Contents

Political context affecting working life aspects ................................................................. 2
Labour market reforms or major packages of working life regulations ......................... 2
Social partners’ views and reactions on changes in governments and working life policies ... 2
Developments in industrial relations 2018 ......................................................................... 3
Changes affecting the national-level actors and institutions in 2018 ................................. 3
   Actors .................................................................................................................. 3
   Representativeness ............................................................................................. 3
   Institutions ......................................................................................................... 3
Changes affecting the sectoral and company level social dialogue 2018 ......................... 3
   Innovation in collective bargaining ................................................................... 3
National social dialogue in 2018 – Scope and Contribution ........................................... 4
   Selected major social dialogue debates ............................................................... 9
      Pension reform ............................................................................................... 9
      Payment of overtime work in commerce and discussion on the ban of the work in commerce on Sunday .............................................................. 9
   Unilateral government actions – without social dialogue ................................. 10
      Unilateral government actions – Reduction the number of legal persons with public authority ................................................................. 10
Collective labour disputes in 2018 ............................................................................... 11
   Changes in the regulation of collective labour disputes ...................................... 11
   Selected major labour disputes of national significance ................................... 11
Working time 2018 ....................................................................................................... 12
   Changes in the regulation of working time 2018 ............................................... 12
      Legislation on working time duration or organisation .................................. 12
      Collective bargaining outcomes on working time duration or organisation ...... 12
      Major debates concerning working time duration or organisation ................ 12
      Other relevant information concerning working time .................................. 12
Health and well-being at work 2018 .......................................................................... 12
   Physical working environment .......................................................................... 12
Croatia: Developments in working life 2018

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Psychosocial working environment ................................................................. 13
Employment status 2018 ..................................................................................... 13
   ‘Standard’ employment contracts ................................................................. 13
   Self-employed ............................................................................................... 13
   Fixed term contracts ..................................................................................... 13
   Temporary agency workers ......................................................................... 13
   Posted workers ............................................................................................ 14
   Seasonal workers ......................................................................................... 14
   Zero hour contracts ...................................................................................... 16
   Other contracts - The importance of flexibility model ............................... 16
References ......................................................................................................... 17
Political context affecting working life aspects

Since 19 October 2016, the President of the Government (Prime Minister) has been Andrej Plenković. There are four deputy prime ministers: Marija Pejčinović Burić, Tomislav Tolušić, Damir Krstičević and Predrag Štromar. The Government ministers are from the Croatian Democratic Union (HDZ) and the Croatian People’s Party - Liberal Democrats (HNS), with two more of them being independent politicians. During 2018, Croatia was faced with the crash and the restructuring of the heavily indebted Agrokor food and retail group, while structural reforms and infrastructure projects have been mostly postponed (Samardžija, 2018). For the first time since Croatia gained independence, the state budget had ended 2017 with a surplus as well as in 2018. Another positive fact is also the reduction of the public debt for almost five percentage points since 2016. All mentioned factors contributed to the increase in employment and enabled the reduction of unemployment and an increase in salaries.

Labour market reforms or major packages of working life regulations

The Guidelines for the development and implementation of the active employment policy in Croatia in the period 2018-2020 represent a strategic document and a framework for the use of active employment policy measures. The Guidelines have as three main goals: to increase the employment rate; to enable better adjustment between the labour market needs and educational output; and to enhance information channels for all participants on the labour market. Taking into account the specific needs of its users, the Ministry of Labour and Pension System and the Croatian Employment Service have implemented a range of active employment policies aimed at encouraging employment, additional worker trainings and job preservation. New measures of active employment policy were replaced by those that were active by the end of 2017 in order to be clearer and more accessible to all who use them. As one of the main beneficiaries of the European Social Fund through the Operational Programme Efficient Human Resources, the Croatian Employment Service has continued to work on active inclusion and improvement of access to the labour market. Particular attention was especially for disadvantaged persons, on issues of sustainable integration of young people into the labour market, implementation of local employment initiatives and strengthening the availability and quality of information and services in the labour market.

Social partners’ views and reactions on changes in governments and working life policies

The Trade Unions (particularly Union of Autonomous Trade Unions of Croatia – UATUC) in the article Demontaža socijalne države i socijalnog dijaloga – Dismantling of social state and social dialogue (SSSH, 2018) complain that some decisions by the Government have been realised without consulting with social partners. In the same way, Nezavisni hrvatski sindikati (Independent Trade Unions of Croatia – ITUC) issued an Open letter (NHS, 2018b) where they criticised the Draft of the Law on health and security on work, in whose preparation they were not included.

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Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

Actors

There were no significant changes affecting the national-level actors and institutions in 2018.

Representativeness

There were no significant changes in the way in which representativeness of social partners is regulated or assessed.

Institutions

There were no legislative changes to the main social dialogue institutions. However, one change was related to the number of the representative trade union confederations. Until 2018, four representative trade union confederations have been associated with 367 thousand members. In the summer of 2018, the Committee for the Determinacy of Representation passed the Decision on the representativeness of the higher level of trade union (Povjerenstvo za utvrđivanje reprezentativnosti, 2018). According to it, representative are the Independent Trade Unions of Croatia (Nezavisni hrvatski sindikati), the Union of Autonomous Trade Unions of Croatia (Savez samostalnih sindikata Hrvatske), and MATICA – Association of Croatian Trade Unions (Matica hrvatskih sindikata). The Croatian Association of Workers' Union (Hrvatske udruge radničkih sindikata) lost this status because it did not fulfil the criteria stipulated by the Act on Representativeness of the representativeness of employers’ associations and trade unions (OG 93/14, 26/15). The delegates on 8 congress of Union of Autonomous Trade Unions of Croatia – UATUC, held from 22 to 24 November, elected previous president Mr. Mladen Novosel as the new president for the four-year mandate period until 2022.

Changes affecting the sectoral and company level social dialogue 2018

No major changes in practice of sectoral and company level social dialogue process. The Collective agreement in the hospitality sector (MRMS, 2018a) as well as the Amendment to the collective agreement in the construction sector have been extended to all employees and employers in the sector of hospitality and construction, respectively (MRMS, 2018b).

On 20 December, the government authorised the Minister of Science and Education Ms. Blazenka Divljak to sign the new Collective Agreement for the Science and Education. The negotiation lasted for almost 16 months while the Agreement has been concluded for the period of four years (Hina, 2016).

Innovation in collective bargaining

There was no innovation in collective bargaining during 2018.
### National social dialogue in 2018 – Scope and Contribution

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<thead>
<tr>
<th>Themes</th>
<th>Description</th>
<th>Social dialogue interaction</th>
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<tbody>
<tr>
<td><strong>Employment - Labour shortages</strong></td>
<td>As there is a serious lack of staff in health care, education, social assistance and culture, the Decision of the Government on the Prohibition of New Employment of Public Servants and Employees in Public Services (OG 70/16, 50/17) has been amended to allow the employment of apprentices in the stated sectors. The competent authority will define the number of apprentices. Mentioned Decision should at least lessen the unfavourable situation.</td>
<td>There was no specific social dialogue detected on the issue</td>
<td>An Amendment to the Decision of the Government of the Republic of Croatia on the Prohibition of New Employment of Public Servants and Employees in Public Services (OG 37/18) has been introduced (Vlada Republike Hrvatske, 2018a).</td>
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<tr>
<td><strong>Skills, training and employability - Reviewing the list of occupations</strong></td>
<td>The government wants to adjust education output according to the needs of the market. Its goal is to create a new individual list of occupations within the National Classification of Occupations (NCO) since the existing NCO contains a large number of obsolete occupations. It is also necessary to supplement the NCO with new occupations that have emerged on the labour market (primarily various occupations related to the IT industry).</td>
<td>The National Economic Social Council (ESC) on its 217th meeting on 6 March, 2019 discussed the activities related to changes within the National Classification of Occupations (NCO) and the Draft of the Law on amendments of the Law on Croatian Qualification Framework.</td>
<td>A new list of the National Classification of Occupations (NCO) will enable a better recognition of occupations on the labour market and better employment mediation. Furthermore, it will also encourage employment and education of unemployed people through measures of active employment policy.</td>
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<tr>
<td><strong>Taxation and non-wage related labour costs - Reforming health care and work-accident related contributions</strong></td>
<td>In 2017 the Minister of Employment, Troels Lund Poulsen, established an expert committee on working environment. The task for the committee was to rethink the working environment (occupational health and safety) system in Denmark. The committee consists of four researchers, four representatives of the social partners and a chairman appointed by the government. There is a long-standing tradition in Denmark to have a tripartite dialogue on working environment issues. In September 2018 the committee came up with 18 recommendations for an improved Occupational health and safety effort. The recommendations are backed by the social partners. The recommendations have not yet been followed by political action. References: Statement from LO (2018); Statement from DA (2018); Ministry of Employment (2018b); Ministry of Employment (2018c).</td>
<td>The Croatian employers’ association (CEA) often complains that the financial burden of taxes and contributions in Croatia is too high. CEA welcomes the government’s effort to reduce the tax burden on employers and citizens. The CEA believes that there is more space for significant cuts of costs for employers considering the current situation on the labour market and the need to improve the competitiveness of the economy as a whole.</td>
<td>The Government cancelled the contribution for employment and the contributions against injury at work but increased the health care contribution from 15% to 16.5%. The Confederation Independent Trade Unions of Croatia was against mentioned cancellation because it fears that in such way the health and safety on work would be endangered particularly having in mind that National programme for Health and Safety on Work (what is a legal obligation of the government) has not been prepared.</td>
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### Themes

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<tr>
<th>Employment - Subsidies for disabled workers</th>
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<tr>
<td>According to the regulations on quotas for employment of persons with disabilities (OG 75/18), employers who employ at least 20 employees need to employ workers with disabilities totalling 3 per cent of the total number of employees (Article 1 of the Regulations). Some employers are excluded from this obligation: branches of foreign persons, foreign diplomatic and consular missions and sheltered employment (which is regulated by separate regulations).</td>
<td>Employers who employ a higher number of persons with disabilities than prescribed by law or who employ persons with disabilities although they were not covered by the quota system, are awarded a grant in the amount of 30 per cent of minimum wage monthly for each employee with a disability employed above the relevant quota.</td>
<td>The subsidies are paid by the Institute for training, professional rehabilitation and the employment of persons with disabilities. An employer who employs a person with a disability can be awarded a salary subsidy of a given amount, the partial financing of the costs of training for the person with the disability, subsidies for reasonable accommodation, etc.</td>
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| Taxation and non-wage related labour costs - Non-taxable remuneration introduced | A new non-taxable remuneration has been introduced. It is called work performance awards and other forms of additional reward for workers (additional wages, supplement to monthly wages, etc.), in the amount up to HRK 5,000 (€ 673) per year. Since this Decision entered into force on 1 December 2018, the non-taxable receipt may be fully paid in 2018. This reward should be paid on the bank current account and it cannot be paid in cash. If a worker earns a performance award by more than one employer during the tax period, he or she can receive a non-taxable amount of up to a total of HRK 5,000 (€ 673) per year. The supplements and bonuses for Christmas, holiday, etc. remain prescribed in the non-taxable amount of HRK 2,500 (€ 337) per worker annually. | Independent Trade Unions of Croatia (ITUC) has publicly warned during the preparation of this Act that the mentioned sum of HRK 5,000 can be paid by employers in monthly instalments. That will almost surely lead to legalisation of current relatively extend practice of envelope wage (paying a part of a wage in cash without paying taxes and social contributions). In that way, gross wage would not increase, but the workers would acquire a part of salary or wage in cash evading payment of fiscal obligations. | Changes and Amendments of the Ordinance on Personal Income Tax (Pravilnik o izmjenama i dopunama pravilnika o porezu na dohodak - OG 106/18) |
### Themes

#### Pension reforms - Broader package of pension reform

The number of pension beneficiaries in Croatia has grown continuously, from about 656 thousand in 1990 to about 1.14 million pensioners today. Only 19% of pensioners have 40 years of service and fulfil the legal stipulation regarding the age and the period of insurance. Thus, the public pay-as-you go pension system has faced financial problem for a long time. The statutory retirement age in Croatia was due to increase to 67 years by 2033, but the government wanted to make this transitional period shorter.

Although Croatia must make tough decisions about its current pension system due to its ageing society, unions - primarily the Union of Autonomous Trade Unions of Croatia (UATUC) and the Trade Union of Education, Media and Culture of Croatia (SOMK) - view the recommended reforms as harmful. On 14 June, both unions organised demonstrations against the reforms. On 17 September 2018, the representatives of trade unions walked out of a meeting with Labour and Pension System on a planned pension reform. The unions said that the Minister did not take into consideration their suggestions but presented them with a finished proposal. Very active was also Independent Trade Unions of Croatia (ITUC), which has criticised multiple times on its webpage and warned on the consequences of such a measure. It wrote an open letter to the PM and organised the protest against the pension reform. As of June 2018 three representative trade union confederations (ITUC, UATUC and Matica) organised joint activities (press conferences, protests, meetings with MPs etc.) in order to stop the pension reform as proposed by the government.

The Parliament passed a set of six pension reform bills on 12 December. The reform, which enters into force as of 1 January 2019, foresees extending working life to 67 as of 2033, penalising early retirement by 0.3% for each month or 18% for five years, as well as allowing pensioners to continue working part-time for 4 hours a day and retaining their pensions.

### Wage setting - Minimum wage setting

The minimum wage level is determined every year by the Government decree following the proposal of the Minister of Labour and Pension System and after consultation with the social partners 'bearing in mind the increase of the share that the minimum wage holds in the average wage' (Article 7 of Minimum Wage Act, OG 39/13). After the passing of the Act in 2013, there were regular annual adjustments of the minimum wage amounts in January each year.

The Trade Unions seek to gradually increase the minimum wage to the desired ratio in the next three years of 50% of the average wage. In that way, the minimum wage in 2019 should increase to 46% of the average wage, or gross HRK 3,880 (€ 523). Employers, particularly from labour-intensive activities in the textile, footwear, wood and security services, claim that their sectors cannot sustain such increase of the labour costs and that they are doomed to bankruptcy. Regarding the draft of the new Law on the minimum wage, Independent Trade Unions of Croatia expressed its dissatisfaction with the proposed solutions and the reasons why the minimum wage should be 50% of the average or 60% of the median wage.

The government increased the net minimum wage for 2019 from HRK 2,752 (€ 371) to HRK 3,000 (€ 404). This is an increase of HRK 248 (€ 33) or 9% compared to 2018. The gross amount of the minimum wage for 2019 is HRK 3,750 (€ 505) what is an increase of HRK 310 (€ 41.7) to HRK 3,440 (€ 463.3) in 2018. This is the highest one-off increase of the minimum wage since 2008.
### Themes

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<td><strong>Working time - Sunday work</strong></td>
<td>From time to time proposals for abolishing work on Sundays in retail come up (Laulić and Grubiša, 2018). The problem is that the work on Sundays and public holidays is often not appropriately paid, especially in the trade sector, as per the Labour Act (OG 93/14 and 127/17) and the Act on Public Holidays (OG 33/96, 96/01, 13/02, 136/02, 112/05, 59/06, 55/08, 74/11, 130/11). Recently, two small municipalities have passed the decisions and banned the work of shops and bakeries on Sundays. First was the Slavonian municipality of Ivankovo in August and in December the similar decision was passed in the municipality of Martijanec.</td>
<td>Trade unions support the ban of work on Sundays, however, on previous occasions the Constitutional Court stated that such ban would undermine free market competition.</td>
<td>The issue on the ban of the work on Sunday has not been solved.</td>
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<tr>
<td><strong>Work-life balance - Overtime</strong></td>
<td>In the context of possible legislation a survey regarding work-life balance, overtime work and work during leisure time in Croatia, as well as the perception of Sunday as a non-working day dedicated to family and rest was realised. The survey was conducted via telephone with a nationally representative sample (N=614) of adult employees in Croatia aged 18 to 65 (hrnews, 2018). Almost half of the respondents claim to be working overtime. The most common reason is the large amount of work they have to do in a short amount of time. Furthermore, a majority of the sampled people manage to align their work commitments with their family responsibilities within their immediate family and largely succeed in harmonising work-life obligation with their leisure activities. At the same time, 76% of respondents think that people became more aware of the importance of Sunday as a non-working day dedicated to family. According to data, overtime work is particularly present in the commerce sector. Exchange between social partners and the government continues.</td>
<td>The results of the survey clearly demonstrate the need to provide a day of rest within a working week, particularly having in mind that the public support to the working families in Croatia is not sufficiently developed. Exchange between social partners and the government continues.</td>
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<td><strong>Other aspects of working life - Retention of labour force</strong></td>
<td>Croatia's labour force is taking advantage of the EU's freedom of movement policy and heading abroad in search of better lives, better wages, more security and more opportunities. Domestic and foreign firms in Croatia are turning to the various measures to keep their labour force and to active currently inactive persons. As a part of activities related to increase of the minimum wage and to retain the labour force in Croatia, the government prepared document Minimalna plaća (Minimum wage) (MRMS, 2018c). In it, the line Ministry underlined the need of active participation of all stakeholders, particularly employers and trade unions in successful retention of labour force in Croatia. Although, the Union of Autonomous Trade Unions of Croatia (Savez samostalnih sindikata Hrvatske), support the idea of motivating the labour force to stay in Croatia, the Union deems that governmental measures are insufficiently comprehensive and not adequately targeted. Independent Trade Unions of Croatia in its Statement regarding the World Health Day on 7 April warned that in Croatia there is a lack of medical staff due to emigration caused While many employers in Croatia are becoming increasingly burdened by their workers leaving to find positions elsewhere and abroad, with an intention to retail labour force some Croatian firms gave their seasonal workers permanent jobs and increased their salaries and/or enabled their employees additional bonus payments for Christmas and Easter. Some companies raised the minimum wage with the intention to retain their employees and improve their living standard. One company gave its seasonal workers permanent jobs and increased their salaries by as much as 20% to make sure they are satisfied with their positions, while another small consulting firm is introducing four-day working week.</td>
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### Disclaimer

The issue on the ban of the work on Sunday has not been solved.

- Trade unions support the ban of work on Sundays, however, on previous occasions the Constitutional Court stated that such ban would undermine free market competition.
- The results of the survey clearly demonstrate the need to provide a day of rest within a working week, particularly having in mind that the public support to the working families in Croatia is not sufficiently developed. Exchange between social partners and the government continues.
- While many employers in Croatia are becoming increasingly burdened by their workers leaving to find positions elsewhere and abroad, with an intention to retail labour force some Croatian firms gave their seasonal workers permanent jobs and increased their salaries and/or enabled their employees additional bonus payments for Christmas and Easter. Some companies raised the minimum wage with the intention to retain their employees and improve their living standard. One company gave its seasonal workers permanent jobs and increased their salaries by as much as 20% to make sure they are satisfied with their positions, while another small consulting firm is introducing four-day working week.
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<td>Terms and conditions of employment - Termination of employment</td>
<td>In its decisions U-III-3759/2017, 07 February 2018 and U-III3573/2013, 15 February 2018, the Constitutional Court of the Republic of Croatia reaffirmed its established case law and the case law of the Supreme Court of the Republic of Croatia on specific issues related to the termination of the employment relationship.</td>
<td>When the cause for the extraordinary dismissal is not due to employee misconduct but for another crucial factor (in the specific case decided by the Court, the deputy of the public agency director had been recalled from her position based on the Statute of the Agency) based on which the continuation of the employment relationship is deemed impossible, the employer is not reasonably expected to give the employee an opportunity to present his/her defence prior to issuing the extraordinary notice of termination (U-III-3769/2017). Furthermore, it was reaffirmed that the right to request judicial cancellation of an employment relationship (in a case in which the court has established the unlawfulness of the dismissal effected by the employer) is not related to the cause of unfair dismissal.</td>
<td>It was established that the dismissal was unfair, but the employer proved that the continuation of the employment relationship was impossible (because the employee had a negative attitude towards her colleagues and her work in general and she had filed non-grounded criminal charges), and in such a case, the court may determine the date of termination of employment.</td>
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<tr>
<td>Health, safety and well-being at work - Physical risks</td>
<td>The State Institute for Radiological and Nuclear Safety, the Ministry of Health and the Croatian Institute for Health Protection and Safety at Work, have issued Regulations on the health conditions of workers and persons training for work in areas of exposure (OG 66/18). Regulations implement Council Directive 2013/59/Euratom of 5 December 2013, establishing basic safety standards for protection against risks arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom in Croatian law.</td>
<td>Among others, the Regulations stipulate the health conditions of workers prior to the commencement of work in areas of exposure to ionising radiation, the frequency of medical examinations, and the content, method and deadlines for storing data of such examinations.</td>
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No major social dialogue debates were held on the following theme: Benefits.
Selected major social dialogue debates

Pension reform
Reforms in the pension system include discouragement of early retirement, accelerate the transition to the higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme.

The government organized a meeting with the social partners on 20 March 2018 and prepared a short explanation on the intended measures. This topic and the Country Report for Croatia was also discussed on the 218th meeting of the National Economic-social council, held on 26 March 2018.

Following a heated debate with high-pitched tones and the resistance of the trade unions, the Parliament passed a set of six pension reform bills on 12 December 2018. The reform which enters into force as of 1 January 2019, foresees extending working life to 67 as of 2033, penalising early retirement by 0.3% for each month or 18% for five years, as well as allowing pensioners to continue working part-time for 4 hours a day and retaining their pensions. The reform experienced some changes between the first and second readings in the Parliament, so the penalty for early retirement was reduced from the originally planned 0.34% to 0.3%.

Employers’ Association deems that Changes in the pension system should be well conceived, simulated and evaluated multiple times in order to prove long-term sustainability. In addition to the current economic indicators, it is important that the reform should not increase the total cost of labour. On the other hand, Trade Unions explained why acceleration of the transition to the higher statutory retirement age is not an appropriate measure for Croatia. The reasons are shorter longevities of expected life of women and men in Croatia, which is an argument for lowering the retirement age and not for raising it. Furthermore, the fact that the working conditions in Croatia are generally less favourable in comparison with those in more developed EU Member States is neglected, what causes the earlier “deterioration” of working capacities of Croatian workers. They stressed that the government should focus on the suppression and the discrimination of older workers on the labour market, as well as the encouragement of the employers to keep or hire such workers. These activities should be accompanied with the necessary adjustments in the working conditions and job places.

Payment of overtime work in commerce and discussion on the ban of the work in commerce on Sunday
Payment of overtime work in commerce and discussion on the ban of the work in commerce on Sunday. Every salesman or a cashier must work every day at least half an hour longer than what is stated in his or her employment contracts. These are the so-called preparatory and closure activities that are not classified as working hours but are demanded from the workers. Thus, each worker, in the working 282 days a year, on average works 141 hours more than stated in the employment contract. In that way, on a yearly basis the employee loses almost an entire monthly worth salary while at the same time several thousand of new workers could be employed in the trade business. As the issue of payment of overtime work has not been resolved, trade unions will at least like to introduce for commerce sector ban of the work on Sunday. In 2018, the Franciscan Institute for the Culture of Peace, the Trade
Union Federations and multiple NGOs established the Federation for non-working Sunday. They organised several public events as well as discussions with public authorities with the aim of changing the Law and regulations regarding the work of trade sector on Sunday. On 1 May 2018 Independent Trade Unions of Croatia organized a public event in front of the Zagreb shopping mall with a large media coverage where it warned about the adverse situation with holidays, Sundays, non-paid overtime work and forms of employment in the trade sector. The trade union with the help of the Catholic Church twice successfully lobbied the Government to legally ban the work on Sunday in the retail sector. Still, on both occasions the Constitutional Court subverted newly enacted legislation, by stating that it undermines free market competition. Representatives of Trade Unions often stressed that overtime work in the retail sector is frequently not registered and paid, without any sanctions for the perpetrators. Further problems in the sector concern work on Sunday and during public holidays that is equally affected by the problem of unpaid overtime work. The Labour Act (OG 93/14, 127/17) and the Act on Public Holidays (OG 33/96, 96/01, 13/02, 136/02, 112/05, 59/06, 55/08, 74/11, 130/11) prescribe that workers who work on Sunday and during public holidays are supposed to receive compensatory free days. However, in the observed sector these provisions are frequently infringed. Even some employers support a ban of the work of stores on Sunday.

**Unilateral government actions – without social dialogue**

*Unilateral government actions – Reduction the number of legal persons with public authority*

On 2 August, the government adopted a Conclusion on reducing the number of legal persons with public authority (Vlada Republike Hrvatske, 2018b). Among other 54 institutions with public authority, the government abolished two institutes for health and safety at work: the Institute for Enhancement of Protection at Work (Zavod za unapređivanje zaštite na radu - www.zuznr.hr) and the Croatian Institute for Health Protection and Safety at Work (Hrvatski zavod za zaštitu zdravlja i sigurnost na radu). The Government has amended the Act on Protection and Safety on Work (Zakon o zaštiti na radu) and according to it the first institute is attached to the Ministry of Labour and Pension System, without the knowledge of social partners and the National Council for Health Protection and Safety at Work. Trade Unions, particularly the Union of Autonomous Trade Unions of Croatia (Savez samostalnih sindikata Hrvatske), in the article Demontaža socijalne države i socijalnog dijalog (Dismantling of the social state and social dialogue) (SSSH, 2018) deems that such hasty measures could endanger the health and safety on work in Croatia, which is not very well developed. According to the UATUC opinion, such measures have been applied without adequate cost and benefit analysis and without appropriate explanation. Moreover, by merging some of the agencies and subjects to state administration bodies, Croatia reduces currently limited capacity for withdrawal of the financial resources from the EU funds. Independent Trade Unions of Croatia has expressed very similar opinion underlying all negative consequences of cancelling the mentioned Institutes and adverse changes in legal regulation. Social partners did not participate in the preparation of such decision and the draft of the Act on Protection and Safety on Work, but found about it from the Agenda of the Government meeting.
Collective labour disputes in 2018

Changes in the regulation of collective labour disputes

There were no changes in the regulation of collective labour disputes.

Selected major labour disputes of national significance

Croatia Airlines (CA), a national air carrier, has had problems for a long period. The CA has suffered from the cancellation of flights, the departure of pilots and engineers, serious illiquidity (it was forced to sell landing slots at London Heathrow and some engines), unfavourable working conditions etc. The dissatisfied workers wanted to launch a strike on 9 July 2018 at the peak of the tourist season. They state that they are not adequately paid and that the Management does not respect their demands, primarily regarding the unfavourable working conditions. The Zagreb County Court forbid the strike. The Court concluded that the Organisation of Workers at Croatia Airlines (ORCA) trade union did not negotiate a new collective agreement in good faith. The representatives of ORCA refuted the Court decision, because they had met all prerequisites for the strike to be legal. There was an appeal by the Union to the Supreme Court, which confirmed the illegality of the strike, but on another basis - the conciliation procedure was not conducted in accordance with the Law. The union complained to the Constitutional Court that issued the Decision (OG 111/18). Independent Trade Unions of Croatia prepared the Statement on the legality of the strike and reminded on the importance of the social dialogue.

6,500 workers began with the strike on 22 August 2018 at the Uljanik shipyard in Pula. The strike committee issued a statement calling for the payment of their salaries, and for the resignation of the management of the company. The Croatian metalworkers’ union (SMH-IS), which represents workers at the shipyards, has called on the government of Croatia to intervene and cover salary costs in the short term until a restructuring plan is finalised. The government has insured resources for two-month salaries for the workers, so they decided to cease with the strike. The issue has not been solved so on 22 October 2018, 1500 dissatisfied Uljanik workers began with the new strike demanding their salaries.
Working time 2018

Changes in the regulation of working time 2018

Legislation on working time duration or organisation

There have been no legislative changes on working time in 2018. Working time is set out by Chapters 8 and 9, Articles 60-87 of the Labour Act (OG 93/14, 127/17).

Collective bargaining outcomes on working time duration or organisation

There have been no new developments on collective bargaining regarding working time in 2018.

Major debates concerning working time duration or organisation

There have been no major debates concerning working time duration or organization. Occasionally, working hours in retail are a subject of discussions. Occasionally, attempts to ban the work on Sunday. However, the Constitutional court stated that such legislation would represent an obstacle to free market competition.

Other relevant information concerning working time

There has also been a debate on whether a daily 30 minute rest break should be included in weekly 40-hour working time. Employers’ associations have expressed the opinion that the weekly working time should be 40 hours without a rest break, however, trade unions opposed such proposals.

Health and well-being at work 2018

Physical working environment

The Occupational Health and Safety Act (OG 71/14, 118/14,154/14) has been in use for only three years and it is not common for such a short period of time for it to be amended. The amendments to the Act have not seriously considered nor respected the remarks of social partners and expert. The Final Proposal of the Occupational Health and Safety Act was adopted at the session of the Croatian Parliament on 12 October 2018 (OG 94/18). Marović (2019) analyses particular articles of the Act and rates their positive and negative traits and influences. Article 2 presupposes the cancellation of the independency of the Institute for Enhancement of Protection at Work (Zavod za unapređivanje zaštite na radu) and redefinition of its activities and management. The author deems that this is negative having in mind currently relatively low level of development of health and safety at work in Croatia. The positive fact is that the term "disease related to work" is finally defined. It was quoted in several places in the previous Act but without adequate clarification. In the article 4, it is defined that in the Armed Forces of the Republic of Croatia, police affairs, security and rescue jobs, jobs of protection of persons and property and firefighters and pyrotechnical, there are certain tasks and situations in which the risk is almost inevitable. Marović deems that it is a very bad possibility that a craftsman or a self-employed person when working alone is not obliged to respect the rules of health and safety at work. However, he or she
should respect such rules when working with the workers of another employer. It raises the question of the social interest and possible burdens of the costs of occupational injuries and occupational diseases of craftsmen and self-employed workers who do not respect the rules on occupational health and safety at work. The Article 7 addresses the issue of health and safety protection at work for multiple employers operating at the same location. The article 9 defines forms of continuing vocational training and means and ways of its valuation as well as issuing of certificates for occupational safety specialists. Finally, regarding the Article 11, proposed change of the employer’s obligation to hold a session of the Committee for the health and safety protection on job at least every six months instead of previously every three months.

Psychosocial working environment
There have been no legislative changes on psychosocial working environment.

Employment status 2018

‘Standard’ employment contracts
There have been no legislative changes on psychosocial working environment.

Self-employed
There were no major changes in the regulation of the employment status made during 2018. Independent Trade Unions of Croatia warns on the many cases of bogus self-employment that is quite common practice and becomes even more widespread in different sectors.

Fixed term contracts
There were no major changes in the regulation of the fixed-term contracts. Independent Trade Unions of Croatia has used the Eurostat data to warn that Croatia in EU has the highest share of fixed-term contracts (around 22%), while the average for EU is 14%. Most vulnerable group are the persons younger than 24 years of age.

Temporary agency workers
According to the Labour Act (OG 93/14, 127/17), the temporary agency workers (TWA) should not be used for the work of permanent character, but in practice this is often not the case. Even in cases when employers treat TWA according to the law and do not discriminate against them, such workers are more profitable for the employers than the usual workers. Namely, to such workers’ employers do not need to give the severance pay and given the fact that TWA usually have shorter length of service than workers on standard contracts their salaries are lower. The problem is further aggravated because almost all such workers are not members of the trade unions. TWA in Croatia are mostly present in the food industry telecommunications and forestry, but on average such work is less frequent than in most other EU member states. This type of work is also concentrated in low-skills jobs, while the proportion in high-skills jobs is marginal. The contracts of agency workers are almost exclusively fixed-term, which makes them highly precarious.

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Posted workers

Posting of foreign workers in Croatia - A foreign company with a seat in an EU Member State may permanently perform business activities in Croatia and, therefore, hire employees through a company, a branch office or a business established in Croatia. In addition, a foreign company with a seat in a non-EU Member State or in a non-European Economic Area (EEA) Member State may hire employees through a subsidiary established in Croatia (Article 52.1 of the Commerce Act (OG 87/08, 96/08, 116/08, 116/08, 76/09, 114/11, 68/13, 30/14). Nevertheless, within a temporary and periodical trans-border provision of services and for a period no longer than three months, a foreign employer with a seat in an EEA Member State may assign the employee (1) to work in Croatia for the employer on a contractual basis concluded between the foreign employer and the service beneficiary in Croatia; (2) to work for the foreign employer’s branch office in Croatia or for the company owned by the same group that the foreign employer belongs to; or (3) to be ceded through a temporary employment agency to a beneficiary in Croatia (Article 86 of the Foreigners Act - OG 130/11, 74/13, 69/17). Croatia has a small number of foreign-posted workers. Regarding statistic, the number of issued PD A1 in 2015 year was 7164 foreign workers posted into Croatia. Croatian Pension Insurance institute does not provide mentioned statistic, but these are official data from the report of country members on issued A1 form.

Posting of Croatian workers abroad - The Union of Autonomous Trade Unions of Croatia with the partners – including the Ministry of Labour and Pension System and the Labour Inspectorate - established a Counselling Centre for posted workers who work in another EU country and have an employment contract concluded with Croatian employer or with an agency for a temporary employment registered in Croatia. Posted workers remain in the system of the Croatian labour law, but they also have some rights of the host county regarding working hours, duration of yearly holidays, protection of health and security on working place etc.

Seasonal workers

The measure “permanent seasonal worker” (stalni sezonac) is designed for seasonal employers and seasonal workers with an intention to save time and effort spent on filling job vacancies from season to season. For the seasonal workers, the employer can request co-financing of pension insurance out of season for a maximum period of six months. The employer must submit the request for pension insurance payment to the Croatian Employment Service (CES) on a monthly basis together with proof that he or she has paid employees’ salaries and the corresponding taxes and social contributions. Both the employer and the seasonal worker are obliged to return the amount of publicly funded pension insurance if the employer does not offer the seasonal worker a job in the next season or if the seasonal worker refuses to accept the position offered in the next season. For employers the measure provides a 100% coverage of the cost of extended insurance for the first 3 months, and 50% of extended insurance for the next 3 months. According to the CES data in this measure in 2017 were included 2831 workers, while in first eight month of 2018 there were only 1550 permanent seasonal workers. That is very low having in mind that on seasonal employment in tourism only are working more than 40 thousand people. Mr Eduard Andrić, the president of The Tourism and Service Trade Union of Croatia deems that
the main reasons is the employers’ are scared of restrictions related to this measure. The employer who hired a permanent seasonal worker must keep the existing number of workers, or he or she cannot lay-off anybody. Even out of season, an employer can hire a regular season worker to occasionally work. However, such work is often not adequately regulated and paid. Regardless of the said, Mr. Andrić in the name of the Trade Union believes that the worker is far more secure if he or she signs a contract for a permanent seasonal worker, rather than only working for a certain period of time.
Zero-hour contracts

Relatively similar to zero hour contract is an employment contract for a permanent seasonal job. It obliges the employer to pay contributions for his/her seasonal worker throughout the year (Art. 16), unlike a regular fixed-term employment contract. Additionally, a contract for a permanent seasonal job obliges the employer to offer his employee a new employment contract for the following season (Art. 16). The Law allows prolonged working time for the seasonal worker to a maximum total duration of 60 hours a week (Art. 67), but in this case, the worker’s written consent is needed. Article 74 of the Labour Act prescribes a shorter period of rest for a seasonal worker than for a regular worker (minimum daily rest period of eight consecutive hours) and compensatory rest rights.

Other contracts - The importance of flexibility model

Croatian labour legislation and particular work culture and traditions are not very inclined to the flexible model of employment and work. Therefore, Vlahov and Smokvina (2018) examine the wider application of the flexicurity model in Croatia. The primary purpose of this model is to provide simultaneously greater flexibility in relation to work and its organization, as well as the safety of employment and social protection. The emergence of new forms of work lead to a kind of change in traditional working relationships. In their paper, the authors analyse the model of flexibility with the forms in which they may appear and give more freedom to work for the employer and/or worker regarding the work places, time of work, salaries, etc.

The new Act on occasional student work (OG 96/18) was supposed to bring order to the system and prevent the labour of full-time students instead of the workers. However, the Act did the opposite and so even more frequent use of full-time student work is expected. Even job vacancies are advertised only for full-time students. The Independent Trade Unions of Croatia on 19 September sent the letter to the Ministry of Science and Education demanding the cancellation of the possibility that full-time students work on the jobs related to the employment contracts and resolving other adverse solution in the Draft of the Law. Trade Unions were involved in several meetings before the first reading. After the first reading, social partners were no longer consulted and the Law was adopted in the Parliament. Although the occasional student work will eventually be paid more, this Act has not changed the inconsistency in the system of occasional student work. Trade unions do not oppose student work but believe it should be regulated so it does not lead to misuse and abuse of students.
Croatia: Developments in working life 2018

References


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