



Association of Cities
in the Republic of Croatia



Trade Union of State and Local Government
Employees of Croatia

CROATIA: LOCAL AND REGIONAL GOVERNMENT SALARY BILL

Work conditions and salaries of local government employees in Croatia have insofar been negotiated on the level of individual local government unit between a local government (employer) and trade unions.

On July 30, 2009 Croatian Parliament approved the Government's proposal of the Local and Regional Government Salary Bill (hereinafter: the Act) in the first hearing. The Government should submit the Act to the Parliament for the final hearing by the end of January 2010 after which the Act will come into power.

The Act has several devastating effects on local government and social dialogue:

- restriction of right to collective bargaining
- 40% salary cuts on average for local government employees
- unions taking industrial action, with no room for maneuver on employer side
- lawsuits against employers for reasons beyond employers' control
- termination of all collective agreements

According to the Act, salary is defined as a product of multiplication of “salary base” and “salary coefficient”.

In accordance with the Act, the salary basis for local government employees shall be equal to the salary basis for central government employees, which is determined in negotiations between the Government and trade unions of central government employees. Local governments as the **employers and trade unions** of local government employees are excluded from the negotiation process and **are denied their right to be parties to collective bargaining**, which calls in question the purpose and freedom to organize trade unions.

The Act also regulates in detail the range of salary coefficients for local government employees. Local governments as employers can theoretically affect the amount of salary of local employees within the narrow scope of coefficients given under the Act. However, application of the highest coefficient in reality represents a considerable salary reduction for the majority of employees.

According to the input from member local governments, Association of Cities estimates salary cuts to 40% on average for the most qualified staff, and slightly less severe salary cuts across the board. Due to such salary cuts, employees and their **trade unions will most likely take an industrial action** and most qualified staff will seek other job opportunities. **Employers will have no room for maneuver** in case of industrial action due to the fact that salary basis are set by the Government and the central government employee unions in negotiations for Collective Agreement for Central Government Employees while salary coefficients are set on upper limit prescribed by the law.

Pending the constitutional review of the Act, local government employees and their **unions can start an avalanche of lawsuits against local government employers** which will result in local government paying severe damages to their employees for reasons beyond employers' control.

The provisions of the Act annul provisions of all existing decisions, general acts, collective agreements and all other agreements at the local government level related to salaries of local governments employees and all other employment benefits, including e.g. salary compensation during vacation, rights to gifts for children, Christmas bonus, holiday reimbursement, jubilee awards, etc. Such provision nullifies the effects of prior collective bargaining as a part of democratic and civilization *acquis* and takes the achieved level of social dialogue in local government back to its initial phase.

Given the above-mentioned and the fact that the Act should be sent to the Parliament for the final hearing by the end of January 2010, we are asking you to express your concerns to the Government of the Republic of Croatia and the Ministry of Administration regarding its provisions as soon as possible.

**On behalf of the Association of Cities
in the Republic of Croatia**

Dario Runtic, Advisor
personal signature

**On behalf of the Union of State and Local
Government Employees of Croatia**

Sinisa Kuhar, Secretary General
personal signature