

Earnings	Slovenian Economic Mirror	IMAD
	No. 10/2003	p. 9

Gross wage per employee, growth index	Wages in SIT August 2003	In nominal terms		In real terms ¹	
		Aug 2003/ July 2003	Jan-Aug 2003/ Jan-Aug 2002	Aug 2003/ July 2003	Jan-Aug 2003/ Jan-Aug 2002
Gross wage per employee, total	251,482	100.2	107.9	100.6	101.9
Private sector (activities A to K)	229,581	100.2	108.1	100.6	102.1
A Agriculture	202,721	96.6	106.2	97.0	100.3
B Fisheries	200,901	97.5	108.7	97.9	102.6
C Mining and quarrying	296,712	99.0	110.2	99.4	104.1
D Manufacturing	209,493	100.0	107.7	100.4	101.7
E Electricity, gas and water supply	292,829	101.8	108.7	102.2	102.6
F Construction	205,729	100.2	108.8	100.6	102.8
G Wholesale, retail; certain repairs	219,792	100.2	107.2	100.6	101.3
H Hotels and restaurants	192,358	103.7	106.4	104.1	100.5
I Transp., storage and communicat,	265,245	100.5	108.6	100.9	102.5
J Financial intermediation	358,724	100.0	110.4	100.4	104.3
K Real estate, renting	269,913	99.9	108.2	100.3	102.2
Public services (activities L to O)	313,531	100.4	106.8	100.8	100.8
L Public administration	320,871	100.1	108.1	100.5	102.1
M Education	313,529	100.2	107.6	100.6	101.6
N Health services and social work	308,451	100.2	105.0	100.6	99.1
O Other social and personal services	305,368	101.9	105.1	102.3	99.3

Source of data: SORS, private sector and public services wages calculated by the IMAD.

Note: ¹deflated by the consumer price index (December 1998=100).

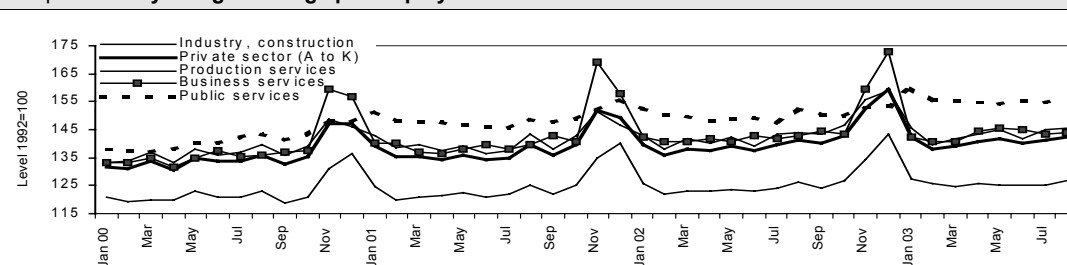
In August, the gross wage per employee rose by 0.2% in nominal and 0.6% in real terms because of August's 0.4% fall in consumer prices.

In the private sector (activities A to K), the nominal gross wage per employee rose at the same rate as total wages. Following the Wages Policy Agreement for 2002-2004, base wages were raised by 2.5%. The adjustment mechanism includes a safeguard clause which is triggered if consumer prices, excluding alcohol and tobacco, rise by more than 2.8% from January to June. August wages should then be raised by a rate equalling the difference on top of 2.6%. The actual rise in consumer prices was 3.3% in the given period, so another 0.7 of a percentage point was added to the percent at which wages were adjusted to total 3.2%. The Agreement also laid down an additional adjustment of the minimum wage for real gross domestic product growth in 2002 (3.2%), so the minimum wage was raised by a total of 6.5%. The SORS released its first estimate of real GDP growth based on quarterly figures on 31 March this year; the subsequent estimate based on annual data revealed lower growth (2.9%), however, this could not have been used in the adjustment because the SORS released these figures on 24 September. In any case, the fall in wages caused by fewer working days almost fully neutralised the wage growth underpinned by the adjustment of the base and minimum wages. This was particularly evident in the gross wage per employee in industry and construction (activities C, D, E, F), which stayed at July's level in nominal terms. Wages rose the most in electricity, gas and water supply. Within the private sector, wages rose the most in production services (activities G, H, I), up 0.6% in nominal terms, mainly due to wage growth in hotels and restaurants. This growth was only partly the result of seasonal factors since it was largely underpinned by the adjustment of the base and, in particular, minimum wages. One-quarter of workers employed in hotels and restaurants get wages that roughly equal the minimum wage. In business services (activities J, K), the gross wage per employee stagnated in nominal terms.

In public services (activities L to O), the gross wage per employee rose by 0.4% in nominal terms. In all activities, except other community, social and personal services (O), wages stagnated because the social partners agreed to replace August's adjustment by a premium of collective voluntary pension insurance (see SEM 7/2003:12). Wage dynamics were different in other community, social and personal services given that only a good third of people working here belong to the public sector.

In the first eight months, the gross wage per employee rose by 1.9% in real terms over the same period last year. Growth was 2.1% in the private sector. Here, annual wage growth should be 2.2% if the estimated level of the '13th months' pay is incorporated. In public services, the gross wage per employee rose by 0.8% in real terms. There is another term of regular promotions for public-sector employees before the end of the year; if this is taken into account the real gross wage per employee should rise by 0.8% in real terms in 2003 as a whole.

Graph: Monthly real gross wage per employee



Source of data: SORS, calculations by IMAD. Note: index of real gross wage per employee (1992=100), deflated by consumer price index (Dec. 1998=100).