

# A Comparative Analysis of Pay and Benefit Systems in Self-Government Units in Relevant Countries and Proposals for Croatia

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*Local governments and incumbent systems in selected countries (Austria, Finland, Slovenia, Hungary) are analyzed with respect to the organization of territorial governments, the scope of local government, the number of employees in the public sector and the share of employees in local self-government, and with respect to the regulations for the planning regulatory status and salaries. Comparing Croatia, with the four selected countries, we can highlight the following facts: a relatively small population and territory, two levels of local self-government, the size and territory of local self-government units do not stand out from the average, a relatively high percentage of people employed in the public sector, a very small percentage of workers in the public sector are employed in local self-government.*

*Furthermore, in comparison to other relevant countries, salaries in local and regional self-government units in the Republic of Croatia differ significantly among individual local and regional self-government units than is the case in other analysed countries where they have a common system for determining salaries in local self-government units. The main characteristics of pay and benefit system in local and regional self-government units in Croatia are also stressed.*

*The scope of local and regional government in the Republic of Croatia refers to the scope of counties, cities and municipalities. Thus the towns and municipalities perform tasks in a local scope in order to directly realize the needs of citizens (arranging settlements and housing, spatial and urban planning, communal activities, care for children, social welfare, primary health care, education and primary education, culture, physical culture and sports, protection, protection and improvement of natural environment, fire and civil protection), while the county performs the duties of the regional importance (education, health, spatial and urban planning, economic development, transport and transport infrastructure, planning and development of networks of educational, health, social and cultural institutions).*

*Considering decentralized and centralized systems of wages we have to point out that some countries have totally centralized systems for certain categories of employees, and partially much decentralized systems for other categories of employees. Sweden is probably the most liberal country according to the way of determining wages while Hungary, Switzerland and Germany are examples of European countries which have centralized pay and benefit systems at the federal level.*

**Keywords:** local self-government system, public sector, incumbent systems, pay and benefit systems in local-government units, centralized system of determining wages

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## 1. Introduction

The European Charter on local self-government defines local self-government as the right and opportunity of local units to regulate and manage an important part of public activities in a responsible manner and in the interest of the citizens, in the scope determined by the law. The citizens execute this right through councils or assemblies composed of freely elected members by secret voting based on a general and unique voting right.

The local self-government system in the Republic of Croatia is determined by the Constitution of the Republic of Croatia<sup>1</sup>, laws and decrees, and is almost completely adjusted to the European Charter on local self-government. Besides the European Charter, the Republic of Croatia ratified other international contracts related to local self-government. Within the legal system of the Republic of Croatia the provision of Article 4 of the Constitution certifies the significance of local self-government, according to which the Croatian state government is restricted by Constitutional rights of citizens to local and regional self-government.

The provision of Article 133 of the Constitution defines municipalities and towns as local self-government units, while counties are regional self-government units. The territories of counties, towns and municipalities are determined by a special law. The same Article stipulates that by a separate law, the capital city of Zagreb may be attributed the status of a county and that bigger towns in the Republic of Croatia can be given statutory authority of a county. This Article also stipulates the possibility that by a separate law other local self-government units can be established, as well as local self-government in a town or part of a town.

## 2. The Scope of Affairs of Local and Regional Self-government Units in the Republic of Croatia

The scope of affairs of county, town and municipality self-government is generally stipulated by the provision of Article 134 of

the Constitution: municipalities and towns are units of local self-government responsible for local jurisdiction by which the needs of citizens are directly fulfilled, and particularly for the affairs related to the organization of the settlements and housing, physical and urban planning, public utilities, child care, social welfare, primary health services, education and elementary schooling, culture, physical education and sports, consumer protection, protection and improvement of the environment, fire protection and civil defense. Counties are units of regional self-government responsible for the affairs of regional significance, and in particular for the affairs related to education, health service, physical and urban planning, economic development, traffic and traffic infrastructure as well as the development of the network of educational, health, social and cultural institutions.

Furthermore, the provision of Article 134 stipulates that affairs of local and regional jurisdiction shall be regulated by law and at the allotment of the affairs, while priority shall be given to the bodies which are closest to the citizens. In the process of determining the local and regional self-government jurisdiction, the scope and nature of affairs and the requirements of efficiency and economy shall be taken into account.

The Law on changes and amendments to the Law on Local and Regional Self-government from 2005 expands their scope of affairs<sup>2</sup>.

The provision of Article 135 stipulates that units of local and regional self-government shall have the right, within the limits provided by law, to regulate autonomously by their statutes the internal organization and jurisdiction of their bodies and accommodate them to the local needs and potentials, and the provision of Article 136 stipulates that in performing the affairs within their jurisdiction, units of local and regional self-government shall be autonomous and subject only to the review of the constitutionality and legality by the authorized governmental bodies. Moreover, the provision of Article 137 stipulates that units of local and regional self-government shall have the right to their own

revenues and have them on their free disposal in performing affairs within their jurisdiction. Revenues of local and regional units of self-government shall be proportional to their authorities provided by the Constitution and law. The State shall assist financially weaker units of local and regional self-government in conformity with the law.

The basic Constitutional provisions on local and regional self-government are regulated in more detail by a number of laws which regulate the public administration and local government in the Republic of Croatia, i.e. the rights and responsibilities of counties, towns and municipalities. Among them the most important are the Law on Local and Regional Self-government, the Law on the Territories of Counties, Cities and Communes<sup>3</sup>, the Law on the City of Zagreb<sup>4</sup>, the Law on the Financing of Local Self-government and Administration Units<sup>5</sup>, while the rights and responsibilities of local self-government in determining their affairs are stipulated by separate laws which regulate specific affairs in the scope of their activities.

### **3. Human Resources in Local and Regional Self-Government Units in the Republic of Croatia**

The executive bodies with power in local and regional self-government units are the mayor and municipality government (in municipalities), the mayor and town government (in towns) and the governor and county government (in counties). Governors and mayors are the presidents of the county, town and municipality who ensure the execution of general acts of representative bodies as prescribed by the rules of procedure of the local or regional self-government units and supervise that administrative bodies accomplish all the activities according to the law, statute and other acts.

Administrative departments and services (administrative bodies) are established to perform affairs in the scope of local and regional self-government units, as well as affairs of public administration delegated to those units.

In municipalities and towns with up to 3,000 inhabitants a unique administrative department is established to perform affairs in the scope of local self-government units. Such a department can also be established in local self-government units with more than 3,000 inhabitants. Two or more local self-government units can organise joint performance of affairs in the scope of local self-government units by establishing a common body, common administrative department or service.

Administrative bodies are presided by heads that are elected by a public announcement and nominated by county, town or municipality government. The structure of administrative departments or expert services is regulated by a general act of local or regional self-government unit, in accordance with the statute and law.

Administrative, expert and other activities in local and regional self-government units are performed by civil servants or employees. Their rights, obligations, responsibilities and other issues are regulated by a separate law. Until a separate law is enacted, the 2001 Law on Civil Servants and Employees ("Official Gazette" No. 27/01)<sup>6</sup> applies to civil servants and employees in administrative bodies.

Analogously, the differentiation between civil servants and employees applies also to local and regional self-government units (local civil servants and employees), and their rights, obligations, responsibilities and manner of defining wages are realised in administrative bodies of local and regional self-government units. General work regulations and collective agreements apply to issues not covered by this law or other bylaws or decrees.

The book of rules on the internal order of administrative departments determines work posts and the number of executors, the description of activities of each work post, as well as expert and other conditions to be assigned to those work posts. Expert conditions for the employment of local civil servants and employees are determined according to unique names of work posts for civil servants and employees.

#### **4. Comparative Analysis: Local Self-Government and Civil Service Systems in the Selected Countries (Austria, Finland, Slovenia, Hungary)**

Criteria for the selection of countries for a comparative analysis of the pay and benefit systems in local-government units in the Republic of Croatia

Size of local communities is very different in every country. The following relations are pointed out: the larger the number of local communities in the country, the less their autonomy; and the larger the country, in territory and population, the stronger the local community authority.

Based on the collected and processed information which can be used as criteria for the selection of relevant countries, an initial analysis for 29 European countries was undertaken. The following information was viewed for comparison with Croatia:

- Territory;
- Population;
- Number of local self-government levels;
- Number of local self-government units for each level;
- Average population and territory of basic local self-government units (first level – districts and towns)

Along with the basic, the following data were partially collected:

- Total number of employees;
- Number of employees in the public sector;
- Number of employees in administration on all levels of local self-government;

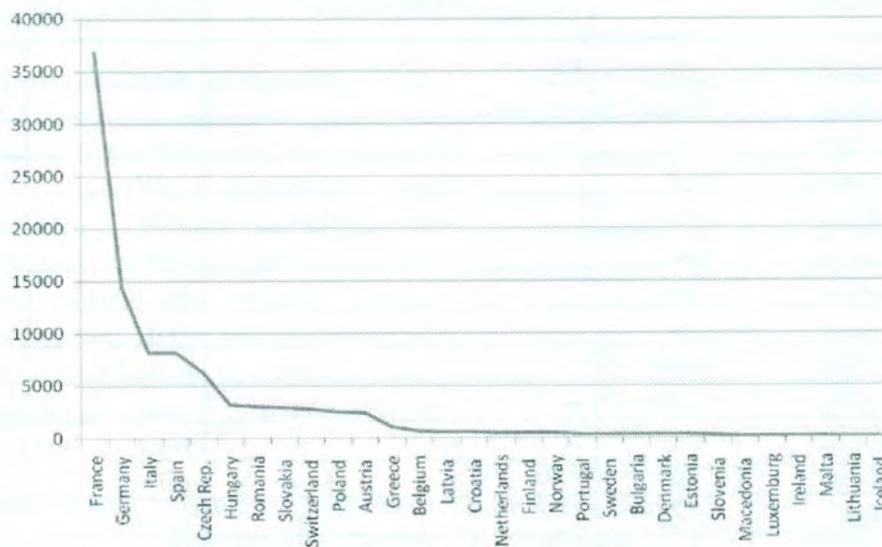
- The percentage of public sector employees in the total number of the employed in a country;
- The percentage of local administration employees in the total number of public sector employees.

The level of decentralisation (criteria which can not be solely determined by available quantitative data) and similar forms of administrative organization in the past were used as additional criteria for the selection of countries.

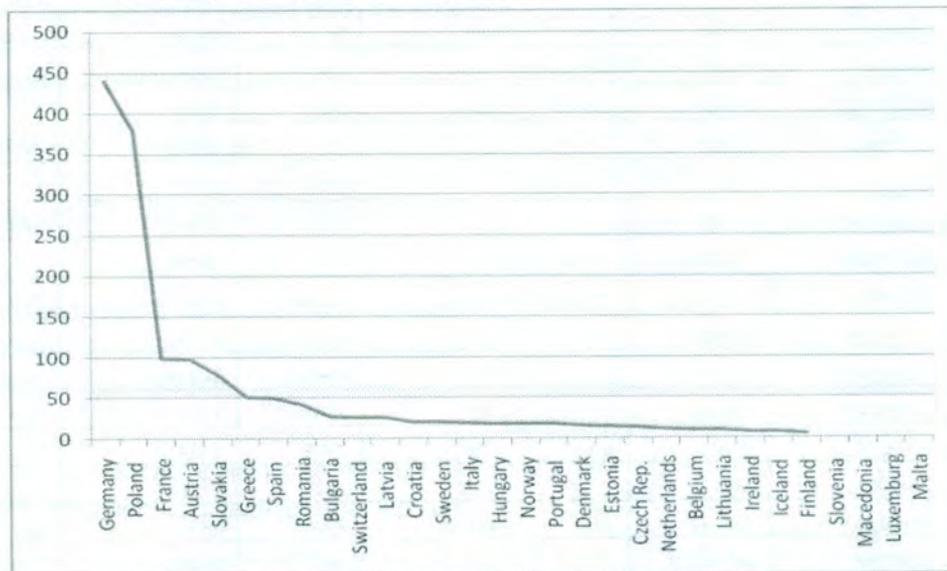
As there are no complete relevant comparative results of that type, the data was collected from publicly available electronic databases, as well as other sources on the Internet. Due to the different methodological approach in the preparation and the publishing of the information and the fact that for many countries there are no publicly available updated and official information, the data presented here have, for this moment, a solely orientation value.

As noticeable in Table 1 and 2, the data gathered point out to the big differences in systems of local self-government, which undermine any attempt at systematization based on more shared traits (which would include, for example, the number of local self-government levels, the number of local self-government units and the population of the units on the basic level). Such systematization is hardly possible in the parts which relate to the data on the percentage of people employed in the public sector in the complete workforce, as well as the percentage of local self-government employees in the whole public sector employees.

Graph 1. Countries sorted according to the first level



Graph 2. Countries sorted according to the second level



The basic traits of the Republic of Croatia in comparison to the data gathered are:

- a relatively small population and territory
- two levels of local self-government
- the size and territory of local self-government units do not stand out from the average
- a relatively high percentage of people employed in the public sector
- a very small percentage of workers in the

public sector are employed in local self-government<sup>7</sup>.

As none of the countries fulfill all the criteria, while choosing the countries for a more thorough analysis the goal was to achieve a combination of two or more criteria, the level of decentralisation, similar administrative organisation in the past and (if possible) the country being close to Croatia (Austria, Slovenia and Hungary).

Table 1: General data on the local self-government

COUNTRIES – GENERAL DATA <sup>8</sup>			LEVELS (NUMBER OF UNITS) <sup>9</sup>			AVERAGE (1. level)	
Country	Population	Territory (km <sup>2</sup> )	3. level	2. level	1. level	Population	Territory (km <sup>2</sup> )
Austria	8,213,947	83,858	9	99	2,358	3,483	35.6
Belgium	10,516,112	30,518	3	10	589	17,854	51.8
Bulgaria	7,673,215	110,994		28	287	26,736	386.7
Czech Rep.	10,209,643	78,867		14	6,244	1,635	12.6
Denmark	5,438,698	43,093		16	275	19,777	156.7
Estonia	1,332,987	45,226		15	241	5,531	187.7
Finland	5,275,491	338,145		6	444	11,882	761.6
France	61,350,009	547,030	26	100	36,780	1,668	14.9
Greece	11,338,624	131,957	13	52	1,033	10,976	127.7
Croatia	4,468,760	56,542		21	556	8,037	101.7
Iceland	299,076	102,928		8	23	13,003	4,475.1
Ireland	4,104,354	70,273	2	8	114	36,003	616.4
Italy	59,546,696	301,323		20	8,101	7,351	37.2
Latvia	2,279,366	64,598		26	563	4,049	114.7
Lithuania	3,403,871	65,300		10	56	60,783	1,166.1
Luxemburg	463,273	2,586			118	3,926	21.9
Hungary	10,037,768	92,966		19	3,127	3,210	29.7
Macedonia	2,056,894	25,433			123	16,723	206.8
Malta	386,007	315			68	5,677	4.6
Netherlands	16,447,682	41,526		12	483	34,053	86.0
Norway	4,657,321	323,759		19	434	10,731	746.0
Germany	82,509,367	357,021	16	439	14,308	5,767	25.0
Poland	38,109,499	312,685	16	379	2,478	15,379	126.2
Portugal	10,539,564	92,391		18	308	34,219	300.0
Romania	21,154,226	238,391		42	2,948	7,176	80.9
Slovakia	5,379,455	49,034	8	79	2,871	1,874	17.1
Slovenia	1,962,856	20,273			194	10,118	104.5
Spain	45,003,663	504,842	17	50	8,101	5,555	62.3
Sweden	9,107,795	449,965		21	290	31,406	1,551.6
Switzerland	7,523,024	41,285		26	2,740	2,746	15.1

### The results of the analysis for Austria, Hungary, Finland and Slovenia

The analysis of data for the four relevant countries focused on the following areas: Organisation of territorial self-government (local and other levels); The scope of affairs of local self-government; The number of employees in the public sector (PS); The share of employees in the local self-government (LSG in PS); Regulations determining public-legal status and wages; Participation in the creation of the pay and benefit policy; Classification of work posts and ways of promotion; European Char-

ter on local self-government; The amount of wages in relation to total revenues and expenses; Wages in relation to wages in state administration and private sector and other information related to pay and benefit system.

Among analysed countries Austria and Slovenia formally have one level of local self-government, Austria being a federal country consists of 9 federal units, while Slovenia introduces the second level of territorial self-government (regions). The attempts of introducing the third level of self-government in Hungary are so far without success. Finland is

introducing self-government regions as second level units. The smallest local self-government units are in Slovenia.

The biggest portion of civil servants is in Finland (77%), with the similar situation in Hungary (66%) and Austria (65%, if civil servants from Vienna and other federal units are added to local self-government civil servants). Employees working in social service, health department, educational and cultural institutions are also counted in the number of local civil servants and employees. In Slovenia there is especially small portion of civil servants in local self-government (6.3%).

Legislative regulations of pay and benefit system applicable to civil servants mainly follow the laws enacted by central representative bodies (Parliaments). There are collective agreements which regulate wages and the role of the union in wage negotiations is important, with the exception of Hungary.

Furthermore, special laws regulate the scope of affairs of local self-government which are generally the same in all analysed countries.

The classification of work posts is generally related to the level of education (university degree, college degree, high school degree).

The advancement system is generally based on the number of years in the service

and the evaluation by the head, i.e. on more modern techniques for determining work results.

All countries are members of European Charter on local self-government.

The wages in local self-government differ from country to country. The highest wages are in Austria and Finland, while the lowest are in Hungary (almost four times lower than in Austria).

In the majority of countries the differences in wages in local self-government compared to public administration and private sector are relatively small. The exception is Austria where wages in local self-government are half of those in public administration and private sector.

There is a system of remuneration in each country. For example, in Austria they have introduced 14 wages annually and in Hungary 13. There are extra bonuses for work efficiency in all countries. These bonuses are strictly defined.

Sweden is probably the most liberal country concerning the way of determining wages.

Hungary, Switzerland and Germany are countries with typical centralized system of determining wages.

Table 2: Comparative analysis of the pay and benefit systems in local-government units

	Austria	Hungary	Finland	Slovenia
Organisation of territorial self-government (local and other levels)	1 level <sup>10</sup> 1st level – 2.359 units	2 levels <sup>11</sup> 2nd level – 19 units - counties, 1st level – 3,127 units	2 levels <sup>12</sup> 2nd level – 19 units, 1st level – 431 units	1 level <sup>13</sup> 1st level – 194 units

The scope of affairs of local self-government	- Self-government affairs and delegated activities from federal and regional level. - Employees of the social service and the health department are also counted in the number of local level employees	Local self-government conducts activities related to public order, communal affairs, public works and planning and encompasses health, social, educational and cultural institutions	Self-government affairs, public works, environmental infrastructure, health department, social services and education.	Self-government affairs
The number of employees in the public sector (PS) The share of employees in the local self-government (LSG in PS)	- 384,200 - share of LSG in PS - 18% - share of LSG +Laender - 65%	- 583,300 - share of LSG in PS - 66%	-546,000 - share of LSG in PS - 77%	- 241,600 - share of LSG in PS - 6.3%
Regulations determining public-legal status and wages	Legal regulation of the legal position of local civil servants and employees is in regional jurisdiction, but they follow the federal law on officials in service of the federal state. On all three levels - payment agreements are under the parliament's supervision. Smaller local units usually accept the agreement reached in the first larger town.	The Law on civil servants The Law on finances - Pay and benefit system is unique for the whole public administration (except for a special category of senior civil service, civil servants employed in the State revision office and the Supervising body for banking transfers) - The wages of those employed in the local self-government are regulated separately	The Law on local self-government dated 1995 (last updated in 2006), The Law on the protection of local level civil servants status dated 1996 (updated in 2003), General collective contract (for about 70% of employees, while others have sectoral contracts - for example teachers, doctors, technical staff) The role of local units and common bodies is becoming more autonomous in collective negotiations.	The Law on public wages in the public sector, 2002 (introduces the rules related to sorting, settling and paying wages and the rules on determining the payment funds rate) The law on changes and amendments to the LPSPS (2004)
Participation in the creation of the pay and benefit policy	- Unions of local civil servants have the leading role in enacting payment agreements	- Unions do not have the leading role in enacting payment agreements	- Unions have the leading role in enacting payment agreements (90 % employees included) - LSG can conclude a separate agreement with its employees	- Work posts are classified into payroll groups according to the collective contract signed by the Government and representative unions of public sector - The value of payroll groups is revised once a year

<p>Classification of work posts and ways of promotion</p>	<p>I) Two categories of employees: civil servants nominated for an indefinite time and those employed by the contract according to the regulation of private rights</p>	<p>First category of civil servants (university degree, college degree) is divided into 5 subgroups Second category of civil servants (high school degree) is divided into 3 subgroups - Leading personnel are divided in three main categories (managerial approach is still being developed) Ways of promotion (2001): - number of years in the service - evaluation of work efficiency - evaluation by the head.</p>	<p>- There are over 5,000 different work posts in local units (includes public sector civil servants and not only local-government bodies - the number of different work posts</p>	<p>Payroll scale for civil servants and employees of the whole public sector. (Ten payroll groups (from "A" to "J") and 29 payroll subgroups; subgroups contain 65 payroll classes)</p>
	<p>II) Civil servants are classified into four groups according to their level of education (university degree, college degree, a high school degree and extra professional education, high school degree-Ways of promotion: - number of years in the service - evaluation by the head. Employees of the social service and the health department are also counted in the number of local level employees</p>	<p>school degree) is divided into 3 subgroups - Leading personnel are divided in three main categories (managerial approach is still being developed) Ways of promotion (2001): - number of years in the service - evaluation of work efficiency - evaluation by the head.</p>	<p>in public services is far greater than in local self-government bodies Ways of promotion greatly dependent on work results The majority of local civil servants are employed in health, social, educational, cultural and similar institutions.</p>	<p>- 9 tariff classes ( I-IV primary school, PS + additional education - higher /lower; V- high school degree; VI- college degree; VII university degree; VIII Masters degree; IX Ph.D. degree)</p>
<p>European Charter on local self-government</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>
<p>The amount of wages in relation to total revenues and expenses</p>	<p>-</p>	<p>35%</p>	<p>53%</p>	<p>25%</p>
<p>Wages in relation to wages in state administration and private sector</p>	<p>Wages in LSG - 2500Eur/ gross Wages in state administration - 5000Eur/ gross Wages in private sector - 5000 Eur/ gross</p>	<p>Wages in LSG - 615Eur/gross Wages in state administration - 930Eur gross Wages in private sector - 590Eur gross</p>	<p>Wages in LSG - 2407 Eur/ gross / month Wages in state administration - 2692Eur gross / month Wages in private sector - 2570Eur gross / month Town managers get cca 7,068 Eur/gross/month</p>	<p>Wages in LSG - 1337 Eur/gross Wages in state administration - 1496.7 Eur gross Wages in private sector - 1145.7 Eur gross</p>
<p>Other information related to pay and benefit system</p>	<p>14 wages annually</p>	<p>13 wages annually alongside with the basic wage and the wage bonus which make up the fixed part of the monthly wage, while bonus is a variable part</p>	<p>The wage in public administration is based on the evaluation of work and the evaluation of efficiency. - The payment scheme based on work results is still being developed</p>	<p>Bonus for work efficiency (max 2/8 of basic monthly wage)</p>

In comparison to other relevant countries (Austria, Hungary, Finland and Slovenia) wages in local and regional self-government units in the Republic of Croatia differ significantly among individual local and regional self-government units than is the case in other analysed countries where they have a common system for determining wages in local self-government units. Also, the determination of benefits in local and regional self-government units in the Republic of Croatia is not based on a common approach, although there are some similarities.

The main characteristics of pay and benefit system in local and regional self-government units in Croatia are the following:

- The manner of calculating wages is different in counties, towns and municipalities;
- Different values of basic salary and coefficients are used for the calculation of salaries, coefficients applied are in the different scale, and the categorisation of work posts is different;
- The differences in wages for the work posts of officials (county prefects, mayors and municipality mayors) and civil servants in managerial work posts (secretaries and heads of office) are not in correlation with the size of a local and regional self-government unit (according to the number of inhabitants), gross domestic product (for counties and the Town of Zagreb), budgets, investments and the size of its administration;
- The number of employed persons on certain work posts in similar units is different and it does not depend on the size of the unit, the amount of the budget and the total number of employed persons in the unit;
- The amount of salaries of officials and civil servants in counties, towns and municipalities does not always depend on the education level;
- Standardised salaries or salaries with small differences among counties, municipalities and towns for the work posts of employees and lower civil servants, therefore on the level of low salaries;
- Small differences in salaries among counties, municipalities and towns for the work posts of civil servants (for example: advisors), therefore on the level of higher salaries;
- Considerable differences and lack of uniformity in salaries among counties, municipalities and towns for the work posts of higher civil servants (heads), therefore on the level of the highest salaries;
- Lower salaries for all work posts in municipalities compared to salaries for work posts in towns and counties;
- The highest salaries are for managerial work posts of civil servants in counties, followed by lower salaries for the same work posts in towns, while the lowest salaries for the same work posts are in municipalities;
- The biggest relative differences among counties in relation to average salaries of employed person in the private sector in the Republic of Croatia are in the salaries of county prefects, secretaries and heads of office;
- The biggest relative differences among towns in relation to average salaries of employed person in the private sector in the Republic of Croatia are in the salaries of mayors; the smallest relative differences are in salaries of stationary clerks, accounting officers and the work posts of type IV;
- The differences in salaries according to education level are bigger in counties, towns and municipalities than those in the private sector;
- The highest salaries in private sector are those of information engineers with the salary over 20% above the average salary of the private sector, while in local and regional self-government units, those work posts are rare and their salaries are about or below the average salary;
- Salaries in state administration are different from the salaries in local and regional self-government units because they are determined in a different way, basic salaries

and coefficients are different, as well as the categorisation of work posts;

- The results of comparison of salaries in local and regional self-government units in relation to salaries in the civil service at the level of work posts can serve only as the illustration for overall assessments;
- The differences in salaries increase, bonuses, benefits and material rights of the employed persons identified among local and regional self-government units are not such to significantly influence the differences in total salaries of the personnel for the same work post;
- Main differences in salaries of the personnel in local and regional self-government units are the ones resulting from the difference in the amount of salaries and their determination, i.e. the basic salary and the coefficients.

### 5. Decentralized and Centralized Systems of Determining Wages in the Public Sector

Considering decentralized and centralized systems of wages it is necessary to have in mind certain conditions which show the relativity of choices of certain countries. First of all, it is very difficult to mechanically determine "the most liberal", and it is almost impossible to determine "the most strict" policy of wages and pay as well as the benefit system in the public sector.

Some countries have totally centralized systems for certain categories of employees, and partially much decentralized systems for other categories of employees. For example, Anglo-Saxon countries like Australia, Canada, New Zealand, Great Britain, Ireland and the United States of America, which are usually referred to as examples of decentralized pay and benefit systems, have very centralized systems for determining wages for the leading civil servants and employees (*senior management*). It particularly applies to the detailed legal provisions for the grading and remuneration system as well as to the types of bonuses for working performance.

There are substantial liberal systems in the world and it can be said that in Europe Sweden is probably the most liberal country according to the way of determining wages.

The situation is similar with centralized systems. Hungary, Switzerland and Germany are examples of European countries which have centralized the pay and benefit systems at the federal level. However, one must be cautious when speaking of "strict" manner of determining wages because the majority of countries introduce a sort of bonuses based on the work efficiency of a civil servant, giving managers certain freedom in some organizations to determine a part of the wage.

### 6. Conclusion

The portion of the national income which is spent on maintaining the public administration is continuously growing with a visible simultaneous trend of reducing wages for civil servants. However, in some post-socialist systems, within their scope of reforms, the wages of civil servants are significantly increasing (since they are much lower than wages in the private sector).

In the course of the last few years many countries have set up systems of grading civil servants based on work efficiency and have reformed the existing strict career systems according to collective and team work. The pay and benefit policy based on efficiency and results has overgrown the managerial level and has spread to different categories of employees.

The criteria for the selection of countries for this analysis are: (i) a relatively small population and territory, (ii) mainly two levels of local self-government, (iii) the size of local self-government unit does not stand out from the average, (iv) a relatively high percentage of the people employed in the public sector in relation to the total number of employees.

Based on the results of the analysis, it is significant that Croatia differs from the analyzed countries in many aspects. Some of the findings should be considered having in mind further strengthening of local and regional

self-government in Croatia. However, it is necessary to analyze the solutions and international experience with careful attention being given to their application to the conditions in Croatia. In that sense, some motions have been recorded in 2009, especially related to the analysis of pay and benefit system in local self-government, adjusting these salaries to the level of the salaries of public servants at na-

tional level, and especially to the level of development of a local community.

Croatian public expects additional positive motions in the adjustment of salaries, respecting the provisions of the European Charter on Local Self-government.

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## NOTES

1. Constitution of the Republic of Croatia („Official Gazette“ 41/01, 55/01)
2. Law on Local and Regional Self-government (“Official Gazette” 33/01, 60/01 – credible explanation, 129/05)
3. Law on Territories of Counties, Cities and Communes in the Republic of Croatia (“Official Gazette” 86/06)
4. Law on the City of Zagreb (“Official Gazette” 62/01)
5. Law on the Financing of Local and Regional Self-government (“Official Gazette” 117/93, 92/94, 69/97, 33/00, 73/00, 127/00, 59/01, 107/01, 150/02, 147/03)
6. Article 144, subsection 3 of the Law on Civil Servants („Official Gazette“ 92/05)
7. The percentage of employed is based on an evaluated number of 25.000 employees in the local administration and public companies Accurate data at this moment is unavailable.

8. Data on the population and territory: World Gazetteer (<http://world-gazetteer.com>)

9. Data on the number of units: UNPAN Public Administration Country Profiles (<http://www.unpan.org/dpepa/country%20profiles/countries.as>) and other sources

10. Austria is a federation composed of 9 federal units (Länder). Between federal units and local self-government units there is one administrative level with 99 administrative counties (Bezirk) which do not have self-government or their own resources.

11. The attempts to establish self-government regions have so far been unsuccessful.

12. In Finland, in addition to central and local governments, the regional level (19 regions) has only recently started to establish itself as a self-administrative level, but special elections for the regional council took place only in one out of 19 regions. Additionally, the country is divided in 5 administrative provinces without autonomy, which perform activities of state administration. Special feature is the existence of 203 mutual bodies (a sort of cooperation between local self-government units) with their own civil servants (app. 116,000) which are also considered local civil servants.

13. Currently the second level self-government units are being introduced according to existing constitutional basis.