Appendix 1. Report on measures for the implementation of country-specific recommendations (CSR) and on the main structural changes in 2012

Table 1. Description of implemented measures and their impact

			Data on planned and already implemented measures								**Anticipated long-term impacts**
CSR number (1)	**CSR subsections (2)**	**Number and short title of the measure (3)**	**Description of the main measure which directly affects the implementation of the country-specific recommendation**					**EU 2020 objectives**	**Challenges/problems**	**Budgetary resources**	**Qualitative elements**
			Main objectives and connection to CSR (4)	Description of the measure (5)	Legal and institutional bases (6)	Progress timeline of measure implementation in the last year (7)	Timeline of future steps (8)	Anticipated impact on the achievement of EU 2020 main objectives (9)	Problems/challenges during implementation of measures (10)	Total annual budgetary resources intended for implementation of measures (in EUR million) and EU funds (source) (11)	Qualitative description of anticipated effects (12)

	a) to implement the budget for 2012 and strengthen the budget strategy for 2013 with adequately defined structural measures, and the preparation of adopting additional measures in order to ensure the correction of the excessive deficit by 2013;	Measure 1: Revised budget for 2012 and the adoption of the Fiscal Balance Act (ZUJF)	The objective of measures adopted within the revised budget 2012 was to reduce the public finance deficit.	The measures for public finance balancing included a wide array of measures to reduce general government expenditure; primarily in wages in the public sector (reduction of basic wages, holiday pay, benefits) and by the reduction and redistribution of social transfers (unemployment benefits, child benefits, parental benefits, kindergarten subsidies). The pension indexation was not implemented in 2012 and the pensioners' recreation grant reduced. Expenditure to cover medical services from the basic health insurance and price standards for medical technical devices was reduced. There were also limitations on investment expenditure. In order to increase revenues, the carbon tax on motor fuels and an additional tax	Revised budget for 2012 and the Fiscal Balance Act	Amended budget adopted on 31 May 2012. The Fiscal Balance Act entered into force on 1 June 2012.	Further measures to balance public finance in the adopted budgets for 2013 and 2014.		The budget for 2012 was closed. The final assessment of the consolidated public finance deficit according to ESA 95 is 4.0 per cent of GDP in line with objectives.	Expenditure in the budget for 2012 is EUR 369 million lower; revenue is EUR 54 million higher than in 2011 budget. Funds from the EU totalled EUR 842 million, which is EUR 30 million more than in 2011.	Gradual balancing of public finance

		Measure 2: Adoption of the budgets for 2013 and 2014	The objective of the 2013 and 2014 budgets is to further reduce the general government deficit i.e. to 2.8 per cent of GDP in 2013 and 2.5 per cent of GDP in 2014.	The key measure to reduce expenditure is the consistent implementation of ZUJF and other measures from 2012 and an additional reduction of labour costs in the public sector by 5 per cent. The budget also considers savings due to the labour market and the pension system reforms. Measures to increase revenue include: tax on financial services, amendments to the bank total assets tax, amendments to the tax on high-value immovable property introduced with ZUJF (lowering the threshold from EUR 1 million to EUR 0.5 million), increasing the annual fee on the use of motor vehicles, increasing the environmental fee for carbon pollution, the	Adopted budget 2013–2014	The budget entered into force on 1 January 2013.	Possibility of revised budget		Risks to the realisation of the budgets for 2013 and 2014 are: i) worse macroeconomic conditions; ii) reduction of labour costs without additional binding measures; iii) effects of bank rehabilitation	The impacts of new measures on expenditure are estimated at 0.5 per cent of GDP (EUR 200 million) in 2013. According to an estimate, income could increase by EUR 250 million or 0.7 per cent of GDP with measures for increasing revenue.	

				introduction of schedular taxation on income from leasing property.							
	b) to strengthen the medium-term budgetary framework including the fiscal rule in order to make it more binding and transparent.	Determining the fiscal rule in order to achieve structural balance in public finance.	Achieving a balance in public finance measured by the structural deficit in line with the EU Treaty on Stability, Coordination and Governance.	Enhancement of the fiscal rule, determination of corrective mechanism and extraordinary circumstances.	EU Treaty on Stability, Coordination and Governance Amendments to the Public Finance Act are being drafted.	Amendment to the legal system in May 2013. Adoption of the implementation act and amendments to the Public Finance Act by the end of 2013.	Implementation within budgetary planning.		Political agreement is at risk.		

CSR 2: Sustainability of the pension system	a) to adopt emergency measures to ensure long-term sustainability of the pension system while maintaining adequate pensions;	Pension reform	Provision of sustainability of public finance by 2020	Extension of the retirement age and equalisation of retirement age for men and women at 65 years of age; requirement for the fulfilment of 40 years of pension qualifying period without the purchase of a period for retirement before the age of 65 (fulfilment of at least 60 years of age); the period for determining the pension base from which the amount of pension is calculated will be extended from 18 to 24 consecutive years that are the most favourable for the insured person; the pension indexation relies on the formula of 60 per cent growth in the average gross wage in Slovenia and 40 per cent growth in prices; bonuses for prolonged work activity and deductions for early retirement.	Pension and Disability Insurance Act (ZPIZ-2)	Amendments are introduced with transitional periods.	Further reform will be necessary for the period after 2020.	The pension reform will affect the increase in the employment rate of older people and thus overall employment. Further reduction in pensions will be discontinued.			

	b) to equalise the statutory retirement age for men and women;	See: Pension reform		The retirement age for men and women will be equalised at 65 years of age. A transitional period will be determined.							
	c) to ensure an increase in the actual retirement age also by connecting the statutory retirement age with life expectancy;	See: Pension reform		See item b.							
	d) to reduce the possibilities of early retirement;	See: Pension reform		Incentives for prolonged work activity and the right to partial retirement are introduced. The further reduction in pensions has been discontinued.							
	e) to conduct an audit of the pension indexation scheme;	Measure 1: Pension reform		Pension indexation relies on 60 per cent growth in average gross wage in Slovenia and 40 per cent growth in prices, which complies with the recommendation.						In 2013, the indexation still complied with the old legislation i.e. 0.1 per cent or EUR 5 million.	

		Measure 2: Fiscal Balance Act (ZUJF)		Pension indexation is frozen in 2012.								
	f) to increase the employment rate of older employees by further developing active labour market policies and measures for life-long learning.	Measure 1: Pension reform	Create favourable conditions for employers' social contributions for older employees; the right to partial retirement.									
		Measure 2: Possibility of temporary and occasional work by pensioners	Increase the work activity of older people	The work is performed on the basis of a contract on performing temporary or occasional work as a special contractual relationship between an employer and a beneficiary, which can include elements of an employment relationship for 60 hours per month at most, with a maximum annual income of EUR 6,300.	Labour Market Regulation Act	In force since 12 April 2013.		Affects the objective of employment growth				

		Measure 3: Active employment policy	Realise active employment policy measures – at least 15 per cent inclusion of workers above the age of 50	The majority of older people are included in subsidised employment and public work programmes.	Labour Market Regulation Act, Operational Programme for Human Resource Development 2007–2013	Guidelines adopted for the implementation of active employment policy measures 2012–2015 and the plan of active employment policy measures for 2013–2014	Implementation of active employment policy measures in line with the needs of the labour market	Increase in the employment rate of workers between the ages of 20 and 64 and between the ages of 55 and 64	Lack of available jobs	In 2013 and 2014, EUR 155 million is earmarked for active employment policy measures.	Approximately 15,000 jobs for unemployed persons; approximately 40,000 unemployed and employed persons are included in education and training i.e. at least 15 per cent of whom are older.

	a) to adopt necessary measures to ensure sufficient capital reserves for the banking sector and vigorously encourage the balancing of accountsso that suitable lending to productive activities may recommence;	Measure 1: Enhancing bank stability and the establishment of the Bank Assets Management Company	Purchase and management of bank assets; recapitalisation of banks; accelerating credit flows to the non-financial sector	Establishment of the Bank Assets Management Company (BAMC); purchase or/and takeover of bank assets by payment and management of these assets by the BAMC; guarantees by the state to improve stability of up to EUR 3 billion; increase in share capital of banks of up to EUR 1 billion; measures to guarantee the necessary liquidity of banks in emergency cases.	Measures to Strengthen the Stability of Banks Act (ZUKSB) and Regulation on the Implementation of Measures to Strengthen the Stability of Banks	The Bank Assets Management Company has been established; the non-executive directors have been appointed and the company's statute has been adopted. The regulation stipulating criteria and conditions that banks must fulfil in order to be entitled to the measures and the criteria and conditions for the determination and implementation of individual measures have been adopted. The	Appointment of executive directors		Provision of transparency of asset management	According to an estimate, the state would have to issue guarantees of up to EUR 4 billion to implement measures to enhance bank stability.	

		Measure 2: Recapitalisation of banks	Increase the capital adequacy of banks	Recapitalisation of NLB, which is the largest bank with a state share of EUR 382 million; recapitalisation of NKMB, the second largest bank, in the amount of EUR 100 million through a special instrument of conditional conversion to equity shares.					Cash flow in 2012; the impact on the deficit according to ESA 95 is 1.2 per cent of GDP in 2013	Stabilisation of the banking system	
		Measure 3: Updating and enhancing the supervisory function of the Bank of Slovenia	The possibility of early intervention and the use of tools to rescue banks; the Bank of Slovenia may utilise additional extraordinary measures to protect the public interest when the stability of the financial system is threatened.		Act Amending the Banking Act					Stabilisation of the banking system	

	b) to acquire approvals of qualified third persons regarding credit loss assessments in the stress tests of systemically important banks.	Careful monitoring in state-owned banks	Careful monitoring was implemented by the European Resolution Capital Partners as a third party.	The results of the monitoring are kept at the banks; public review is not possible.	Direct agreement with a bank and the institution	Careful reviews of NLB, NKMB and Abanka were implemented in 2012.					

CSR 4: Labour market	a) to adjust legislation to protect jobs on the basis of permanent contracts in order to reduce fragmentation in the labour market; this will be implemented by consulting social partners and in line with national practice;	Measure 1: Shortening notice periods for permanent employment	Reduce fragmentation in the labour market and increase flexibility	The longest notice period when an employer terminates an employment contract for business or incapacity reasons is shortened from 120 to 60 days. A longer notice period (80 days) applies only when a worker has been employed by the employer for 25 years and the collective bargaining agreement for this activity does not determine a different notice period (but not less than 60 days). In the case of terminating an employment contract for reasons of culpability, the notice period is shortened from one month to 15 days.	Employment Relationships Act	In force since 12 April 2013.						

		Measure 2: Simplification of procedures before, and relating totermination	To adjust the protection of jobs on the basis of permanent contracts	Simplified argumentation; the obligation to notify a worker in advance of an intended termination of contract is suspended; the obligation of the employer to offer other suitable employment is suspended; the explanation for the termination of an employment contract is simplified; the option to suspend the effectiveness of termination due to a negative opinion of the employee representatives; the age of workers entitled to special protection against dismissal is raised; a labour tribunal can now not only at the proposal of an employee, but also of an employer, decide on financial compensation instead of reintegration after establishing that the employment contract was terminated illegally.	Employment Relationships Act	In force since 12 April 2013.					

		Measure 3: Lowering severance payment when terminating permanent contracts	Reduce employers' costs for severance payment; reduce fragmentation in the labour market	When terminating an employment contract due to business or incapacity reasons, the employee is entitled to severance payment worth 1/5 of the base for employment lasting between one to ten years, 1/4 of the base for employment lasting between ten to twenty years, and 1/3 of the base for employment lasting more than twenty years at the employer. Severance payment is paid upon retirement only if an employee worked for the employer for a minimum of five years and provides an opportunity to arrange the right differently with a collective bargaining agreement for the activity.	Employ ment Relation ships Act	In force since 1 April 2013.					

		Measure 4: Introduction of severance payment for fixed-term employment	Reduce fragmentation in the labour market	Upon termination of a fixed-term employment contract concluded for one year or less, severance payment worth 1/5 of an average monthly wage is paid. When terminating an employment contract which lasted more than one year, the severance payment for the first year of employment is 1/5 of an average monthly wage and a proportional part of severance payment with regard to the duration of the employment (1/12 from 1/5 for each working month).	Employ ment Relation ships Act	In force since 1 April 2013.					
	b) to further solve the problem of a parallel labour market that stems from student work.	Measure 1: Lowering tax relief on student work	Reduce the favourable position of student work relative to other forms of work	Tax relief for students has been lowered to three-quarters of general relief.	Persona l Income Tax Act	In force since 1 January 2013.	Permanent measure	The measure supports the objectives of employment and inclusion of young people in the labour market.			

		Measure 2: Raising concessions for student work	Reduce the favourable position of student work relative to other forms of work; the funds from student work will be earmarked for scholarships.	Concessions for student work were raised from 14 per cent to 25 per cent; part of the funds will be dedicated to student homes and another part to a special budget fund for co-financing scholarships.	Fiscal Balance Act (ZUJF)	In force since July 2013.	Permanent measure	The measure supports the objectives of employment and inclusion of young people in the labour market.			
CSR 5: Harmonisation of qualifications with demand in the labour market	a) to improve the compliance of qualifications with labour market demand, especially for low-qualified workers and higher education graduates	Measure 1: Implementation of life-long career orientation for employees	Implementation of projects or programmes within the priority axes 1.2: Training and education for competitiveness and employability and 1.4: Promotion of development of new employment possibilities within the OP HRD 2007–2013	Increasing the competences and skills of employees, particularly of older and less educated employees; competence centres for the development of competences in individual business sectors; life-long career orientation for employees in SMEs; Slovenian framework of qualifications; updating and expansion of professional standards and catalogues.	Labour Market Regulation Act, OP HRD 2007–2013	Confirmed instruments within OP HRD are being finalised between 2013 and 2015	Monitoring of implementation, possible modifications to programmes or projects due to changed conditions in the labour market.	Increase in employment among the 20-64 age group		Approximately EUR 30 million were earmarked for both priority axes in 2013.	Improved skills and competences of employees for the needs in the labour market; easier integration of young people in the labour market.

		Measure 2: Entry of young people to the labour market	Implementation of the life-long career orientation and active employment policy measures for young people	On-the-job training; project learning for young adults; projects 'First Challenge' and 'Confidently into the World of Entrepreneurship' . Development of regional career centres for life-long career orientation of young people in elementary and secondary schools.	Labour Market Regulation Act, OP HRD 2007–2013	Confirmed instruments within OP HRD are being finalised between 2013 and 2015, with the exception of regional career centres, which would be included in OP HRD 2014–2020	Monitoring of implementation, possible modifications to programmes or projects due to changed conditions in the labour market.	Increase in employment of young people		The objective of the Employment Service of Slovenia is to include at least 32 per cent of young people in the active employment policy programmes .	
		Measure 3: Reduction of places in humanities and social studies	Reducing the number of graduates that are difficult to employ and indirectly increase intake in science and technical studies	When opening places for full-time studies in the 2013/2014 academic year, a 20 per cent reduction in comparison to the 2012/2013 academic year in humanities and social studies must be observed by higher education institutions.	Higher Education Act – UPB7, Official Gazette of the Republic of Slovenia, No. 32/2012 (Article 40)						

		Measure 2: Public procurement for co-financing further development and implementation of career centres' activities in higher education in 2013–2015	Increase the employability of graduates	Public tender supports career counselling for students and the cooperation of higher education institutions with employers e.g. presentations and visits to companies by students and presentations of programmes and graduate profiles to potential employers.						EUR 1.139 million (source: ESF) and EUR 0.201 million (Slovenian co-participation)	
	b) to continue reforms in the field of vocational education and training.	Measure 1: Connection between entrepreneurship and the education system	Develop models of inter-connectivity between entrepreneurship and education	Development of models for more efficient transfer between education and work; promotion of entrepreneurial initiatives from vocational school students while being guided by their schools, whereby the impact of internationalisation, mobility and the transfer of best practices from the international environment are also achieved.	European cohesion funds	2013	Preparation of the tender			Approximately EUR 1.5 million (European cohesion policy funds from the European Social Fund)	Enhancement of work and education and the impact of internationalisation, mobility and the transfer of best practices from the international environment; pPromotion of interest in vocational education.

		Measure 2: Change in normative platforms	Modernisation of vocational course and the change of criteria for enrolment in secondary schools	Drafting of suitable models and the revised programme	Vocational Education Act, Gimnazije Act, Elementary School Act	Budget 2013–2014, cohesion funds	Preparation in 2014				
		Measure 3: Integration of career counselling and the promotion of vocational and professional education in order to change the enrolment trends of the young, and change the reputation and recognisability of this field of education.	The integration of career counselling and systematic implementation of activities to promote vocational education	Preparation of suitable strategies and models and the draft of a proposal for the systemic integration and implementation of promotional events and activities	Vocational Education Act, Gimnazije Act, Elementary School Act	Budget 2013–2014, cohesion funds	Preparation in 2014			EUR 430,000 from cohesion funds (European Social Fund)	

CSR 6: Measures for stimulation of competitiveness	a) reform of the Competition Protection Office	Measure 1: Establishment of the Slovenian Competition Protection Agency	**Independence of the body which manages competition; recruitment of expert staff**	An independent agency has been established which is no longer part of the ministry; the number of employees increased by 16.	Prevention of Restriction of Competition Act	Established in August 2012			Limitations in financing and wage policy prevent complete autonomy.		
	b) to establish a framework for state-owned companies which will guarantee independent management and high standards of corporate governance	Measure 1: Establishment of the Slovenian Sovereign Holding (SSH)	Ensure the efficient and transparent management of the capital assets of the Republic of Slovenia	Concentrated investment management, with the objective of achieving stable ownership and sustainable maximisation of their profitability and value	Slovenia Sovereign Holding Act	Until the transfer to the SSH, management of capital assets is implemented by the management of the Slovenska odškodninska družba in line with the law.	Operation of the SSH and realisation of the objective; adoption of the Strategy of Corporate Governance of Capital Investments of the Republic of Slovenia		Non-adoption of the Strategy of Corporate Governance of Capital Investments		
		Measure 2: Determination of classification of investments in the SSH	To classify the capital investments of the state with regard to their strategic and marketing significance	Strategic investments by means of which Slovenia also realises its development objectives and which it will retain in 100 per cent ownership; important investments in which the state retains a controlling share	Slovenia Sovereign Holding Act	The Government of the Republic of Slovenia adopted the classification in February 2013, but the National Assembly	Harmonisation and adoption of the classification of capital investments due to the formation of a new Government		Non-adoption of the classification of capital investments; maintaining the present situation		

				(25 per cent + one share); portfolio investments which the state manages and operates solely according to economic criteria		did not discuss it.					
	c) to enhance bankruptcy proceedings, mainly in terms of time compliance and efficiency	Measure 3: Changes in bankruptcy and insolvency proceedings (in preparation)	Shorten bankruptcy proceedings and protect creditors; possibility of converting receivables to equity shares and the transfer of business management from the insolvent debtor to the new payer (with new in-cash contributions or conversion of receivables)	Simplified compulsory settlements for sole traders and micro companies	Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act				Risk of delay or non-adoption		

CSR 7: Salary growth	a) wage growth , including the adjustment of the minimum wage, while supporting competitiveness and job creation	Measure 1: Wage increases in the public sector must be slower than in the private sector.	Increase the competitiveness of the economy	Social partners and the Government signed Guidelines for the Social Contract 2012-2017 in which they agreed to slower wage growth in the public sector in comparison to the private.	Guidelines for the Social Contract 2012-2017	In 2012, wages in public service regressed and somewhat grew in the private sector. The objective was achieved.	The policy of slow wage growth in the public sector will continue in 2013 and 2014.	The measure contributes to achieving the objective with regard to employment.	Trade unions in the public sector may present a risk if the Government is unable to reach agreement with them on wage growth.		
		Measure 2: Limitation of wage growth in the public sector	Reducing basic wage by 8 per cent; reducing holiday pay; reducing benefits and bonuses (transport to work, lunch, etc.)	Total labour costs financed from the budget were reduced by 5 per cent in 2012.	Fiscal Balance Act (ZUJF)	The measure for 2012 was implemented; a further reduction in public sector wages of 5 per cent in 2013 was anticipated with reorganisation and retirement.		The measure contributes to achieving the objective with regard to employment.			