



Weekly Briefing

Croatia political briefing:

Social challenge before the parliamentary elections:

Government's salary reform faces trade unions' resistance

Antonija Majdančić


China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Ju Weiwei

Kiadásért felelős személy: Feng Zhongping

 1052 Budapest Petőfi Sándor utca 11.

 +36 1 5858 690

 office@china-cee.eu

 china-cee.eu

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Summary

The Government of the Republic of Croatia proposed regulating salary coefficients for civil and public services. The proposal caused violent reactions from the Trade Unions, and protests and strikes of civil and public service workers were engaged, further destabilizing Croatia's political and economic landscape. The trade unions presented their demands, and the Government responded with a promise to adjust the initial proposal. Regardless of the Government's willingness to meet the demands of the trade unions, their actions are limited by the state budget.

Introduction

The Government's proposal on the decree on coefficients for the civil and public services garnered support from members of the ruling coalition. According to this proposal, salaries in public and state services in Croatia are projected to increase by an average of 13.5%. The proposal was presented on January 25, and according to the Minister of Labour, Pension System, Family and Social Policy, Marin Piletić, wage growth can be expected as early as April. This text will focus on the demands of the trade unions, their objections to the Government's proposal, and their responses to the mentioned objections. The Government's proposal caused adverse reactions and dissatisfaction from certain trade unions regarding the size of the wage increase. In addition, trade unions expressed discontent with the status of employees in healthcare, education, and other sectors.

Government reform – Goals, figures, and outcomes:

According to Croatia's Prime Minister, Andrej Plenković, the new regulation determining the salary system in the civil state and public service is an improvement of a wide range of Government economic policies with the aim of increasing salaries and the citizens' purchasing

power. Some measures with this goal included tax relief for citizens, financial support in crises, limiting the prices of certain products and several measures in social and demographic policies. The goals achieved with the new proposal will be equal wages for jobs of the same complexity, which gives greater fairness to employees, higher salaries for deficit occupations, for example, IT professions, and objective evaluation of jobs [1].

It is important to note that the salary system reform for civil and public service consists of three phases: salary increases for 219 thousand civil and public service employees with a temporary supplement of 60 to 100 Euros, depending on the salary from June last year. Furthermore, on January 1 2024, the Law on salaries in the civil and public service came into force, and the Croatian Parliament passed it with 77 votes in favour, 12 against and two abstentions[2]. The goal of the new Law is to standardize salaries in the public sector so that the salaries of almost 240,000 employees are financially sustainable for the state budget and satisfying for civil and public servants[3]. The Law will replace more than 300 regulations regulating salaries in the public sector; it introduces a single salary list with 16 pay grades and a coefficient range from 1 to 8, with the lowest coefficients increasing by almost 60%. The Law prescribes the introduction of wage supplements for work efficiency, which will amount to a 30% increase, and it will be possible to obtain an annual bonus for those with the best results[4]. It should also be emphasized that HDZ's amendments were accepted to the Law, which refers to the withholding of salary supplements for officials and employees of elementary schools who participate in the experimental program and to the arrangement of supplements for judicial police officers due to working in special conditions[5].

The third phase of the Government's salary system reform refers to adopting two decrees on coefficients in the public and civil service. The reform is part of the National Recovery and Resilience Plan. Prime Minister Plenković emphasized the goal of this reform, which includes objective evaluation of the work performed in a standardized work, equalization of salary in the civil and public service for jobs of equal complexity, appropriate salaries for all civil servants, employees and all other employees in public services [6].

Salary growth according to the coefficients for teachers will mean, for example, that the monthly gross salary, which was 1,920 Euros in December 2023, will increase to 2,315 Euros with the reform. Furthermore, the salary of nurses and technicians from December is 2,101 euros per month, which will be increased to a salary of 2,235 Euros. It is important to emphasize that specific allowances for healthcare workers were abolished according to the new reform

proposal, so their net monthly incomes were kept the same [7]. As for doctors, the monthly gross salary will increase from 4,282 Euros to 4,857 gross, while the salary of social workers from December 2023 will increase from 1,976 to 2,206 Euros gross. However, it is essential to mention that the net salary will be less. Minister Piletić pointed out that this reform generates a fiscal effect of 880 million Euros for the coefficients alone. In a cumulative year, with all increases, both the base and material benefits, the Government has invested 1.5 billion Euros to increase wages' adequacy. All decrees will result in an average salary increase of 13.5%, Piletić pointed out, and the opinion of all trade unions on the Government's proposal is awaited, for which the deadline is 15 days from submitting the proposal [8].

Trade Unions Perspective of the Reform

After the Government presented the proposal, there were reactions from various trade unions. The Croatian Union of Emergency Medicine has published a statement on the Government's proposal for a regulation on coefficients for civil and public services, in which they say that they will not agree to the regulation and will strike until their rights are fulfilled. The president of the Croatian Union of Emergency, Danijel Šota, said that only words of anger and disappointment come from the trade union to the relevant ministries; one reason is that the wage increase does not follow inflation and that other benefits on salaries are taken away. They emphasized that they would not agree to a proposal that insulted their dignity and vocation and that, by the Law, they would participate in the strike until they received the rights that belonged to them [9].

The Independent Union of Science and Higher Education also expressed dissatisfaction with the Government's proposal. The general secretary of the Independent Union of Science and Higher Education, Matija Kroflin, stated that the offer differed from what was promised. He added that, as a trade union, they expect that their comments will be taken into account in order to correct the injustices and inconsistencies in the Government's proposal. [10]. He stated that the comparison of the coefficient within the public and state services clearly shows that the Government has violated the critical principle of equal pay for equal work. He also mentioned the problem of narrowing the salary range of scientific and teaching positions because this reduces the motivation of young people to engage in science. In addition, Kroflin emphasized that attention should also be paid to the unsatisfactory status of IT experts in the system of

science and higher education; he also warned of the unfavourable position in which expert associates and lexicographers at faculties and institutes are placed, among other things [11].

On the other hand, the president of the police union, Dubravko Jagić, said that their union is moderately satisfied[12]. As for the healthcare system, on February 6, negotiations were held in the Ministry of Labor with trade union representatives regarding the coefficients of employees in healthcare, and the response to the Government's proposal was a protest by physical therapists held the same day in front of the ministry. The President of the Independent Health Trade Union, after talking with the minister, emphasized that he is convinced that some remarks from the meeting will be accepted, emphasizing that workers who are particularly dissatisfied with the proposed coefficients are workers whom the Ministry of Health did not want to include in its part of the regulation, but left them to the Ministry of Labor [13].

The Independent Union of Secondary School Employees and the Croatian Teachers' Union were also not indifferent to the Government's proposal. The joint request of the two unions is to transfer teachers, professional associates, educators, secretaries and accountants to a higher salary class, in which instead of the offered range of 1.86 to 2.0, they would receive coefficients in the range of 2.01 and 2.30. The request also includes corrections of the coefficients for individual positions; for example, the vocational teacher in the Higher Vocational School is not on the table, and the coefficient is reduced for the teacher in the dormitory. Nada Lovrić, the Independent Union of Secondary School Employees president, sees this as problematic. Their coefficient must be harmonized with the teacher's coefficient, she pointed out [14]. Among other things, Lovrić mentioned that the health managers in the student dormitories, i.e. the nurses and technicians in these facilities, are wrongly listed as nurses with a professional degree because the employment requirement is a higher professional degree [15]. Another union in education, Preporod, followed up on the union's dissatisfaction with the Government's proposal in the form of a statement stating that employees in education, especially those in particular institutions and student dormitories, are neglected in the Government's proposal compared to others [16].

"White strike of the judges"

On January 22, a white judge strike began in the Croatian courts, and the Croatian Association of Judges reported that the response to the strike was over 80%. The strike

postponed all actions in first-instance and second-instance verdicts for two weeks — until Friday, February 2. The suspension of operations did not apply to urgent cases in which irreparable damage could occur. Also, during the strike, the judges were at their workplaces and performed other tasks within the framework of their judicial duties. The strike aimed to improve the financial status of judges[17]. The Association of Croatian Judges decided to suspend the strike. The decision came after representatives of the Association of Croatian Judges, and later the Association of Croatian State Attorney Officials met with the Minister of Justice and Public Administration, Ivan Malenica. The ministry announced that the salaries of judges during the mandate of this Government were improved by increasing the base in 2019 by 6% and in 2023 by 13% and by correcting the coefficient for first-level judicial officials; in addition, the Government increased the allowances for on-call duties and allowances for referring judges to the higher court showed its willingness to discuss open issues with representatives of the judiciary [18]

Trade union protest in response to the Government's proposal

Unsatisfied with the Government's proposal on salary coefficients, the already mentioned Union of Science and Union of Renaissance organized a strike. The general secretary of the Independent Union of Science and Higher Education, Matija Kroflin, emphasized that the Government's violation of deadlines and agreements left the union no choice but to strike. Kroflin emphasized that the Government's proposal caused the long-term removal of motivational aspects for advancement, which could be better for attracting young people to science and ultimately for science itself [19]. Furthermore, the president of the trade, Željko Stipić, pointed out that these two unions tried to reach an agreement with the Government regarding the regulation on coefficients, but still, no correction was made and, therefore, they decided to organize a protest on February 9 at noon on St. Mark's square in Zagreb and invited all those who are related by new coefficients [20]. The protest was held under the slogan "Reform of all reforms — insufficient 1[21]", but a strike is still expected because they do not plan to give up on their demands [22]. At the protest, Stipić stated that the employees in education did not get anything and that the protest was not the end but the beginning of a struggle for better working conditions in education [23]. Kroflin added that policies that do not value science and expertise foster mediocre values in Croatian society [24]. It is important to emphasize that the two largest school unions did not support the protest, the Croatian Teachers'

union and Secondary School Employees' union Croatian teachers and secondary school employees, because they believe that they have no place in the protest with those who believe that teachers deserve less than others in education or that their interests are ahead of the interests of their members [25].

The response of the Government of the Republic of Croatia to the demands of the strikers

To the demands of the trade unions, Minister Piletić replied that numerous objections had been received, some of which would be accepted, but also stated that one should be careful what this means for the state's budget because the limits have already been breached[26]. Prime Minister Plenković stated that the Government has the whole of February to adopt the regulations and will be done that way. Plenković repeated that in adopting the coefficients, the Government would be guided by the principles that it wants to raise wages for everyone and give approximately equal wages for approximately equal jobs. However, it does not guarantee that the proposal will be completely perfect. Plenković added that the Government will fix everything regarding the proposal that is reasonable and logical and, in the end, pass the proposal with which most civil and public servants will be satisfied[27]. The Minister of Health, Vili Beroš, stated that if the decrees have errors, they will be corrected and that he is sure they will respect the well-founded objections of union representatives. However, the minister emphasized that the state budget is limited and that one must act accordingly to responsibilities towards the rest of the society[28].

It is important to emphasize that Prime Minister Plenković stated that from the state's perspective, civil and public servants are essential to support citizens, meaning that police officers, firefighters and other members of other emergency services are responsible for a safer Croatia[29]. In addition, he emphasized the importance of doctors and all healthcare workers for the health of Croatian citizens and the importance of employees in ministries and state offices who, through their work, enable more effective functioning of state institutions[30].

Conclusion

It is already clear that the super-election year has put the ruling HDZ in an awkward position, considering the dissatisfaction of the trade unions with the Government's proposal for salary reform of the civil and public services. First of all, in order to maintain its dominance on the political scene, the ruling HDZ party, together with its coalition partners in the Government, must adapt the reform proposal to the wishes of the trade unions so that it does not lose a significant number of their votes before the upcoming elections. According to the statements of Prime Minister Plenković and other relevant ministers regarding the demands of the trade unions, it is evident that the Government will be guided by meeting the demands of the trade unions' representatives, but on the condition that they are financially reasonable and can be realized according to the state's budget for 2024.

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