

THE CROATIAN PARLIAMENT

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Pursuant to Article 89 of the Constitution of the Republic of Croatia, I hereby issue the

DECISION

PROMULGATING THE AGRICULTURAL LAND ACT

I hereby promulgate the Agricultural Land Act, passed by the Croatian Parliament at its session on 22 March 2013.

Class: 011-01/13-01/47

Reg. No: 71-05-03/1-13-2

Zagreb, 27 March 2013

The President of the Republic of
Croatia
Ivo Josipović, m. p.

AGRICULTURAL LAND ACT

I BASIC PROVISIONS

Article 1

This Act regulates the following: the maintenance and protection of agricultural land, the use of agricultural land, the change of use of agricultural land and the fee, the management of agricultural land owned by the Republic of Croatia (hereinafter: state-owned), the Land Fund, the Agricultural Land Agency, the administrative and inspectional supervision and penal provisions.

Article 2

(1) Agricultural land is a resource of interest to the Republic of Croatia and enjoys its special protection.

(2) Unless otherwise provided for in an international agreement or in a special regulation, foreign legal and natural persons may not hold ownership rights in agricultural land referred in paragraph 1 of this Article.

(3) By way of derogation from paragraph 2 of this Article, foreign legal and natural persons may acquire ownership rights in agricultural land referred in paragraph 1 of this Article through inheritance.

Article 3

(1) For the purposes of this Act, agricultural land shall be considered to include arable land, gardens, meadows, pastures, orchards, olive groves, vineyards, fish-ponds, reed beds and

marshlands, as well as other land that can be brought into agricultural use at economically justifiable costs.

(2) Uncovered forest land and land covered with forest stands in their initial or decay stages (maquis, garigues, scrubs, shrubberies and other) that is suitable for agricultural production shall be considered to be agricultural land.

(3) The Agricultural Land Agency (hereinafter: the Agency), established by the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11) and by the Regulation establishing the Agricultural Land Agency (Official Gazette 39/09, 33/10 and 109/11), shall determine the land referred to in paragraph 2 of this Article with the consent of the ministry competent for forestry affairs, and shall manage it in accordance with the provisions of this Act.

(4) Land in respect of which the ministry competent for forestry affairs gives its consent referred to in paragraph 3 of this Article shall be excluded from forest management plans in accordance with a special forest regulation.

II MAINTENANCE AND PROTECTION OF AGRICULTURAL LAND

Article 4

(1) Agricultural land must be maintained in good condition for agricultural production.

(2) To maintain agricultural land in good condition for agricultural production means to keep it free from weeds and prevent it from being covered with perennial plants and from becoming less fertile.

(3) Cadastral parcels of land located within a buildable zone and covering a total area exceeding 1000 m², as well as cadastral parcels of land that are located outside a buildable zone and envisaged, according to spatial planning documents, to be used for construction purposes, which are marked in the records of the State Geodetic Directorate as land planted to agricultural crops, but which have not been put into use, shall be maintained in good condition for agricultural production and used for that purpose until an official document permitting construction becomes enforceable, or until a main design certificate is received.

(4) Owners and holders of agricultural land shall cultivate agricultural land by applying the necessary agricultural-engineering measures, without diminishing its value.

(5) The agricultural-engineering measures referred to in paragraph 4 of this Article shall be laid down by the minister responsible for agriculture (hereinafter: the Minister) by means of an ordinance.

Article 5

(1) In order to enable the production of safe food, to protect human health and animal and plant resources, to enable the unhindered use and protection of nature and the environment, agricultural land shall be protected from damage.

(2) Agricultural land damage means:

a) degradation (of physical, chemical and biological properties) due to intensive production;

b) contamination by harmful substances and organisms (heavy metals, potentially toxic elements, organic pollutants and pathogenic organisms),

c) translocation (water and wind erosion, soil removal by crops, soil borrowing, covering with garbage or other soil);

d) change of use (development of urban areas, construction of industrial and power plants, roads, water accumulations, extraction of stone, gravel and other construction material).

(3) Agricultural land on which vegetative debris and industrial waste of agricultural origin have been left for over a year, land on which waste is dumped and land on which waste is managed contrary to the waste management legislation shall also be considered to be contaminated agricultural land.

(4) The Minister shall issue an ordinance specifying which substances are to be considered harmful and determining maximum permitted quantities of harmful substances in agricultural soil.

Article 6

(1) In order to protect agricultural land from damage, the following shall be performed:

a) determination of the level of agricultural land damage;

b) monitoring of agricultural land, which includes the continuous monitoring of all changes in agricultural soil (physical, chemical and biological).

(2) The activities referred to in paragraph 1 of this Article shall be carried out by the Agency.

Article 7

(1) Legal and natural persons shall monitor the condition of state-owned agricultural land that they use under a lease contract, a common-pasture lease contract or a fishpond lease contract.

(2) The monitoring of the agricultural land referred to in paragraph 1 of this Article shall be carried out by the Agency, by means of soil analysis, *ex officio* or at the request of the user, during the first year after the land is put into possession and during the last year prior to the expiry of the agreement referred to in paragraph 1 of this Article, and periodically at least every five years, and in the case of users who are entered in the register of producers engaged in integrated production the monitoring shall be carried as required by such production.

(3) The costs of soil analyses shall be borne by the land user.

Article 8

(1) Soil analyses for the purpose of monitoring the situation as referred to in Article 7 of this Act may be carried out by laboratories authorised by the ministry responsible for agriculture (hereinafter: the Ministry).

(2) The authorised laboratories shall submit to the Agency the results of the analyses referred to in paragraph 1 of this Article and shall enter them into the central database in the prescribed manner.

(3) The Minister shall issue an ordinance laying down the methodology for monitoring agricultural land, the procedure and method of authorising laboratories, the conditions to be complied with by laboratories, and obligations of laboratories referred to in paragraph 1 of this Article.

Article 9

(1) Legal and natural persons who have damaged agricultural land to the extent that agricultural production on such land is reduced, must remediate the damage made, with the exception of damage to agricultural land caused by a change of use for which a fee is paid.

(2) Remediation of damage shall be ordered by a decision of the Agricultural Inspection.

Article 10

(1) Municipal or city councils, or the city assembly of the City of Zagreb, shall, in respect of their respective territories, prescribe necessary agricultural-engineering measures in cases when failure to apply these measures would cause damage and prevent or reduce agricultural production, in accordance with the ordinance referred to in Article 4, paragraph 5 of this Act.

(2) By 31 March each year, units of local self-government and the City of Zagreb shall submit to the Ministry and to the Agency an annual report on the application of the measures referred to in paragraph 1 of this Article in the previous year.

Article 11

(1) Agricultural-engineering measures intended to protect agricultural land from water and wind erosion shall mean the prohibition of removing the humus or plough layers of agricultural soil.

(2) It is the duty of owners and holders of agricultural land to maintain long-term plantations and perennial crops planted to prevent erosion of the land concerned.

Article 12

(1) Municipal or city councils, or the city assembly of the City of Zagreb, shall prescribe measures for developing and maintaining agricultural swards, in particular for maintaining hedges and boundaries, maintaining farm roads, developing and maintaining canals, preventing shading of neighbouring plots of land and for planting and maintaining windbreak belts.

(2) By 31 March each year, units of local self-government and the City of Zagreb shall submit to the Ministry and to the Agency an annual report on the application of the measures referred to in paragraph 1 of this Article in the previous year.

III USE OF AGRICULTURAL LAND

Article 13

(1) Uncultivated state-owned agricultural land shall be included in the Land Fund.

(2) The land referred to in paragraph 1 of this Article shall be considered to mean the land which:

- a) is not in agricultural production;
- b) is overgrown with perennial plants.

(3) The Agency shall appoint commissions to designate agricultural land referred to in paragraph 1 of this Article. The commissions shall be composed of five members from the agronomist, geodetic surveying and legal professions, one of whom shall be the representative of the local self-government unit in the territory of which the land in question is located.

(4) The management of the land referred to in paragraph 1 of this Article shall be governed by the provisions of Articles 53, 54 and 55 of this Act.

Article 14

(1) Unbuilt state-owned building land that, according to its land-use characteristics, is agricultural land shall be leased to a natural or legal person for agricultural purposes.

(2) The land referred to in paragraph 1 of this Article may not be used for:

- a) establishing perennial plantations;
- b) the construction of structures for agricultural production purposes.

Article 15

(1) The Agency shall lease the land referred to in Article 14 of this Act subject to the consent of the State Office for State Property Management, through a public bidding procedure, for a period of 10 years, under a contract containing a termination clause providing for the termination of the contract after the end of the growing season or after an official document permitting construction or a main design certificate or a decision on the as-built state is received, until the land in question is brought into use for the purpose defined in the spatial plan, or until a decision on restitution becomes final as provided for in a special regulation.

(2) The provisions of Articles 27 to 45 of this Act shall apply *mutatis mutandis* to the lease of agricultural land referred to in Article 14 of this Act.

IV CHANGE OF USE OF AGRICULTURAL LAND AND FEE

Article 16

(1) Change of use of agricultural land to non-agricultural uses shall be made in accordance with the spatial planning documents and with other regulations.

(2) The Ministry shall deliver its opinion on the proposal for a National Spatial Planning Strategy and for a National Spatial Planning Programme.

Article 17

(1) Before the adoption of a spatial plan for a county or for the City of Zagreb or a spatial plan for an area with specific features, the authority responsible for the plan development must obtain an opinion from the Ministry, and an approval from the Ministry in the case of the final draft proposal for a spatial plan for a city, town or municipality.

(2) If the Ministry does not give its approval within 15 days of receiving the final draft proposal for a spatial plan for a city, town or municipality, it shall be deemed to have approved the final draft proposal.

(3) When giving its opinion and approval as referred to in paragraph 1 of this Article, the Ministry shall request a prior opinion from the Agency.

Article 18

(1) Professional tasks relating to the collection of documents required for preparing the request and delivering the opinion and approval during the development of spatial plans shall be performed by the state administration office in the county, or the administrative body of the City of Zagreb, responsible for agriculture.

(2) During the procedure for issuing a location permit and a decision on building conditions for projects located outside the buildable zone, the Ministry shall determine special requirements in accordance with special regulations governing spatial planning and building activities, within 30 days of the receipt of a complete request.

Article 19

(1) The Ministry shall issue certificates of compliance of the main design with special requirements prior to initiating or during the procedure for issuing a building permit.

(2) A representative of the Ministry shall participate in the procedure for issuing a use permit in the case of a construction work for which special requirements and a certificate of compliance of the main design with special requirements have been determined.

Article 20

(1) For the purposes of this Act, particularly valuable arable (P1) agricultural land shall mean the best quality agricultural land intended for agricultural production, which is of a form, location and size to permit the most efficient use of agricultural technology.

(2) For the purposes of this Act, valuable arable (P2) agricultural land shall mean agricultural land that, due to its natural properties, form, location and size, is suitable for agricultural production.

(3) Particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land may not be used for non-agricultural purposes except:

a) when agricultural land of a lower grade is unavailable in the immediate vicinity, or when the costs of translocation to a lower-grade agricultural land would outweigh the justification for a non-agricultural investment;

b) when there is an asserted interest of the Republic of Croatia in the construction of structures which, according to special regulations, are to be erected outside the buildable zone;

c) in the case of construction of farm buildings intended solely for agricultural purposes and for the processing of agricultural products;

d) for using construction works that have been legalised pursuant to a special law.

(4) The Agency shall determine which agricultural land is considered to be particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land.

(5) The Minister shall issue an ordinance laying down the criteria for designating agricultural land as particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land.

Article 21

(1) A one-off fee for the change of use of agricultural land, charged because of the decrease in the value and area of agricultural land which is a resource of interest to the Republic of Croatia (hereinafter: the fee), shall be paid according to the surface area of a building plot determined on the basis of the enforceable document permitting construction, or upon receipt of a main design certificate, or according to the surface area of the land under a building legalised by a decision on the as-built state.

(2) Change of use of agricultural land shall also include the extraction of sand, gravel, stone, brick and pottery clay, surface excavations, the construction of a waste management facility, excluding a biological treatment facility for waste composting and for other mineral raw materials, the construction of sports fields and facilities, as well as other approved non-agricultural uses within the meaning of a special law.

(3) The manner in which records of land-use change of agricultural land shall be kept shall be prescribed by the Minister by way of an ordinance.

Article 22

(1) For agricultural land that, on the day of entry into force of this Act, is located outside a buildable zone, but after the modification of a spatial plan turns to be within the buildable zone, the fee shall be set at 25 % of the market value of such land within the buildable zone.

(2) For particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land that, on the day of entry into force of this Act, is located outside a buildable zone, but after the modification of a spatial plan turns to be within the buildable zone, the fee shall be set at 50 % of the market value of such land within the buildable zone.

(3) For agricultural land that is located within a buildable zone and on which building is permitted, the fee shall be set at 2.5 % of the market value of the land within the buildable zone.

(4) For particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land that is located within a buildable zone and on which building is permitted, the fee shall be set at 5 % of the market value of the land within the buildable zone.

Article 23

(1) A decision on the fee shall be issued by the competent state administration office in the county, or the administrative body of the City of Zagreb responsible for agriculture, on the basis of the data of the competent tax administration concerning the market value of land within the buildable zone.

(2) The competent authority that has issued a document referred to in Article 21, paragraph 1 of this Act must, not later than eight days after the document becomes enforceable or is issued, forward the document to the competent authority for the purpose of issuing the decision referred to in paragraph 1 of this Article.

(3) The decision referred to in paragraph 1 of this Article shall be issued not later than 30 days from the date of receipt of an enforceable document permitting the construction of the structure or from the date of receipt of the main design certificate.

(4) A copy of the decision on the fee amount shall be sent to the Ministry, to the Agency, and to the local self-government unit, or the City of Zagreb, in the territory of which the land in question is located.

(5) Seventy percent of the funds generated by the change-of-use fee shall be the revenue of the State Budget, and 30 % shall be the revenue of the budget of the local self-government unit, or of the City of Zagreb, in the territory of which the agricultural land in question is located.

(6) The funds referred to in paragraph 5 of this Article that are the revenue of the budget of the local self-government unit, or of the City of Zagreb, shall be intended solely for consolidating, bringing into use and increasing the value of agricultural land, and for improving the situation as regards cadastral and land registry records of agricultural land.

(7) Local self-government units and the City of Zagreb shall submit to the Ministry annual reports on the use of the funds referred to in paragraph 6 of this Article.

(8) The fee specified in the decision shall be paid within 30 days after the date on which the decision is delivered to the client.

(9) Late payments of the fee shall be subject to statutory interest on arrears.

(10) The fee shall also be paid for structures illegally built after 1 January 1985.

Article 24

(1) A client is not required to pay the fee referred to in Article 21 of this Act in the following cases:

- a) the construction of flood defence structures, amelioration drainage structures or systems, hydraulic-engineering structures used for the protection and use of water, torrent control structures, irrigation structures or systems and other hydraulic-engineering structures in accordance with a special regulation;
- b) the construction of farm structures intended solely for carrying out agricultural activities, processing agricultural products, selling his own agricultural products and providing hospitality and catering services on his own agricultural holding;
- c) the construction of traffic infrastructure;
- d) the construction of utility infrastructure facilities and devices;
- e) the construction of structures for public purposes in places where such buildings have been destroyed in the armed aggression, and of flats and houses for the victims of the Homeland War;
- f) the construction of facilities intended for scientific and educational, health care and social welfare institutions established by the Republic of Croatia;
- g) the construction of a residential building of a developed (gross) construction area of up to 400 m², if built within a buildable zone;
- h) the construction of facilities within a business park, when a local self-government unit is the investor for a construction work;
- i) state-supported housing construction;
- j) the construction of golf courses, in the narrow sense (golf course with its associated infrastructure and ponds).

(2) The Government of the Republic of Croatia may provide for an exemption from payment of the change-of-use fee in respect of projects that are of special interest to the Republic of Croatia.

(3) A decision on exemption from payment of the fee shall be issued by the state administration office in the county, or the administrative body of the City of Zagreb responsible for agriculture.

(4) A copy of the decision referred to in paragraph 3 of this Article shall be submitted to the Ministry and to the local self-government unit, or the City of Zagreb, in the territory of which the land in question is located.

V DISPOSAL OF STATE-OWNED AGRICULTURAL LAND

Article 25

State-owned agricultural land shall be disposed of in accordance with the provisions of this Act and general regulations governing real estate management, unless otherwise provided for in this Act.

Article 26

(1) A decision on ownership and other proprietary rights in state-owned agricultural land must ensure the protection and enhancement of economic, environmental and other interests of the Republic of Croatia and its citizens.

(2) The decision referred to in paragraph 1 of this Article shall not be considered to be an administrative act.

Lease and fishpond lease

Article 27

(1) State-owned agricultural land shall be leased, including for fishpond purposes, through an open invitation to tender, for a term of 50 years.

(2) A decision on launching an open invitation to tender for lease or fishpond lease shall be made by the Agency.

(3) An invitation to tender shall only be launched in respect of cadastral plots constituting production-technological units of a size of up to 100 hectares. If agricultural land is located in a protected area, an invitation to tender for lease or fishpond lease shall also contain special nature protection requirements defined by the central state administration body responsible for nature protection.

(4) A decision granting a lease shall be issued by the Agency at the proposal of a Committee for Granting Lease of Agricultural Land Owned by the Republic of Croatia (hereinafter: Lease Committee) composed of three representatives of the Agency and two representatives of the local self-government unit in the territory of which the land concerned is located, one of whom shall be designated by the representative body of the local self-government unit, or the city assembly of the City of Zagreb, and the other of whom shall be designated by the executive body of the local self-government unit.

(5) A decision granting a fishpond lease shall be issued by the Agency at the proposal of a Committee for Granting Lease of Agricultural Land Owned by the Republic of Croatia For Fishpond Purposes (hereinafter: Fishpond Lease Committee), composed of two representatives of the Agency, two representatives of the local self-government unit in the territory of which the greatest portion of the fishpond concerned is located, one of whom shall be designated by the representative body of the local self-government unit, or the city assembly of the City of Zagreb, and the other of whom shall be designated by the executive body of the local self-government unit, and one representative of the Ministry.

(6) The Committees referred to in paragraph 4 of this Article shall be appointed by the Agency and shall consist of five members and a secretary.

(7) The Committees referred to in paragraph 5 of this Article shall be appointed by the Minister and shall consist of five members and a secretary.

Article 28

(1) Local self-government units shall submit to the Agency a request to launch an open invitation to tender, as well as the necessary documents for launching an open invitation to tender for lease or fishpond lease. The documents and the request shall be submitted primarily in respect of production-technological units of the agricultural land or fishpond.

(2) A request for the collection of documents for the launching of an open invitation to tender for lease or fishpond lease may be submitted to a local self-government unit by an interested natural or legal person.

(3) If the local self-government unit fails to act in accordance with the request referred to in paragraph 2 of this Article within 30 days, the documents shall be collected by the interested natural or legal person, who shall then submit them to the Agency, together with a request to launch an invitation to tender.

(4) The Minister shall issue an ordinance specifying the documents needed for launching an invitation to tender for lease, fishpond lease and exchange of state-owned agricultural land.

Article 29

(1) Participants in an invitation to tender for lease or fishpond lease may be holders of family farms, cooperatives that are engaged in agricultural or aquaculture activities or whose members are farmers and other natural or legal persons that, until the closing date for the submission of tenders, have paid all the liabilities arising from the use of state-owned agricultural land, or all the liabilities relating to the concession fee payable for the commercial use of water, the fee for water use in fishponds (hereinafter: water fee) and the fee for using water for irrigation purposes, and against whom no proceedings for the surrender of possession of agricultural land are pending, which shall be certified by a statement submitted together with the tender.

(2) Holders of family farms, cooperatives that are engaged in agricultural activities or whose members are farmers and other natural or legal persons that have sub-leased the state-owned agricultural land leased to them or have disposed of it in legal transactions without authority may not participate in an invitation to tender for a lease or a fishpond lease.

(3) A joint tender submitted by tenderers participating in an invitation to tender for lease or fishpond lease shall be considered invalid.

(4) If the rent offered by a tenderer who participates in an invitation to tender for lease or fishpond lease and satisfies the tender invitation requirements exceeds twice the starting rent amount, such tender shall be considered invalid.

(5) A pre-printed form containing the details of a programme for the utilisation of state-owned agricultural land (hereinafter: land management programme) shall be an integral part of the tender.

(6) The land management programme shall contain the following elements: information about the tenderer, a description of the farm, business indicators for the preceding period, intended use and location of the land, technological and technical characteristics of the operations, information about the machinery necessary for the cultivation of the land offered for lease, investments and employment, expected financial results of production activities, a summary of expected costs and benefits, a specific indication in the case of organic production, and special nature protection requirements defined by the central state administration body responsible for nature protection if the agricultural land concerned is located in a protected area.

(7) The following shall be taken into account when evaluating a land management programme: previous business activities of the farm, agricultural production or aquaculture activity as the primary activity of the participant, professional qualifications of the participant, the relationship between the number of livestock units and the land which is at the farm's disposal, the possession of the machinery required for the envisaged land use, the type of production envisaged, the distance from the land offered for lease, agricultural production or aquaculture activity in the organic or integrated production system, the number of employees and planned new recruitments, an ensured market for products intended to be produced, the innovative nature of envisaged production, effects on the environment.

(8) The Government of the Republic of Croatia shall issue a regulation laying down the fill-in form for a land management programme and the method of evaluating a land management programme in terms of determining the value and significance of its individual elements.

Article 30

(1) Priority in an invitation to tender for lease shall be given to family farm holders, cooperatives that are engaged in agricultural activities or whose members are farmers and other natural or legal persons who have participated in the invitation and have received the highest total points out of a maximum possible 100 points:

- a) land management programme, up to 60 points;
- b) a former holder who is in quiet possession on the basis of a properly conducted tendering procedure, 20 points;
- c) the level of the rent offered, up to 20 points, in proportion to the difference between the starting rent amount and twice the starting rent amount, with the latter earning the maximum number of points.

(2) Priority in an invitation to tender for fishpond lease shall be given to family farm holders, cooperatives that are engaged in agricultural activities or aquaculture activities or whose members are farmers and other natural or legal persons who have participated in the invitation and have received the highest total points out of a maximum possible 100 points:

- a) land management programme, up to 60 points;
- b) a legal or natural person who is registered for carrying out aquaculture activities and is engaged in aquaculture activities in accordance with a special regulation, 20 points;
- c) a legal or natural person who is registered for carrying out aquaculture activities, 15 points;
- d) the level of the offered rent, up to 20 points, in proportion to the difference between the starting rent amount and twice the starting rent amount, with the latter earning the maximum number of points.

Article 31

(1) The starting rent amount for lease or fishpond lease and the water fee shall be determined in accordance with an ordinance issued by the Minister.

(2) If there are several persons referred to in Article 30 of this Act who have the same number of points and have offered the same rent, the most advantageous tenderer shall be selected through an open bidding procedure.

(3) The open bidding procedure referred to in paragraph 2 of this Article shall be laid down by the Minister by way of an ordinance.

Article 32

(1) On the basis of the decision on selection of the most advantageous tender submitted in response to an invitation to tender for lease or fishpond lease, the director of the Agency, acting on behalf of the Republic of Croatia, and the tenderer shall enter into a written lease or fishpond lease contract.

(2) A lease or fishpond lease contract not concluded in writing shall have no legal effect.

(3) Prior to concluding a lease or fishpond lease contract, the lessee shall provide the Agency with proof that he has fulfilled all his obligations arising from the use of agricultural land.

(4) The land management programme referred to in Article 29, paragraph 5 of this Act shall be attached to and form an integral part of the lease or fishpond lease contract.

(5) The lessee shall submit to the Agency an annual report on the fulfilment of the objectives of the land management programme by the end of March of the following year.

(6) After the expiry of ten years from the date of conclusion of the lease or fishpond lease contract, the Agency may conclude an annex to the lease or fishpond lease contract with the lessee when there is a justified need for amending the land management programme, provided that such amendment leads to an increased profitability in carrying out the land management programme.

(7) Within 30 days from the date of conclusion of the lease or fishpond lease contract, the Agency shall submit a copy of the contract to the competent regional cadastre office of the State Geodetic Directorate, or to the city office for cadastre and geodetic affairs of the City of Zagreb, and to the land registry department of the competent court so that the contract can be registered.

(8) Within 30 days from the date of conclusion of a lease contract for state-owned agricultural land or a fishpond lease contract, a copy of the contract shall be submitted to the local self-government unit in the territory of which the land is located.

(9) Within 30 days from the date of conclusion of a fishpond lease contract, a copy of the contract shall be submitted to the Croatian Waters and to the ministry responsible for water management.

Article 33

(1) On the basis of the lease or fishpond lease contract, and within 30 days from the date on which the contract was concluded or from removal of the crops of the former land holder, the Commission shall put the lessee into possession of the land.

(2) The Commission referred to in paragraph 1 of this Article shall consist of three members from the legal, geodetic surveying and agronomist professions respectively, to be appointed by the Agency.

(3) A record shall be made of the putting into possession of the land.

Article 34

(1) The rent for the lease or fishpond lease and the water fee shall be paid annually.

(2) The rent for the lease or fishpond lease and the water fee for the first year of the lease shall be paid within 15 days from the date of putting into possession, in an amount proportionate to the length of the period remaining until the end of the year, and for each subsequent year the rent and the water fee shall be paid by the end of June of the current year.

(3) If the lessee is in possession of the agricultural land or fishpond, the amount of the rent for the lease or fishpond lease and the water fee payable in the first year shall be reduced proportionally to the rent and water fee already paid.

(4) Any amount of the rent or water fee not paid within the time limit specified in paragraph 2 of this Article shall be subject to statutory interest on arrears.

Article 35

(1) The state-owned agricultural land leased, including for fishpond purposes, may not be sub-leased.

(2) The lessee may not transfer his rights under the lease or fishpond lease contract to another person.

(3) By way of derogation from paragraph 2 of this Article, in the case of a change of the holder of a farm due to retirement or permanent incapacity to work, the rights and obligations of the lessee who is the holder of the farm may be transferred from the lease or fishpond lease contract to a new holder, and in the case of his death, they may be transferred to the heir who has become the holder of the farm, for the period ending on the date of expiry of the contract and subject to the consent of the Agency.

(4) By way of derogation from paragraph 2 of this Article, the rights and obligations of a lessee who is a craftsman may be transferred from the lease or fishpond lease contract to his heirs in accordance with a special regulation governing crafts, for the period ending on the date of expiry of the contract and subject to the consent of the Agency.

(5) By way of derogation from paragraph 2 of this Article, the rights and obligations of a lessee who is a legal person may be transferred from the lease or fishpond lease contract to a legal person established by the lessee, for the period ending on the date of expiry of the contract and subject to the consent of the Agency.

(6) The lessee referred to in paragraph 5 of this Article may transfer the rights and obligations arising from the lease or fishpond lease contract to a legal person established by the lessee, provided that the lessee has fulfilled his contractual obligations and agrees to stand joint surety for the lease or fishpond lease contract obligations of the legal person to which the rights and obligations under the contract are transferred.

Article 36

A lease or fishpond lease contract must contain provisions concerning the following:

- a) the subject of the lease;
- b) the term of the lease;
- c) the amount of the rent, or the charge for the use of the fishpond, and the payment deadline,
- d) the rights and obligations of the lessee;
- e) the intended use of the land leased;
- f) contract cancellation;
- g) reasons for contract termination;
- h) whether agricultural premises, auxiliary installations and structures for land exploitation are permitted to be constructed;
- i) the land management programme;
- j) the nature protection requirements if the agricultural land concerned is entirely or partially located within an area that is protected pursuant to a special nature protection regulation.

Article 37

(1) By concluding a fishpond lease contract, the lessee shall acquire the right to use inland waters for the purposes of farming fish and other aquatic organisms suitable for commercial farming for the entire duration of the lease.

(2) Special requirements for the use of waters, as stipulated by the Croatian Waters in accordance with a special regulation concerning waters, shall be an integral part of the contract referred to in paragraph 1 of this Article.

(3) The conclusion of the contract referred to in paragraph 1 of this Article shall be subject to the prior consent of the ministry responsible for water management.

(4) The charge for the use of a fishpond shall consist of the fishpond rent and the water fee.

(5) The provisions of this Article concerning the exercise of the right to use inland waters for the purposes of farming fish and other aquatic organisms suitable for commercial farming shall apply *mutatis mutandis* to fishponds and fish farms owned or held by natural or legal persons.

(6) The Minister shall issue an ordinance laying down the conditions and procedure for exercising the right referred to in paragraph 5 of this Article.

Article 38

(1) A lease or fishpond lease contract shall end upon the expiry of the period for which it was concluded.

(2) A lease or fishpond lease contract may be cancelled at any time by mutual consent.

(3) A lease or fishpond lease contract shall terminate if the leased agricultural land ceases to be agricultural land due to a change of use or if the land is used in contravention of the provisions of the contract or this Act.

(4) A lease or fishpond lease contract shall terminate if the lessee:

a) fails to pay the rent and the water fee by the end of September of the current year, except in case of force majeure or other unforeseeable circumstances not caused by the lessee;

b) does not use the state-owned agricultural land in a husband-like manner;

c) fails to fulfil the objectives of the land management programme, which is an integral part of the lease contract, for two consecutive years from the date of conclusion of the contract, except in case of force majeure;

d) cultivates the agricultural land in contravention of the provisions of the contract concluded;

e) is sub-leasing the land leased;

f) undertakes construction works on the agricultural land, which go beyond the boundaries of the usual management practice, or changes the use of the agricultural land, without approval from the lessor;

g) carries out activities in contravention of legal provisions relating to nature protection or activities which have an adverse impact on the resources or state of the natural environment, or in any way threatens the natural values.

(5) The lessor shall terminate the fishpond lease contract if the lessee does not comply with the special requirements for the use of waters referred to in Article 37, paragraph 2 of this Act.

(6) The contract shall be deemed to have been terminated as from the date the notice of termination is served upon the lessee. The notice shall specify the period within which the lessee is entitled to harvest the crops or collect fruits.

(7) In the case referred to in paragraph 3 of this Article, the lessee shall, within 30 days from the date of termination of the lease contract or from removal of the crops, return the land to the possession of the owner through the Committee referred to in Article 33 of this Act.

(8) Notice that a lease contract has been terminated or cancelled shall be sent to the competent regional cadastre office of the State Geodetic Directorate, or to the city office for cadastre and geodetic affairs of the City of Zagreb, and to the land registry department of the competent court.

Article 39

(1) If, on the day on which a lease contract was concluded, there were perennial plantations, facilities and installations on the state-owned agricultural land concerned, and if the value of such plantations, facilities and installations has decreased during the term of the lease through the fault of the lessee, the lessor shall be entitled to compensation for the reduced value of these plantations, facilities and installations.

(2) If the plantations, facilities and installations referred to in paragraph 1 of this Article have been removed, the owner shall be entitled to compensation corresponding to the value of these plantations, facilities and installations at the time of their removal.

Article 40

If a lease or fishpond lease contract is terminated at the request of or due to the default of the lessee, the lessee shall not be entitled to a refund for the undepreciated value of the plantations established and the facilities and installations constructed on the state-owned agricultural land.

Article 41

Within six months following the termination or expiration of the lease or fishpond lease contract, the lessee:

- a) may take the parts of the structures and installations erected by him;
- b) may claim compensation for the undepreciated value of the perennial plantations, facilities and installations that cannot be taken, but which have increased the value of the agricultural land concerned, provided he has established these plantations and has constructed these installations and facilities with the consent of the lessor;
- c) must demolish and remove, at his own expense, the perennial plantations, facilities and installations established or erected by him, if the consent referred to in item (b) has not been given or if no agreement thereon has been reached with the lessor. If he fails to fulfil this obligation, such demolition and removal shall be done by the lessor at the expense of the lessee.

Article 42

Where not regulated by the provisions of this Act, the termination of a contract for the lease of state-owned agricultural land shall be governed by general law.

Article 43

(1) If the state-owned agricultural land which is under lease or fishpond lease is littered with mines, the rent for the area littered with mines shall be reduced proportionally to the mine-clearing costs borne by the lessee.

(2) The lessee shall have the agricultural land referred to in paragraph 1 of this Article cleared of mines within two years from the date of conclusion of the lease or fishpond lease contract, and shall not be allowed to cultivate it until it has been cleared of mines, and if the land is not cleared of mines within two years, the contract shall be terminated and the lessee shall pay the rent for this period.

(3) If the lease of fishpond lease contract is terminated at the request of or due to the default of the lessee, the lessee shall not be entitled to reimbursement of mine-clearing costs referred to in paragraph 1 of this Article.

(4) On the basis of the lease or fishpond lease contract, the Committee referred to in Article 33 of this Act shall put the lessee into possession of the land within 30 days from the date on which the land was cleared of mines.

(5) The lessee shall grub up the state-owned agricultural land that is not in agricultural production or is overgrown with perennial plants, at his own expense, within two years after the land was put into his possession.

(6) For the purposes of this Act, the grubbing up of state-owned agricultural land means bringing it into agricultural use or removing underground and above-ground parts of perennial plants.

(7) The timber resulting from the grubbing up of the agricultural land referred to in paragraph 5 of this Article shall be at the disposal of the lessee. The transport of timber shall be subject to special forest regulations.

(8) The Agency shall appoint a commission to assess the costs of bringing the agricultural land referred to in paragraph 5 of this Article into agricultural use and the value of timber. The commission shall consist of five members from the agronomist, forestry, geodetic surveying and legal professions, one of whom shall be the representative of the local self-government unit in the territory of which the land in question is located.

(9) The lessee shall provide the Agency with a bank guarantee corresponding to the costs of removing underground and above-ground parts of perennial plants as assessed by the commission referred to in paragraph 8 of this Article.

(10) On the basis of the lease or fishpond lease contract, and within 30 days from the date on which the contract was concluded, the Commission referred to in Article 33 of this Act shall put the lessee into possession of the agricultural land referred to in paragraph 5 of this Article.

Article 44

(1) Out of the proceeds from leasing, fishpond leasing, selling by direct negotiation, and making available for use without an open invitation to tender, 25 % shall be the revenue of the State Budget, 10 % shall be the revenue of the budget of the regional self-government unit and 65 % shall be the revenue of the budget of the local self-government unit, or the City of Zagreb, in the territory of which the agricultural land in question is located.

(2) The funds referred to in paragraph 1 of this Article that are the revenue of local and regional self-government units shall be intended solely for cadastral and geodetic land surveying programmes, the organisation and updating of land registry records, covering part of the actual costs related to the implementation of the Act, a mine action programme, a programme for the improvement of rural areas by constructing and maintaining rural infrastructure related to agriculture and aquaculture, a land development programme comprising land consolidation and land reclamation, a programme for the preservation of endangered areas and for the conservation of biodiversity, a co-financing programme and other incentive measures for the improvement of agriculture and aquaculture.

(3) Local and regional self-government units and the City of Zagreb shall submit to the Ministry annual reports on the use of the funds referred to in paragraph 1 of this Article.

Article 45

- (1) Lease or fishpond lease contracts shall provide for the adjustment of the rent and of the water fee during the term of valid contracts and for the preservation of the value of the rent and of the water fee.
- (2) The method for the revaluation of the rent shall be prescribed by the Minister by way of an ordinance, subject to the prior consent of the minister responsible for finance.
- (3) The records of the collection of payments under a lease or fishpond lease contract shall be kept by the Agency.

Leasing of common pasture

Article 46

- (1) A common pasture is a production-technological unit of state-owned agricultural land which is *de facto* a pasture, meadow, hayfield or infertile land intended for common grazing of livestock and poultry and may be located within or outside a protected area.
- (2) The Agency shall keep a register of common pastures.
- (3) The Minister shall issue an ordinance laying down the method of keeping the register of common pastures.

Article 47

- (1) A common pasture shall be leased to a natural or legal person, through an open invitation to tender, for a term of five years.
- (2) A common pasture shall be leased to interested tenderers, natural and legal persons who are livestock owners and are interested in grazing their livestock on common pastures and are entered in the Register of Farms. Each selected tenderer shall obtain on lease a portion of the common pasture in proportion to the number of the livestock units he owns.
- (3) When selecting tenderers, preference shall be given to the tenderers referred to in paragraph 2 of this Article that have resided or had their registered office in the territory of the local self-government unit in which the common pasture is located, or have resided or had their registered office in the territory of the neighbouring local self-government unit, for at least two years immediately prior to the publication of the invitation to tender.
- (4) A decision on granting a common-pasture lease shall be made by the Agency.
- (5) A decision on granting a common-pasture lease in a protected area shall be made by the Agency, subject to the prior consent of the central state administration body responsible for nature protection.
- (6) On the basis of the decision to grant a lease, the director of the Agency and the tenderers shall enter into a written common-pasture lease contract, to which the provisions of Articles 32, 36 and 38 of this Act shall apply *mutatis mutandis*.
- (7) The contract for the lease of a common pasture located in a protected area shall also contain special nature protection requirements defined by the central state administration body responsible for nature protection.
- (8) The Minister shall issue an ordinance laying down the procedure and conditions for submitting applications and the criteria for granting leases for common pastures referred to in paragraphs 1, 2 and 3 of this Article.

Temporary use of state-owned agricultural land

Article 48

(1) For state-owned agricultural land in respect of which no lease or fishpond lease contract has been concluded, the Agency may enter into contracts for the temporary use of such land with the following natural or legal persons at their request:

- a) holders whose contracts for the lease of state-owned agricultural land have expired and who are in quiet possession of that land;
- b) holders who have used state-owned agricultural land without contract and are in quiet possession of that land.

(2) The contract referred to in paragraph 1 of this Article may be concluded if the natural and legal persons have fulfilled all their obligations arising from the use of the agricultural land concerned.

(3) The contract referred to in paragraph 1 of this Article shall be concluded for a period of five years or until a lease or fishpond lease contract is concluded or the agricultural land concerned is disposed of in some other manner in accordance with the provisions of this Act.

(4) The agricultural land users referred to in paragraph 1, item a) of this Article shall pay a fee equal to the amount agreed under the former contract. The agricultural land users referred to in paragraph 1, item b) of this Article shall pay a fee equal to twice the starting rent amount referred to in Article 31, paragraph 1 of this Act.

(5) Funds generated by the fee referred to in paragraph 4 of this Article shall be allocated in accordance with the provisions of Article 44, paragraph 1 of this Act.

Exchange

Article 49

(1) State-owned agricultural land may be exchanged for agricultural land of approximately the same value owned by natural or legal persons, for the purposes of agricultural land consolidation.

(2) A natural or legal person shall submit to the Agency an application for the exchange of agricultural land referred to in paragraph 1 of this Article.

(3) The documents relating to agricultural land owned by a natural or legal person shall be submitted to the Agency by the applicant.

(4) The documents relating to state-owned agricultural land shall be submitted to the Agency by a local self-government unit, or the City of Zagreb, or by the natural or legal person referred to in paragraph 1 of this Article.

(5) A decision on the exchange of agricultural land referred to in paragraph 1 of this Article shall be made by the Agency on the basis of the documents submitted.

(6) On the basis of the decision on the exchange of agricultural land, the director of the Agency, acting on behalf of the Republic of Croatia, and the applicant shall conclude a land exchange contract in writing.

(7) Persons acquiring real estate when exchanging agricultural land with the Republic of Croatia shall not pay a real estate transfer tax.

(8) The agricultural land covered by a land exchange contract which has come into state ownership shall be included in the Land Fund.

(9) The provisions of Article 32, paragraphs 2, 7 and 8 and Article 33 of this Act shall apply *mutatis mutandis* to agricultural land exchange contracts.

(10) The exchange procedure referred to in paragraph 1 of this Article may also be initiated by the Agency.

Sale by direct negotiation

Article 50

(1) Exceptionally, state-owned agricultural land shall be sold by direct negotiation, at the market price determined by the Agency, in the following cases:

a) for cadastral plots of agricultural land bordering the land of the applicant and located outside production-technological units, of a size not exceeding 1 hectare in the continental region of the Republic of Croatia or 0.2 hectares in the Adriatic region of the Republic of Croatia;

b) for cadastral plots that can be accessed only across the land owned by the applicant, for the purpose of land consolidation;

c) for cadastral plots in respect of which documents for the construction of agricultural facilities have been collected;

d) if it is intended to be put to an economic use other than agricultural use, which is of interest to the Republic of Croatia;

e) for cadastral plots of agricultural land used by users of houses owned by the Republic of Croatia and managed by the Agency for Transactions and Mediation in Immovable Properties.

(2) State-owned agricultural land shall be sold by direct negotiation if an interested person submits an application to the Agency accompanied by proof of meeting the requirements of paragraph 1 of this Article.

(3) The Agency shall publish a notice about the submitted application referred to in paragraph 2 of this Article on the bulletin board of the local self-government unit, or the City of Zagreb, in the territory of which the agricultural land concerned is located, and on the Agency's website.

(4) If several persons have submitted an application referred to in paragraph 2 of this Article for the same state-owned agricultural land, the purchaser shall be selected through an open bidding procedure.

(5) The provisions of Article 31, paragraph 3 of this Act shall apply *mutatis mutandis* to the open bidding procedure referred to in paragraph 4 of this Article.

(6) A decision on the sale by direct negotiation shall be made by the Agency.

(7) On the basis of the decision referred to in paragraph 6 of this Article, the director of the Agency, acting on behalf of the Republic of Croatia, and the purchaser shall conclude a sales contract in writing.

(8) The Agency has the right to buy back the agricultural land sold by direct negotiation, at the same price at which it was purchased.

(9) The provisions of Articles 32, 33 and 44 of this Act shall apply *mutatis mutandis* to contracts for the sale by direct negotiation of state-owned agricultural land.

(10) The methodology for determining the price referred to in paragraph 1 of this Article shall be laid down by the Minister by way of an ordinance, on the basis of the characteristics, location and other features used to determine the value of agricultural land.

Making available for use without an open invitation to tender

Article 51

(1) Exceptionally, the Agency may, without launching an open invitation to tender, make state-owned agricultural land available for use by agricultural scientific and educational institutions, penitentiaries and institutions which need agricultural land for carrying out their activities, the founder of which is the Republic of Croatia.

(2) State-owned agricultural land may be made available for use for the purposes of professional, scientific and educational activities, for rehabilitation and socialisation, or for other agricultural purposes, for a period of up to 25 years, as follows:

– up to 10 ha – free of charge;

– from 10 ha to 100 ha – for a fee amounting to 50 % of the rent applicable in the territory in which the agricultural land concerned is located;

– more than 100 ha – for a fee amounting to 100 % of the rent applicable in the territory in which the agricultural land concerned is located.

Article 52

(1) An application for making state-owned agricultural land available for use without an open invitation to tender shall be submitted to the Agency.

(2) A land management programme shall be an integral part of the application.

(3) The provisions of Article 29, paragraph 6 of this Act shall apply *mutatis mutandis* to the content of the land management programme.

(4) A decision on making state-owned agricultural land available for use without an open invitation to tender shall be made by the Agency, subject to the prior consent of the Ministry.

(5) On the basis of the decision referred to in paragraph 4 of this Article, the director of the Agency, acting on behalf of the Republic of Croatia, and the applicant shall conclude a written contract on making state-owned agricultural land available for use.

(6) The provisions of Articles 7, 32, 33, 34, 35, 38 and Articles 44 and 45 of this Act shall apply *mutatis mutandis* to contracts on making state-owned agricultural land available for use without an open invitation to tender.

VI LAND FUND

Article 53

(1) The agricultural land purchased and exchanged by the Agency and uncultivated agricultural land referred to in Article 13, paragraph 1 of this Act shall constitute the Land Fund.

(2) The Agency shall manage the Land Fund.

Article 54

(1) The Agency may purchase agricultural land owned by a natural or legal person on behalf and for the account of the Republic of Croatia, through an open invitation to tender or by

direct negotiation on the basis of an offer of the natural or legal person who is the owner of the agricultural land in question.

(2) The agricultural land referred to in paragraph 1 of this Article, as well as agricultural land bought by the Agency for Transactions and Mediation in Immovable Properties, shall be included in the Land Fund.

Article 55

(1) Agricultural land contained in the Land Fund shall be leased, including for fishpond purposes, through an open invitation to tender, exchanged, sold in exceptional cases or managed by the Agency for the purpose of agricultural land consolidation.

(2) A decision on launching an open invitation to tender for lease or fishpond lease referred to in paragraph 1 of this Article shall be made by the Agency.

(3) The provisions of Articles 27 to 45 of this Act shall apply *mutatis mutandis* to open invitations to tender for lease or fishpond lease concerning agricultural land contained in the Land Fund.

(4) Agricultural land contained in the Land Fund shall be sold at the market price determined by the Agency.

(5) The provisions of Article 50 of this Act shall apply *mutatis mutandis* to the sale of agricultural land referred to in paragraph 1 of this Article.

(6) The provisions of this Article shall not apply to cadastral plots of agricultural land used by users of houses owned by the Republic of Croatia and managed by the Agency for Transactions and Mediation in Immovable Properties.

(7) Users of houses owned by the Republic of Croatia and managed by the Agency for Transactions and Mediation in Immovable Properties shall have the right of first refusal to lease cadastral plots of agricultural land they use.

(8) The provisions of Article 50, paragraphs 2, 3, 4, 5, 6, 7 and 9 of this Act shall apply *mutatis mutandis* to the right of first refusal referred to in paragraph 7 of this Act.

VII AGRICULTURAL LAND AGENCY

Article 56

(1) The tasks relating to the protection, utilisation, management, transactions and consolidation of agricultural land shall be carried out by the Agency as a specialised public institution.

(2) The Agency shall secure funds for its work from the State Budget, by performing its activities, as well from other sources in such manner and under such conditions as prescribed by the instrument of foundation.

(3) Branch offices may be established to carry out the Agency's tasks.

Article 57

(1) The Agency shall perform the following tasks:

- a) protecting agricultural land from contamination and damage;
- b) monitoring the condition of agricultural land;
- c) laboratory analysis of soil;

- d) keeping the central database pursuant to Article 8, paragraph 2 of this Act;
- e) using agricultural land;
- f) managing agricultural land;
- g) carrying out transactions involving agricultural land;
- h) agricultural land consolidation;
- i) participation in agricultural land governance procedures, in accordance with special regulations;
- j) keeping records of land lessees, fishpond lessees and common-pasture lessees;
- k) cooperating with state authorities, institutions, regional self-government units and local self-government units with regard to the tasks falling within the remit of the Agency;
- l) monitoring and evaluating the effects of various agricultural policy measures and other policy measures on agricultural land consolidation;
- m) other tasks in accordance with this Act and the instrument of foundation.

(2) The performance by the Agency of the tasks referred to in paragraph 1, items b), d), f) and j) shall be the exercise of public powers.

(3) The Agency shall, through the Ministry, submit to the Government of the Republic of Croatia annual reports on its work.

Article 58

(1) The Agency shall establish, develop, keep and maintain an IT database of information on agricultural land in the Republic of Croatia in order to ensure a more efficient protection, utilisation and management of agricultural land. The IT database shall contain information concerning the maintenance, protection, change of use and management of land.

(2) Regional self-government units, local self-government units, the State Geodetic Directorate, the ministry responsible for the judiciary and the Agency for Payments in Agriculture, Fisheries and Rural Development shall participate by providing, free of charge, information in their possession needed for the purpose of establishing, developing, keeping and maintaining the IT database.

(3) The Agency shall be authorised to access and use, free of charge, information that relates to state-owned agricultural land and is contained in records kept by courts, state administration bodies, institutes and legal persons established by the Republic of Croatia, as well as in other public records. Information contained in these records shall also be directly accessible by electronic means.

(4) The Agency shall transmit information in its possession to the State Administrative Office for State Property Management, which maintains the central register of state property.

(5) The method of establishing the IT database, the content of the information referred to in paragraph 1 of this Article, and the provisions for the maintenance of the IT database shall be laid down by the Minister by way of an ordinance.

Article 59

(1) The Agency shall submit to the competent municipal state attorney's office any data and documents necessary for the registration of ownership rights in state-owned real estate, and

shall request that the cadastral records and land registry be updated to reflect the information contained in land sub-division and other geodetic reports.

(2) By way of derogation from paragraph 1 of this Article, the Agency shall submit to the land registry department of the competent court a proposal for the registration of the State's ownership rights in real estate registered as being socially-owned.

(3) The Agency shall provide consent to checked and certified land sub-division and other geodetic reports concerning state-owned agricultural land, which are drawn up in accordance with the programmes of the State Geodetic Directorate.

(4) The Agency shall provide consent to checked and certified geodetic reports concerning the change of use of a cadastral plot of state-owned agricultural land.

(5) The Minister shall issue an ordinance laying down the minimum area of agricultural land that must be complied with in the event of dissolution of joint ownership.

VIII ADMINISTRATIVE AND INSPECTIONAL SUPERVISION

Article 60

(1) Administrative supervision of the implementation of this Act and regulations made under it shall be carried out by the Ministry.

(2) Inspectional supervision required by this Act and regulations made under it shall be carried out by the agricultural inspection service of the Ministry.

(3) Agricultural inspection in the first instance shall be carried out by agricultural inspectors from the regional offices of the Ministry in accordance with the Regulation on the internal organisation, and in the second instance by a special commission of the Ministry, whose members shall be appointed by the Government of the Republic of Croatia.

(4) The commission referred to in paragraph 3 of this Article shall consist of three members, two of whom shall be appointed from among agricultural inspectors of the Ministry, and one of whom shall be appointed from among civil servants from the Ministry holding a graduate degree in law.

(5) The commission shall adopt its rules of procedure.

Article 61

(1) Agricultural inspectors in regional units of the Ministry shall supervise the implementation of the provisions of this Act and regulations made under it, and shall in particular control:

- a) whether the agricultural land is cultivated or used without diminishing its value;
- b) whether the land referred to in Article 4 of this Act is maintained in good condition for agricultural production;
- c) the protection of land from contamination by harmful substances;
- d) whether the land is used for non-agricultural purposes when such use is not allowed;
- e) how fire protection measures are implemented and shall order that specific measures be implemented if it has been established that natural persons who use or own the agricultural land do not comply with regulations or with the ordered measures for fire protection;
- f) the maintenance of perennial plantations and multi-annual crops planted for erosion control purposes;

- g) the implementation of the provisions on change of use of agricultural land;
 - h) the use of funds approved for the remediation and improvement of agricultural land;
 - i) whether the land is kept free from contamination referred to in Article 5 of this Act, in order to be maintained in good condition for agricultural production;
 - j) the use of state-owned agricultural land;
 - k) the implementation of the land management programme that is an integral part of the lease and fishpond lease contracts;
 - l) unauthorised possession of state-owned agricultural land;
 - m) shall also carry out other activities needed for the performance of inspectional supervision.
- (2) Agricultural inspectors in regional units of the Ministry shall submit to the Agency a report on the violations of the provisions referred to in paragraph 1, items j), k) and l) of this Article.
- (3) Agricultural inspectors in regional units of the Ministry shall take other measures or actions which they are authorised to take pursuant to other laws and regulations.
- (4) When carrying out inspections to determine the presence of contamination, agricultural inspectors may take samples, which are sent to official laboratories accredited to Croatian standards in accordance with Article 8, paragraph 3 of this Act.

Article 62

When an agricultural inspector establishes that a misdemeanour has been committed by breach of regulations, the Ministry shall without delay file a motion to initiate misdemeanour proceedings.

Article 63

- (1) If an agricultural inspector establishes that this Act or a regulation made under it has been violated, he shall make a written record of the irregularities and deficiencies identified, and shall issue a decision specifying the deadline for their removal or imposing the necessary administrative measure.
- (2) If, in the process of issuing the decision, a violation of this Act has been detected in the absence of the owner or holder of the land, the agricultural inspector shall request the owner or holder of the land to submit his comments within eight days of the date of delivery of the request.
- (3) If the owner or holder of the land fails to submit his comments as referred to in paragraph 2 of this Article, it shall be deemed that the agricultural land is left uncultivated without justified reason.
- (4) An appeal against the agricultural inspector's decision issued pursuant to paragraph 1 of this Article may be lodged with the commission of the Ministry referred to in Article 60, paragraph 3 of this Act.
- (5) An appeal against the agricultural inspector's decision shall not stay the enforcement thereof.

Article 64

- (1) The tasks of an agricultural inspector (hereinafter: inspector) may be performed by a person who has an appropriate level of education in agriculture, has passed the state

qualifying exam and has at least four years of work experience in carrying out the relevant tasks.

(2) The tasks of a senior agricultural inspector may be performed by a person who meets the conditions laid down in paragraph 1 of this Article and has at least five years of work experience in carrying out the relevant tasks.

(3) The agricultural inspector shall have an official identity card and a badge to prove his official capacity, identity and powers.

(4) The form of the official identity card, the appearance of the badge, the procedure for issuing the official identity cards and badges, and the manner of keeping records thereof, shall be prescribed by the Minister by way of an ordinance.

Article 65

(1) Local self-government units and the City of Zagreb shall supervise the implementation of the decisions on agro-technical measures and measures for developing and maintaining agricultural swards referred to in Articles 10 and 12 of this Act.

(2) The activities referred to in the first paragraph of this Article shall be carried out by agricultural monitors who, in addition to satisfying the general requirements for admission to the civil service, shall also have at least the secondary school qualifications related to agriculture.

(3) Local self-government units, or the City of Zagreb, may jointly organise the performance of the activities referred to in paragraph 1 of this Article.

(4) The situation established and the measures undertaken shall be regularly reported to the agricultural inspection in regional units.

IX MISDEMEANOUR PROVISIONS

Article 66

(1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 10,000.00 and HRK 30,000.00 for failing to maintain agricultural land in good condition for agricultural production and for failing to cultivate it in accordance with agricultural-engineering measures thus diminishing its value (Article 4, paragraphs 1, 2 and 4).

(2) The responsible person of the legal person shall also be fined from HRK 500.00 to HRK 15,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

(3) A natural person shall be fined from HRK 500.00 to HRK 15,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

Article 67

(1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 10,000.00 and HRK 30,000.00 for failing to monitor the condition of agricultural land or for preventing the performance of soil analysis of the state-owned agricultural land used under the lease contract, fishpond lease contract, concession contract, long-term lease contract or long-term fishpond lease contract (Article 7, paragraph 1).

(2) The responsible person of the legal person shall also be fined from HRK 500.00 to HRK 15,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

(3) A natural person shall be fined from HRK 500.00 to HRK 15,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

Article 68

- (1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 10,000.00 and HRK 200,000.00 for contaminating agricultural land with harmful substances to the extent that agricultural production on such land is reduced (Article 9, paragraph 1).
- (2) The responsible person of the legal person shall also be fined from HRK 2,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.
- (3) A natural person shall be fined from HRK 2,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

Article 69

- (1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 10,000.00 and HRK 100,000.00 for removing the humus or plough layers of agricultural soil (Article 11, paragraph 1).
- (2) The responsible person of the legal person shall also be fined from HRK 5,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.
- (3) A natural person shall be fined from HRK 5,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

Article 70

- (1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 50,000.00 and HRK 500,000.00 for changing use of agricultural land contrary to spatial planning documents (Article 16, paragraph 1) and without filing evidence of exemption from payment of the fee (Article 24, paragraph 3).
- (2) The responsible person of the legal person shall also be fined from HRK 5,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.
- (3) A natural person shall be fined from HRK 5,000.00 to HRK 50,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

Article 71

- (1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 10,000.00 and HRK 50,000.00 for:
 - a) failing to maintain in good condition for agricultural production the land located within the buildable zone, as well as the land located outside that zone, which is envisaged to be used for construction purposes according to spatial planning documents (Article 4, paragraph 3);
 - b) leaving vegetative debris and industrial waste of agricultural origin on agricultural land for over a year or failing to protect agricultural land from contamination and damage (Article 5, paragraphs 2 and 3).
- (2) The responsible person of the legal person shall also be fined from HRK 2,000.00 to HRK 30,000.00 for committing a misdemeanour referred to in paragraph 1, items a) and b) of this Article.
- (3) A natural person shall be fined from HRK 2,000.00 to HRK 30,000.00 for committing a misdemeanour referred to in paragraph 1, items a) and b) of this Article.

Article 72

(1) A legal person shall be guilty of a misdemeanour and shall be fined a sum between HRK 3,000.00 and HRK 5,000.00 for failing to act in accordance with a decision issued by an agricultural inspector (Article 63, paragraph 1).

(2) The responsible person of the legal person shall also be fined from HRK 1,000.00 to HRK 2,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

(3) A natural person shall be fined from HRK 500.00 to HRK 1,000.00 for committing the misdemeanour referred to in paragraph 1 of this Article.

X TRANSITIONAL AND FINAL PROVISIONS

Article 73

(1) The agricultural land that, according to the programmes of disposal of state-owned agricultural land adopted pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11), was envisaged for sale, lease, long-term lease and long-term fishpond lease shall be leased as from the date of entry into force of this Act.

(2) The agricultural land that, according to the programmes referred to in paragraph 1 of this Article, was envisaged for restitution or for other uses shall be managed by the Agency in accordance with the provisions of Articles 14, 15 and 48 of this Act from the date of entry into force of this Act until the land in question is brought into use by a local self-government unit or the City of Zagreb or until it is restituted to former owners in accordance with a special regulation.

Article 74

(1) If a public tendering procedure for sale or lease was announced before 31 December 2011 in accordance with the provisions of the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11), sale and lease procedures shall be completed in accordance with the provisions of that Act.

(2) If a public tendering procedure for long-term lease or long-term fishpond lease was announced prior to the entry into force of this Act in accordance with the provisions of the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11), long-term lease and long-term fishpond lease procedures shall be completed in accordance with the provisions of that Act.

(3) Modifications to lease contracts, instalment sale contracts, concession contracts and priority concession contracts for agricultural land, long-term agricultural land lease contracts and long-term fishpond lease contracts concluded prior to the entry into force of this Act, as well as modifications to contracts concluded in accordance with the procedures referred to in paragraphs 1 and 2 of this Article, shall be made by the Agency.

(4) If the purchaser selected in a public tendering procedure for sale referred to in paragraph 1 of this Article received, for paying the sale price in full, a discount of 20 % off the sale price achieved, the purchaser may not alienate the purchased agricultural land within ten years after the date on which the sales contract was concluded. The prohibition of alienation shall be recorded in the land registry simultaneously with the registration of the purchaser's ownership right.

(5) If the purchaser of agricultural land selected in a public tendering procedure for the sale of land referred to in paragraph 1 of this Article pays the sale price in instalments and has paid 50 % of the sale price, he may pay the remaining amount in full with a discount of 15 %.

(6) The Agency shall have the right of first refusal to purchase agricultural land sold through a public tendering procedure for the sale of state-owned agricultural land pursuant the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11).

(7) The agricultural land purchased by the Agency in accordance with paragraph 6 of this Article shall be included in the Land Fund referred to in Article 53 of this Act.

(8) Natural and legal persons shall, in accordance with the provisions of Article 7 of this Act, monitor the condition of state-owned agricultural land that they use under a concession contract, priority concession contract, lease contract, long-term lease contract or long-term fishpond lease contract concluded pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11) or under a grazing lease contract or an easement contract for establishing perennial plantations on the forest land that has become agricultural land concluded pursuant to the Forestry Act (Official Gazette 140/05, 82/06, 129/08, 80/10, 124/10, 25/12 and 68/12) prior to the entry into force of this Act.

(9) After the end of a concession contract, priority concession contract, lease contract, long-term lease contract or long-term fishpond lease contract concluded pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11) and a grazing lease contract or an easement contract for establishing perennial plantations on the forest land that has become agricultural land concluded pursuant to the Forestry Act (Official Gazette 140/05, 82/06, 129/08, 80/10, 124/10, 25/12 and 68/12), state-owned agricultural land shall be included in the Land Fund referred to in Article 53 of this Act.

Article 75

(1) The Agency shall keep records of payments collected under lease contracts, instalment sale contracts, concession contracts and priority concession contracts for agricultural land, long-term agricultural land lease contracts and long-term fishpond lease contracts concluded prior to the entry into force of this Act, as well as under contracts concluded pursuant to Article 74, paragraphs 1 and 2 of this Act and under concession contracts for the use of waters for fish farming purposes concluded pursuant to the Waters Act (Official Gazette 153/09, 63/11 and 130/11).

(2) By way of derogation, records of payments under lease and sale contracts for state-owned agricultural land and concession contracts for the use of waters for fish farming referred to in paragraph 1 of this Article shall be kept by local self-government units and the Croatian Waters respectively until these records are taken over by the Agency.

(3) Proceeds from lease, sale, concession, long-term lease and long-term fishpond lease payments under contracts concluded prior to the entry into force of this Act and contracts concluded pursuant to Article 74, paragraphs 1 and 2 of this Act shall be allocated in accordance with Article 44, paragraph 1 of this Act.

(4) The Agency shall issue release statements for the removal of registered encumbrances on agricultural land covered by contracts concluded pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11).

(5) Local self-government units shall submit to the Agency, at its request, documentation necessary to issue a release statement referred to in paragraph 4 of this Article.

(6) Local self-government units shall submit to the Agency information about cadastral plots of state-owned agricultural land which they have sold, leased or made available for use on the basis of annual certificates, information about the expiry of lease contracts, and other information about this land.

Article 76

(1) Local self-government units shall submit to the Agency the documents referred to in Article 28, paragraph 1 of this Act within three months from the date of entry into force of this Act.

(2) If a local self-government unit fails to submit the documents within the time limit specified in paragraph 1 of this Article, the documents shall be collected by the Agency and the local self-government unit shall lose the right to receive proceeds from the disposal of state-owned agricultural land.

Article 77

Lease contracts, long-term lease contracts, long-term fishpond lease contracts, concession contracts and priority concession contracts concluded pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11), as well as grazing lease contracts and easement contracts for establishing perennial plantations on the forest land that has become agricultural land concluded pursuant to the Forestry Act (Official Gazette 140/05, 82/06, 129/08, 80/10, 124/10, 25/12 and 68/12) shall remain in force until the expiry of the period for which they were concluded.

Article 78

(1) The Government of the Republic of Croatia shall adopt the regulation referred to in Article 29, paragraph 8 of this Act within six months from the date of entry into force of this Act.

(2) The Minister shall issue the ordinances referred to in Articles 4, 5, 8, 20, 21, 28, 31, 37, 45, 46, 47, 50, 58, 59 and 64 of this Act within six months from the date of entry into force of this Act.

(3) Pending issuance of the ordinances referred to in paragraph 2 of this Article, the following ordinances issued pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11) shall remain in force:

a) Ordinance on the starting price of agricultural land owned by the Republic of Croatia to be used in public tendering procedures for sale or lease, and the starting fee to be used in public tendering procedures for long-term lease and fishpond concession (Official Gazette 52/11);

b) Ordinance on the documents required for launching public tendering procedures for the sale, lease and long-term lease of agricultural land owned by the Republic of Croatia and for fishpond concessions (Official Gazette 45/09);

c) Ordinance on agricultural-engineering measures (Official Gazette 43/10);

d) Ordinance on the protection of agricultural land from contamination (Official Gazette 32/10);

e) Ordinance on the criteria for designating agricultural land as particularly valuable arable (P1) agricultural land and valuable arable (P2) agricultural land (Official Gazette 53/10);

f) Ordinance laying down the methodology for monitoring agricultural land (Official Gazette 60/10);

g) Ordinance laying down the conditions and procedure for exercising the right to use inland waters for the purposes of farming fish and other aquatic organisms (Official Gazette 133/11);

h) Ordinance laying down the conditions for submitting applications and the criteria for granting leases for common pastures (Official Gazette 135/11).

(4) Pending issuance of the ordinance referred to in Article 31, paragraph 1, the water fee referred to in Article 37, paragraph 4 shall be equal to the concession fee payable for the commercial use of water for the purposes of farming fish and other aquatic organisms and shall be allocated in accordance with a special regulation governing waters, and calculated and collected in accordance with a special regulation laying down the conditions for granting concessions for commercial use of waters.

(5) Pending the entry into force of this Act, regulations adopted pursuant to the Forestry Act (Official Gazette 140/05, 82/06, 129/08, 80/10, 124/10, 25/12 and 68/12) and addressing issues relating to the status of agricultural land shall remain in force.

(6) The State Office for State Property Management shall be competent for settling issues concerning title to state-owned agricultural land on which illegally constructed buildings have been legalised pursuant to the Act on Procedures Concerning Illegally Constructed Buildings (Official Gazette 86/12).

Article 79

(1) The sales price from instalment sales contracts, the rent, the easement fee and the concession fee from the contracts concluded prior to the entry into force of this Act shall be revaluated in accordance with the regulation referred to in Article 45, paragraph 2 of this Act.

(2) The contracts referred to in paragraph 1 of this Article shall be considered terminated if the purchasers, lessees or concessionaires refuse to conclude annexes to their contracts concerning the revaluation of the fees agreed, which annexes shall be sent to them by the Agency within one year from the date of the entry force of this Act.

Article 80

The provisions of Article 35, paragraph 5 of this Act shall apply to lease contracts, concession contracts, long-term lease contracts and long-term fishpond lease contracts concluded pursuant to the Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11) prior to the entry into force of this Act, grazing lease contracts and easement contracts for establishing perennial plantations on the forest land that has become agricultural land concluded pursuant to the Forestry Act (Official Gazette 140/05, 82/06, 129/08, 80/10, 124/10, 25/12 and 68/12), and concession contracts for the use of waters for fish farming purposes concluded pursuant to the provisions of the Waters Act (Official Gazette 153/09, 63/11 and 130/11).

Article 81

(1) The Agency shall take over from the Croatian Centre for Agriculture, Food and Rural Affairs all the tasks, employees performing these tasks, archives and other documentation, means of labour, immovable property, rights and obligations and financial resources relating to the Institute for Soil, which is an organisation unit of the Centre.

(2) The immovable property referred to in paragraph 1 of this Article shall be the immovable property that, prior to the entry into force of the Act on the Establishment of the Croatian Centre for Agriculture, Food and Rural Affairs (Official Gazette 25/09 and 124/10), was used by the Institute for Soil, and shall encompass the full scope of the rights and obligations that the Croatian Centre for Agriculture, Food and Rural Affairs enjoys with regard to the immovable property in question.

(3) Detailed arrangements regarding the taking over of the tasks, employees performing these tasks, equipment, archives and other documentation, means of labour, immovable property with a detailed determination thereof, rights and obligations and financial resources referred to in paragraph 1 of this Article shall be agreed upon between the Croatian Centre for Agriculture, Food and Rural Affairs and the Agency in an agreement subject to the consent of the Minister.

(4) Within 90 days from the date of entry into force of this Act, the Agency and the Croatian Centre for Agriculture, Food and Rural Affairs shall bring their statutes and other general acts into compliance with the provisions of this Act.

(5) Following the adoption of the acts referred to in paragraph 4 of this Article, the Agency shall offer the employees taken over to conclude an employment contract in accordance with the Labour Act.

(6) Pending the conclusion of new employment contracts, the employees taken over shall perform their tasks as provided for in their former employment contracts.

(7) Pending the conclusion of new employment contracts, the employees taken over shall retain their right to salary and other rights arising from employment as well as the obligations and responsibilities as provided for in their former employment contracts.

Article 82

(1) Within 60 days from the date of entry into force of this Act, the Government of the Republic of Croatia shall bring the Regulation establishing the Agricultural Land Agency (Official Gazette 39/09, 33/10 and 109/11) into compliance with the provisions of this Act.

(2) The Agency's Management Council shall bring the statute and other general acts into compliance with the provisions of the Regulation referred to in paragraph 1 of this Article within 30 days from the date of entry into force of that Regulation.

Article 83

(1) On the day of entry into force of this Act, the following shall cease to have effect:

a) Agricultural Land Act (Official Gazette 152/08, 25/09, 153/09, 21/10, 39/11 – Decision of the Constitutional Court of the Republic of Croatia and 63/11);

b) Decision on the maximum area of agricultural land owned by the Republic of Croatia that may be sold to a natural or legal person (Official Gazette 55/10);

c) Ordinance on the documents required for the adoption of a programme of disposal of agricultural land owned by the Republic of Croatia (Official Gazette 20/09);

d) Decision granting powers to local self-government units and the City of Zagreb to lease unbuilt building land owned by the Republic of Croatia that, according to its land-use characteristics, is agricultural land, Class: 941-06/11-01/01, Reg. No: 5030125-11-1, of 17 March 2011;

e) Instructions as to the application of certain provisions of the Agricultural Land Act (Official Gazette 152/08 and 21/10) relating to the disposal of agricultural land owned by the Republic of Croatia (Official Gazette 124/10);

f) Ordinance on the conditions for, and the method of, using funds generated from the sale, lease and long-term lease of agricultural land owned by the Republic of Croatia and from fishpond concessions (Official Gazette 45/09);

g) Ordinance on the conditions for, and the method of, using funds generated from the fee paid for change of use of agricultural land (Official Gazette 87/09 and 2/10).

(2) On the day of entry into force of this Act, subparagraphs 8, 9 and 10 of Article 3 of the Act on the Establishment of the Croatian Centre for Agriculture, Food and Rural Affairs (Official Gazette 25/09 and 124/10) shall cease to have effect.

Article 84

The Minister shall be empowered to issue instructions for the application of this Act.

Article 85

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette.

Class: 320-02/13-01/01

Zagreb, 22 March 2013

THE CROATIAN PARLIAMENT

The President of the
Croatian Parliament

Josip Leko, m. p.