



Case study - gaps in access to social protection for casual workers in Romania

Cristina Raț
March - 2018

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate C— Social Affairs
Unit C.2 - Modernisation of social protection systems

E-mail: EMPL-C2-UNIT@ec.europa.eu

*European Commission
B-1049 Brussels*

Case study – gaps in access to social protection for casual workers in Romania

European Commission

Directorate-General for Employment Social Affairs and Inclusion
Directorate C – Social Affairs

***Europe Direct is a service to help you find answers
to your questions about the European Union.***

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, 2018

ISBN: 978-92-79-79835-1
DOI: 10.2767/077572

© European Union, 2018

Reproduction is authorised provided the source is acknowledged.
For any use of materials which are not under the European Union copyright, permission must be sought directly from the copyright holder(s) indicated.

CONTENTS

SUMMARY	7
1. THE LABOUR MARKET AND SOCIAL SITUATION OF CASUAL WORKERS IN ROMANIA.....	8
1.1. Origins and drivers of the Law on Day-Labourers 52/2011	8
1.2. Level and trends	10
1.3. Education, age and gender characteristics of day-labourers.....	12
1.4. Institutional incentives and disincentives for the use of day-labour.....	13
1.5. Existence of behavioural research on why people take up day-labour.....	13
1.6. Transition rates to standard employment	14
1.7. Types of companies using casual labour	14
1.8. The position of day-labourers in the income and wealth distribution of Romania.	17
2. DIFFICULTIES FOR CASUAL WORKERS IN ROMANIA OF ACQUIRING THEIR OWN SOCIAL PROTECTION RIGHTS.....	20
2.1. Legal exclusion from social protection	20
2.2. Eligibility criteria to social protection benefits and services	20
3. POSSIBILITIES OF GAINING ACCESS THROUGH <i>DERIVED</i> SOCIAL PROTECTION RIGHTS	22
3.1. Derived social protection rights that casual workers could benefit from	22
3.2. The household situation of casual workers	22
4. COVERAGE AND ACCESS BY OTHER MEANS.....	23
4.1. The existence and characteristics of private insurances and effective uptake of these insurances by casual workers	23
5. COSTS OF CROSS-SUBSIDISING CASUAL WORKERS IN ROMANIA AND ESTIMATED POTENTIAL BENEFITS.....	23
5.1. The costs of cross-subsidising casual workers	23
5.2. Cross-subsidies for the social protection for casual workers.....	24
5.3. Potential benefits of cross-subsidised casual workers	25
ANNEX	26

SUMMARY

Casual work in the form of contractual day-labour has been legally endorsed in Romania by the Law 52/2011, which followed shortly the revised labour code (Law 40/2011) that significantly deregulated the labour market and limited trade unionism. In its initial version, the law represented a sharp departure from the principles of social insurance and historically established labour rights such as the right to a minimum national gross wage or collective labour contracts. While the subsequent revisions of the law, especially in 2014 and 2015, introduced some more responsibilities for the beneficiaries of day labour, the exemption from the payment of social insurance contributions (pensions, health care, unemployment, and paid sick and maternity leaves) had been maintained, and insurance remained voluntary and fully covered by the day-labourers.

The rationale to grant the legal possibility of using day-labour consisted of tackling undeclared work, especially in the large agricultural sector that extensively employed seasonal workers. The new law granted the possibility of employment on a daily basis, with the minimum obligation to pay the flat-rate income tax (16%) and to provide for the hospitalization/ funeral costs in case of workplace accidents. Minors aged 15 can work as day-labourers only with the written approval of their parents. A maximum of 90 days/year can be worked as day-labour for the same beneficiary, with the exception of agriculture, where the threshold was extended to 100 days/year. The domains where day-labour can be performed were set by the law and the nature of work restricted to unqualified labour. The leasing of day-labourers for a third party was prohibited. Economic agents that utilize day-labour should submit monthly a register to the Labour Inspection, signed by each labourer.

As compared to 2011, when cca. 170.5 thousand day-labourers were registered, by 2016 their number increased 4.7 times, reaching 803.6 thousand persons. Their share in the total labour force expanded from 1.2% in 2011 to 6.7% in 2016. The number of legal entities using day-labour also increased from 4.8 thousands in 2011 to 24.1 thousands in 2015. According to the statistics of the Labour Inspection, 80% of day-labour is performed in agriculture (including vineries, orchards and animal husbandry), forestry and fisheries. This sector typically employs persons with lower levels of education, who at times combine seasonal work abroad with casual work in Romania. A smaller share of day-labour was registered in the case of organizing events or leisure activities, more frequent in urban areas and typically employing students.

Given that "day-labourer" does not constitute a statistical category for occupied persons in the reports of the National Institute for Statistics, there is a lack of publicly available information and reliable micro-data that could allow the demographic profiling of day-labourers, as well as estimations regarding their uptake of various social protection benefits and services. However, given the unqualified nature of work, prevalence in the agricultural sector, and low incomes, most probably they can hardly afford paying voluntarily all social insurance contributions.

For 2017, the estimated loss of the public social insurance systems due to the replacing of regular employment contracts at the minimum wage with day-labour is around 1,824 million Ron.

Since 2015 it has become legally possible to cumulate income from day-labour with social assistance benefits granted under the law on the Guaranteed Minimum Income (Law 416/2001, GMI), and, as a collateral provision under GMI, to benefit from public health care insurance covered from the national budget. Consequently, in the particular case of day-labourers who lack imputable assets that would disqualify them from GMI, and who are willing to perform the required community work, there is a cross-subsidizing of labour. The main beneficiaries of this cross-subsidizing are the economic agents from the agricultural sector, as they employ the largest share of day-labour.

1. THE LABOUR MARKET AND SOCIAL SITUATION OF CASUAL WORKERS IN ROMANIA

1.1. Origins and drivers of the Law on Day-Labourers 52/2011

In 2011, Romania adopted significant changes to its Labour Code (Law 53/2003). The new regulations set by the Law 40/2011 (published in the Official Monitor of 31 March 2011)¹ lessened the conditions for hiring fixed-term temporary employees, allowed an indefinite number of trial periods for the same job within a year, and hardened trade unionism. Less than one month later, Law 52/2011 (published in the Official Monitor of 20 April 2011) regulated “occasional activities carried out by day-labourers.” The law was unprecedented in the Romanian welfare and labour legislation as it represented a sharp departure from the principles of social insurance and historically established labour rights, such as the right to a minimum national gross wage, paid sick and maternity leave, as well as to collective labour contracts, particularly in economic sectors with strong trade unions.

The Democrat-Liberal Government of the time² explained the rationale of the law as offering work opportunities for unemployed persons who could hardly find regular contractual employment due to their low levels of formal education and professional qualifications. The new law also aimed at providing the legal framework for “flexible employment,” understood as the right to work and to hire workers in an irregular, temporary fashion, without the obligation to pay social insurance contributions. It intended to tackle undeclared work by offering more simple bureaucratic means for occasional labour, and also to improve the taxation of earnings from informal work, as employers of day-labourers were obliged to deduct and transfer to the territorial tax authorities the 16% flat rate income tax for the day-labour performed.

The terminology of the new law is specified in Art. 1:

“Day-labourer”: an able-to-work person who performs occasional unqualified labour for a beneficiary;

“Beneficiary”: a legal entity for whose benefit the day-labourers are working;

“Register”: a special register created by the beneficiary in order to keep a clear daily record of day-labourers, which should be signed by the day-labourers (including for receiving the payment for their work). The Register ought to be transmitted monthly to the Territorial Labour Inspection (*Inspectoratul Teritorial de Munca*, ITM), a decentralized agency of the national Labour Inspection that functions under the Ministry of Labour and Social Justice.

Another important driver of the law consisted in the need for cheap labour in the relatively large Romanian agricultural sector, which traditionally employed seasonal workers or day-labourers either by signing individual fixed-term labour conventions (*contract de prestări servicii*) or by relying on informal verbal agreements outside of the legal framework. The fact that, especially in rural areas, people regularly participated in informal seasonal agricultural work was well-known to local and national authorities. This

¹See the text of the revised Labour Code, Law 40/2011: http://www.dreptonline.ro/legislatie/noul_cod_al_muncii_legea_40_2011_modificare_codul_muncii.php (Retrieved: 20 October 2017).

² The Democrat-Liberal Cabinet was formed around the Democrat-Liberal Party (PDL), with Emil Boc as Prime Minister. The president of Romania at the time, Traian Băsescu, former leader of PDL, had a strong influence on the government.

is reflected in the methodological norms of implementation of the law on Guaranteed Minimum Income (Law 416/2002, GMI) which, until 2014, stated that regardless of the *proven* income of GMI applicants or beneficiaries, for the season of agricultural work an *estimated* informal income should be imputed based on the local council's decision. This requirement was changed by Law 18/2014, which allowed for the cumulating of social assistance benefits under GMI with income from day-labour.

Since its introduction in 2011, the law went through several changes, most importantly the revisions of 2013 (Law 277/2013), 2014 (Law 18/2014), and 2015 (Law 154/2015). In the moment of writing (October 2017), there is a new revision proposal issued by the Ministry of Labour and Social Justice, which has been already approved by the government and submitted to the Parliament for debate and vote.

The main modifications introduced by Law 277/2013 concern: the expansion of the possibility of self-employed entrepreneurs and family businesses to use day-labour; the permission to hire children aged 15 to 16 as day-labourers with the approval of their parents, which should be written and signed in the Register (all minors could work only six hours per day and only at workplaces that do not endanger their healthy development); further financial sanctions in case that persons hiring day-labourers use them to benefit a third party. The new law also asserts that the payment can be done not only daily, but also at the end of the week, insofar as the Register is signed accordingly. Unlike in the initial law, payments through bank transfer become possible. The range of economic domains where day-labour can be performed is expanded slightly.

The Law 18/2014 corrects some important gaps in the initial law, most importantly those concerning safety regulations at work, the obligation of those using day-labour to provide adequate work equipment, and the obligation to report immediately to ITM any workplace accidents. However, no medical examination is required for day-labourers, instead they themselves ought to submit a written declaration that they are able-to-work for the given task they are about to perform. Importantly, the law introduces the possibility to cumulate income from day-labour with means-tested social assistance benefits provided under the GMI scheme. The range of economic activities that can be performed by day-labourers is further expanded, now including also the collection of recyclable waste, facilitating sports events, catering services, and research in social sciences and humanities (e.g., unqualified work on archaeological sites).

Law 254/2015 introduces some exceptions to the more general restriction of public authorities to hire day-labourers (see Art.1), namely to work for the administration of communal areas (hired by local councils) or that of parks and botanical gardens belonging to the public universities. Similarly, day-labourers can be hired by academic or research institutes in the field of agriculture, forestry, archaeology, etc. that need unqualified labour. The new law also introduced a financial penalty (ranging from 1,000 Ron to 5,000 Ron) for the lack of a written convention between the beneficiary and the day-labourer concerning the amount and timing of payment (payment can be at the end of the work day, at the end of a week of day-labour, or the end of a season of day-labour). In certain domains of economic activity, which heavily rely on seasonal work, such as agriculture and work in vineries and orchards, the maximum of day-labour performed for the same beneficiary was increased from 90 days/year to 100 days/year.

The new revision proposal of the law issued by the Ministry of Labour and Social Justice and approved by the government³ in October 2017 would potentially introduce (if voted by the Parliament) two important changes. First, it establishes mediation agencies that can connect potential day-labourers and beneficiaries, with the condition that day-

³ See <https://legestart.ro/agentiile-de-mediare-intre-cererea-si-oferta-de-munca-ziliera-au-primit-aprobarea-guvernului-pentru-infiintare/> (Retrieved: 20 October 2017).

labourers should not be charged by these agencies for the mediation process. Mediation agencies should be accredited by the County Labour Force Offices, and their main object of activity should be job mediation. Second, the new proposal extends the maximum of day-labour performed for the same beneficiary from 90 (100) days/year to 180 days/year in the case of those who contracted day-labourers through the above-mentioned mediation agencies.

1.2. Level and trends

Since the introduction of the law on day-labourers in 2011, the number of legal entities using day-labourers increased significantly, yet gradually. Similarly, both the total amount of day-labour, and the number of registered day-labourers expanded considerably. In order to understand these trends, one should analyse the size and composition of the informal sector in Romania.

In a report⁴ issued at the request of the trade unions' association *Blocul National Sindical [National Trade Unions' Bloc]*, Liviu Voinea and Lucian Albu, two leading Romanian economists, estimate that 2.9 million people worked in the informal economy in the early spring of 2011 (Voinea and Albu, 2011), before the publication of the Law 52/2011 on Day-Labourers (April 2011). Informal labour is defined as either working for an enterprise that was not registered at the National Chamber of Commerce, or working without a contract for a formally registered enterprise, or both.

Based on a national representative clustered-random sample of 9.6 thousand households, which was drawn from the Labour Force Survey of the National Institute for Statistics (INS), the report estimates that the number of people working in the informal sector without a contract was of cca. 104.3 thousand persons, excluding contributing family members and the self-employed. In addition, 8.6 thousand persons worked for family businesses of individual households without a contract, and 13.3 thousands for companies registered at the Chamber of Commerce that nonetheless failed to contract them legally. This means altogether 126.2 thousand informal workers, i.e. below the number of registered day-labourers in 2011 of cca.170 thousands (Labour Inspection, 2011). Consequently, day-labourers could have been recruited also from workers who had some sort of a contract with enterprises or family businesses not registered at the Chamber of Commerce, or from the categories of self-employed or contributing family members. In 2011, every one in ten occupied woman had the status of "contributing family member", most of them working in agriculture (INS, Tempo on-line dataset, 2017).

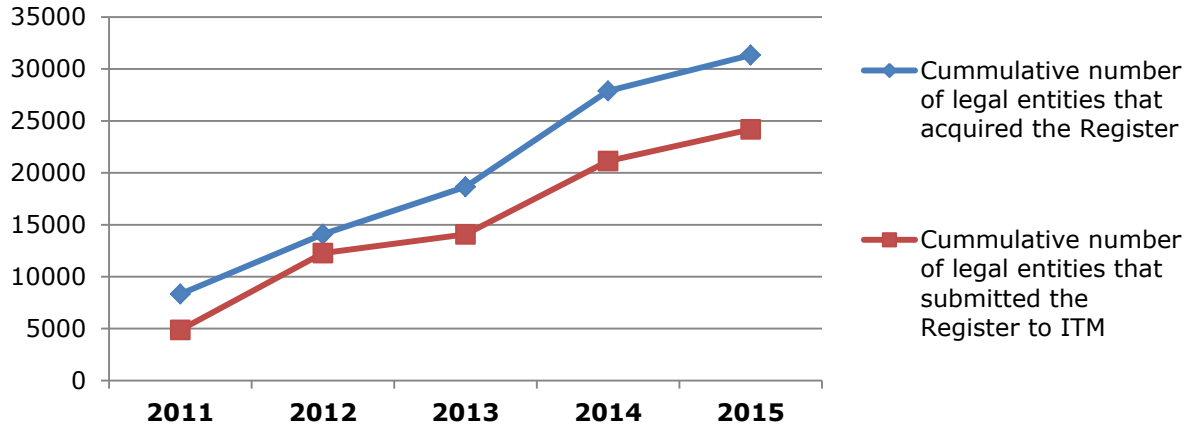
According to the same study, in 2011 the largest segment of the informal economy was composed of family businesses (and among them mostly rural households with incomes from agriculture): almost 2.2 million people were estimated to work there. Officially not registered enterprises informally used the labour power of cca. 700 thousand persons, whereas companies registered at the National Chamber of Commerce "employed" informally (without a valid contract) cca. 21 thousand persons. Furthermore, the report estimated that 37% of the labour force in rural areas was working in the informal sector, as compared to 6.6% in urban areas. Day-labourers represented 10.2% of persons working in the informal sector, but their share was significantly higher in rural areas, where one in every five workers in this sector was a day-labourer. More precisely, there

⁴ Voinea, Liviu and Albu, Lucian (2011). *Economia informal si impactul ei asupra pietei muncii [The informal economy and its impact on the labour market]*. Bucharest: Blocul National Sindical. The study has been carried out within a project of the Blocul National Sindical financed by the European Social Fund, POSDRU Program 2007-2013. <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/trade-union-study-on-the-informal-economy-romania> (Retrieved 31 October 2017).

were 21% day-labourers in the informal sector of rural areas as compared to 6.5% in that of urban areas (Voinea and Albu, 2011: 33).

Figure 1

The evolution of the cumulative number of legal entities that acquired the Register for Day-Labourers and submitted it to the Territorial Labour Inspection (ITM) between 2011 and 2015

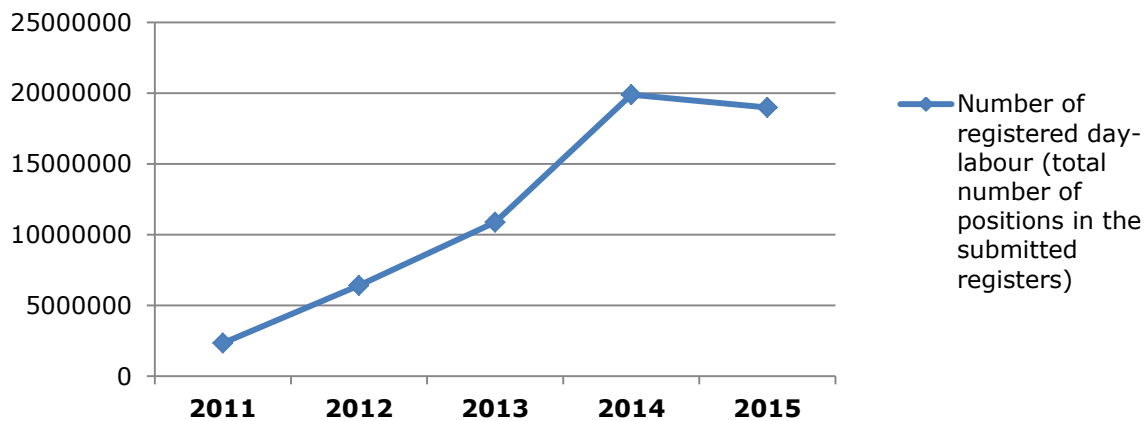


Source: Reports on the Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011–2015. Author’s graph. See also Table A1 in the Annex.

As shown in Figure 1, the number of legal entities that submitted their Registers of Day-Labourers to the national Labour Inspection via ITMs increased five times, i.e., from ca. 5,000 legal entities in 2011 to more than 25,000 legal entities in 2015.

Figure 2

The evolution of the total number of day-labour performed in a given year, according to the Registers submitted to the Territorial Labour Inspection (ITM) between 2011 and 2015

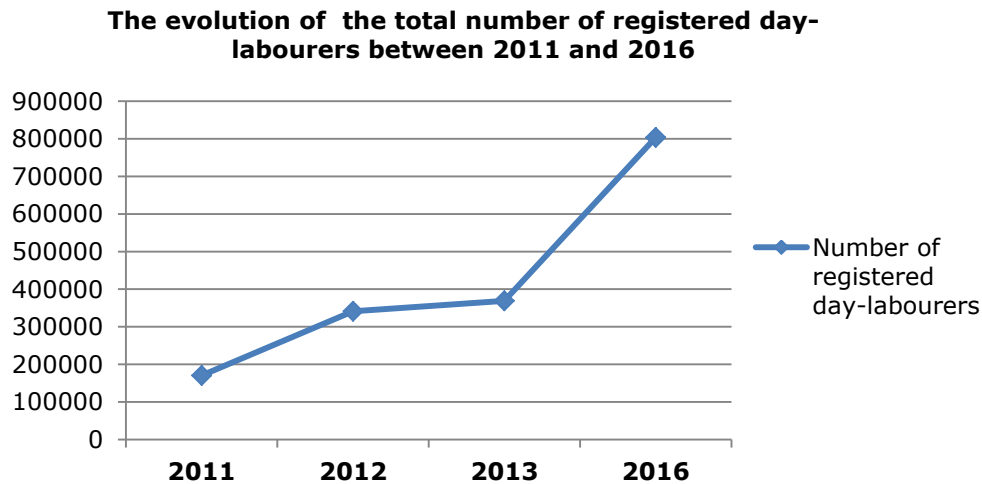


Source: Reports on the Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011–2015. Author’s graph. See also Table A2 in the Annex.

Similarly, the number of days of day-labour, as indicated by the number of positions in the Registers submitted by beneficiaries (employers of day-labourers), increased sharply from around 2.3 million positions in 2011 to almost 19 million positions in 2015 (see Figure 2).

The Reports of the national Labour Inspection do not indicate, as a rule, the number of day-labourers included in the Registers, except from the very first report of 2011. Therefore, in order to estimate the evolution of the number of day-labourers, two additional sources have been used: the preamble of the Law 277/2013, which revises the initial Law 52/2011 and offers statistics for 2012 and 2013, and the press release of Labour Inspection issued in May 2016 that provides the number of day-labourers at that time.

Figure 3



Source: For 2011, the Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011. For 2012 (as of 31 December 2012) and 2013 (as of 31 March 2013), the Preamble to the revision of the law by Law 277/2013. For 2016, the Press Release of ITM.

Author's graph. See also Table A3 in the Annex.

As compared to 2011, in 2016 the number of persons working as day-labourers increased 4.7 times, reaching 803,626 persons in 2016 (see Figure 3). Their share in the total labour force (i.e., persons of active age 16–64 and those aged 65 or above still working) expanded from 1.2% in 2011 to 6.7% in 2016 (see also Table A7 in the Annex).

1.3. Education, age and gender characteristics of day-labourers

Education, gender, and age-group characteristics of day-labourers are not available in the Labour Inspection reports.

However, it should be mentioned that gender and age-group distributions could be relatively easily depicted and analysed based on the Registers of Day-Labourers submitted to the county-level ITM and centralized by the Labour Inspection in Bucharest. In Romania there is a system of providing personal identification numbers (*cod numeric personal*, CNP), where the first digit corresponds to gender and the next four digits to the date of birth (yy/mm/dd). Given that the CNP of day-labourers should be included in the Registers, Labour Inspection and ITM staff could draw some simple statistics on gender and age-groups distributions.

For the present report, such statistics could not have been obtained from the Labour Inspection due to the shortage of time and the lack of bureaucratic requirements within the institution to perform and report such statistical analyses.

The earlier report of Voinea and Albu (2011) on informal labour in Romania concluded that persons with low educational qualifications were over-represented in the informal sector: they accounted for 18.7% of the informal labour force, as compared to only 7.2%

of the formal. The share of day-labourers in the informal sector was higher in the case of men, i.e. 16.2%, as compared to 2% in the case of women. They also asserted that the probability of informal labour agreements was higher in the case of the younger age group (between 18 and 24) and also in the case of those aged 45 or older, as these categories faced higher risk of unemployment.

1.4. Institutional incentives and disincentives for the use of day-labour

Main incentives for the use of day-labour:

- Contracting is rapid and simple: it only requires a signed written agreement between parties and the registration of the day-labourer in a Register (an Excel file) according to a model set by the Labour Inspection and available from the county-level ITMs;
- Income tax (flat rate 16%) applies to the negotiated gross wage of day labourers, and it should be transferred by the beneficiary (i.e., employing entity) to the national finance institution. However, no deductions from the taxable income apply, in contrast to gross wages that can be subjects of deductions according to the Fiscal Code, depending on the level of income and the employee's number of children or dependent adults in the family. A ceiling of 3,000 lei/month applies for establishing deductions from the taxable income and a maximum of four dependent persons is taken into account;
- No compulsory social insurance contributions should be paid either by the beneficiary or by the day-labourer him/herself. This considerably lowers the costs of hiring day-labourers as compared to the costs of contracting wage-earner employees, either full-time or part-time, regardless of the fixed-term or undetermined-period type of the contract, even if employees are only paid the minimum gross wage;
- No possibility for day-labourers to form or join a trade union and, by that, to put pressure on those using their labour;
- It is easier to renounce at the collaboration with day-labourers, as there is no need to justify the ending of the employment period, even if the latter was established through informal, verbal agreements beforehand. By definition, day-labour is only contracted for *one* day, even if in some cases day-labourers travel outside of their home localities to perform the given task.

Disincentives:

- For day-labourers: they have to cover their social insurance contributions based on their regular earnings or (in case that this is not possible) to apply for GMI;
- For the beneficiaries of day-labour: they have no certainty that the day-labourers working today for him/her would have the time to work for another day.

1.5. Existence of behavioural research on why people take up day-labour

There is no national-level survey or qualitative research that could allow the analysis of individuals' motivations to take up casual work. However, there are several structural constraints emerging from the labour market and the educational system that may partly explain why contractual day-labour is widespread in Romania. First, the majority of jobs, but also the majority of subsidized vocational training courses organized by the National Labour Force Office require at least complete primary education (ISCED-2, i.e., 8 classes in the Romanian system), while a sizeable segment of the population interrupted

schooling before⁵. Second, combining seasonal work abroad with day-labour in their home localities became a strategy for economic subsistence for the rural families with low educational qualifications and without market-value assets, among them a sizeable segment of the Roma ethnic minority. Third, contractual day-labour regulated a long-term socio-economic practice of informal work, especially in agriculture. Thus, despite of the fact that the law on day-labour *de-regulated* wage labour, it was perceived as a form of *regulating* the informal sector by imposing some minimum rights for day-labourers, but also obliging them to pay taxes on their earnings from casual work. Fourth, the possibility to cumulate income from day-labour with social benefits granted under the GMI scheme, and to be insured in the public health care system as a collateral social assistance provision, made day-labour more attractive than it would have been otherwise.

1.6. Transition rates to standard employment

There is no available data on transition rates to standard employment. The largest shares of day-labourers work in sectors of seasonal work (agriculture, orchards and vineries, forestry etc.), which are characterized by heavy reliance on casual manual labour, therefore transition rates to standard employment are low in this field. Transition rates are higher in the case of students working as day-labourers in the organization of conferences or other public events. They can report these as “work experience,” which may facilitate their access to standard employment, as companies strongly prefer to hire graduates with some work experience.

1.7. Types of companies using casual labour

The lack of detailed reports on day-labour issued by the Labour Inspection makes it hard to estimate the shares of different types of companies that use day-labour. However, these reports allow us to establish the domains of economic activity within which most of the day-labour is performed.

Figures 4 and 5 reveal considerable consistency in the distribution of day-labourers by the economic domain of their activity in 2012 (one year after implementation) and in 2014. For both years, the largest shares of total day-labour (positions in the Registers submitted to ITM) had been performed in agriculture (28% in 2012 and 36% in 2014), followed by orchards and vineries (17% in 2012 and 21% in 2014), and forestry (13% in 2012 and 21% in 2014). In these domains, the overwhelming majority of enterprises are small and medium (SMEs): in 2015, 85.7% of all enterprises active in the sector of agriculture, forestry and fisheries had maximum 9 employees, 13% had between 10 and 49, 1.2% between 50 and 249 and only 0.1% had 250 or more employees. These figures have only slightly changed since Romania’s EU accession in 2007: the share of SMEs has somewhat increased, while that of larger companies with 50 or more employees has decreased from 1.8% in 2008 to 1.4% in 2015 (see Table A8 in the Annexes). The growth of the number of enterprises in this sector from 13.6 thousands in 2008 to almost 18.4 thousands in 2015 is largely due to the increase of SMEs (see National Institute of Statistics, 2017). Consequently, it is reasonable to expect that most of the day-labourers in agriculture (including orchards and vineries, and also animal husbandry), forestry and fisheries, who actually accounted for 80% of all day-labour activities registered in 2014, worked for SMEs, and in particular enterprises with less than 10 employees. It is important to note that, despite the increase in the number of active enterprises, the size

⁵ The rate of school abandonment is still high in Romania. For primary education (ISCED-1 and ISCED-2), this rate was 1.8% in 2011 and, after small fluctuations, it registered 1.8% in 2015 as well. Concerning the educational levels of the occupied population, in 2011, 0.9% of the occupied persons with residence in rural areas completed only ISCED-1 (4 classes in the Romanian system) or less, whereas in urban areas the corresponding share was as high as 9%. In 2016, for urban areas this share slightly increased at 1.3%, while for rural areas it decreased at 5.3% (INS, Tempo on-line dataset, 2017).

of this sector in terms of formally occupied persons (day-labourers excluded) has considerably shrunken in the very same period: from 2.4 million persons in 2008 to 1.7 million persons in 2016 (see Table A9 in the Annexes).

Based on interviews conducted with the representatives of agro-business in various parts of Romania, it can be assessed that larger, capital-intensive agricultural companies that use more advanced technologies of agricultural production prefer to use their own skilled or semi-skilled employees instead of day-labourers⁶. However, there are types of agricultural activities that are labour-intensive and machines cannot efficiently replace human manual labour: the harvesting of fruits (especially in vineries, strawberry production, etc.), the harvesting of summer potatoes (easily damaged unless handled with care and more expensive than regular potatoes), animal husbandry, and shepherding (especially sheep, cows, and goats). The need for seasonal labour in these domains led to the pressure from agro-business to extend the legal right to contract day-labourers for a longer cumulative period than 90 days per year by the same beneficiary (as set by the initial law in 2011) and to the actual change of the law in 2015 (Law 254/2015), when in certain agricultural activities the maximum period was extended by 10 more days. Furthermore, at the moment of writing (October 2017) there is a legislative project issued by the Ministry of Labour and Social Justice that has been already approved by the Government and which proposes to extend the maximum period of day-labour for the same beneficiary from 90 to 180 days/year, in case that it was mediated by a state-accredited agency. This means that, instead of signing a regular labour contract, a potential employer would be able hire the same person as a day-labourer for 70% of the total number of working days in a year, and in this way considerably diminishing its personnel costs by avoiding the payment of social insurance contributions. The project is to be debated in the Parliament later this year.

The other domain of economic activities where day-labour is more frequently used is that of organizing cultural events, performances and leisure activities: in 2014, 6% of all registered day-labour belonged to this domain (see Figure 5). Data provided by INS for 2015 shows that 91% of the enterprises in this domain had less than 10 employees, 7.2% had between 10 and 49 employees and only 1.8% had 50 or more employees (INS, Tempo on-line dataset, 2017). Thus, similarly to the case of agricultural activities, it is reasonable to expect that the majority of day-labourers in the domain of organizing cultural events work for SMEs.

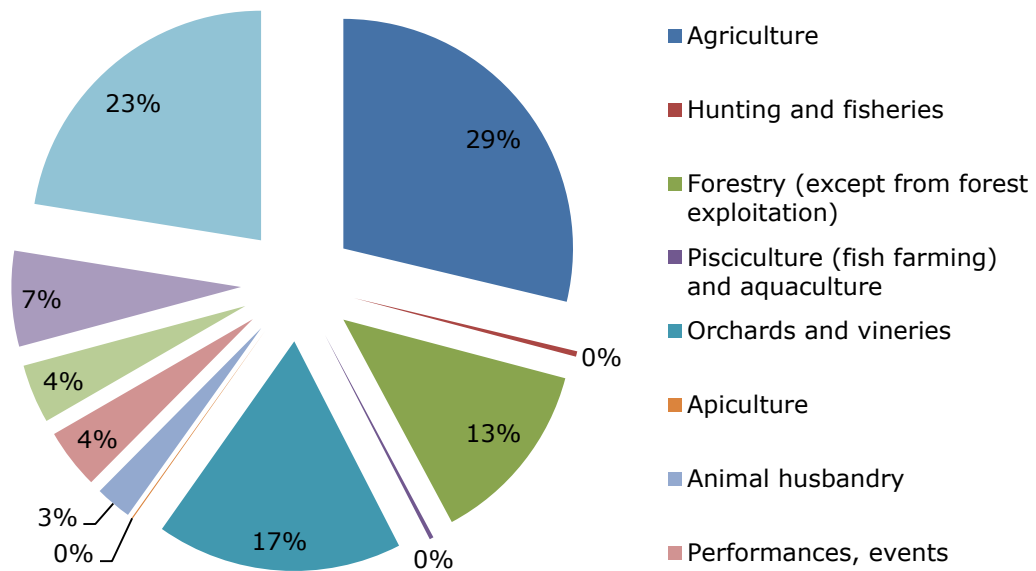
A special situation is that of day-labourers working in the selective collection of recyclable waste on landfills. While the number of day-labourers in this field is most probably low as compared to the other domains (a precise number cannot be provided as reliable sources are lacking), their working conditions are severely substandard and contain various health hazards. Data provided by INS for 2015 reveals that 77% of the enterprises in this field had less than 10 employees, 16% between 10 and 49 employees and only 6.2% had 50 or more employees. A good illustration for the appalling working conditions in this domain is served by the case of the Pata Rat landfill at the outskirts of Cluj-Napoca (North-West Development Region of Romania), where around 150–200 persons work as day-labourers, including minors under 18 years old, in a highly polluting environment and with minimal safety at work⁷.

⁶ See Dobre, Roxana: Cat castiga un zilier in agricultura (How much does a day-labourer in agriculture earn), Agointel.ro, 2 July 2015. <http://agointel.ro/35798/cat-castiga-un-zilier-in-agricultura-angajatii-tocmiti-cu-ziu-a-au-venituri-lunare-mai-mari-decat-un-profesor-bonus-masa-casa-si-tigari/> (Retrieved: 22 October 2017).

⁷ UNDP and UBB (2012): *Participatory assessment of the social situation of the Pata Rat and Cantonului area, Cluj-Napoca*. Bucharest: the UNDP. <http://patacluj.ro/wp-content/uploads/2017/02/UBB-Participatory-Assessment-Para-Rat-Cluj.-Research-Report-UNDP-2012.pdf> (Retrieved: 20 October 2017).

Figure 4

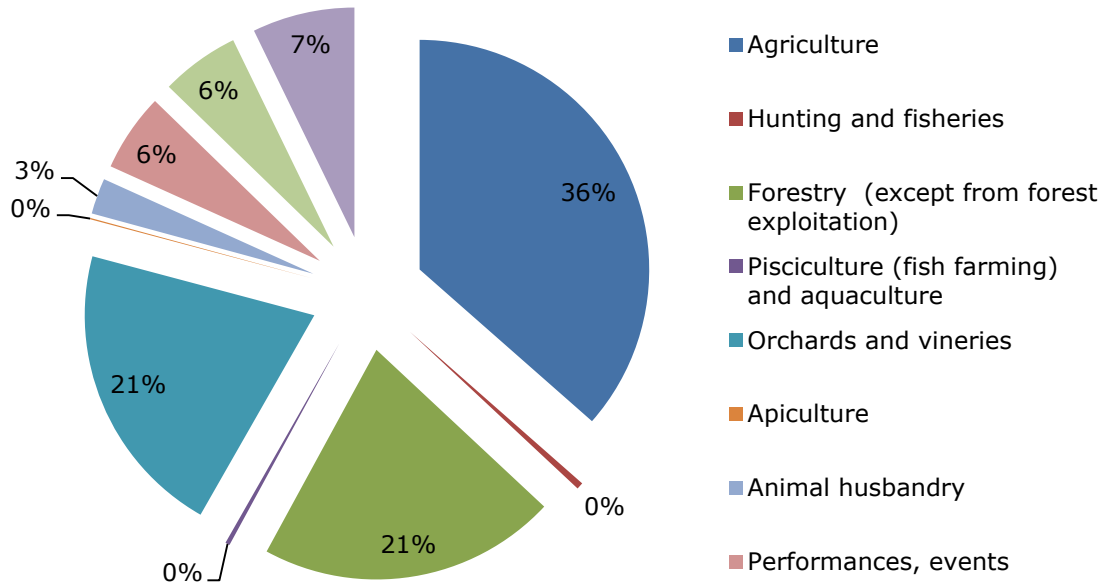
The distribution of day-labour (positions in the Registers) by the domain of economic activity in 2012



Source: Annual Activity of the National Labour Inspection according to the ILO reporting guidelines, 2012. Author's graph. See also Table A4 in the Annex.

Figure 5

The distribution of day-labour (positions in the Registers) by the domain of economic activity in 2014



Source: Annual Activity of the National Labour Inspection according to the ILO reporting guidelines, 2014. Author's graph. See also Table A6 in the Annex.

To conclude, existing statistical data suggests that day-labour is used most frequently by SMEs in the field of agriculture (including vineries and orchards), forestry, and animal husbandry, and this conclusion is also reinforced by interviews with employers' associations in agriculture. The other economic domain where day-labour is legally endorsed and registered relatively frequently regards the organization of cultural events and leisure activities, which displays a similar prevalence of SMEs as compared to larger enterprises. Day-labour in the collection of recyclable waste is statistically less frequent and there is not enough evidence to conclude whether SMEs or larger companies use it more often.

These data are consistent with the earlier findings of the report issued by Voinea and Albu (2011), who applied a multilinear regression model to predict the risk of informal labour relations in the spring of 2011, prior to the Law on Day-Labourers 52/2011 (published in April). They concluded that one of the most important predictors was the size of the company, the odds of informal labour being significantly higher for companies with less than 10 employees. Importantly, the report also concludes that as many as three-quarters of those informally "employed" worked at least 40 hours/week and believed that they were formally employed and insured in the public pensions system (Voinea and Albu, 2011: 33).

1.8. The position of day-labourers in the income and wealth distribution of Romania

There are no publicly available sources of micro-data that could allow such estimations on the national level. The national Labour Force Surveys and the Surveys on Income and Living Conditions (EU-SILC) could permit such an analysis, but these sources are not available for the public, not even for academic institutions in Romania.

The reports on these datasets provided by INS do not use the category of "casual workers" or "day-labourers" as a category of "occupied person" at all. They neither report on the situation of various household types that could permit the requested estimations.

Consequently, micro-simulations had been used in order to portray the income status of day-labourers as compared to employees earning the minimum wage and those earning the average wage in 2011 and 2017. Given that between 2011 (Law 52/2011) and 2014 (Law 18/2014) per hour payment for day-labour was disconnected from the minimum gross wage (and set between 2 Ron/hour and 10 Ron/hour), in this period the estimated income-gap could have remained significant. The Law 18/2014 set the minimum per hour payment for day-labourers equal with the minimum national gross wage per hour, and it also removed the upper ceiling for the potential payment.

In 2011, it was legally possible to employ a day-labourer for 8 hours/day, 21 days a month, and pay her/him only 2 lei/hour, which meant that the gross income of the day-labourer would be only 336 lei, that is, half of the value of the gross minimum national wage. Given that in 2012 and 2013 the minimum gross wage gradually increased to 700 lei in 2012 and 800 lei by the end of 2013, the gap between the minimum earnings of someone contracted as a day-labourer and a minimum wage-earner has most probably widened further. This situation changed in 2014, when the discrepancy between wage-earners' and day-labourers' total incomes no longer consisted of their corresponding per hour pay, but of their work-related benefits such as food vouchers (a widespread practice in the private sector in order to avoid wage increase and, consequently, the payment of higher social contributions), deductions from the taxable income (tax reliefs), and having their social insurance contributions partly covered by the employers.

Table 1 presents in detail the micro-simulations of incomes for a family of day-labourers with two dependent children as compared to those of a similar family working for the minimum wage, and also for one working for the average wage, for 2011 and 2017.

In 2011 the total income of a family with both spouses working as day-labourers for the minimum legal amount of payment (2 Ron/hour), and also receiving state transfers for

children, represented only 47.4% of the total earnings of a similar family with both partners employed for the minimum national wage, and only 22% of the earnings of a family working for the average wage.

In contrast, in 2017 the family of day-labourers earned approximately 95% of the income of a similar family working for the minimum wage, and 53% of the income of another family working for the average wage. However, in case that we deduct from the income of the day-labourers' family the social insurance contributions for at least one spouse, these figures drop, correspondingly, at 84% and 47%.

Table 1.

Micro-simulations for the potential income of day-labourers as compared to minimum wage earners and average wage earners in 2011 and 2017

1. Both spouses work as day-labourers, for 2 Ron/hour in 2011 and 8.735 Ron/hour in 2017, 8 hours/day, 21 days/month	2011	2017
Gross income from day-labour for two persons	672	2,900
Net income (gross income minus 16% income tax, no tax deductions apply for the children, but no social insurance contribution are paid either)	565	2,436
Universal child allowance (42 Ron/child/month in 2011 and 84 Ron in 2017)	84	168
Means-tested support allowance for families with children (depends on income/family members*)	80	108
Total income**	729	2,712
Share of social transfers in total income (%)	22.5%	10.2%

Notes:

* According to the Law 277/2010 on means-tested allowance for needy families with children, entitlement is conditioned by incomes below 530 Ron/ family member/ month. However, I have included this benefit in the total income, given that it is unclear whether income from day-labour is imputed or not as income.

** In case that the family does not have a car, land property, valuable farm animals (e.g. two or more horses), bank deposits or expensive goods, they may qualify for social aid granted under the Guaranteed Minimum Income Scheme (GMI). In 2017, this benefit would be 442 Ron/month for a family of four persons. Given that we assumed that both spouses worked 21 days in the given month, they could not perform the compulsory community work and consequently did not qualify for GMI. Furthermore, in case that social insurance contributions were paid for at least one spouse (310 Ron/month, see Section 2.2), the disposable income of the family would drop at 2,402 Ron.

2. Both spouses employed, earning the minimum wage (670 Ron/month in 2011 and 1,450 Ron/month in 2017)	2011	2017
Gross income from wage for two persons	1,340	2,900
Food vouchers (9 Ron/day in 2011 and 12 Ron/day in 2017)	378	504
Net income (gross income minus 16% income tax for wage and food vouchers, tax deductions apply for children, social insurance contribution paid)	1,008	2,066
Universal child allowance (42 Ron/child/month in 2011 and 84 Ron in 2017)	84	168

Means-tested support allowance (depends on income/family members)	66	108
Total income	1,536	2,846
Share of social transfers in total income (%)	9.8%	9.7%

3. Both spouses employed, earning the average gross wage (2,022 Ron/month in 2011 and 3,290 Ron/month in 2017)	2011	2017
Gross income from wage for two persons	4,044	6,580
Food vouchers (9 Ron/day in 2011 and 12 Ron/day in 2017)	378	504
Net income (gross income minus 16% income tax for wage and food vouchers, tax deductions apply for children, social insurance contribution paid)	2,844	4,536
Universal child allowance (42 Ron/child/month in 2011 and 84 Ron in 2017)	84	84
Means-tested support allowance (depends on income/family members)	0	0
Total income	3,306	5,124
Share of social transfers in total income (%)	2.5%	1.6%

Source: National Institute for Statistics and the Ministry of Labour and Social Justice. Author's calculations.

2. DIFFICULTIES FOR CASUAL WORKERS IN ROMANIA OF ACQUIRING THEIR OWN SOCIAL PROTECTION RIGHTS

2.1. Legal exclusion from social protection

Neither day-labourers nor the beneficiaries of their work have the obligation to pay social insurance contributions (see Art. 8.1 and 8.1 of the Law 52/2011). However, voluntarily, day-labourers can participate in the public social insurance systems (pensions, unemployment, health care and social insurance). Details on each of these systems are provided in section 2.2 below.

Law 14/2014 offered the possibility to cumulate income from day-labour with income from means-tested social assistance benefits, most importantly social aid under the law on GMI (Law 416/2001) and Means-Tested Support Allowance for Needy Families with Dependent Children (executive order O.U.G. 105/2003, with its subsequent revisions). Thus, day-labourers might have a top-up to their earnings via the social assistance system, as long as they satisfy the eligibility criteria.

Day-labourers are not entitled to paid maternity or sick leave, as these rights are conferred only to wage-earners.

Given that the right to paid child care leave until the second birthday of the child (or paid child *rearing* leave) is conditioned by at least 12 months of earning taxable income (i.e., by the payment of income tax for at least 12 months in the last 24 months before childbirth, without any other condition on the payment of social insurance contributions) in principle, *de jure*, day-labourers could qualify for paid child care leave (see Law 66/2016). However, *de facto*, it is very unlikely that day-labourers manage to have the requested 12 months of income-tax payment, especially in the case of women day-labourers, who, as a rule, are less preferred for labour-intensive manual work in agriculture, orchards and vineries, forestry, animal husbandry, etc. that compose the domains where the largest shares of day-labourers are employed.

According to the Law 52/2011, the beneficiary of day-labour is obliged to cover the costs of health care services (including hospitalization) in the case of workplace accidents and the costs of burial in the tragic situation of death due to workplace accidents. However, the law does not request those who hire day-labourers to provide longer-time sick-pay or maternity benefits for them, which would correspond to the right to paid sick leave and maternity leave that regular employees may benefit from.

2.2. Eligibility criteria to social protection benefits and services

2.2.1. Public pension system

The pension system in post-communist Romania was reformed by Law 19/2000 that strengthened the principles of earnings-relatedness and compulsory contribution period, setting a minimum of 15 years of contribution and a standard of 35 years for complete contribution period in the case of old age pensions. An obligatory private pillar was introduced in 2007 for those aged below 35 at the time and a minimum social pension in 2009. Neither the minimum social pension, nor the benchmark for the calculation of old-age pensions are related to the current minimum or average gross national wage. The legislative framework in place at the moment of writing has been set by Law 263/2010. Day-labourers can sign a contract with the National Public Pensions Fund (*Casa Nationala pentru Pensii Publice*) and pay a monthly contribution that includes both the employers' and the employees' contributions. The monthly contribution is computed as 26.3% of the insured income, which can neither be lower than 35% of the average gross wage used as a reference for setting the national social insurance budget, nor higher than five times the average gross wage. For 2016, the above mentioned average gross wage was 2,681

Ron, thus the minimum insured income was set at 938 Ron/month and the minimum amount of monthly contribution to the public pensions system 247 Ron/month⁸.

Although working as day-labourer does not count as regular work-record, the months when day-labourers pay their contribution to the public pension system count as contribution periods, i.e., they are taken into account when assessing the length of the total contribution period for being entitled to old age pension in the public system.

2.2.2. Public health care insurance system

Entitlement to subsidized public health care services (including medicines) is regulated by the Law 95/2006. We should differentiate between three types of situations:

(a) The day-labourer and his/her family qualify for social assistance benefits under the GMI scheme (Law 416/2001). Since the Law 14/2014, that revised both the Law 52/2011 and the Law 416/2001, the regulations allow the cumulating of social assistance benefits and incomes from day-labour. After applying for means-tested social assistance benefits under GMI and being granted entitlement, day-labourers and their adult family members gain the right to have their health care contribution paid from the National Budget. Thus, they no longer need to pay their contributions voluntarily, as their public health care entitlement is given by their GMI beneficiary status. However, there are some important details to this.

First, GMI beneficiary status requires that if there is an able-to-work family member, s/he should perform community work on behalf of the whole family, irrespective of them working or not as day-labourers. Lone parents with children below 7 years old or persons taking care of dependent family members, for example elderly persons with activity-limiting illness or disability, are exempted from this. Families with only one able-to-work member, who occasionally might be engaged in seasonal day-labour, cannot fulfil the obligation of community work and consequently the family loses entitlement to GMI in the given month. Therefore, persons otherwise registered as GMI beneficiaries lose entitlement to public health care services. In order to regain access to free or subsidized services in the public health care system, they need to pay on a voluntary basis their contributions for the months they had been outside of the GMI scheme.

Second, in order to qualify for GMI, day-labourers ought not to possess imputable resources such as land or livestock, or more expensive goods such as a car. Consequently, not all day-labourers qualify for the GMI.

(b) In case that the day-labourer and his/her family do not qualify for the GMI program, and his/her spouse or parents do not hold health insurance either, s/he needs to pay a monthly contribution computed as 5.5% of the gross minimum wage for the given year. The contribution should be paid cumulated for three months (once per trimester). In 2016, when the minimum gross was 1,050 lei/month, the amount of contribution for three months was 173 lei. In terms of rights to public health care there are no differences between those insured by their employers and the self-insured, among whom are day-labourers.

(c) The day-labourer and his/her family do not qualify for the GMI program, but either their spouses or their parents hold valid health insurance in the public system, so that they could be co-insured. The situation of being co-insured is typical mostly in rural areas, where men are either self-employed, employees or casual workers (day-labourers), whereas women often have the status of unpaid, contributing family workers, which does not provide them any form of social insurance security. These fall under the derived rights of insured persons in the public health care system.

⁸ See the declarations of the National Public Pensions Fund spokesperson, Gabriela Cristea, for Avocatnet.ro <http://agointel.ro/48117/ce-contributii-sociale-poti-sa-platesti-ca-persoana-fizica-fara-venituri-si-cum-trebuie-sa-procedezi/> (Retrieved: 22 October 2017).

2.2.3 Unemployment benefits

Voluntary contributions are possible in the public unemployment insurance system as well, but they are conditioned by being also insured in the public pensions system and the health care system. However, the insurance is available only for those aged 18 or above, whereas minors can also perform day-labour. The amount of monthly contribution of 0.5% should correspond, at least, to the national minimum gross, but it cannot exceed five times the average national gross wage. The minimum amount of social contribution to be paid is therefore 7 Ron/month.

To conclude, in case day-labourers decide to be insured in the public social insurance system of pensions, health care, and unemployment, they ought to pay a minimum monthly contribution of 247 Ron (pensions), 56 Ron (health), and 7 lei (unemployment), i.e., 310 lei/month. Given that reportedly the amount of net income per working day that day-labourers receive is around 60 Ron net/ day⁹, they ought to work for five days a month to cover only the social insurance contributions.

3. POSSIBILITIES OF GAINING ACCESS THROUGH *DERIVED* SOCIAL PROTECTION RIGHTS

3.1. Derived social protection rights that casual workers could benefit from

Derived rights exist in the public health care insurance systems, which allow the same right to a co-insured spouse or parent as for the insured persons themselves.

In the public pensions systems, the rights to follower's pension for children and young people still in education (below 26 years old) and widow's pensions apply.

There are no publicly available data on the effective uptake of these derived entitlements for day-labourers.

3.2. The household situation of casual workers

As mentioned at 1.8, there are no publicly available sources of micro-data that could allow such analysis, and the reports of the National Institute for Statistics do not use the category of day-labourers.

⁹ The amount of 60 lei/day would correspond to eight hours of work paid at the minimum per hour wage of 8.735 Ron/hour in 2017, taking into account the flat-rate tax of 16%. For 2016, the average per day pay was around 50 Ron, as reported by mayors and social workers from 21 rural localities from Mures, Harghita, and Covasna counties from Romania, interviewed by the author in June–October 2016 within the project *United Networks: Integrated initiatives for the social inclusion of marginalized communities*, code PEH 100, contract 05/H/SEE/30.04.2015, with the financial support of the RO10–CORAI Program, financed through the SEE 2009–2014 grants of Norway and administered by the Romanian Fund for Social Development (FRDS). A similar amount has been also indicated by agro-business representatives, see Dobre, Roxana: *Cat castiga un zilier in agricultura* (How much does a day-labourer in agriculture earn), Agointel.ro, 2 July 2015. <http://agointel.ro/35798/cat-castiga-un-zilier-in-agricultura-angajatii-tocmiti-cu-ziua-au-venituri-lunare-mai-mari-decat-un-profesor-bonus-masa-casa-si-tigari/> (retrieved: 22 October 2017).

4. COVERAGE AND ACCESS BY OTHER MEANS

4.1. The existence and characteristics of private insurances and effective uptake of these insurances by casual workers

There are no formal restrictions concerning the participation of day-labourers in **private health insurance systems**, however, these insurances do not cover all possible health problems and costs (e.g., prolonged hospitalizations), and they are rather costly as compared to the earnings of casual workers. For example, a standard private health insurance for an adult, which includes also the costs of a potential hospitalization, is charged at 130 Ron/month. This is considerably higher than the public insurance (56 Ron/ month) and it corresponds to the earnings of at least two days of full-time work.

Similarly, day-labourers can participate in **private pension schemes** which constitute the third, optional pillar of the Romanian pension system. The minimum monthly contribution in these private schemes is 50 lei/month and the maximum is set at 15% of the monthly gross wage or equivalent income.

There are no reports on the effective uptake of these private insurance schemes among casual workers, neither publicly available micro-data that could be used in order to assess this uptake. However, given that the very majority of day-labourers are expected to be persons with low levels of professional qualifications and low earnings, that only allow the subsistence of their families, it is unlikely that they would invest in private insurance schemes. Students working as casual workers have full entitlement in the public health care system until their 26th birthday; it is unlikely that students who opt for casual work during their studies would have sufficient financial resources to join private health insurance schemes.

5. COSTS OF CROSS-SUBSIDISING CASUAL WORKERS IN ROMANIA AND ESTIMATED POTENTIAL BENEFITS

5.1. The costs of cross-subsidising casual workers

Table 2 provides an estimation of the losses for the public social insurance system due to the exemption of day-labourers and their employers from paying social insurance contributions. The estimations have been computed for 2017 and they are based on the assumption that none of the day-labourers is paying social insurance contributions, and, in case that they would be fully employed, they and their employers would pay the social insurance contributions corresponding to the minimum national gross wage (1,450 Ron in 2017). Furthermore, it was assumed that in 2017 the country had the same number of day-labourers as in 2016, namely 803,626 persons, each of them working for at least four months, i.e., 84 days out of the maximum 90 days they could work for the same employer. Under these assumptions, the estimated loss of the public health care system is 512.7 million Ron, that of the public pensions system is 1,225 million Ron, of the unemployment benefits system is 46.6 million Ron, of the social insurance for sickness, workplace accidents, and maternity is 39.6 million Ron. Altogether, the Romanian social insurance systems lose 1,824 million Ron under the assumption that potential minimum wage earners are currently employed as day-labourers.

Table 2.

Monthly social insurance contributions* for the minimum wage, as of 2017	Employee's contribution	Employer's contribution	Total (Ron)	Estimated loss** (million Ron)
Public health care	5.5%	5.2%		
	80	80	160	512.7
Unemployment	0.5%	0.5%		
	7	7	15	46.6
Pensions	10.5%	15.8%		
	152	229	381	1,225.9
Social insurance for sickness, workplace accidents, and maternity	n/a	0.85%		
		12	12	39.6
Total social insurance paid	239	316	568	1,824.8

Notes:

*In Romania, social insurance contributions are computed as a percentage of the gross wage, without taking into account deductions from the taxable income. Tax reliefs only apply for the income tax (flat rate 16%) for employees earning less than 3,000 Ron/month.

**The estimated loss was computed taking into account a number of 803,626 day-labourers (as it was registered in 2016), each of them having worked for four months (84 days). It was assumed that instead of being day-labourers for the given period they could have been employed regularly, for the minimum wage. According to the Law 18/2014, the payment of day-labourers cannot be below the corresponding payment (usually per hour) of minimum wage earners.

5.2. Cross-subsidies for the social protection for casual workers

In the particular case of day-labourers who also benefit from the GMI Program, their contributions to the public health care system are financed from the National Budget, i.e., funds collected from the general income taxes paid by the population¹⁰. This includes also the income tax that day-labourers themselves pay. Thus, for this particular segment of day-labourers, their health care insurance is cross-subsidized by the general income tax-paying population. Similarly, for the same segment, social assistance benefits granted under the GMI scheme are paid from allocations from the national budget to the local budgets (without any financial contribution of local budgets since 2009, when the GMI law changed following World Bank recommendations), i.e., from the income-taxes collected from population.

¹⁰ In the Romanian public administration system, 65% of the income taxes collected at the level of a territorial-administrative unit are transferred to the national budget, and only 35% remain in the local budget of the territorial-administrative unit (cities, town, or rural localities that in general are composed of several smaller villages without administrative autonomy).

Thus, it can be said that persons paying income-taxes (including day-labourers themselves) finance the social assistance benefits under GMI that *some* of the day-labourers receive. In other words, there is a cross-subsidizing of the costs of labour power reproduction for day-labourers (in the language of the political economy) via the payment of health care insurance contributions and also via social benefits that day-labourers entitled to GMI receive. This cross-subsidizing diminishes the personnel costs for those who use the labour power of day-labourers, as opposed to regular wage-earning employees. Given that the largest share of day-labourer (around 80%) is performed in agriculture (including orchards, vineries, and also animal husbandry), forestry and fisheries, it can be concluded that this economic sector is cross-subsidized. As it is dominated by SMEs, and large companies represent only a minority of the economic actors in this sector, one may assert that the largest share of cross-subsidies is in the benefit of SMEs in agriculture, forestry and fisheries. However, one should be careful to interpret this as a disincentive for capital-intensive agriculture. First, as discussed in Section 1.7, even in capital-intensive agro-business there is a need for seasonal manual labour, and being able to cut personnel cost by contracting day-labourers for this seasonal work constitutes an important competitive advantage for agricultural entrepreneurs. Alternatively, they can use seasonal agency-workers, but the costs are higher and, as a rule, lodging and food should be provided for the latter as well. Second, given the high rates of transnational labour out-migration from Romania, especially in rural areas, there is a scarcity of qualified manual workers that makes investment in modern, automatic means of production a necessity.

For the day-labourers who do not benefit from GMI entitlement, there is no cross-subsidizing. First, they have to pay the full flat-rate income tax (16%); moreover, they are not entitled to deductions from taxable income (tax-reliefs) that are granted to employees earning below a certain ceiling (3,000 Ron/month) and computed as a function of the number of dependent persons in their household (children or adults without earnings, maximum four dependents). Second, their public social insurances are paid on a voluntary basis by the day-labourers themselves; they are only entitled to the derived benefits or minimum social security measures (e.g., emergency health care services, free medical assistance for giving birth, means-tested compensation for the payment of the heating bill during the cold season, compensation for the payment of funerals of family members etc.) that any person, regardless of participation or not in some form of economically gainful work, could receive in Romania.

5.3. Potential benefits of cross-subsidised casual workers

It is difficult to qualify certain expected outcomes of cross-subsidizing day-labourers in Romania as “benefits”. In the current legislative framework, the main advantages of having a subsidized labour force provided by GMI recipients who also work as day-labourers belong to those who contract day-labourers for longer periods of time. For day labourers themselves, being regularly employed (even for the minimum gross wage) would be preferable both in terms of income (see the micro-simulations presented in Table 1) and of access to social rights. This is reflected by the scarcity of labour force in agriculture, as potential day-labourers in the local economy often prefer working abroad in the intensive agriculture, which is much better paid than the local day-labour.

ANNEX

Table A1. The evolution of the number of legal entities using day-labour

	2011	2012	2013	2014	2015
Cumulative number of legal entities that acquired the Register	8,324	14,086	18,649	27,887	31,334
Cumulative number of legal entities that submitted the Register to ITM	4,868	12,266	14,071	21,134	24,182

Source: Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011-2015.

Table A2. The evolution of the number of day-labour performed (positions in the Registers)

	2011	2012	2013	2014	2015
Number of registered day-labour (total number of positions in the submitted registers)	2,342,010	6,406,375	10,874,942	19,891,662	18,984,693

Source: Annual Activity Report of the Labour Inspection according to the ILO reporting guidelines, 2011-2015.

Table A3. The evolution of the number of registered day-labourers

	2011	2012	2013	2016
Number of registered day-labourers	170,449	341,330	368,764	803,626

Source: For 2011, the Annual Activity Report of the Labour Inspection; for 2012 and 2013, the Preamble to the Revision of the Law in May 2013; For 2016, the Press Release of the Labour Inspection.

Table A4. The distribution of registered day-labour (positions in the Register) according to the domain of economic activity, 31st of December 2011

Domain of economic activity	Number of registered day-labour
Agriculture	891,967
Hunting and fisheries	4,942
Forestry (except from forest exploitation)	305,681
Pisciculture (fish farming) and aquaculture	8,776
Orchards and vineries	473,225
Apiculture	4,574
Animal husbandry	59,515
Performances, events	96,847
Commodity handling	94,690
Cleaning and maintenance	132,235
Undefined (other domains)	269,558
Total number of registered day-labour	2,342,010

Source: Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011.

Table A5. The distribution of registered day-labour (positions in the Registers) according to the domain of economic activity, 31st of December 2012

Domain of economic activity	Number of registered day-labour
Agriculture	1,840,391
Hunting and fisheries	24,445
Forestry (except from forest exploitation)	836,671
Pisciculture (fish farming) and aquaculture	18,377
Orchards and vineries	1,109,793
Apiculture	5,367
Animal husbandry	164,504
Performances, events	271,021
Commodity handling	266,195
Cleaning and maintenance	430,832
Undefined (other domains)	1,438,779
Total number of registered day-labour	6,406,375

Source: Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2012.

Table A6. The distribution of registered day-labour (positions in the Registers) according to the domain of economic activity, 31st of December 2014

Domain of economic activity	Number of registered day-labour
Agriculture	4,615,555
Hunting and fisheries	60,191
Forestry (except from forest exploitation)	2,654,123
Pisciculture (fish farming) and aquaculture	40,182
Orchards and vineries	2,641,624
Apiculture	11,623
Animal husbandry	319,272
Performances, events	696,021
Commodity handling	700,564
Cleaning and maintenance	911,892
Total number of registered day-labour	12,651,047

Source: Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2014.

Table A7. The share of day-labourers in the total labour force and in the active population. A comparison between 2011 and 2016

	2011	2016
Number of occupied persons	8,528,149	8,448,777
Number of day-labourers	170,449	803,626
<i>Share of day-labourers in the total of occupied persons</i>	2.0%	9.5%
Number of active population (occupied persons + registered unemployed)	8,826,500	8,735,800
<i>Share of day-labourers in the total of active population</i>	1.9%	9.2%
Labour force (active-age + aged 65 or above, still employed)	14,047,700	12,562,000
<i>Share of day-labourers in the total labour force (those of active age + those still employed)</i>	1.2%	6.4%

Source: Annual Activity of the Labour Inspection according to the ILO reporting guidelines, 2011 for the number of day-labourers in 2011. The Press Release of Labour Inspection, May 2016, for the number of day-labourers in 2016. National Institute for Statistics, Tempo On-line dataset for data on the active population and the labour force in 2011 and 2016.

Table A8. The evolution of the distribution of enterprises active in the domain of agriculture (including orchards, vineries, and animal husbandry), forestry and fisheries by their number of employees

	2008	2009	2010	2011	2012	2013	2014	2015
Below 9 employees	11,782	13,212	13,290	12,853	13,658	14,247	14,928	15,768
10-49 employees	1,572	1,678	1,722	2,066	2,170	2,267	2,301	2,375
50-249 employees	214	190	201	205	228	218	217	229
250 or more employees	34	32	27	28	24	26	25	24
Total	13,602	15,112	15,240	15,152	16,080	16,758	17,471	18,396

Source: National Institute for Statistics, Tempo on-line dataset.

Table A9. The evolution of the number of persons (thousands) working at enterprises active in the domain of agriculture (including orchards, vineries, and animal husbandry), forestry and fisheries by their employment status

Number of persons (thousands)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wage-earners	103.6	106.2	95	98	105.2	108.2	113.8	119.1	124.4
Employers	3.4	2.4	1.3	1.6	1.9	5.4	13.1	11.7	10.6
Self-employed	1204.9	1142	1122.7	1051.9	1115	1072.6	1085.8	972.9	846.2
Contributory family workers	1095.5	1160.1	1178.7	1290.5	1287.9	1193.9	1091.4	899.4	745.6

Total	2407.4	2410.7	2397.7	2442	2510	2380.1	2304.1	2003.1	1726.8
--------------	---------------	---------------	---------------	-------------	-------------	---------------	---------------	---------------	---------------

Source: National Institute for Statistics, Tempo on-line dataset.

This report has received financial support from the European Union Programme for Employment and Social Innovation ("EaSI") 2014-2020. For further information please consult: <http://ec.europa.eu/social/easi>



The information and views set out in this study are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

This report was produced under the European Programme for Employment (2014-2020) in the frame of a specific contract with DG Employment, Social Affairs and Inclusion. The content of this report represents the views of the author and is its sole responsibility; it can in no way be taken to reflect the views of the European Commission or any other body of the European Union. The European Commission does not guarantee the accuracy of the data included in this report, nor do they accept responsibility for any use made by third parties thereof.

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
via EU Bookshop (<http://bookshop.europa.eu>);
- more than one copy or posters/maps:
from the European Union's representations (http://ec.europa.eu/represent_en.htm);
from the delegations in non-EU countries
(http://eeas.europa.eu/delegations/index_en.htm);
by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm)
or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

(*). The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (<http://bookshop.europa.eu>).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

