



**STRUCTURE AND OPERATION
OF LOCAL AND REGIONAL
DEMOCRACY**

Croatia

Structure and operation of local and regional democracy

Croatia

Situation in 1998

Report adopted by the Steering Committee on Local and Regional
Democracy (CDLR) in December 1998

Council of Europe Publishing

French edition:

Structure et fonctionnement de la démocratie locale et régionale : Croatie

ISBN 92-871-3892-3

Studies appearing in the series “Structure and operation of local and regional democracy”:

1st edition

1992: *Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland*

1993: *Czech Republic, Estonia, Hungary, Lithuania, Malta, Turkey, United Kingdom*

2nd edition

The second edition of the files was started in 1996. It will include an individual study for each of the member states of the Council of Europe.

Already published: *Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, “the former Yugoslav Republic of Macedonia”.*

For further information, please contact:

Territorial Authorities, Transfrontier Co-operation and Regional Planning Division

Directorate of Environment and Local Authorities

Council of Europe

F-67075 Strasbourg Cedex

Tel.: +33 (0)3 88 41 23 11

Fax: +33 (0)3 88 41 27 84

e-mail beverly.gilroy@coe.fr

Reproduction is authorised provided the source is mentioned.

Council of Europe Publishing

F-67075 Strasbourg Cedex

ISBN 92-871-3893-1

© Council of Europe, April 1999

Printed at the Council of Europe

CONTENTS

	Page
1. LEGAL FRAMEWORK.....	5
1.1. Constitutional provisions	5
1.2. Main legislative texts.....	6
2. STRUCTURE OF LOCAL/REGIONAL AUTHORITIES.....	6
2.1. Main subdivisions	6
2.2. Statistical data.....	7
2.3. Regulations governing structural changes	8
2.4. General units of state administration at local/regional level.....	9
3. LOCAL AND REGIONAL AUTHORITIES BODIES.....	12
3.1. Deliberative body.....	12
3.2. Executive body.....	12
3.3. Political head of local/regional authority	12
3.4. Head of administration	13
3.5. Division of powers and responsibilities	13
4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING.....	14
4.1. Local/regional referendums	14
4.2. Other forms of direct participation	14
5. STATUS OF LOCAL ELECTED REPRESENTATIVES.....	16
5.1. Conditions for standing in local elections and financing of electoral campaigns	16
5.2. Functions or activities incompatible with the status of local elected representative ...	16
5.3. Duties and responsibilities of local elected representatives	17
5.4. Term of office of elected representatives	17
5.5. Working conditions.....	18
5.6. Reforms envisaged on the status of local representatives	19
6. DISTRIBUTION OF POWERS BETWEEN THE VARIOUS CATEGORIES OF LOCAL AND REGIONAL AUTHORITIES	19
7. CO-OPERATION AND OTHER TYPES OF RELATIONS BETWEEN LOCAL/ REGIONAL AUTHORITIES	23
7.1. Institutionalised co-operation.....	23
7.2. Co-operation between local/regional authorities in different countries	23

8.	FINANCE	23
8.1.	Taxes.....	23
8.2.	Grants from higher authorities	25
8.3.	Financial equalisation.....	26
8.4.	Other sources of income.....	26
8.5.	Borrowing.....	27
8.6.	Economic control	28
9.	CONTROLS OVER LOCAL/REGIONAL AUTHORITIES	28
10.	REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/ REGIONAL AUTHORITIES.....	29
11.	LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL.....	29
11.1.	Main categories of personnel	29
11.2.	Local staff statute.....	30
11.3.	Statistics.....	30
12.	REFORMS ENVISAGED OR IN PROGRESS	30

1. LEGAL FRAMEWORK

1.1. Constitutional provisions

Articles 128-131 of the Constitution of the Republic of Croatia:

Article 128

Citizens shall be guaranteed the right to local self-government.

The right to local self-government shall include the right to decide on the needs and interests of local significance, particularly of localities and housing, public utilities, child care, social welfare, culture, physical culture, sport and technical culture, the protection and improvement of the environment.

A law shall be passed on local self-government.

Article 129

Units of local self-government shall, in conformity with law, be municipalities and districts or towns. Their areas shall be determined by law after the opinion of the residents of the areas concerned has been heard.

The organisation and responsibilities of the bodies of self-government units shall be regulated by their bye-laws in conformity with law.

Citizens may directly participate in the management of local affairs, in conformity with law and bye-laws of local self-government units.

Citizens shall also have the right, in conformity with law, to establish other forms of local self-government in localities and parts thereof.

Article 130

Units of local self-government shall, in conformity with law and bye-laws, be independent in the conduct of local affairs and shall only be subject to the supervision of legality by competent bodies of the Republic.

Local self-government bodies in the municipalities and districts or towns may be established by law. The organisation and responsibilities of such bodies shall be regulated by law.

Specific affairs of state administration may be transferred, by law, to the responsibility of local self-government bodies. In conducting such affairs, bodies of local self-government units shall be subordinate, in conformity with law, to bodies of state administration.

Article 131

Counties are units of local administration and self-government.

Boundaries of the counties shall be determined by law so as to express the historical, transport and economic factors, and to be natural self-government units within the framework of the Republic.

The organisation and responsibilities of the county bodies shall be determined by law.

Large cities may by law be organised as counties.

1.2. Main legislative texts

The Law on Local Self-Government and Administration (*Narodne novine* Nos. 90/92, 94/93, 117/93).

The Law on the Territories of Counties, Towns and Municipalities in the Republic of Croatia (*Narodne novine* No. 10/97, as amended *Narodne novine* No. 124/97 and 68/98).

The Law on the Financing of the Units of Local Self-Government and Administration (*Narodne novine* No. 117/93).

The Law on the Election of Members of Representative Bodies of the Units of Local Self-Government and the Units of Local Administration and Self-Government (*Narodne novine* Nos. 90/92, 69/95, 59/96, 63/96).

The Law on the Determination of Tasks from the Self-Governmental Competence of the Units of Local Self-Government and Administration (*Narodne novine* No. 75/93).

The Law on the City of Zagreb (*Narodne novine* Nos. 90/92, 76/93, 69/95, 14/97).

2. STRUCTURE OF LOCAL/REGIONAL AUTHORITIES

2.1. Main subdivisions

- units of local self-government: municipalities and towns;
- units of local administration and self-government: counties.

2.2. Statistical data

2.2.1. Total number of units

Number of units

Names of units	Number of units	
	1950	Today
Regions	6	
Districts	89	
Counties		21
Towns	58	123
Municipalities		420

2.2.2. Surface and population

Surface area of each county	Surface (km ²)	Population (inhabitants)
Zagrebacka County	3 077.66	282 756
Krapinsko-Zagorska County	1 230.02	148 779
Sisacko-Moslavacka County	4 447.91	251 332
Karlovacka County	3 621.83	184 577
Varazdinska County	1 260.53	187 343
Koprivnicko-Krizevacka County	1 733.73	129 907
Bjelovarsko-Bilogorska County	2 637.78	144 042
Primorsko-Goranska County	3 589.61	323 130
Licko-Senjska County	5 350.50	85 135
Viroviticko-Podravska County	2 021.56	104 625
Požeško-Slavonska County	1 821.19	134 548
Brodsko-Posavska County	2 026.69	174 998
Zadarska County	3 634.33	214 777
Osjecko-Baranjska County	4 149.53	367 193
Šibensko-Kninska County	2 993.73	152 125
Vukovarsko-Srijemska County	2 448.21	231 241
Splitsko-Dalmatinska County	4 523.60	474 019
Istarska County	2 812.90	204 346
Dubrovačko-Neretvanska County	1 781.59	126 329
Medimurska County	729.69	119 866
City of Zagreb	640.04	872 355

Unit	Area (km ²)			Population (inhabitants)		
	Largest	Smallest	Average	Largest	Smallest	Average
County	5 350.50	640.04	2 692.46	872 355	85 135	239 213
Towns	640.04	11.47	167.57	872 355	2 106	37 955
Municipalities	955.45	6.09	85.64	16 300	621	4 628

Classification of towns by number of inhabitants

Inhabitants	Number of towns	Percentage of towns
Less than 1 000	-	-
1 000-5 000	15	12
5 000-10 000	36	30
10 000-50 000	60	49
50 000-100 000	8	7
100 000-500 000	3	2
More than 500 000	1	0.81

Classification of municipalities by number of inhabitants

Inhabitants	Number of municipalities	Percentage of municipalities
Less than 1 000	16	4
1 000-5 000	322	77
5 000-10 000	73	17
10 000-50 000	9	2
More than 50 000	-	-

2.3. Regulations governing structural changes

Changes in the territories of counties, towns and municipalities, changes in boundaries and the criteria applied are governed by the Law on the Territories of Counties, Towns and Municipalities in the Republic of Croatia, and by the Law on Local Self-Government and Administration.

Changes in the territory of a county may be proposed by its representative body or by one third of towns and municipalities from the territory of the county.

As a rule, municipalities (which are the smallest units of self-government) are established for more settlements which constitute natural, economic and social entities, linked by common interests of the population.

A town is:

- a territory which constitutes natural, urbanistic, economic and social whole;
- each settlement with more than 10 000 inhabitants;
- as an exception, a settlement which does not meet the previously mentioned conditions may be proclaimed a town, if special historic, economic, geographic or communication reasons exist.

A change in the territory of municipalities or towns may be proposed by a representative body of a municipality or of a town, or by one third of the citizens resident in the territory for which the change is requested.

The proposal to change territories or to form new units shall have to obtain the opinion of the representative body of the interested county.

The proposal must be accompanied by the approval of the Minister for Finance for the proposed change, and, when a formation of a new unit of local self-government is proposed, also by the proposal as to the source of financing of all the obligations of units of local self-government as regulated in laws.

The decision on the change in borders shall be passed by an agreement of representative bodies of the units of local self-government involved, subject to the previously obtained opinion from the population from the territory to which the change relates.

If the units of local self-government do not reach an agreement on their borders, and when a representative body of a unit of local self-government proposes a change of borders for economic, traffic or other reasons, the Commission of the Government of the Republic of Croatia shall decide on the borders, subject to previously obtained opinion of the population from the territory affected by the change.

When deciding on local affairs, the citizens may participate directly by means of referendum and local citizens' assembly, in accordance with the laws and statute of municipalities or towns.

2.4. General units of state administration at local/regional level

The bodies of state administration on the territory of counties are county offices and the city offices of the city of Zagreb.

They carry out affairs of state administration and supervise the operation of the units of local self-government (municipalities and towns) in the delegated affairs of state administration on their respective territory, especially:

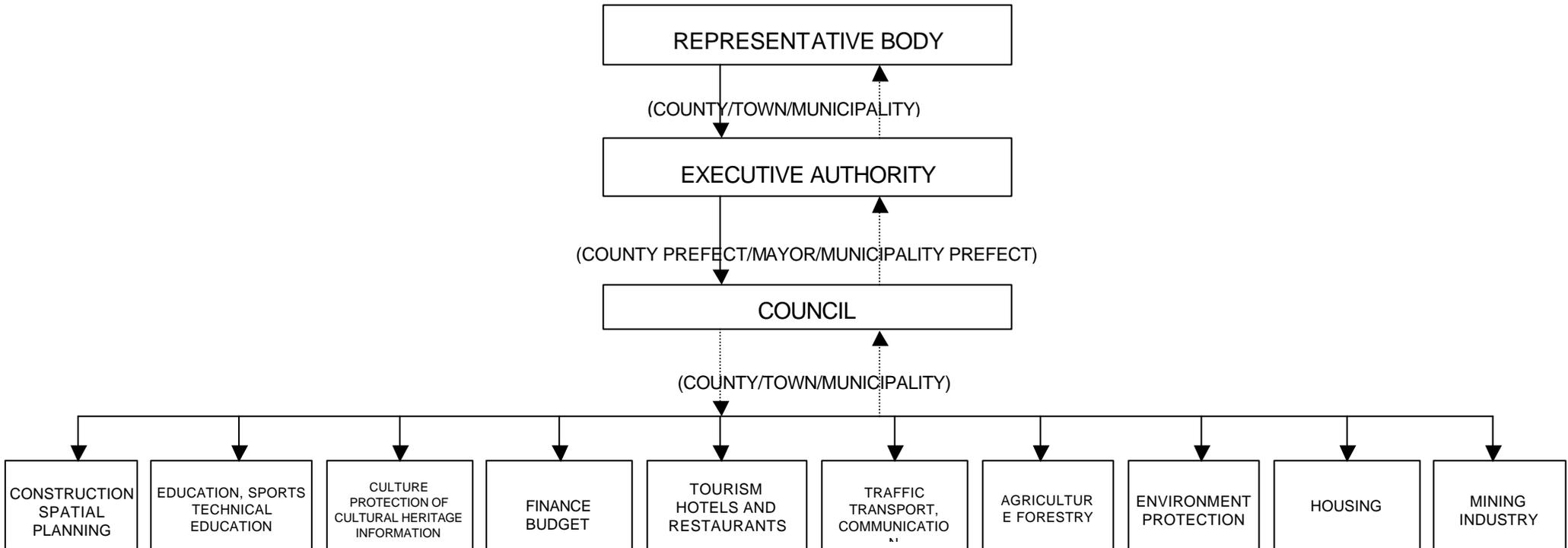
- legality of work and proceedings;
- adjudication in administrative matters;
- effectiveness and purposefulness of their work;
- purposefulness of the internal organisation and ability of employees to carry out the affairs of state administration;
- attitude towards citizens and other persons.

For the purpose of eliminating the discovered illegalities or irregularities, county offices shall especially:

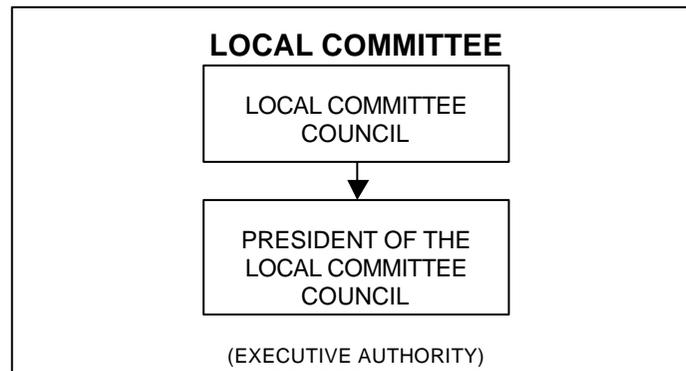
- demand reports, data and other information relating to the carrying out the affairs of state administration;
- discuss the situation and propose measures which have to be undertaken for the purpose of execution of certain affairs of state administration;
- initiate disciplinary proceedings against individual employees;
- directly execute jobs within the framework of their responsibility from the scope of competence of the units of local self-government, when they find that it would be impossible to apply laws or regulations in any other way.

County offices and the city office of the city of Zagreb carry out first instance inspection tasks, in accordance with law and regulations based on law, by which they supervise the legality of operation of persons and legal entities.

LOCAL SELF-GOVERNMENT



DIRECT CITIZEN PARTICIPATION IN LOCAL SELF-GOVERNMENT



KEY:

- Hierarchy
- Responsibility

3. LOCAL AND REGIONAL AUTHORITIES BODIES

3.1. Deliberative body

The deliberative bodies of a municipality, a town/city or a county are the municipal council, the town/city council and the county assembly respectively.

They are composed of Croatian citizens who have reached 18 years, are residents on the territory of the respective municipality, town/city or county, and are elected at general elections by secret ballot.

Elections for municipal council, town/city council and county assembly shall be carried out by the implementation of the proportional system and D'Hondt's method.

One quarter of the members of municipal councils, town/city council and county assembly are elected by the first-past-the-post system (one per electoral unit). One member is elected in each electoral unit. The other three quarters are elected in such a way that the territory of the municipality, town/city or a county constitutes a single electoral unit.

3.2. Executive body

The executive bodies of the local and regional authorities are the municipal, town/city or county governments. They are headed by the municipal prefect, the mayor and the county prefect, respectively and their members are, as a rule, heads of administrative departments and services in the municipality, town/city or county.

3.3. Political head of local/regional authority

The political head in a municipality, town/city or county is the municipal prefect, the mayor, and the county prefect, respectively.

The municipal prefect and the mayor are elected by majority vote of all the members of the municipal or city council.

The county prefect and the mayor of the city of Zagreb are elected by the respective county assembly or the assembly of the city of Zagreb by majority vote of all the members of the assembly, according to the proceedings set forth in the rules of proceedings of the county assembly or the assembly of the city of Zagreb. The decision on the election of a county prefect or the mayor is forwarded to the Government of the Republic of Croatia. The government proposes to the President of the Republic to confirm or to reject the election of a county prefect or the mayor of the city of Zagreb. If the President of the Republic refuses to accept the elected prefect or mayor, the respective assembly is obliged to elect another prefect/mayor within fourteen days from the date of receipt of the decision of rejection. If the respective assembly fails to elect another prefect/mayor, or if the president again does not acknowledge the elected prefect/mayor, the President of the Republic of Croatia shall appoint the county prefect or mayor of the city of Zagreb within fourteen days.

The municipal prefect, mayor or county prefect are heads of the respective executive authorities and are responsible for carrying out state administration affairs delegated to municipalities, towns or counties. They supervise the legality of work of the municipal council, town council or county assembly, and they may withhold from executing a general act of municipal and town councils or county assembly if this act violates a law or a regulation. If the municipal council, town council or county assembly do not remove the irregularities which make the general act illegal within fifteen days, the municipal prefect, the mayor or the county prefect shall report about this to the central body of state administration.

A municipal council, town council or county assembly may dismiss the political head by casting a no confidence vote against him.

3.4. Head of administration

The municipal prefect, the mayor, and the county prefect also head the local administration. They are responsible before the deliberative body for the administration of the municipality, town or county.

The heads of administrative departments form the municipal, town or county government and are responsible for the department they manage to the municipal prefect, mayor or county prefect and to the local government.

3.5. Division of powers and responsibilities

The municipal council, town council and county assembly pass decisions from their self-governmental scope of operation, as provided for by law. The municipal prefect, mayor and county prefect are vested with executive powers, and administrative affairs are carried out by the administrative departments and services in a municipality, town or county. The municipal prefect is responsible for his/her work to the municipal council. For the legality of the acts and work of the municipal council and administrative bodies he/she is responsible to the Ministry of Administration.

A mayor is responsible for his/her work to the town council, and for the legality of the acts and work of the city council to the Ministry of Administration.

A county prefect or the mayor of the city of Zagreb is responsible for his work to the county assembly or to the city assembly of the city of Zagreb. For the legality of the acts and work of county government or the local government to the city of Zagreb he/she is responsible to the Government of the Republic of Croatia.

4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING

4.1. Local/regional referendums

According to the basic provisions of the Constitution, the power in the Republic of Croatia derives from the people and belongs to the people as a community of free and equal citizens who exercise this power by the election of their representatives and by direct participation in decision-making.

Furthermore, according to the Constitution, a law can be passed on referendum, as a form of direct citizen participation in decision-making.

The Law on Referendum and other forms of personal participation in the carrying out of state authority and self-government, indicates the provisions of the Constitution which regulate direct citizen participation.

A local referendum is carried out on the territory of a municipality, town or county, and it may be called by the county assembly, the city assembly of the city of Zagreb, or by the town or municipal council.

The statutes of municipalities and towns regulate in more detail, in accordance with the law, among other things, the forms of consulting citizens, carrying out a referendum on issues within the self-governmental scope of competence.

A local referendum may be called for the purposes of deciding on a proposal to amend a statute of a municipality or a town, on a proposal of a piece of legislation or on other issues as regulated by law.

In municipalities and towns/cities, on the basis of laws and statutes, a referendum is called by the municipal or town council, subject to a proposal coming from one third of the members of the council, a proposal coming from municipal or city authorities or from one fifth of local committees on the territory of a municipality or a town.

Citizens who are residents of a municipality or a town and are registered in electoral registers have the right to vote.

The decision passed at the referendum is binding for the representative body of the unit of local self-government.

4.2. Other forms of direct participation

Other forms of personal participation of voters in the carrying out of state authority and local self-government are regulated in the Law on Referendum and they refer to: advisory referendum, local citizens' assemblies, and citizens' complaints.

Citizens may propose to a municipal or city council to pass an act or to resolve an issue from the scope of their competence. The representative body must discuss such a proposal, if it is supported by signatures of not less than 10% of voters registered in the electoral register of a municipality or a town, and it must respond within three months of the receipt of the proposal.

In addition to the above-mentioned procedure, each citizen is entitled to submit motions and complaints, as well as ask questions and receive answers from municipal or city councils and their bodies.

The law regulates the calling of local citizens' assemblies as a necessary precondition which has to be met in a citizens' complaint addressed to the public.

The municipal or city council may request an opinion from local citizens' assemblies on the proposal of a regulation or other issues from the scope of competence of municipalities or cities, as well as on other matters, as regulated in a law or in a statute.

A local assembly of citizens has a president elected from the ranks of the citizens, according to the proceedings regulated in the statute of that municipality or town.

Furthermore, the Law on Local Self-Government and Administration regulates the formation of local committees. Local committees are created as a form of direct participation of citizens in decision-making on local affairs that have direct and everyday impact on the life and work of citizens. It is possible to form it for one settlement, for more than one mutually connected smaller settlements or for a part of a bigger settlement or a city which, in relation to other parts, constitutes a separate whole (part of a settlement).

Local committees shall be formed by citizens during their assembly, attended by not less than 10% of voters registered in the electoral register of a settlement or a part of a settlement for the territory for which the local committee is formed. The proposal to form a local committee may be filed by citizens and their organisations, as regulated in the statute of a municipality or a town.

This statute, in accordance with law, shall regulate the proceedings for the formation, scope of competence and authority of the organs of a local committee, the determination of its programme of work, the fundamental rules, the method of financing their needs as well as other issues relevant for the realisation of their rights and obligations as regulated by law, statute of municipality or a town and any other regulation of a municipal or city council.

5. STATUS OF LOCAL ELECTED REPRESENTATIVES

5.1. Conditions for standing in local elections and financing of electoral campaigns

Any Croatian citizen who has reached 18 years of age, is a resident of the territory of the respective municipality, town or county, and is registered in the electoral register in the place of his or her residence, may vote and be elected as a member of a representative body.

According to the Law on Croatian Citizenship, citizenship can be acquired on the basis of either origin, birth on the territory of the Republic of Croatia or on the basis of a treaty.

According to the Law on the Election of Members of Representative Bodies of Units of Local Self-Government and Units of Local Administration and Self-Government, candidates for members of representative bodies of units of local self-government who are elected by individual elections in an electoral unit and who receive at least 10% of valid votes at elections, shall be entitled to the refund of expenses of their electoral campaign.

Political parties whose independent list of candidates, and candidates whose independent list receives at elections at least 5% of valid votes, two political parties whose joint or coalition list receives at least 8% of valid votes at elections, and three or more political parties whose joint or coalition list receives at least 11% of valid votes at elections, shall be entitled to the refund of the expenses of their electoral campaign.

The refund of the expenses for an electoral campaign shall be provided for from the election funds. The amount of the refund shall be determined by the Government of the Republic of Croatia no later than twenty days before election day.

5.2. Functions or activities incompatible with the status of local elected representative

It is not possible for one person to be a member of representative bodies of different units, municipalities, towns and counties at the same time.

A member of the representative body of a municipality, town or county shall not simultaneously perform the duty of: a judge, a judge of the Constitutional Court of the Republic of Croatia, President of the Government of the Republic of Croatia, Vice-President of the Government of the Republic of Croatia, State Prosecutor, Deputy State Prosecutor, Attorney for the State in Civil Cases, Deputy Attorney for the State in Civil Cases, ombudsman, deputy ombudsman, minister or deputy minister, director of a state administrative organisation, county prefect or county vice-prefect, head of an office of the Government of the Republic of Croatia, senior or junior officer of the armed forces appointed to and recalled from the position of a military commander of the Croatian Army by the President of the Republic and the Minister for Defence, as well as an employee in the administrative bodies and services of the respective unit of local self-government or local administration and self-government.

The above-mentioned persons may run for election as members of representative body of a municipality, town or county. However, if they are elected and accept their representative functions, they must resign from the duty which is incompatible with the position of a member of a representative body of this unit.

5.3. Duties and responsibilities of local elected representatives

The function of a member of a representative body is an honorary function. The rights and duties of members of representative bodies of the unit are established in the statutes of the respective units and in the rules of proceedings of the representative body.

The internal organisation and the method of operation of representative bodies of these units are regulated, in accordance with the Law on Local Self-Government and Administration and in accordance with the statute of the unit and with the rules of proceedings of that representative body. The rules of proceedings are enacted by a majority vote of all the members of the representative body of the unit.

In accordance with Article 23 of the same law, the representative body of a municipality, town or county has a president and up to two vice-presidents. The president of the representative body of a municipality, town or county presides over sessions of that representative body and represents that body. The rights and obligations of the president and vice-presidents of the representative body of the unit are regulated in the rules of proceedings of the representative body.

Members of a representative body have the right to be reimbursed for their expenses and lost income in accordance with the decision of the representative body, but they are not required to declare their personal and financial interests, neither before nor after starting their duty.

5.4. Term of office of elected representatives

The term of office of the members of representative bodies of municipalities, towns and counties is four years. Elected representatives may not be recalled, and their mandate is not binding.

The term of office of a member of the representative body of a unit of local self-government or unit of local administration and self-government shall be terminated before the expiry of the period for which he or she was elected:

- if he or she resigns, on the date when the representative body passes the decision on the termination of the term of office;
- if he or she is deprived of or limited in his or her legal capacity by a final judicial decision, on the date the judicial decision becomes final;
- if he or she is sentenced to more than six months imprisonment by a final judicial sentence, on the date the judicial decision becomes final;
- if he or she accepts election or appointment to an office which is, pursuant to this law, incompatible with the duty of a member of the representative body of a unit of local self-government or local administration and self-government, on the date he or she accepts election or on the date of the appointment;
- if he or she terminates his or her registration as a permanent resident on the territory of a unit of local self-government or unit of local administration and self-government.

According to the existing legislation it is not possible for a former representative to restart his/her term of office upon the ending of circumstances which were the reason for the termination of the term of office (for example, after he/she stops performing an incompatible duty, or after withdrawing his/her resignation).

A resignation is deemed to be a personal act, an expression of will, and an elected representative does not need to give reasons for it. The law does not list any specific precondition for an elected representative's right to resign. Accordingly, the representative body has to be informed about it and state that the term of office of the elected representative has been terminated.

There are no set limitations as to duties or activities that may not be exercised by an elected representative after the end of his/her term of office.

5.5. Working conditions

The working conditions of elected representatives depend on the specific characteristics of each territory in the Republic of Croatia, and of each individual unit. As a rule, sessions of representative bodies are held in city halls, that is in buildings owned by the municipality or rented by it.

Representative bodies may form working bodies, various committees and commissions, so that the working hours and total amount of commitments of an elected representative depends on his/her membership in one or more working bodies, and on the nature and purpose of its formation.

According to Article 78 of the Law on Local Self-Government and Administration, the state, by its supervision, supports local self-government on the territory of the unit of local self-government and oversees its constitutionality and legality. The Ministry of Administration, as the body of state administration, offers all expert and legal assistance and gives instructions, opinions and interpretations, which are, as a rule, requested by representative or executive bodies of municipalities, towns and counties.

Various seminars are organised, as a form of professional assistance, with the purpose of pointing to the existing problems that occur in practice and to offer advice which can facilitate their solution. Also, the purpose of these seminars is to harmonise the practice and proceedings in the units of local self-government.

In addition to the above-mentioned form of professional and legal assistance, in the Republic of Croatia an Alliance of Municipalities and Towns was created. It is the co-ordinating body and is a form of overall co-operation of municipalities and towns, within the country and abroad. A special programme of education and information on candidates, persons who were nominated on party or independent lists, is not envisaged.

The Labour Law foresees the possibility to regulate, in an employment contract, the possibility of employee's longer absence from work, for example, absence during his/her term of office.

Although this does not expressly impose the employer's obligation to enable elected representatives to attend sessions of representative bodies, there are no difficulties in practice. Namely, although the term of office of the first elected representatives in 1993 is about to end, an instance where an elected representative was not allowed to carry out the duties stemming from his/her membership in a representative body of a unit of local self-government during working hours, has not been recorded.

Sessions of representative bodies, municipal and town councils and county assemblies are, as a rule, held after working hours, and this facilitates the attendance of their members.

The duty of an elected representative is honorary. Members of a representative body of a municipality, town and county are entitled to compensation of expenses or lost income related to their work in a representative body, in accordance with the representative body's decision. However, depending on material possibilities of each individual unit, and depending on the quantity of work, in some instances elected representatives receive remuneration for their work. The decision on this is passed, as a rule, by the representative bodies of municipalities, towns and counties.

The remuneration elected representatives receive for their work is declared and stated in the annual statement of taxable income.

5.6. Reforms envisaged on the status of local representatives

The Law on Local Self-Management and Administration passed in 1992 has been changed twice since it came into force, i.e. since December 1992.

The reform of the status of the elected representatives has not been planned because their present status, particularly regarding their rights, does not call for the change of legal regulations.

6. DISTRIBUTION OF POWERS BETWEEN THE VARIOUS CATEGORIES OF LOCAL AND REGIONAL AUTHORITIES

The competencies of local and regional authorities are presented in the following table.

Local authorities have competence for spatial planning in their particular region, but the regional/spatial planning has to be harmonised with the spatial planning of the county and of the state. As for economic planning, local authorities participate in the economic issues pertaining to their region, but since the privatisation process has not yet been completed in all sectors, there is also some state competence.

Some proposals leading to the redistribution of powers between state government and local authorities are being considered.

Function	Competent authority			Type of competence				Exercise of the competence				Remarks
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
General administration												
Security, police	•			•				•				
Fire protection	•		•		•			•				
Civil protection	•			•				•				
Justice	•			•				•				
Civil status register	•			•				•				
Statistical office	•			•				•				
Electoral register	•			•				•				
Education												
Pre-school education			•	•				•		•		
Primary education	•			•				•				
Secondary education		•		•				•				
Vocational and technical		•		•				•				
Higher education	•			•				•				
Adult education		•	•		•			•		•		
Other												
Public health												
Hospitals	•	•			•			•				
Health protection	•		•	•				•				

Function	Competent authority			Type of competence				Exercise of the competence				Remarks
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
Social welfare												
Kindergarten and nursery			•	•				•				
Family welfare services		•	•	•	•			•		•		
Welfare homes		•	•	•				•		•		
Social security			•	•				•				
Other												
Housing and town planning												
Housing	•		•		•			•	•			
Town planning	•	•	•	•				•	•			
Regional/spatial planning	•			•				•	•			
Environment, public sanitation												
Water & sewage		•	•	•				•		•		
Refuse collection & disposal		•	•	•				•		•		
Cemeteries & crematoria			•	•				•				
Slaughterhouses			•	•				•				
Environmental protection	•		•		•			•	•			
Consumer protection			•	•						•		
Culture, leisure & sports												
Theatres & concerts	•	•	•		•			•	•			
Museums & libraries	•	•	•		•			•	•			
Parks & open spaces	•		•		•			•	•			
Sports & leisure			•	•				•		•		

7. CO-OPERATION AND OTHER TYPES OF RELATIONS BETWEEN LOCAL/REGIONAL AUTHORITIES

7.1. Institutionalised co-operation

Institutionalised co-operation is carried out by establishing or joining on a voluntary basis, a national association of cities and municipalities.

The legal framework for establishing an institutionalised co-operation is the Law on Local Self-Government and Administration.

Within the legal framework municipalities and cities are not limited in their right of entering any national association of municipalities or cities with the purpose of promoting common interests.

7.2. Co-operation between local/regional authorities in different countries

The Law on Local Self-Government and Administration stipulates that associations of local self-government units can be realised through the National Association of Units of Local Self-Government, which can co-operate, in accordance with the law, with international counterparts.

Conditions and the procedure for the establishment of co-operation between local authorities with counterparts in other countries will be the subject of a separate law, and in the meantime a certain practice of non-institutionalised co-operation has been established.

There is co-operation with units of local authority in other countries, and since the establishment of the system of local self-government in the Republic of Croatia such co-operation is on the rise.

8. FINANCE

8.1. Taxes

8.1.1. Local and/or regional authorities "own taxes"¹

County taxes:

- inheritance and gift tax;
- motor vehicle duty;
- vessel duty;
- tax on organisation of sports and entertainment events.

¹ They are all taxes collected in addition to state taxes.

Municipal and city taxes:

- consumption tax;
- vacation house tax;
- advertising tax;
- corporate name tax;
- tax on usage of public ground.

Cities with more than 40 000 inhabitants also have the right to surtax the income realised in their region.

Local/regional authorities are free to fix the rate of these taxes, but cannot introduce new types of tax apart from the ones stipulated under the Law on Financing of Units of Local Self-Government and Administration.

According to the Law on Financing of Units of Self-Government and Administration, assessment, accounting and collection of taxes and other own income are performed by the bodies of local/regional authority which have introduced the taxes. However, according to the stipulations of the law, local/regional units of authority can entrust the central state tax administration with the activities of recording and collection of tax, in a majority of units. Other taxes are directly and automatically collected at source.

8.1.2. General taxes of which local or regional authorities receive a fixed proportion of the amount collected locally/in the region

List of general (common) taxes of which local/regional authorities receive a fixed proportion (percentage) of the amount collected locally/in the region:

- income tax;
- profit tax;
- gambling duties and taxes;
- capital transfer tax.

The share of a county in the above-mentioned general tax is:

- 5% of income tax, for the city of Zagreb 45%;
- 10% of profit tax.

The share of a municipality and city in the above-mentioned general tax is:

- 25% of income tax;
- 20% of profit tax;
- 50% of gambling duties and taxes;
- 60% of capital transfer tax.

8.2. Grants from higher authorities

The Law on Financing of Units of Local Self-Government and Administration stipulates that grants from the budget and financial assistance be accorded to lower levels as a corrective measure for their lack of finance. The criterion for a grant and assistance to be approved from the state budget to a county is the per capita revenue of a county compared to the state average. The law stipulates identical criteria for the counties approving grants to municipalities and cities in their region.

However, due to the consequences of the war in former Yugoslavia and in connection with a large part of the economy being at a standstill, and because of the migration of displaced persons and refugees, these legal stipulations cannot be implemented. For this reason, grants to counties are approved according to the assessment of future spending, i.e. finances lacking for current expenditure. The same goes for counties with regard to municipalities.

The share of transfer from the state to the lower levels of local/regional authorities changes from one year to another. However, grants are given directly to the counties, which in turn distribute them according to their own criteria, to lower local levels (municipalities and cities in the region). As of 1997, the central state directly gives grants from the state budget not only to counties, but also to municipalities and cities which are in a particularly difficult situation as a result of war.

Basically, according to the Law on Financing, grants (non-earmarked transfers), but also subsidies (earmarked transfers) are allocated to the lower levels of authority from the state budget (and also indirectly from a county budget).

In the past years grants approved for current expenses accounted for a higher share, and since 1996-1997 financing of investment expenditure represents a higher share (in 1996 it accounted for 21% of vertical transfers to municipalities and cities). As for subsidies, those for financing of current functioning of local authorities are given priority.

Counties were also providing grants to municipalities and cities in their region from their own means as vertical transfers by intermediary units (43.5%, 55.8% and 50% of the total transfers in 1994, 1995 and 1996 respectively).

A substantial share of public expenditure is used for welfare, reconstruction and development of infrastructure objects for general public and economy and is financed directly from the state budget. Taking into account the effect of the above-mentioned indirect financing, the share of transfer coming from the state budget to the municipalities on the war-affected territories which were occupied until 1995 is considerably higher (over 90% of the total transfer to municipalities, i.e. approximately 70% of the total revenue of municipalities). Most of these indirect transfers were in the form of subsidies earmarked especially for investment programmes.

Certain grants, especially those relating to investment, depend on the readiness of the local unit to participate with its own revenue in particular projects.

8.3. Financial equalisation

The Law on Financing of Units of Local Self-Government and Administration stipulates that municipalities, cities and counties participate in the distribution of common revenues. In addition to that, the law regulates the system of general non-purpose grants aimed at balancing the position of counties, and indirectly of municipalities and cities, in the Republic of Croatia.

The law stipulates that for counties on whose territory the revenues of the county, municipalities and cities are below the per capita average of the Republic, with the exception of the city of Zagreb, the Republic will secure a grant from the state budget at the level of the difference between the actual per capita revenue and 75% of the state average revenue per capita; it is also stipulated that the grant cannot be given to a county on whose territory the rate of surcharge on income is below 1.0 and the tax rates and the amount of tax are lower than the highest stipulated rates.

At the same time the law stipulates that for a municipality or a town on whose territory the per capita revenues of municipality and cities are below the county average, with the exception of cities with more than 40 000 inhabitants and of those which have a tax burden below the average, a grant will be made from the county budget to the extent of the difference between the actual per capita revenue and 75% of the county average per capita revenue.

8.4. Other sources of income

In addition to taxes other than counties, municipalities and cities own sources of income:

- a. counties:
 - administrative fees and duties;
 - compensations;
 - hunting grounds rental fee;
 - maritime resources concession fee;
 - fines and confiscated profits;
 - income from movable and immovable property in possession of the county;

- income from own property:
 - corporate revenue from companies and other legal persons in possession of the county;
 - income from sales of movable and immovable property in possession of the county.
 - gifts, inheritance, legacies;
 - grants;
 - income from own activities;
 - income arising from special contracts.
- b. municipality/city:
- income from own property:
 - income from movable and immovable property in possession of the municipality/city;
 - corporate revenue from companies and other legal persons in possession of the municipality/city;
 - income from the sales of socially owned flats.
 - fines and confiscated profits arising from the violation of bye-laws;
 - administrative fees and duties;
 - tourist tax;
 - local rates;
 - municipal rent and other local rates for the usage of municipal or city grounds;
 - power plant premises exploitation fee;
 - a special tax on slot machines, on opening a clubhouse, and organising occasional games of chance;
 - road tax payable for tractors and tractor trailers;
 - hunting grounds rental fee;
 - concession fee;
 - mineral royalties;
 - rents and maintenance fees;
 - forest fee;
 - betterment levy;
 - building site preparation charges;
 - income from own activities;
 - income arising from special contracts.

8.5. Borrowing

According to the Law on Budget, a unit of local or regional authority can raise loans only for financing capital projects and for the coverage of its budget deficit.

The same law stipulates that a unit of local self-government and administration can borrow money from another unit, from the state budget and from the non-banking sector, including the general public.

In 1997, according to the Law on Execution of State Budget, these units can raise loans on the capital markets in the country and abroad for projects of reconstruction and development, on the condition that their annual loan liabilities do not exceed 30% of their budget expenditure in 1996. They are obliged to apply for prior approval from the Government of the Republic of Croatia for any borrowing either in the country or abroad.

Guarantees for the loan are provided by banks and/or the government.

An example of a foreign loan obtained by local/regional authorities is a loan for reconstruction granted by the World Bank to the Republic of Croatia. From that loan through HBOR and the Croatian Water Board a total of US \$ 2.6 million was granted directly to local utility companies (in the war-affected areas).

8.6. Economic control

Higher authorities exercise economic control directly, through giving approval for borrowing (control of transactions relative to borrowing – Ministry of Finance), by means of the National Auditing Office which exercises supervision over financial (accounting) documents pertaining to the budget of units of local self-government and administration and in connection with their loans and debts.

Local and regional finances are included in the national financial planning.

9. CONTROLS OVER LOCAL/REGIONAL AUTHORITIES

According to the Law on Local Self-Government and Administration, general administrative control over the legality of work and acts is exercised by the Ministry of Administration, and the legality of particular acts on specific administrative issues is supervised by the respective ministries.

The aim of general administrative supervision is to ensure legality. If an act is considered to be illegal, the authorised ministry has the same competence as in exercising administrative supervision over the acts transferred by law to the units of local self-government. When a general act (regulation) of a unit of local self-government is considered illegal, the authorised ministry has the competence to suspend the execution of the regulation which it considers illegal and to propose to the Government of the Republic of Croatia to initiate the procedure for the judgement of constitutionality before the Constitutional Court. The Government of the Republic of Croatia may within thirty days initiate the procedure before the Constitutional Court otherwise the suspension will be lifted.

General administrative supervision does not relate to control of expediency. When it comes to making decisions on the rights and duties of citizens and legal persons in the administrative procedure, the Law on Administrative Procedure provides for the right of complaint, before the Constitutional Court in case of "silence of the administration", when the authorised body fails to react for over sixty days to the complaint set forth by a party.

A supervisory authority does not have the instruments of controlling a decision or an act which is not contrary to legal provisions. Assessment of general interest is not subject to supervision.

In the Republic of Croatia there is a National Auditing Office as the supervisory body of the parliament which oversees both state bodies disposing of the state budget and assets, as well as local/regional units disposing of the budget and assets.

The right to local self-government has been determined by the Constitution of the Republic of Croatia as a constitutional right. Therefore, local/regional authorities have been provided with the right to bring a constitutional action against measures taken by higher authorities during their supervision.

10. REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/REGIONAL AUTHORITIES

Individuals have legally stipulated rights, namely complaints lodged to a higher authority, and action filed to the Administrative Court, against particular acts passed by bodies of municipalities, cities and counties during the administrative procedure. After all the regular legal measures have been exhausted, there is also a system of extraordinary legal measures which can be used in particular cases (retrial, annulment of an act or decree, announcement that the decree has no legal value), and there is finally the institution of a constitutional suit, in the case of violation of a constitutional right by an action or an act.

11. LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL

11.1. Main categories of personnel

Personnel in the bodies of municipalities, cities and counties are subject to the provisions of the Law on Administration, which has still not been harmonised with the Constitution of the Republic of Croatia. All the personnel come within the following main categories:

- a. administrative/legal work:
 - work on direct execution of acts of law and other regulations;
 - supervision work.
- b. analysis, standardisation and other expert work;
- c. data processing;
- d. general administrative services and maintenance;
 - accounting;
 - administrative services and technical maintenance;
 - auxiliary technical services;
 - other work and tasks.

11.2. Local staff statute

The type of work has been regulated by the Regulation on Uniform Titles of Tasks and Duties and Training and Continuous Education of Personnel in Administrative Bodies which was passed by the Government of the Republic of Croatia (then Executive Council of the Parliament of the Republic of Croatia) in 1984.

The representative body of a municipality, city or county decides on organising administrative bodies and services, and the municipal prefect, mayor or county prefect passes the regulation on the internal organisation of a particular body or service and, on the basis of the above-mentioned Regulation, determines jobs and requirements for vacancies. The representative body also regulates remuneration of all personnel, depending on their respective budgetary possibilities.

Depending on the office to be filled, staff may be appointed by a representative body, by the local unit government (executive body), by the municipal prefect, mayor or county prefect or by the head of a particular municipality, city or county body. This issue is regulated by law only inasmuch as which office has to be filled through public competition.

The Law on General Administrative Procedure stipulates conditions for performing tasks which affect the rights and obligations of citizens and legal persons. These conditions are identical for both national civil servants, and for the civil servants in the bodies of municipalities, cities and counties (educational background and state exam). In stipulating conditions for performing other tasks and duties, municipalities, cities and counties are free to determine conditions for filling such positions.

11.3. Statistics

There is no central register of the personnel employed in municipalities, cities and counties, so this data is not available and cannot therefore be provided. The obligation of maintaining central records exists only for national civil servants. It is to be assumed that once the personnel in municipalities, cities and counties acquires the same status, in the foreseeable future, this problem will also be resolved.

12. REFORMS ENVISAGED OR IN PROGRESS

The Republic of Croatia is currently preparing a further reform of local self-government, relating to its institutions and their financing. It is expected that the corresponding legislation will be adopted in October 1999.