

Slovenia revises its unemployment benefit regulation to foster employment

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The Act Amending the Labour Market Regulation Act was adopted in December 2019. Its main goals include a higher level of social security for unemployment benefit beneficiaries, faster activation of persons of working age, and maintenance of older persons in employment. The minimum gross amount of unemployment benefit was raised from €350 to €530.19 per month.



Description

The Act Amending the Labour Market Regulation Act (LMRA) was adopted in December 2019. The social partners were involved in preparing the amendments from the very beginning. For that purpose, the Economic and Social Council (the institution coordinating social dialogue in Slovenia) had established a special Negotiation Group in July 2019. As many as 90% of the Members of Parliament present at the voting session supported the amendments.

Since 2016, the minimum gross amount of unemployment benefit received by those who had been employed full-time was only €350 per month or €275 in net terms. By way of comparison, the at-risk-of-poverty threshold for a single-person household, which is a net amount, was €662 in 2018 (Eurostat). Since 27 December 2019, the gross amount has been raised to €530.19, i.e. a net amount of €392.75. This latter figure is equal to the guaranteed minimum income received by a single person in the first half of 2019.

The minimum length of insurance for a person aged at least 30 to be eligible for unemployment benefit has been raised from 9 to 10 of the previous 24 months. This revision is to become effective by 1 January 2021 at the latest.

There have been changes to the combinations of age and insurance periods required for the two longest durations of entitlement to unemployment benefit. Since 27 March 2020, persons older than 53 (previously

50) with an insurance period exceeding 25 years can receive unemployment benefit for 19 months. Persons older than 58 (previously 55) with an insurance period exceeding 28 years (previously 25 years) can receive benefit for 25 months.

The person is no longer eligible for unemployment benefit when he/she fulfils the conditions for old-age retirement (60 years of age and 40 years of insurance) or occupational retirement. The right to unemployment benefit ceases when the person is 65 years of age or fulfils the conditions for old-age retirement (and no longer when obtaining the pensioner status, as was the case before). These amendments have been in force since 27 March 2020. Still, if the unemployed person does not choose to retire, he/she can retain his/her unemployed status until the age of 65.

Currently, an unemployed person who refuses to sign the Employment Plan, or does not accept an adequate/ suitable job offered, or refuses to join the active labour market policies (ALMPs) programme, etc., is deleted from the Unemployed Persons Register (UPR) and ceases to receive unemployment benefit after only the second infraction. The first infraction only results in a permanent 30% decrease in unemployment benefit. Starting from 27 June 2020, at the first unjustifiable breach of the obligations, the person will be deleted from the UPR, his/her unemployment benefit will be cut by 30% for two months, and the minimum unemployment benefit will not apply. Only if a person is found not to be actively seeking a job will he/she be

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deleted from the UPR on the second violation of the rules.

From 27 April 2020, unemployed persons who are nationals of third countries (all countries except EU and European Economic Area countries or Switzerland) will need to obtain a publicly valid certificate showing they have passed the Slovenian language proficiency examination at entry level (A1 level of difficulty), within 12 months of registering with the UPR. If this condition is not met, the person will not be allowed to register with the UPR and will thus not be eligible for unemployment benefit. This provision is aimed at improving the activation and integration of third-country nationals into the Slovenian labour market.

For the same reason, since 27 December 2019, there has been an additional condition for attaining active job seeker status, for unemployed persons who are nationals of an EU or European Economic Area country, or Switzerland. They have to enrol in a Slovenian language course and take an entry level exam.

Outlook and commentary

The main goals of the amended LMRA are a higher level of social security for unemployment benefit beneficiaries, faster activation of persons of working age, and keeping older persons in employment. The new and revised provisions promise to result in the achievement of these goals.

A rise in the level of the net minimum unemployment benefit to

the net guaranteed minimum income for a single person is a logical step. It is not acceptable for the entitlement based on mandatory insurance of the employed to be lower than the social assistance entitlement.

More severe conditions regarding 1) the number of months of insurance in the previous 24 months needed for recognition of the right to unemployment benefit and 2) the two longest periods of receipt of that benefit are very likely to increase the work activity of young and older persons.

If the conditions for old-age or occupational retirement are met, a decision not to retire (and any resulting unemployment) is a personal choice. So, from the viewpoint of the unemployment insurance scheme, it is right that the person is not entitled to unemployment benefit.

The lack of basic Slovenian language skills makes it difficult or impossible for foreigners to be integrated into the Slovenian labour market; according to information provided in the material for public debate on the amendments, this has contributed to a situation where 40% of unemployed foreigners are long-term unemployed. The candidates cannot (properly) understand the job advertisements or complete a job application. When unemployed, they cannot be (easily) integrated into ALMPs or successfully cooperate with their advisor at the Employment Office. Although free language courses and exams have been available to foreigners through ALMPs for many years, very few persons have taken advantage of them.

Further reading

Zakon o spremembah in dopolnitvah Zakona o urejanju trga dela (ZUTD-E) [Act Amending the Labour Market Regulation Act], Official Gazette of the Republic of Slovenia, No. 75/2019: <https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2019-01-3307?sop=2019-01-3307>

Zakon o urejanju trga dela (ZUTD) [Labour Market Regulation Act] (2010), with amendments: <http://pisrs.si/Pis.web/pregledPredpisa?id=ZAKO5840>

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