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Please note that this translation is a purified text version including all amendments and decisions on the Act finishing with and including Amendments to the Act from the Official Gazette no. 151/2003

ACT ON JOB PLACEMENT AND UNEMPLOYMENT INSURANCE

OFFICIAL GAZETTE 32/02 (21/03/2002);

AMMENDEMENTS:

OFFICIAL GAZETTE 114/03 (19/07/2003)

OFFICIAL GAZETTE 151/03 (24/09/2003)

I. GENERAL PROVISIONS

Article 1

This law shall regulate mediation in employment, vocational guidance, educational activities aimed at increasing the labour employability, insurance in the event of unemployment, labour market active operations aimed at providing incentives for physical and professional mobility of labour and new employment and self-employment, sources of funds for operations of the Croatian Employment Service (hereinafter: Employment Service), as well as the organization, management and implementation of activities of the Employment Service.

Article 2

Activities specified under Article 1 of this Law shall refer to the unemployed and employed job-seekers, employers and other persons seeking information and advice on employment conditions and options.

Article 3

(1) Activities specified under Article 1, both within the country and abroad, shall be carried out by the Employment Service in line with this Law and other regulations.

(2) Activities specified under Article 1 of this Law can be domestically conducted by legal persons such as companies and physical persons as an independent activity, except insurance in the event of unemployment.

(3) Legal and physical persons who conduct the activities of market and public surveys, and advisory activities in connection with operations and management, may also conduct the

activities from Article 1 of this Law.

(4) In exception to Paragraphs 2 and 3 of this Article, secondary school institutions may only conduct the activities of mediation in employment for the occasional employment of full-time secondary school students.

(5) Legal and physical persons specified under Paragraph 2 of this Article shall carry out the activities of mediation in employment neutrally and should not charge the job-seekers for their services.

Article 3.a

(1) Legal and physical persons specified under Article 3, Paragraph 2 of this Law and secondary school institutions from Article 3, Paragraph 4 of this Law may conduct activities in connection with employment under the following conditions:

1) prior to registration in the corresponding registry, they have a permit from the ministry in charge of labour,

2) they meet the personnel, organisational, physical, technical and other stipulated prerequisites for conducting these activities.

(2) the minister in charge of labour shall stipulate in the rulebook the necessary prerequisites and the manner of performing the activities from Article 3, Paragraphs 2 and 4 of this Law, and Paragraph 1 of this Article.

Article 4

(1) It is compulsory that all employed workers shall be insured against the risk of unemployment.

(2) Insurance of persons specified in Paragraph 1 of this article shall be exercised in line with the principle of solidarity.

Article 5

Insurance includes the rights to:

1) Financial compensation;

2) Pension insurance;

3) Financial assistance and reimbursement of expenses incurred in the course of education;

4) One-time financial assistance and reimbursement of travel and relocation expenses; and

5) Health insurance.

II. REGISTRATION OF UNEMPLOYED PERSONS AND OTHER JOB-SEEKERS

Article 6

The Employment Service shall carry out the registration of unemployed persons on the basis of the unemployed person's reporting to the Employment Service.

Article 7

(1) An unemployed person in the sense of this Law is a person fully or partly capable of work, aged between 15 and 65, and not employed, provided:

- 1) He or she does not receive a monthly income or revenue from providing services pursuant to special regulations or income from other self-employed activities pursuant to the income tax legislation, which is higher than the highest amount of financial compensation stipulated under Article 35 of this Law;
- 2) He or she has not registered a company or other legal entity, or does not hold a majority ownership stake in a company or some other legal entity;
- 3) He or she has not registered a craft, an independent professional activity or activity in the field of agriculture and forestry;
- 4) He or she has not been insured as a farmer pursuant to the pension insurance regulations;
- 5) He or she does not receive a pension, except of a pension beneficiary who acquires the entitlement to disability pension resulting from professional work disability;
- 6) He or she is not a regular pupil or student;
- 7) He or she actively seeks employment and is available for employment.

Article 8

(1) It is considered that an unemployed person is seeking job if her or she:

- 1) Regularly reports to the Employment Service;
- 2) Submits job applications to employers or advertises his or her availability to work and responds to job advertisements; and
- 3) Complies with the professional plan from Article 14 of this Law.

(2) It is considered that an unemployed person is available to work if he or she responds to each invitation by the Employment Service for preparation to work and employment.

(3) The Minister responsible for labour issues shall stipulate a rulebook that shall regulate the way of implementation of activities specified under Paragraph 1 and Paragraph 2 of this Article.

Article 9

(1) An unemployed person shall report to and be registered as such in the Employment Service by his or her place of residence, or by the place where his or her work contract has been terminated if he or she has a temporary residence in this place.

(2) The Employment Service shall keep records of unemployed persons using the stipulated forms for main registration files, which may also be in the electronic form.

Article 10

(1) Employed persons who are not considered to be unemployed persons from Article 7 of this Law may report to the Employment Service in order to change their jobs, or to make use of the mediation and counselling services as well as to receive information. They are not bound to report on a regular basis.

(2) Records of persons specified in Paragraph 1 of this Article shall be kept in the auxiliary files.

Article 11

(1) The Employment Service shall cease keeping an unemployed person in the main registration files if this person:

- 1) Enters a work contract;
- 2) Does not receive a monthly income or revenue from providing self-employed services pursuant to special regulations or does not receive a monthly income or revenue from other self-employed activities pursuant to the income tax regulation that is greater than the highest amount of financial compensation stipulated under Article 35 of this Law,
- 3) Performs work without having a certificate, work contract or document on the basis of which he or she is working;
- 4) Registers a company or some other legal entity, or acquires a majority stake in a company or some other legal entity;
- 5) Registers a craft, an independent professional activity or activity in the field of agriculture and forestry;
- 6) Gets insured as a farmer pursuant to the pension insurance regulations;
- 7) Meets requirements for early retirement pension, old-age pension or survivors' pension or receives disability pension resulting from general work disability;
- 8) Reaches the status of a regular pupil or student;
- 9) Enters the military service;
- 10) Begins serving a prison sentence in duration of longer than 6 months;
- 11) Reaches the age of 65 and meets the conditions for retirement under any basis;

12) Is involved in an educational programme provided by the Employment Service until the end of that programme;

13) Refuses to take part in an educational programme organized and paid by the Employment Service for persons of his or her qualification level aimed at increasing his or her employability, or if he or she quits or fails to finish such an educational programme without any justified reason;

14) Fails to report to the Employment Service without a justified reason for two continuous months and does not inform the Employment Service on the justified reasons for non-reporting;

15) Fails to meet the active job-seeking and work availability conditions in accordance with Article 8 of this Law;

16) Cancels his or her registration with the Employment Service.

(2) The Employment Service shall cease keeping a person in the main registration files if such person does not accept a job offer that is in line with his or her qualification and work experience or if he or she causes through own actions the refusal of his or her employment by the employer:

1) In the place of his or her residence or temporary residence pursuant to Article 9 of this Law;

2) Outside of the place of his or her residence or temporary residence in the place that is up to 50 km away from his or her place of residence, provided the employer bears the public transportation travel expenses or organizes own transportation to and from work and under condition that the duration of travel does not exceed 60 minutes;

3) Outside of the place of his or her residence or temporary residence no matter of distance, under condition that adequate accommodation has been provided, except in the case of the refusal of employment because the employer does not fulfil his obligations towards employees on a regular basis.

(3) Provisions of Paragraph 2 Subparagraph 2 and Subparagraph 3 do not refer to pregnant women, mothers with a child below the age of seven years of age, self-supporting single parents with a child below the age of ten years of age and one of the parents of a child with significant mental or physical disability, unless he or she provides a written statement in which he or she specifies that he or she accepts the job.

(4) The Minister responsible for labour issues shall stipulate a rulebook that shall regulate what is considered as 'adequate accommodation' in the sense of Paragraph 2 Subparagraph 3 of this article.

Article 12

(1) Persons whose records the Employment Service ceased to keep in the main registration files may re-apply to register in the main registration files after expiration of a certain period from the day of the cessation of their registration. These periods are as follows:

- 1) For persons specified under Article 11 Paragraph 2 Subparagraphs 2 of this Law, this period equals to the value received by dividing the total income with the largest amount of financial compensation from Article 35 of this Law;
- 2) For persons specified under Article 11 Paragraph 1 Subparagraph 3 of this Law, the duration of this period is six months;
- 3) For persons specified under Article 11 Paragraph 1 Subparagraphs 13 and 15 and persons specified under Article 11 Paragraph 2 of this Law, the duration of this period is three months.

(2) Persons specified under Paragraph 1 Subparagraph 1 of this Article shall be entered and kept in the auxiliary files upon receiving a notice from the competent body on received income. This will be done only after receiving their consent for such action.

Article 13

Regulation governing the way and place of submission, application content and deadlines for application of unemployed persons, as well as reports and record-keeping shall be passed by the Management Council of the Employment Service in accordance with the regulations governing record-keeping in the sphere of labour and other regulations unless otherwise stipulated by this Law.

III. PREPARATION FOR EMPLOYMENT AND MEDIATION IN EMPLOYMENT

Article 14

(1) The Employment Service shall in cooperation with the unemployed person set out a the unemployed person's professional plan in order to prepare it for employment and job-seeking within 90 days from the day of registration of the unemployed person with the Employment Service.

(2) The professional plan specified under Paragraph 1 of this Article shall be harmonized with the programmes specified under Article 28 of this Law, depending on changes associated with the person for whom the plan is set out.

1. Preparation for Employment

Article 15

Preparation for employment shall include:

- 1) Professional orientation;
- 2) Introduction to active job-seeking methods and techniques;
- 3) Training for employment;
- 4) Professional rehabilitation.

Article 16

- (1) Professional orientation shall provide assistance to children, youth, unemployed, employed and other persons selecting and changing their vocation and occupation.
- (2) Professional orientation shall be carried out by providing information, counselling, as well as monitoring of persons from Paragraph 1 of this article.

Article 17

Active job-seeking methods and techniques shall include providing information to and counselling of job-seekers on how to get an adequate job in a more efficient and faster manner.

Article 18

Training for employment shall include professional training, qualification upgrading and retraining, as well as acquiring and gaining of additional knowledge and skills of unemployed persons aimed at finding jobs, and of employed persons with a goal to keep their present jobs.

Article 19

Professional rehabilitation shall enable unemployed and employed persons with a disability established according to special regulations the acquiring of knowledge and skills required for getting jobs or keeping their present job.

2. Mediation in Employment

Article 20

- (1) Mediation in employment implies professional selection of unemployed and other persons whose professional and other working skills suit to the best of employers' needs.
- (2) Professional selection implies professional methods and techniques that take into account activities and conditions of an available work post, the required knowledge, skills, experience and the capabilities of persons for whom jobs are sought through mediation, and their personal conditions.
- (3) Professional selection may include instructing the unemployed and other persons to undergo tests of psychological and physical abilities, inclinations and a medical check-up.

Article 21

In the course of mediation, the Employment Service shall act impartially as regards unemployed persons and employers.

Article 22

- (1) The Employment Service shall provide mediation in employment services free of charge.
- (2) Expenses incurred as a result of employer's special demands and expenses incurred in mediating abroad shall be paid by an employer.

Article 23

The Employment Service shall undertake employment mediation activities on the basis of the registration of unemployed and employed job-seekers, and on the basis of the assessment of required knowledge, skills and capabilities for work on available work-posts, in direct cooperation with an employer.

Article 24

(1) The Employment Service shall carry out mediation in employment abroad in cooperation with the responsible bodies of particular countries.

(2) In the process of mediating in employment abroad, the Employment Service shall inform workers on life and work conditions, rights arising from work and specific obligations, and assist them in realizing their rights arising from work after their return from work abroad.

Article 25

(1) An employer may submit a declaration of a job vacancy to the Employment Service by mail or by some other means.

(2) The Employment Service shall advertise a job vacancy in its information dissemination media if the employer requests it.

Article 26

If the register of unemployed and other job-seekers does not list persons who fully meet the required conditions, the Employment Service shall notify the employer within five days from receiving the job vacancy about the measures that may be taken by the Employment Service or measure the Employment Service is taking to find the required employees.

IV. ACTIVE EMPLOYMENT POLICY

Article 27

(1) The Government of the Republic of Croatia shall pass the Annual Employment Incentives Plan.

(2) The Employment Service and other responsible legal entities shall on the basis of the plan specified under Paragraph 1 of this Article implement employment stimulation measures with a goal to enhance employability, develop entrepreneurship, provide incentives for adaptability of employers and workers to the labour market conditions, as well as to provide incentives for equal employment conditions of women and men.

(3) The Government of the Republic of Croatia shall establish a commission responsible for monitoring of implementation of the plan specified under Paragraph 1 of this Article. The members of this commission shall be representatives of social partners, responsible ministries and other interest groups active on the labour market.

(4) The commission specified under Paragraph 3 shall be headed by the Prime Minister of the Government of the Republic of Croatia.

Article 28

The active employment policies specified under Article 27 Paragraph 2 of this Law shall be implemented on the basis of the programme produced by the Employment Service, and shall particularly comprise:

- 1) Programmes for creation of new jobs;
- 2) Job adjustment programmes for certain groups on unemployed persons;
- 3) Employment programmes for employment of specific groups of the unemployed persons (elderly, disabled persons, unemployed persons who have been unemployed for long time, Croatian War Veterans, and others);
- 4) Programmes of self-employment of unemployed persons;
- 5) Preparatory programmes for employees working for employers that will switch to new production programmes or new technologies;
- 6) Physical and professional mobility programmes;
- 7) Humanitarian, ecological, communal and infrastructure programmes, cultural and historical heritage conservation programmes, and other programmes if they directly provide employment to unemployed persons;
- 8) Programmes of the production of studies, research and other projects associated with the labour market.

Article 29

- (1) The Management Council of the Employment Service shall stipulate the active employment policy measures implemented by the Employment Service, as well as conditions for and ways of utilizing the funds for implementation of those measures, on annual basis.
- (2) Special conditions for and ways of utilizing the funds shall be specified in agreement between the Employment Service and beneficiaries of funds.

V. ENTITLEMENTS DURING UNEMPLOYMENT PERIOD

1. Financial Compensation

Article 30

- (1) An unemployed person shall be entitled to financial compensation provided he or she has at the moment of termination of his or her employment worked for at least nine months in last 24 months.
- (2) In the course of endorsing the right to financial compensation, a year of work shall defined as a time period of twelve months, while with regards to employment with working hours shorter than those in full-time employment, it is calculated as full-time employment.

(3) As an exception to the provision of Paragraph 1 of this article, the entitlement to financial compensation shall be granted to a woman who, at the moment of termination of her employment, has a child less than one year of age.

(4) A person from Paragraph 3 of this Article may exercise his or her right to financial compensation if he or she meets all other conditions set out under this Law and if he or she does not exercise the right to financial compensation under other regulations.

(5) The time spent at work, which is the condition for exercising the entitlement to financial compensation from Paragraph 1 of this article, shall be defined as the time of mandatory insurance under pension insurance regulations realized on the basis of work contracts in the Republic of Croatia, and the time an employee has spent on sick leave or maternity leave following the termination of his or her employment contract, that is his or her service, provided he or she has been receiving salary compensation in line with health insurance regulations.

Article 31

(1) An unemployed person shall be entitled to financial compensation if he or she reports to the Employment Service and submits an application within 30 days after the termination of his or her work contract, that is 30 days after the termination of sick leave or maternity leave upon the termination of employment or service.

(2) An unemployed person that misses the application deadline specified in Paragraph 1 of this Article for a justified reason may report and submit an application to the Employment Service within eight days from the day the reasons for missing the deadline have been terminated, or at latest, within sixty days from the day the employment contract was terminated.

Article 32

An unemployed person shall not be entitled to financial compensation if his or her work contract was terminated:

1) Because he or she served a notice of resignation from the employment, except in the event of an extraordinary notice of resignation caused by the employer's conduct;

2) Following a written agreement to terminate the employment;

3) Because he or she has not achieved adequate work results in the course of trial work or has not achieved adequate results during the internship period, or has not passed a professional exam in the prescribed period;

4) Because he or she has breached the duties stemming from the employment contract (a dismissal caused by an employee's unacceptable conduct), has grossly breached work obligations (extraordinary dismissal) or service duties;

5) Because of an effective prison sentence verdict in duration of more than six months, or a declared safety or security measure in duration of more than six months.;

Article 33

An unemployed person whose employment has been terminated following a written agreement shall exceptionally be entitled to financial compensation if the termination of an employment contract, i.e. service, has taken place because:

1) A spouse has been relocated to another place of residence in line with special regulations;

2) Family members have been brought together after a marriage, thus prompting a change of the place of residence;

3) Of a change in the place of residence on health grounds, provided a review is obtained from a health institution as designated by the minister responsible for health.

Article 34

(1) The amount of financial compensation shall be the average calculated salary reduced by mandatory contributions earned in full time employment in the period of the last three months that were spent at work, based on which the entitlement to financial compensation is realized.

(2) If the amount of financial compensation cannot be calculated in accordance with the provisions of Paragraph 1 of this Article, an unemployed person shall be entitled to financial compensation in the amount of the average financial compensation paid out by the Employment Service in the previous month.

(3) The right to the difference in value until the stipulated amount of financial compensation specified under Paragraphs 1 and 2 of this Article shall be granted to an unemployed person who acquired the right to disability pension resulting from professional work disability.

Article 34.a

1) An unemployed person whose employment has been terminated due to personal or business reasons, in addition to the amount of financial compensation stipulated in Article 34, Paragraphs 1 and 2 of this Law, is also entitled to a one-time additional payment in the following amount:

1) the two highest monthly salaries if he or she has been employed by the last employer for 20 or more years,

2) the four highest monthly salaries if he or she has been employed by the last employer for 25 or more years,

3) the six highest monthly salaries if he or she has been employed by the last employer for 30 or more years.

(2) As an exception, a person from Article 34, Paragraph 3 of this Law who is not entitled to the difference up to the established amount of financial compensation is entitled to the additional payment from Paragraph 1 of this Article.

(3) The additional payment from Paragraph 1 of this Article is paid on the occasion of the first payment of financial compensation.

Article 35

- (1) The amount of financial compensation may not amount to less than 20 percent of the average salary paid in the economy of the Republic of Croatia according to the latest officially published data.
- (2) The highest amount of financial compensation is determined by the Government of the Republic of Croatia at the proposal of the minister responsible for labour issued together with a prior opinion from the Economic-Social Council and the minister responsible for finance.
- (3) The determined amount of financial compensation from Paragraphs 1 and 2 of this Law shall be paid pursuant to official obligations to unemployed persons for whom this right has been established.

Article 36

- (1) An unemployed person shall be entitled to financial compensation in duration:
 - 1) of 78 days provided he or she has spent between nine months and two years at work;
 - 2) of 104 days provided he or she has spent over two years at work;
 - 3) of 130 days provided he or she has spent over three years at work
 - 4) of 156 days provided he or she has spent over four years at work
 - 5) of 182 days provided he or she has spent over five years at work
 - 6) of 208 days provided he or she has spent over six years at work
 - 7) of 234 days provided he or she has spent over seven years at work
 - 8) of 260 days provided he or she has spent over eight years at work
 - 9) of 286 days provided he or she has spent over nine years at work
 - 10) of 338 days provided he or she has spent over ten years at work,
 - 11) of 364 days provided he or she has spent over 15 years at work,
 - 12) of 390 days provided he or she has spent over 20 years at work.
- (2) Sundays shall not be included in the number of days for which an unemployed person is entitled to receive financial compensation.
- (3) An unemployed person (man) who has spent 35 years at work, or an unemployed person (woman) who has spent 30 years at work, shall be entitled to financial compensation until he or she finds another job, or else until circumstance arise as stipulated in Article 41 of this Law.
- (4) Financial compensation for an unemployed woman stipulated under Article 30 Paragraph 3 of this Law shall be granted for a period of up to one year.

(5) In the course of endorsing the right to financial compensation from Paragraphs 1 and 3 of this Article, the period of mandatory insurance completed as per pension insurance regulations and time the employee has spent on sick leave or maternity leave after the termination of his or her employment or service shall be included in the time spent at work, provided he or she has been receiving salary compensation in line with health insurance regulations.

Article 37

(1) An unemployed person entitled to financial compensation may be paid out at his or her request a one-time lump sum for the purpose of employment, depending on the determined duration of the right to compensation set in line with Article 36 of this Law.

(2) An unemployed person who has received a one-time financial compensation cannot report to the Employment Service before the end of the period covered by the one-time compensation.

(3) An unemployed person who has been paid out a financial compensation in a manner specified under Paragraph 1 of this Article can regain the right to financial compensation if he or she meets the condition from Article 30 Paragraph 1 of this Law.

(4) The Management Council of the Employment Service shall stipulate the conditions and methods of payment of the financial compensation specified under Paragraph 1 of this Law.

Article 38

(1) The duration of the right to financial compensation specified under Article 36 of this Law shall be extended to the unemployed person who has fully exercised the stipulated entitlement, if he or she encounters the following circumstances in the course of receiving this compensation:

1) When a woman is pregnant or after it has given birth, it can be extended for a period until a child reaches the age of one, or for two months in case of a birth of a dead child or if a child dies before the age of one, provided this right has not been exercised under other regulations. In case of subsequent pregnancies and births, the duration of this right is extended under the same conditions.

2) During temporary incapability for work, in that case it can be extended for a period of up to three months on the ground of a written note from the doctor in charge, or a commission, in line with health insurance regulations.

(2) An unemployed person may submit a request for extension of entitlement to financial compensation within the period specified under Article 31 of this Law starting from the day the entitlement to financial compensation has expired in line with provisions of Article 36 of this Law.

Article 39

(1) An unemployed person shall be entitled to financial compensation from the first day following the termination of employment, or the termination of sick leave or maternity leave exercised after the termination of employment, provided he or she submits an application for

financial compensation to the Employment Service within the period specified under Article 31 Paragraph 1 of this Law.

(2) If an unemployed person submits an application within the period specified in Article 31 Paragraph 2 of this Law, he or she shall be entitled to financial compensation from the day of submission of his or her application.

Article 40

(1) Financial compensation payments are suspended to a beneficiary:

- 1) For the number of months received by dividing the total receipts or the total income with the highest amount of financial compensation specified under Article 35 of this Law;
- 2) Who fails to report to the Employment Service once per month;
- 3) Who has undertaken a training programme on which the Employment Service sent him or her, during the time of duration of such programme;
- 4) Who serves military service or is called up to serve a part of it;
- 5) Who is serving a prison sentence in duration of up to six months, during the time spent in prison.

(2) Financial compensation beneficiary from Paragraph 1 of this Article shall resume receiving financial compensation payments for the remaining period a person is entitled to receive financial compensation, provided he or she reports to the Employment Service within 30 days after the circumstances that led to the suspension came to an end.

Article 41

(1) The right to financial compensation shall be terminated to an unemployed person:

- 1) If he or she enters into work;
- 2) If the period for which he or she has been entitled to receive financial compensation has expired;
- 3) If he or she performs work without having a certificate, work contract or document on the basis of which he or she is working;
- 4) If he or she establishes a company or some other legal entity, or acquires a majority share in a company or some other legal entity;
- 5) If he or she registers a craft, an independent professional activity, or an activity in the field of agriculture or forestry;
- 6) If he or she becomes insured as a farmer pursuant to the pension insurance regulations;
- 7) If he or she meets requirements for early retirement pension, old-age pension or survivors' pension, or receives a disability pension resulting from a general work disability, or

receives a disability pension due work disability in an amount greater than the established financial compensation,

8) If he or she is serving a prison sentence in duration of up to six months;

9) If he or she reaches the age of 65, provided he or she meets requirements for retirement on any basis;

10) Refuses to take part in an educational programme organized and paid by the Employment Service for persons of his or her qualification level aimed at increasing his or her employability, or if he or she quits or fails to finish such an educational programme without any justified reason;

11) Fails to report to the Employment Service without a justified reason for two continuous months and does not inform the Employment Service on the justified reasons for non-reporting;

12) Fails to meet the active job-seeking and work availability conditions in accordance with Article 8 of this Law;

(2) The Employment Service shall cease keeping a person in the main registration files if such person does not accept a job offer that is in line with his or her qualification and work experience or if he or she causes through own actions the refusal of his or her employment by the employer:

1) In the place of his or her residence or temporary residence pursuant to Article 9 of this Law;

2) Outside of the place of his or her residence or temporary residence in the place that is up to 50 km away from his or her place of residence, provided the employer bears the public transportation travel expenses or organizes own transportation to and from work and under condition that the duration of travel does not exceed 60 minutes;

3) Outside of the place of his or her residence or temporary residence no matter of distance, under condition that adequate accommodation has been provided, except in the case of the refusal of employment because the employer does not fulfil his obligations towards employees on a regular basis.

(3) As an exception, the provisions of Paragraph 2 Subparagraphs 2 and 3 of this Article do not refer to pregnant women, mothers with a child below the age of seven years of age, self-supporting single parents with a child below the age of ten years of age and one of the parents of a child with significant mental or physical disability, unless he or she provides a written statement in which he or she specifies that he or she accepts the job.

Article 42

(1) An unemployed person can regain the right to financial compensation if he or she meets the conditions set out in Article 30 of this Law following the termination of the right to financial compensation.

(2) The exception to the provision of Paragraph 1 of this article shall apply to an unemployed person whose right to financial compensation has expired on the grounds of him or her

finding a job before the expiry of the period for which he or she was entitled to financial compensation and who has again become unemployed, except for the reasons set out in Article 33 of this Law. In such case, financial compensation payments are extended for the remaining period of entitlement.

(3) When determining the length of time spent at work according to Article 36 Paragraph 5 of this Law of an unemployed person who has fully utilized the right to financial compensation, and who is about to regain this entitlement, this person shall only be recognized the time spent at work after expiration of the latest recognized right to financial compensation.

2. Pension Insurance

Article 43

(1) The right to pension insurance shall be granted to:

1) An unemployed person who has acquired the right to financial compensation under the provisions of this Law and who meets the age requirements for acquiring the right to an old-age pension. He or she is entitled to pension insurance until he or she meets the minimum condition with regards to years of service for retirement for the recognition of an old-age pension, but no longer than for five years.

2) A woman from Article 30 Paragraph 3 of this Law, for a period until a child reaches the age of one year or for two months in case of a birth of a dead child or if a child dies before the age of one.

Article 44

An unemployed person may submit a request for pension insurance within the period specified in Article 31 of this Law.

Article 45

An unemployed person shall lose the right to pension insurance from Article 43 of this Law when circumstances arise as stipulated in Article 41 of this Law, except of circumstances stipulated in Article 41 Paragraph 1 Subparagraph 2 of the same Article.

Article 46

(1) Disabled workers with work-related disability who were granted the right to professional rehabilitation on the basis of pension insurance shall be entitled to receive salary compensation under pension insurance regulations.

(2) The periods that an unemployed person spent as a disabled worker with a work-related disability exercising the entitlement to professional rehabilitation shall not be considered as intermittent employment when claiming the rights during unemployment period.

3. Financial Assistance and Reimbursement of Expenses Incurred in the Course of Education

Article 47

(1) An unemployed person instructed by the Employment Service to participate in educational activities shall be entitled to financial assistance in the course of his or her education in the amount of the lowest financial compensation paid out by the Employment Service.

(2) An unemployed person instructed by the Employment Service to participate in educational activities shall be entitled to reimbursement of travel expenses in duration of these activities in the amount of real expenses of use of public transportation, real expenses for mandatory textbooks, food expenses and expenses for designated protective clothing, footwear and other aid devices.

4. One-Time Financial Assistance and Reimbursement of Travel and Relocation Expenses

Article 48

(1) An unemployed person whom the Employment Service has not been able to secure a job in his or her place of residence, and who finds a job in another place either by himself or herself or through the Employment Service's mediation, shall be entitled to receive a one-time financial assistance and compensation for travel and relocation expenses for himself or herself, spouse and children from the place or residence to the place of employment.

(2) The Management Board of the Employment Service shall stipulate conditions for exercising the right to and the amount of the compensation from Paragraph 1 of this article.

5. Entitlement to Financial Assistance of Persons That Were Employed Abroad

Article 49

(1) A Croatian citizen who has worked abroad shall be entitled to financial compensation during the time of unemployment in accordance with the provisions of an international agreement.

(2) A Croatian citizen who has worked in a country with which the Republic of Croatia has not signed an agreement regulating rights in case of unemployment, or a country in which he or she has not been insured against unemployment, can claim financial compensation in line with the provisions of this Law, provided he or she has paid employment contributions to the Employment Service for a period of at least nine months within the last twelve months prior to the end of employment in a foreign country.

Article 50

In the course of endorsing and exercising the rights and setting an amount of financial compensation for unemployed persons from Article 49 of this Law, the provisions of this Law shall be applied in addition to the provisions of an agreement between two countries.

6. Health Insurance

Article 51

(1) An unemployed person shall be entitled to basic health insurance pursuant to health insurance regulations.

(2) Funds for basic health insurance of unemployed persons from Paragraph 1 of this Article shall be secured from the state budget.

VI. PROCEDURE FOR EXERCISING ENTITLEMENTS DURING UNEMPLOYMENT PERIOD

Article 52

An unemployed person shall exercise his or her rights during unemployment with the Employment Service.

Article 53

(1) The procedure for exercising the rights stipulated under this Law shall be initiated at the request of the unemployed person.

(2) The provisions of the Law on General Administrative Procedures shall be applied in the course of a procedure to resolve the rights of unemployed persons at the time of their unemployment.

(3) A competent body designated under the Employment Service's statute shall decide on an appeal against a first-degree ruling.

(4) An appeal does not postpone the execution of a ruling.

Article 54

An unemployed person who exercises his or her rights as stipulated by this Law and by regulations passed on the basis of this Law shall be obliged to report within 15 days to the Employment Service any circumstances which affect or terminate the rights.

Article 55

(1) An unemployed person who has received a payment charged to the Employment Service or has received some payments he or she has not been entitled to shall be obliged to pay back the received sums or compensate for the expenses incurred:

1) If he or she has exercised the right on the basis of inaccurate data which he or she knew or must have known as inaccurate or has done so in another unlawful way or has exercised the right to an extent higher than the extent he or she was entitled to;

2) If he or she received a cash payment or other benefit due to his or her failure to report changes or changed circumstances which result in the cessation of the rights or the extent of their utilization, while he or she was aware or must have been aware of changes and changed circumstances.

(2) If an employee has been returned to work on the basis of a legally-binding court verdict or the employer's decision, and his or her rights have been restored on the basis of employment for the period in which he or she was unemployed, the employee shall pay back to the Employment Service the amount of the paid out financial compensation.

(3) In cases specified under Paragraph 2 of this article, the Employment Service shall have the right to be reimbursed the amounts paid as contributions for pension insurance.

VII.CROATIAN EMPLOYMENT SERVICE

Article 56

The Croatian Employment Service is a public institution owned by the Republic of Croatia and is a subject to regulations governing institutions unless otherwise stipulated by this Law.

Article 57

The Employment Service carries out the following operations:

- 1) Monitors, analyses and researches economic, social and other trends, the level of employment, new employment and the level of unemployment, and their mutual influences on each other, on the basis of which it proposes the measures for improvements in employment;
- 2) Keeps records of the unemployed and other persons, mediates in employment between employers and persons seeking job, monitors demand for workers and their employment, as well as cooperates with employers in this activity;
- 3) Organizes and implements programmes of professional orientation, educational programmes and other types of the active employment policy in cooperation with employers, educational institutions and other legal persons;
- 4) Cooperates with educational institutions in order to adjust educational programmes to the demand for workers and undertake professional orientation;
- 5) Implements international conventions and agreements between countries on employment and rights during the unemployment period;
- 6) Carries out tasks regarding the employment of Croatian citizens in foreign countries and the enforcement of their rights, and issues work permits to foreign citizens and persons without citizenship for work in the Republic of Croatia;

- 7) Resolves matters with regards to the rights of unemployed persons and handles payments of compensations on the basis of effective statements;
- 8) Channels and manages funds received on the basis of employment contributions and other funds secured for this purpose as prescribed under this Law;
- 9) Once a year submits reports on the operations of the Employment Service to the Parliament of the Republic of Croatia, no later than April 30 for the previous year;
- 10) Carries out other tasks stipulated by the law and the Employment Service's statute and deeds.

Article 58

- (1) The Employment Service is seated in Zagreb.
- (2) In order to carry out professional, administrative and other operations, the Employment Service has established a unified professional service.
- (3) The Employment Service's professional service shall be organized in such way as to secure the unencumbered, purposeful and successful implementation of the Employment Service's activities and exercising of the rights of unemployed persons in an accessible manner as stipulated under this Law.
- (4) The Employment Service has one giro account.

Article 59

- (1) The Employment Service's Statute shall be passed by the Management Council of the Employment Service and endorsed by the Parliament of the Republic of Croatia.
- (2) The Statute shall regulate in particular: the organization of the Employment Service; the rights, obligations and responsibilities of the bodies managing the Employment Service; the transparency of the operations of the Employment Service and its bodies; ways of participation of seamen's trade unions and representatives of shipping companies in mediation in the employment of seamen; ways of participation of registered unemployed persons in the implementation of measures for providing employment incentives, ways of representation, operating and carrying out professional, administrative, legal and other activities as well as other questions considered important for the work of the Employment Service.

Article 60

- (1) The Employment Service shall be managed by the Management Council.
- (2) The Management Council shall have nine members appointed by the Government of the Republic of Croatia along the following lines:
 - 1) Three members appointed at the proposal of the minister responsible for labour, and
 - 2) Six members, of which three are the representatives of trade unions while the remaining three are representatives of employers, appointed at the proposal of the

Economic-Social Council, or at the proposal of representative associations of employers and trade unions in case the Economic-Social Council has not been established.

(3) The President of the Management Council shall be elected among the members specified under Paragraph 2 Subparagraph 1 of this Article by the Management Council members.

(4) The Management Council shall pass decisions by the votes of over half of the total number of the members.

(5) The President of the Management Council may recall the execution of decisions made by the Management Council that could have negative impact on the financial operations of the Employment Service.

(6) The scope of operations, powers and responsibilities shall be prescribed under the Statute of the Employment Service.

Article 61

(1) The Employment Service is run by the director.

(2) The director shall be appointed by the Government of the Republic of Croatia at the proposal of the minister responsible for labour, after the completed public contest.

(3) Scope of operations, powers and responsibilities of the director shall be stipulated by the Employment Service's Statute.

Article 62

(1) The ministry responsible for labour shall carry out the administrative supervision of legality of work of the Employment Service.

(2) The Employment Service shall submit a report on its operations to the ministry responsible for labour at least once a year.

Article 63

(1) The State Inspectorate shall supervise the operations of legal and physical persons specified under Article 3 Paragraph 2 of this Law that carry out activities associated with employment.

(2) The State Inspectorate shall prohibit the temporary carrying out of activity in connection with the hiring of legal and physical persons if during the course of supervision it is established that said activity is being performed in a foreign country in violation of the stipulations of Article 3 Paragraphs 2 of this Law.

(3) The State Inspectorate shall temporarily ban legal entities and individuals from carrying out employment activities if they undertake these activities contrary to the provisions of Article 3, Paragraphs 2, 3 and 5 and Article 3.a of this Law. This ban would be valid until the irregularities are removed.

(3) If a complaint is filed against a decision to temporary ban activities associated with employment passed because of the conduct of such activities contrary to the provision of

Article 3.a Paragraph 1 of this Law, it does not postpone the effectiveness of that ruling.

VIII. SOURCES OF FUNDING OF THE EMPLOYMENT ACTIVITIES

Article 64

(1) The Employment Service shall secure funds for employment mediation activities from:

- 1) Employer's contributions;
- 2) Contributions of employees of the diplomatic missions or consular offices, international organizations or representative offices which hold a diplomatic immunity on the territory of the Republic of Croatia;
- 3) Contributions of employees of personal services of foreign citizens;
- 4) Contributions of employees employed abroad; and
- 5) Other sources.

(2) The Management Council of the Employment Service shall stipulate the contribution base, contribution rate, as well as the method of calculation and payment of contributions for workers specified under Article 49 Paragraph 2 of this Law.

Article 65

(1) Employment activity expenditures shall be:

- 1) Financial compensation and other entitlements during unemployment period;
- 2) Costs of preparation for employment mediation in employment;
- 3) Costs of implementation of active employment policy measures;
- 4) Costs of implementation of employment activities and costs of bodies running the Employment Services; and
- 5) Other costs.

(2) Employment activity expenditures of one calendar year shall be covered by revenues of the same calendar year.

Article 66

(1) The Employment Service shall have a reserve that is pooled from setting aside at least 50 percent of the surplus of income after deducting expenses.

(2) The surplus of income recorded in the annual financial statements of the Employment Service shall be paid into the single treasury account.

(3) In the course of a year, the reserve can be used as current assets for servicing the Employment Service's current liabilities and as a short-term loan which has to be repaid with

an interest in the amount of discount interest rate not later than by the end of the following year.

(4) The reserve shall be used for covering excess expenses and the financial rehabilitation.

IX.PENALTY PROVISIONS

Article 67

(1) A legal entity or a physical person carrying out activities of mediation in employment abroad, as well as a legal entity or a physical person carrying out activities of mediation in domestic employment without a license, a legal entity or a physical person not carrying out these activities as the single registered activity, or a legal entity or a physical person not meeting the prescribed personnel, organisational, physical, technical and other requirements for conducting such activities, or charging fees to job-seekers, or carrying out these activities in a manner which is opposite to the provisions of the Rulebook specified under Article 3.a Paragraph 2 of this Law (Article 3, Paragraphs 2, 3 and 5 and the provisions of Article 3.a).

(2) The responsible person of a legal entity shall also be penalized for an offence from Paragraph 1 of this article with a cash fine of HRK 4,000 to HRK 10,000.

(3) An offence from Paragraph 1 of this article committed for a second time shall result in doubled sums for the lowest and the highest cash fines prescribed under Paragraphs 1 and 2 of this article.

X.TRANSITIONAL AND FINAL PROVISIONS

Article 68

Beneficiaries of entitlements during unemployment who exercised their rights until the date this Law comes into force according to regulations on employment which were enforced until that date, are guaranteed that these rights shall remain in effect in the same scope until their expiration.

Article 69

As an exception to the provision of Article 36 Paragraph 3 of this Law, an unemployed person is entitled to receive a financial compensation if he or she:

- 1) Has as of year 2002 worked for 30 years (men) or 25 years (women);
- 2) Has as of year 2003 worked for 31 years (men) or 26 years (women);
- 3) Has as of year 2004 worked for 32 years (men) or 27 years (women);
- 4) Has as of year 2005 worked for 33 years (men) or 28 years (women);
- 5) Has as of year 2006 worked for 34 years (men) or 29 years (women);
- 6) Has as of year 2007 worked for 35 years (men) or 30 years (women);

Article 70

(1) Requests for exercising the entitlements during unemployment submitted by the date this Law comes into force shall be processed in line with the regulations which were applied by that date if a given right is not regulated in a more beneficial way under this Law.

(2) Appealing procedures that were not effectively finished by the date this Law comes into force shall be processed under the regulations which were in effect by the date this Law comes into force.

Article 71

(1) Beneficiaries of the solidarity funds for employment incentives to whom these funds were allocated as repayable funds under the Law on Raising and Using Solidarity Funds for Employment Incentives shall repay these funds to the Employment Service in line with the agreements they signed.

(2) The Employment Service shall use the funds from Paragraph 1 of this article to provide employment incentives.

Article 72

The Employment Service shall be obliged to harmonize its deeds with the provisions of this Law within three months from the date this Law comes into force.

Article 73

(1) The minister responsible for labour issues shall upon receiving an opinion from the Economic Social Council pass the regulation from Article 3 Paragraph 6, Article 8 Paragraph 3, and Article 11 Paragraph 4 of this Law within 60 days from the day this Law comes into force.

(2) Until the regulation from Article 3 Paragraph 6 of this Law is passed, the Rulebook on the Scope, Conditions and Ways of Carrying Out Employment Mediation Activities When These Activities are Carried Out by Legal and Physical Entities Outside of the Croatian Employment Service (Official Gazette 82/96) and the Rulebook on Mediation in Employment of Pupils and Students (Official Gazette 44/01) shall be applied.

(3) The Management Council of the Employment Service shall pass the regulation from Article 13 of this Law within 60 days from the day this Law comes into force.

(2) Until the regulation from Paragraph 3 of this Law is passed, the Rulebook on Employment Registrations (Official Gazette 1/89, 19/90) shall be applied.

Article 74

Law on Employment (Official Gazette 59/96, 82/01 and 114/01) shall cease to be valid on the day this Law shall come into force, except of the provisions of Article 34 Paragraph 2 and the provisions of Articles 68, 69, 70, 71, 72, 73, 74 and 75 which shall cease to be valid on the day a special law regulating issues covered in these articles shall take effect.

Article 75

This Law shall take effect on the eight day after publication in the Official Gazette.