contract; and some other small groups (Labour Market Regulation Act, 2010, Article 57).

The contribution base is the same as for pension and disability insurance. For those voluntarily insured who do not have that contribution base, the gross average wage in Slovenia in the penultimate month applies.

The mandatory insured person's contribution is paid at the rate of 0.14% (FARS, 2016a) by persons with an employment contract, the self-employed and the voluntarily insured (Labour Market Regulation Act, 2010, Article 136). The self-employed pay both the employee's and the employer's contribution (0.06%).

The unemployment benefit base is the insured person's average salary¹² in the last eight months before the month when unemployment started. For the self-employed, the benefit base is their average insurance base in the same period, while for the voluntarily insured it is the insurance base in the eleven months before the month when unemployment started (Labour Market Regulation Act, 2010, Article 61).¹³

¹² The salary compensation or the worker's basic salary is taken into account if the worker received fewer than that number of salaries.

¹³ The exception is unemployed persons below the age of 30 who have been insured against unemployment for at least six months in the last 24 months before unemployment. Their benefit base is their average salary in the last five months before the month when unemployment started.

Entitlement to social assistance benefits is based on citizenship and residence.

2.1.5 Long-term care benefits

There is no long-term care insurance in Slovenia. The healthcare part of services is covered by health insurance, while the social care part is based on citizenship and residence.

2.1.6 Invalidity, accidents at work and occupational injuries benefits

Contributions in respect of insurance against accidents at work and occupational injuries are paid from the same contribution bases as those for health (and other social security) insurance. They are paid by employers and the self-employed (including persons performing an agricultural activity). The contributions amount to 0.53% of the insurance base.

An exception was introduced in February 2014 for work under civil contracts and student work. The contribution rate for these categories is 6.36% (paid by the worker on civil contract and the student's employer) plus 0.53% (paid by the employer/client), which may lead to the false conclusion that this insurance also covers access to healthcare services,¹⁴ whereas it is just insurance against accidents at work and occupational injuries.¹⁵

According to the Labour Market Regulation Act (2010, Article 37), persons included in active labour market policies are also insured against accidents at work. The contributions are financed by the Employment Service of Slovenia.

There are also specific cases of compulsory insurance, for example insurance against disability and death as a consequence of accidents at work or occupational disease, where lump sum contributions are paid (ZPIZ-2, 2012, Article 20; FARS, 2016d). This compulsory insurance is required for persons in vocational education during practical training, for instance. This insurance is voluntary for farmers who are not covered by it according to ZPIZ-2 (2012, Article 17).

Most of the contributions are clearly related to certain rights, but some of them are not. For instance, healthcare contributions paid in respect of civil contracts do not give workers any rights to healthcare services or benefits.

2.1.7 Family benefits

There is no insurance for family benefits. All entitlements are based on permanent residence and actual residence in Slovenia:

- birth grant;
- child benefit;
- allowance for nursing a child;
- large family allowance;
- parental supplement (paid to those who are not eligible for maternity/parental leave wage compensation);
- partial payment of foregone income (to persons taking care of their disabled children);

¹⁴ Namely, 0.63% is the contribution rate for health insurance.

¹⁵ This is not a problem for students, who have access to healthcare on the basis of their status. However, one may argue that workers on civil contracts are paying contributions towards health insurance, but in fact are not insured.

- the right to work part time due to parenthood and have social security contributions (based on the minimum wage) paid from the central government budget for hours not worked; 16
- the right to payment of social security contributions (based on the minimum wage) from the state budget until the youngest child completes the first grade of primary school (for persons who left the labour market to take care of four or more children).

2.2 Assessment of the existing social provisions and the impact of possible extension of their coverage

The social protection of workers employed on fixed-term contracts is the same as that for workers employed on permanent contracts (see Table A2 in Annex 1).

Part-time employment results in the same set of provisions in respect of insurance for pensions and disability, healthcare, parental protection and unemployment as in the case of full-time employment.

As concerns health insurance benefits, the situation is different for the self-employed and workers on non-standard contracts (those that are not employment contracts, that is, civil contracts and student work). The self-employed are entitled to sickness benefit only after 30 days of illness (see Table A1 in Annex 1).¹⁷ Although health insurance contributions are paid on civil contracts and student work, the workers concerned are not entitled to any sickness benefit. The exception is workers on non-standard contracts in the cultural sector engaged in artistic creation (see section 1.5).

This issue certainly needs more attention. Since there are no data available on the number of days when the self-employed are not able to work due to illness and do not receive income compensation, it is not possible to evaluate the financial implications of extending the right to sickness benefit to the first 30 days of illness. The same applies to workers on civil contracts, who currently have no right to sickness benefit at all.

Access to healthcare rights in Slovenia is based on two basic criteria: employment/work and citizenship. Since almost 80% of compulsory healthcare contributions are collected from employees and employers, healthcare insurance is mostly perceived as being related to the employment contract. No adequate attention has been given to changes in the labour market, which are marked by precarious work and flexibilization of work and are seen as one of the most important sources of inequalities in healthcare (Lipovec Čebren and Pistotnik, 2015).

According to Lipovec Čebren and Pistotnik (2015) as well as Vidmar Horvat et al. (2012), the self-employed (including farmers) and workers on non-standard contracts have unstable access to healthcare, as their income is unreliable (it is the sum of various short-term contracts). At the same time, their healthcare contributions are fixed in absolute terms (the contribution base is usually defined as a certain percentage of 1/12 of the last known annual wage in Slovenia, leading to an absolute amount of contributions in a certain year). With uncertain income and fixed contributions, it often happens that the self-employed and workers in non-standard forms of work (temporary agency workers¹⁸ or workers on civil contracts) are not able to pay their contributions.

¹⁶ A parent who is taking care of a child below the age of three, or of a child below the age of 18 with a severe physical disability or a moderate or severe mental disability, has the right to work part time (at least half of full-time working hours). Social security contributions based on the minimum wage are paid from the central government budget for the hours not worked. A parent who is taking care of two children may extend this right until the younger child completes the first grade of elementary school.

¹⁷ They receive sickness benefit from the first day of care for a sick child. After 30 days of sick leave, the Health Insurance Institute also pays their healthcare contributions.

¹⁸ Some categories of temporary agency worker (those employed for the first time or without Slovenian citizenship, etc.) are not covered by health insurance if the contract duration is less than three months. To

The Health Care and Health Insurance Act (2015, Article 78a) provides that, in cases where contributions are not paid, access to healthcare rights is denied to the worker, as well as to their family members (other than children). Until the contributions are paid, they are only entitled to emergency care. No such provision applies to persons on employment contracts.

The number of self-employed and non-standard workers whose rights to healthcare are restricted due to unpaid contributions has been increasing. While there were 3,782 such workers in 2008, their number increased to 10,977 in 2014. Their situation has worsened following the adoption of the Public Finance Balance Act (2012), which cancelled the possibility of debt relief. Although these persons are *de facto* uninsured and denied access to healthcare, they are not counted as such by the official statistics – they just have no access to healthcare services: the official number of uninsured persons was 2,458 in 2014 (HIIS, 2016).

One would take it for granted that the increased/increasing minimum and maximum contribution bases (see section 2.1) would result in improved social security for the self-employed in terms of higher pensions. However, a closer look at recent revisions (particularly those regarding the minimum insurance base) surprisingly reveals quite mixed results. The self-employed with an insurance base lower than the gross minimum wage (which used to be the minimum insurance base before 2014) will finally (from 2018 on) have to pay contributions on (1/12 of) 60% of the national average annual gross salary, which is a higher base. However, this will not have any positive impact on their future pensions: this is because the minimum pension base is (1/12 of) 76.5% of the national average net annual salary, and their calculated pension base will therefore remain below the minimum pension base, with their pensions thus remaining the same as before. Only the self-employed with a profit that somewhat exceeds the national average gross salary (102% of the national average gross salary) will receive higher pensions.

Persons insured against unemployment, except those whose insurance was based on an employment contract, are not entitled to unemployment benefit if their social security insurance ceased for reasons other than objective ones¹⁹ (Labour Market Regulation Act, 2010, Article 63). The only acceptable reason for the voluntarily insured is termination of the legal relationship on which the insurance was based.

A couple of years ago there was a debate on the introduction of a notional defined system (NDC) for individual pension plans. This would keep the current pay-as-you-go system and introduce fictitious accounts where the pension contributions paid would accumulate only notionally. However, there is no mention of NDC in the White Paper on Pensions (MLFSAEO, 2016a).

2.2.1 Low insurance base results in low benefits

The fact that social security contributions are paid at the same (or similar) rates as in the case of a permanent full-time employment contract is not a guarantee of decent benefits if the level of benefits depends on the insurance base. A low insurance base may result from part-time contracts (lower earnings) or fixed-term contracts, including temporary agency work (lower density of insurance and thus probably lower earnings in the medium and long term). For the self-employed, a low insurance base may be either a necessity (due to low income and/or profit) or (at least partly) a choice (due to their decision to pay themselves low wages and thus avoid the payment of high amounts of social security

evade the payment of contributions to health insurance, some employers tend to conclude contracts for (consecutive) periods lasting less than three months.

¹⁹ Objective reasons include longer illness, insolvency, bankruptcy, disaster, greater material damage to the insured person's property, loss of premises or a major business partner, etc.

contributions).²⁰ According to Kačič (2015), a high proportion of the self-employed pay social security contributions by reference to the minimum base and will be entitled to the minimum old-age pension. Many will thus have income below the at-risk-of-poverty threshold.

2.2.2 Provisions that facilitate transitions from unemployment to self-employment

The Labour Market Regulation Act (2010, Article 34) foresees the stimulation of self-employment through assistance and subsidies within the framework of active labour market policies.

There have been provisions in the recent past that facilitate transitions from unemployment to self-employment; for instance, two start-up incentives within the framework of active labour market policies. The programme “Self-employment assistance (seminar)” that provided assistance on becoming self-employed ran from 2008 to 2013. In 2012, 5,250 persons entered the programme and 6,810 in 2013. The average expenditure per programme entrant in the period from 2008 to 2013 amounted to EUR 51. The programme “Subsidies for self-employment” ran from 2011 to 2014. In 2012, 3,030 persons entered the programme, 4,300 in 2013, and 370 in 2014. The average expenditure per programme entrant in the period from 2011 to 2014 amounted to EUR 4,590 (OECD, 2016, pp. 140-141). The analysis of the post-programme employment rates of participants who finished in 2012 shows: 1) an increase in the employment rate of the participants in the “Self-employment assistance (seminar)” over the 12 months following completion of the programme (35.4% employment rate after one month, 85.8% after six months and 86.8% after a year), but 2) a decrease in the employment rate of the “Subsidies for self-employment” participants (84.8% after one month, 80.1% after six months and 78.2% after a year), though the rates were very high (OECD, 2016, p. 138). The programme “Subsidies for self-employment” was not continued after 2014, “due to a lack of funding and due to concerns that many of the programme leavers were in precarious situations earning very low income” (OECD, 2016, p. 139). The Employment Service of Slovenia (ESS, 2014) published information on the successfully completed programme aimed at subsidizing self-employment in the years 2007-2013. Almost EUR 100 million were used to help more than 23,300 unemployed persons to become self-employed. More than 85% remained self-employed in the first two years and (in 2014) 54% had been self-employed for more than five years.

The latest Catalogue of active labour market policy measures (MOLFSAEO, 2016d, pp. 69-71) foresees a subsidy of EUR 5,000 for the self-employment of unemployed women with tertiary education.

2.2.3 Combination of pension and contractual employment

The Act Amending the Labour Market Regulation Act (2013, Article 4) allows time-limited (up to 60 hours per month) and occasional work by pensioners, but “employers availed themselves of this option only modestly in the first year of implementation” (IMAD, 2014, p. 70).

2.2.4 Disincentives for non-standard work contracts

The Slovenian government has made some steps towards greater flexibility in the labour market (MLFSAEO, 2016a), better control of illegal use of non-standard forms of work (disguised employment/“bogus” work), and improved social security for some types of non-standard work based on the “every-work-counts” principle (Prevention of Undeclared Work and Employment Act, 2014). Developments have shown that decreasing protection

²⁰ The Pension and Disability Insurance Institute’s data show that in July 2016 almost 70% of self-employed persons paid social security contributions from the minimum insurance base (FARS, 2016b).

for the permanently employed and increasing security for fixed-term contracts are not enough to mitigate segmentation in the labour market.

The new Labour Relationships Act (2013) alleviates inappropriate usage of fixed-term contracts by:

- (Further) restricting successive fixed-term contracts for the same work, where continuous duration would be longer than two years (except in some explicitly determined cases) (Article 53);
- Transforming illegal fixed-term contracts, where detected, into permanent ones (Article 54), and
- Introducing high severance pay at the termination of a fixed-term employment contract, particularly one signed for a period of one year.

Analysis has shown that, by relaxing the conditions for dismissals, the act also stimulated employers to conclude permanent employment contracts more frequently than before (MLFSAEO, 2016b, p. 17). In 2014, almost half of formerly (in 2013) fixed-term contracts were changed into permanent contracts (MLFSAEO, 2016b, p. 5).

The same act introduced a quota for agency workers for each employer, under which the number of posted workers should not exceed 25% of all employees. According to some experts, this level is relatively high, as the majority of employers have not exceeded this threshold in the past (Ignjatović and Kanjuo Mrčela, 2015, pp. 31-32).

The Act Amending the Labour Market Regulation Act (2013) introduced:

- Exemptions from payment of the employer's unemployment insurance contribution in the first two years of a worker's permanent employment (Article 29); and
- Employer's unemployment insurance contributions at a rate five times higher (0.30%) than the standard one (0.06%) in the case of a fixed-term employment contract (Article 39).

The implementation of these two acts in April 2013 held back the spread of non-standard work (MLFSAEO, 2016b).

Other measures that stimulate permanent employment include:

- A refund, for two years, of employer's contributions in respect of employees (younger than 26 or mothers with children younger than three) in their first permanent employment (ESS, 2017), and
- "exemption, for two years, from the payment of employers' social security contributions for signing a permanent employment contract with a person under the age of 30 who has previously been unemployed for three months" (IMAD, 2014, p. 62).

In November 2016, based on the paper "For Decent Work" (MLFSAEO, 2016b), the Ministry of Labour, Family, Social Affairs and Equal Opportunities prepared draft acts amending the Employment Relationships Act, the Labour Market Regulation Act, and the Labour Inspection Act for public debate (MLFSAEO, 2016c). The aims are to:

- increase the effectiveness of the Labour Inspectorate;
- provide greater legal protection to workers on civil contracts where the elements of an employment contract exist (amendments to the Employment Relationships Act); and
- stimulate employers to conclude permanent employment contracts.

In cases where the elements of an employment contract are proven to exist, the client would have to offer an adequate employment contract to the worker. The relevant fine is expected to be increased for the employer/client (up to EUR 30,000) and introduced for

the worker unless he/she notifies the Labour Inspectorate. The burden of proof will be put on the employer.

By applying the “every-work-counts” concept since February 2015 (Act Amending the Public Finance Balance Act, 2014), the Slovenian government has increased the social security of persons performing some non-standard forms of work through: 1) an increased insurance base for the self-employed, 2) a higher hourly rate for student work, and 3) the introduction of compulsory payment of social security contributions from non-standard work contracts (civil contracts and student work). We expect these revisions to have positive effects on the future size of pensions and their adequacy. However, these expectations should not be generalized. Some important facts should be noted.

- An increase in the minimum wage in 2010 certainly increased the social security of people earning only the minimum wage, but it will not change the amount of their future pensions.
- An ongoing increase in the minimum insurance base for the self-employed (up to 1/12 of 60% of the average annual salary in Slovenia) has further decreased their disposable income²¹ without any positive effect on their future pensions.
- Only the self-employed with a profit a little bit higher than the average gross salary in Slovenia will be able to acquire higher pensions.
- The minimum insurance base for the self-employed was EUR 870 in 2016, while the average insurance base on which they paid social security contributions was EUR 1,074 (FARS, 2016c). It is obvious from the comparison with the average Slovenian gross salary of EUR 1,558 that the self-employed will on average receive substantially lower pensions.
- Due to a higher minimum insurance base, farmers and voluntarily insured persons, etc. will also suffer a decrease in their disposable income with no positive change in their future pensions.
- Student work now qualifies as a pension insurance period, but the insurance base is low, and there is a risk of student remaining trapped in this form of work.

Labour market developments prove that decreased protection of the permanently employed, and increased labour market and social security for workers on fixed-term contracts, have not been enough to (significantly) decrease labour market segmentation. The continuous demand for non-standard work shows that employers need flexible workers and are searching for types of work with lower labour costs. For a comparison of nominal wage-cost structures for different types of work (using the gross minimum wage as the basis), see Annex 2.

3 Conclusions and recommendations

There have been no great changes in the number of persons in self-employment and non-standard work since 2008. However, a significant increase in the number of persons who may be considered as “bogus” self-employed has been estimated for the years 2012-2015. Low labour costs for hiring self-employed persons obviously create pressures by employers on their employees to become “bogus” self-employed. Legal self-employment and non-standard (flexible) types of employment/work are certainly needed in the labour market, but they should not to a great extent replace permanent contracts (characterized by low flexibility).

²¹ By contrast, for people on an employment contract and earning the minimum wage, the higher amount of social security contributions due to a higher insurance base (the difference between the minimum wage and 1/12 of the 60% of the average annual salary in Slovenia) has to be paid by the employer.

There have been amendments to labour market legislation and measures, both implemented and foreseen, in Slovenia to stimulate the conclusion of permanent employment contracts, support self-employment for the formerly unemployed, discourage the conclusion of non-standard contracts, detect and punish disguised employment/"bogus" work and increase the social security of workers on non-standard contracts.

The self-employed in Slovenia are insured against all risks and at the same rates as workers on permanent full-time employment contracts (see Table A1 in Annex 1). The problem is their low insurance base. The vast majority of the self-employed are paying contributions by reference to the minimum insurance base, which entitles them to low benefits. The adequacy of their pensions is a serious problem in particular. All this holds even more for non-standard workers.

Slovenian healthcare insurance regulations do not take account of ongoing changes in the labour market and do not differentiate between existing types of employment/work. In an effort to collect contributions from a higher number of income sources, contributions were increased for some types of work without a (clear) connection to rights to healthcare or sickness benefits. Workers with short-term employment contracts often do not fulfil the criteria for any of the standard categories; hence the category created for exceptional cases has seen a great increase in the numbers of insured. The differences between contribution bases and contribution rates by types of work are large and do not fulfil the objective of equality or solidarity. Unfortunately, no proper analysis has been done yet with the aim of setting fairer and more equal contributions by category.

Relatively short insurance periods have negative consequences for the long-term social security of workers on fixed-term contracts, including casual and seasonal workers, temporary agency workers, workers on civil contracts, etc. Their future pension entitlements are threatened in particular. If unable to earn a (decent) pension, they will live in poverty in their old age.

Recent revisions, based on the "each work counts" principle, have undoubtedly increased the social security of non-standard workers. For workers on civil contracts and students performing student work the future total pension insurance period has been increased, which will result in higher accrual rates and higher pensions. These measures will generally have positive effects on pension adequacy. Conversely, a higher social security contribution base for the self-employed and some non-standard workers has immediately decreased their disposable income with no effect on their future pensions since they remain below the minimum pension base. Although the social security of students performing student work has increased due to the introduction of compulsory social security contributions and the minimum hourly wage, it is very likely that these young persons will be trapped in this form of work with low pay, low work density and social security contributions being paid from a low insurance base, which will result in inadequate pensions.

Priority recommendations

- In-depth analyses are needed to evaluate the extent of dependent self-employment and "bogus" work.
- In-depth analyses of the impact of labour costs on the demand for, and offer of, non-standard workers are needed as the basis for revisions that would prevent the spreading of involuntary non-standard work, and particularly "bogus" work.
- Health insurance contribution bases and rates by categories of non-standard worker should be more closely related to their rights.
- The right to sickness benefit should be extended for the self-employed and introduced for workers on civil contracts. More labour inspectors are needed to prevent and punish the abuse of non-standard work contracts.

Annex 1

Table A1: Access to social protection: self-employed (summary table)

	On her/his own account	With employees (self-employed employer)	Dependent on single client	Dependent on contractual relationship with client	Liberal professions (e.g. doctor, notary, lawyer)
Healthcare - cash benefits and benefits in kind	Full	Full	Full	Full	Full
Sickness - cash benefits and benefits in kind	Partial ⁽¹⁾	Partial ⁽¹⁾	Partial ⁽¹⁾	Partial ⁽¹⁾	Partial ⁽¹⁾
Maternity/paternity - cash benefits and benefits in kind	Full	Full	Full	Full	Full
Old age pensions (preretirement benefits and pensions)	Full	Full	Full	Full	Full
Survivors pensions and death grants	Full	Full	Full	Full	Full
Unemployment benefits	Full	Full	Full	Full	Full
Social assistance benefits ⁽²⁾	Full	Full	Full	Full	Full
Long-term care benefits ⁽³⁾	Full	Full	Full	Full	Full
Invalidity benefits	Full	Full	Full	Full	Full
Accidents at work and occupational injuries benefits	Full	Full	Full	Full	Full
Family benefits ⁽²⁾	Full	Full	Full	Full	Full

Notes: (1) The Health Insurance Institute of Slovenia is not paying any sickness benefits in the first 30 days of sickness. (For the employees, the benefit is paid by their employers.)

(2) Social assistance benefits and family benefits are not based on insurance but on citizenship and residence.

(3) Long-term care benefits are not a separate category. The healthcare part of services is covered by health insurance, while the social-care part, including attendance allowance, is based on citizenship and residence.

Table A2: Access to social protection: contractual employment (non-standard contracts) (summary table)

	Full-time employee	Part-time employee	Fixed-term employee	Temporary agency worker	Casual and seasonal workers	On-call workers ⁽¹⁾	Zero-hour workers ⁽¹⁾	Apprentices ⁽³⁾	Paid trainees ⁽³⁾	(Other) persons in vocational/professional training ⁽³⁾	Civil contracts	Student work	Daily work through vouchers
Healthcare - cash benefits and benefits in kind	Full	Full	Full	Partial ⁽²⁾	Full	n.a.	n.a.	n.a.	n.a.	n.a.	None	None	None
Sickness - cash benefits and benefits in kind	Full	Full	Full	Partial ⁽²⁾	Full	n.a.	n.a.	n.a.	n.a.	n.a.	None	None	None
Maternity/paternity - cash benefits and benefits in kind	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	None	None	None
Old age pensions (preretirement benefits and pensions)	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full ⁽⁴⁾	Full ⁽⁴⁾	Full
Survivors pensions and death grants	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full ⁽⁴⁾	Full ⁽⁴⁾	Full
Unemployment benefits	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	None	None	None
Social assistance benefits ⁽⁵⁾	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full	Full	Full
Long-term care benefits ⁽⁶⁾	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Partial ⁽⁷⁾	Partial ⁽⁷⁾	None
Invalidity benefits	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full	Full	Full
Accidents at work and occupational injuries benefits	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full	Full	Full
Family benefits ⁽⁵⁾	Full	Full	Full	Full	Full	n.a.	n.a.	n.a.	n.a.	n.a.	Full	Full	Full

Legend: n.a. = not applicable

Notes: (1) There are no such categories in the Slovenian legislation.

(2) The employment contract needs to be concluded for the period longer than three months in order for some categories of temporary agency workers (those employed for the first time, or without the Slovenian citizenship, etc.) to have health insurance through the agency.

(3) They do not have a work contract.

(4) As from 1 February 2015 pension and disability contributions are paid at the same rate as for the employment contract.

(5) Social assistance benefits and family benefits are not based on insurance but on citizenship and residence.

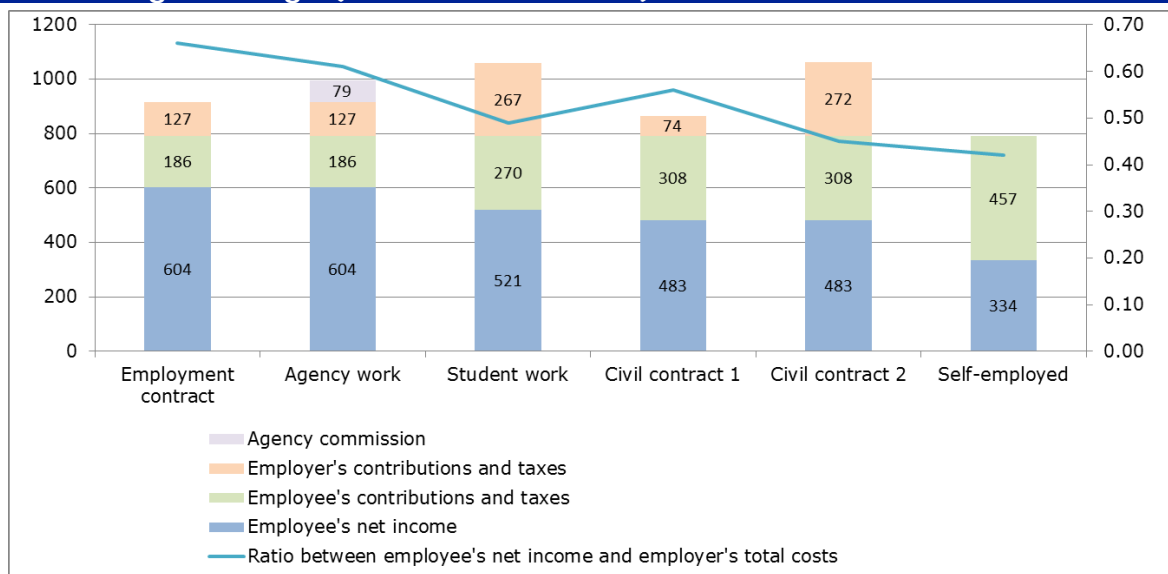
(6) Long-term care benefits are not a separate category since there is no insurance for long-term care. The healthcare part of services is covered by health insurance, while the social-care part, including attendance allowance, is based on citizenship and residence.

(7) They are not entitled to benefits that are covered by health insurance.

Annex 2

The nominal structures of wage costs for different types of work (using the gross minimum wage as the basis) show that, according to the tax burden, a permanent employment contract is the best option for a worker²² (see Figure 2). For the employer, self-employment is the least costly (the total wage cost for the employer is EUR 790.30, the employee's net income only EUR 334, and the ratio only 0.43). However, if in addition those labour costs that are not directly linked to the payment for work (but rather to the work contract, and amounting to 21% of the total labour costs (SORS, 2012)) are taken into account, the employers' preferences for particular types of employment/work become clearer.

Figure A.1: Comparison of the nominal structure of wage costs based on the minimum gross wage (EUR 790.30 in 2015)



Source: MLFSAEO, 2016b, p.21.

Legend:

Left vertical axis = Nominal structure of the wage costs (EUR) based on the minimum gross wage;

Right vertical axis = Ratio between employee's net income and total wage costs of employer.

²² The ratio between the employee's net income (EUR 604) and the total cost for the employer (EUR 917.30) is the highest, amounting to 0.66.

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