

CASE STUDY: PERSISTENT EMPLOYMENT IN MUNICIPALITIES, DESPITE THE GOVERNMENT'S PROHIBITION

I: INTRODUCTON: In the first nine months of 2016, the year of election, 17 Montenegrin municipalities employed at least 2,125 officers on the basis of a permanent contract, fixed-term contract, temporary work, as well as on the basis of the internship. Municipalities continued intensive employment, despite the fact that, since 2010, the government's ban on employment had been in force, because of huge debts of local governments.

II: GOVERNMENT'S DECISION OF 2010:

In March 2010, the Government of Montenegro asked the Ministry of Finance to assist the financial recovery of municipalities,¹ because of their high levels of indebtedness, amounting to €167.77 million. The government then pointed the municipalities had large budget deficits and surplus employees, while precise data show that in early 2010 local governments had a total of 10,751 employed persons.²

da se obustavi zapošljavanje službenika i namještenika u jedinicama lokalne samouprave;
da su zaposleni kojima će se isplaćivati otpremnine zasnovali radni odnos do 31.12. 2009. godine;
da se lokalni službenici i namještenici kojima se isplati otpremnina ne mogu zapošljavati u javnoj upravi (državnoj upravi i lokalnoj samoupravi) ;
da vrše obračun fiksnog dijela zarade korištenjem minimalne cijene rada u iznosu od 55,00 €;
da se ne mogu zaduživati bez saglasnosti Ministarstva finansija i da zaduživanje mora biti u funkciji realizacije ugovora;

Excerpts of government's conclusions which prohibit further employment

Financial restructuring of municipalities implied rescheduling of the tax debt, co-financing of redundancies and indebtedness, provided that the municipalities suspend employment, that local officials and employees who get severances cannot be employed in the public administration, that the calculation of earnings is based on a coefficient which applies to civil servants and state employees,³ and that they would not borrow money without the consent of the government.

III: INCREASE OF NUMBER OF EMPLOYEES IN THE YEARS OF ELECTIONS:

Regardless of the government's official stance on the prohibition of employment, municipalities disregarded it. Thus, by 2013, when presidential elections were held in Montenegro,⁴ the number of employees in the municipalities increased by 553 compared to 2009.⁵ In 2014, when local elections were held in most of the municipalities,⁶ the number of persons employed was higher by 1,027⁷ compared to four years earlier. At the end of 2015, local government bodies, public institutions and enterprises employed 11,660 people,⁸ or 909 more than when the government had prohibited the recruitment.

¹ Government's conclusion 03-1772, 11 March 2010.

² Information on indicators of the financial condition of local government of March 2010.

³ In most municipalities, the coefficient to calculate employees' salaries was not compliant with the coefficient to calculate salaries of civil servants and state employees – it was significantly higher.

⁴ Presidential elections in Montenegro were called on 18 January and held on 7 April 2013.

⁵ Information on the state of public finances and the number of employees at the local level, the session of the Government of Montenegro held on 4 December 2014; link: http://www.gov.me/sjednice_vlade/92

⁶ Local elections in 11 Montenegrin municipalities were called on 24 March and held on 25 May 2014.

⁷ Information on the state of public finances and the number of employees at the local level, the session of the Government of Montenegro held on 4 December 2014; link: http://www.gov.me/sjednice_vlade/92

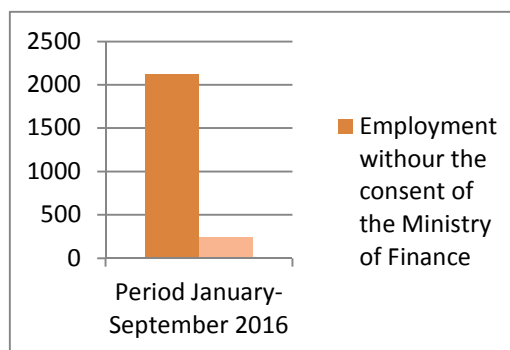
⁸ Overview of the number of employees in local authorities and public institutions and enterprises founded by Municipality on 31 December 2015, official response of the Ministry of Finance, 4 October 2016.

Year	No. of employees
2009	10,751
2013	11,304
2014	11,778
2015	11,660

Meanwhile, in 2015, because of the tax debt of local governments that was only accumulating, the Ministry of Finance signed new agreements on the rescheduling of debts with 16 municipalities,⁹ for a period of 20 years. The municipalities committed to regularly pay the tax debt and gross salaries to employees, and adopt a plan of disposal of surplus employees, with the prior consent of the Ministry of Finance for each new employment.¹⁰

IV: IN THE YEAR OF ELECTION 2016 MUNICIPALITIES CONTINUE WITH ENORMOUS EMPLOYMENT:

In 2016, a year of parliamentary elections,¹¹ 17 largest municipalities¹² in Montenegro continued with excessive employment. The collected data show that 2,125 persons were employed on the basis of different types of employment contract from January to September 2016 in 17 municipalities. The largest number of contracts was concluded for a definite period, but mostly with the same persons whose contracts were continuously extended, which represents a huge space for political influence in the pre-election period.



Graph 1: Employments mostly without consent from the Ministry of Finance

What is particularly objectionable is that municipalities mostly did not have the approval of the Ministry of Finance to employ, but by August 2016, they received approval from the Ministry to employ 240 persons.¹³

Local public companies employ 1,818 people, of which 952 persons on a fixed-term basis, 126 people on a permanent contracts received, with 482 persons consultancy agreements were made, 234 persons got temporary engagement, while 24 persons got internship contracts or contracts on volunteering.

Most fixed-term contracts in the public sector was concluded in Budva – 161. In Herceg Novi, 136 contracts were concluded, 118 in Ulcinj and 9 in Podgorica. In Niksic, there were 105 consultancy agreements, 63 fixed-term contracts and 10 permanent. When it comes to employment in the secretariats and municipal services, in Podgorica, Bijelo Polje, Pljevlja, Rozaje, Tivat and Ulcinj, 57 permanent contracts were concluded, 46 fixed-term contract, 103 temporary contracts and 75 consultancy agreements.

⁹ Ministry of Finance signed agreements on the rescheduling of tax debt with 16 municipalities: Andrijevisa, Bar, Berane, Bijelo Polje, Budva, Danilovgrad, Kolasin, Mojkovac, Niksic, Plav, Pljevlja, Rozaje, Ulcinj, Cetinje, Savnik and Zabljak.

¹⁰ Information on the implementation of obligations defined by the agreements on tax debt rescheduling of municipalities and agreements on regulation of mutual relations between the state and municipalities on the basis of indebtedness with the state guarantee, link: http://www.gov.me/sjednice_vlade/167

¹¹ Parliamentary elections were held on 16 October 2016.

¹² From January to September 2016, in accordance with the Law on Free Access to Information, MANS collected the documentation on employment in public enterprises and institutions in the following municipalities: Podgorica, Budva, Rozaje, Bijelo Polje, Niksic, Pljevlja, Bar, Herceg Novi, Mojkovac, Tivat, Berane, Cetinje, Danilovgrad, Kolasin, Zabljak, Ulcinj and Kotor. In addition, MANS collected the documentation on employment in secretariats and municipal service for seven municipalities: Podgorica, Niksic, Rozaje, Bijelo Polje, Pljevlja, Tivat and Ulcinj.

¹³ Decision of the Ministry of Finance 011-86/2 dated on 13 April 2016, Decision of the Ministry of Finance 011-148/2 dated on 9 June 2016, Decision of the Ministry of Finance 011-216/3 dated on 22 September 2016 and Decision of the Ministry of Finance 011-273/2 dated on 30 September 2016.

V: INDEBTEDNESS OF MUNICIPALITIES INCREASE FROM €168 MILLION TO €177.5 MILLION:

According to the Ministry of Finance, at the end of 2009, municipalities owed €167.8 million.¹⁴ The largest debt recorded by the Ministry was in Podgorica - €25 million, Bar - €19.9 million, Budva - €12 million, Pljevlja - €5.8 million and Bijelo Polje - €4.4 million. By the end of 2014, the indebtedness of municipalities amounted to €168 million,¹⁵ while by the end of 2015, it increased to €177.5 million.¹⁶

*Author: MANS Investigation Center
Podgorica, October 2016*

¹⁴ Information on indicators of the financial condition of local government of March 2010.

¹⁵ Information on the state of public finances and the number of employees at the local level, the session of the Government of Montenegro held on 4 December 2014, link: http://www.gov.me/sjednice_vlade/92

¹⁶ Report on Public Debt of Montenegro on 31 December 2015, link: http://www.gov.me/ResourceManager/FileDownload.aspx?rid=243003&rType=2&file=2_162_23_06_2016.pdf