



Conseil des Communes et Régions d'Europe
Council of European Municipalities and Regions

To Ms Jadranka Kosor
Prime Minister of the Republic of Croatia
Trg svetog Marka 2
HR-10000 Zagreb
CROATIA

Stockholm, 18 December 2009

Local and Regional Government Salary Bill

Dear Prime Minister,

On 30 July 2009, the Croatian Parliament approved the government's proposal of the Local and Regional Government Salary Bill (hereinafter: the Act) in the first reading. If the Act came into force after the Parliament's second reading in January 2010, it would have devastating effects on local government and social dialogue.

As Chair of the Council of European Municipalities and Region's (CEMR) Employers' Platform, I wish to express our concern that the role of the social partners at local level - local governments as employers and trade unions representing the employees - would be excluded from basic and elementary right to negotiate the salaries for local government employees. We understand that, once the Act being adopted, the salary basis would be determined in negotiations at central level, between the government and trade unions of the central government employees and imposed for application on the local social partners. Being an EU candidate country, Croatia should be aware that the European Union's *acquis communautaire* includes the concept of social dialogue.

Another matter of concern is the Act's detailed provision on salary coefficients for local government employees. According to the Association of Cities in the Republic of Croatia, the application of these salary coefficients would result in salary cuts up to 40% on average for high-skilled staff and slightly less severe salary cuts across the board. As a consequence of such severe salary cuts, employees and their trade unions would most likely take industrial action and most qualified staff would seek other job opportunities. In this situation, local governments as employers would have no room for manoeuvre due to central wage negotiations and the Act's provisions on salaries as mentioned above.

Salary cuts of this percentage would most likely result in an avalanche of lawsuits against local government employers by the concerned employees and their trade unions. As a consequence, local governments as employers would risk paying severe damages to their employees for reasons beyond their control.

The provisions of the Act would annul existing decisions, general acts, collective agreements and other sorts of agreements at the local government level related to salaries and other employment benefits. Thus, the effects of prior collective bargaining as a part of the democratic acquis would be undone and the achieved level of social dialogue in local government would be thrown back to its initial phase.

In this context, I also would like to draw your attention to the Charter of Local Self-Government, article 6 on “appropriate administrative structures and resources for the tasks of local authorities”:

1. Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.
2. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

Furthermore, article 6 of the Council of Europe’s European Social Charter addresses “the right to bargain collectively”. I believe that the proposed Act would breach these provisions of the mentioned Charters, which have both been ratified by Croatia.

The Council of European Municipalities and Regions is the formally recognized social partner in the EU Sectoral Social Dialogue Committee on Regional and Local Government. We are therefore very worried about the above-mentioned development and call upon you to withdraw the proposed Act.

Yours sincerely,

Åke Hillman
Chair of CEMR’s Employers’ Platform