



# Proposed changes to maternity and parental benefits in Croatia

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## Description

*In 2016, a Government consultation document recommends an increase of the one-off payment for every new-born child in Croatia from approximately €300 to €1,000 as a policy to promote demographic renewal. The cost of this, however, was not included in the 2016 Budget and the increased payment was not coupled with any other measure aimed at the protection of children or at the reconciliation of work and family life.*

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On June 8th, 2016, the Croatian Ministry of Social Policy and Youth (MSPY) published a "Position paper on changes in the Law on maternity and parental subsidies" which proposed that every new-born child would get a one-off payment of 7,483.50 HRK (around €1000), instead of the existing 2,328.20 HRK (€300). This change is in line with the promises given during the last general election campaign (the election was held in November 2015) by the leading right-wing party (Croatian Democratic Union, HDZ). With the fall of the Government in June 2016 and the Parliamentary election which is likely to be held in September 2016, it is hard to predict if these changes will be implemented at all. The payment is likely to, again, be an important issue in the election campaign and is a good illustration of how leading political parties respond to demographic challenges. The introduction of a €1000 payment for every new-born child was meant to be one of the most important measures in response to heated public debate concerning demographic decline in Croatia. According to estimates, the measure would cost around 200 million HRK annually (around €26 million) but the Croatian Budget for 2016 did not envisage such an increase. In addition, no other proposals were foreseen either aimed at demographic recovery nor at wider family policy.

Croatia has been facing demographic decline for decades, intensifying in recent years. According to the Croatian Bureau of Statistics, the natural increase was -11 273 persons in 2014 (the last year for which statistics are available), or -2.7 per 1000 inhabitants as compared to -2.1 in 2005. The overall number of new-born children was 38,142 in 2015 by which Croatia reached the historical minimum, compared to 42,492 in 2005. According to Eurostat data the Croatian population will decline from 4,244,000 in 2015, to 3,828,000 in 2050.

This negative demographic scenario has been coupled with increased emigration, particularly after Croatia joined the EU in 2013. According to the latest statistical data net migration was positive in 2005 (+8,218), but has been negative since 2009, reaching -10,220 in 2014. However, demographers warn that the data are not reliable and that emigration had been much higher in the last three years, as many people emigrated to EU countries in search of jobs, while still not resolving their citizen status in Croatia. Thus, brain drain has become an important social issue, as those who emigrate are mainly professional, educated and young people.

## Outlook & Commentary

While the worrying socio-demographic situation has been a topic of public debate for decades, almost no policies exist to reverse these trends. Only two documents were passed in the last 25 years since Croatian independence. The first was the National Programme for Demographic Development from 1996 (published in 1997), and the second the National Population Policy from 2006. Both documents, passed when the right-wing HDZ was in power, contained a number of measures which would help young families to raise children, but which proved to be costly, or hard to implement, and thus turned out to be ineffective. In addition, measures foreseen were mainly compensatory (in terms of cash benefits), or aimed at prolonging maternity leave in the case of a third or any subsequent child.

Beside these rather inefficient and categorical demographic measures, the need to protect diverse families, with different needs and from different socio-economic backgrounds, through implementing measures which would raise the quality of life of the most vulnerable families is rarely debated. The only document in this respect was the National Family Policy, passed by the Croatian centre-left Government in January 2003, which proposed measures to help reconcile family and work life, in particular by offering more public care services to families and children. Being similarly too ambitious, mainly because the Government changed at the end of 2003, the document was never officially abandoned but was set aside and replaced by the aforementioned 2006 National Population Policy.

Many analyses show that there are several crucial issues which

should be debated and formulated as state policy. Crucially, demographic policy cannot be separated from social protection and inclusion policies. Croatia has one of the lowest coverage of children in kindergartens among the EU countries and huge and widening regional differences in that respect. Croatia has a very low employment rate of women and there is evidence that employers discriminate against pregnant women and women with small children in the labour market (e.g. if they want to be employed women are often asked - although this is legally forbidden - if they are married and plan to have children, and in case of pregnancy the work contract terminates).

The MSPY under the previous Government commissioned an extensive, evidence-based, report on family policy published in July 2014. Following this it formed an expert group who formulated an extensive and coherent set of measures, delivered to the MSPY in June 2015. However, this work has been completely ignored by the previous and current Governments, which also appear set to tighten the asset- and means-test which will reduce the number of families eligible for child benefit.

The proposal to offer a one-off payment of €1,000 will have little or no impact on demographic trends if it is not coupled with other measures aimed at the protection of children and enabling a better combination of private and public life. Narrowly focused public debates about demography still tend to displace a holistic focus on child and family policy and a focus on measures to reduce child poverty.

### Further reading

Croatian Bureau of Statistics, web: <http://www.dzs.hr/>

Dobrotić, I., Zrinščak, S. (2014) Croatian Family Policy: State and Perspectives. Internal document prepared for the Ministry of Social Policy and Youth.

Eurostat, Population and Social Conditions, web: <http://ec.europa.eu/eurostat/data/database>

Ministry of Social Policy and Youth (2016) Preliminary Assessment for a Proposal on Changes of the Law on Maternity and Parental Subsidies - a Consultation document; web: <https://esavjetovanja.gov.hr/ECon/MainScreen?entityId=3436>

Zrinščak; S. et al. (2015) Family Policy - Measures Proposal. Internal document prepared for the Ministry of Social Policy and Youth.

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