

International Conference

„Organisation of the labour market: stimulating innovation and growth of skills”

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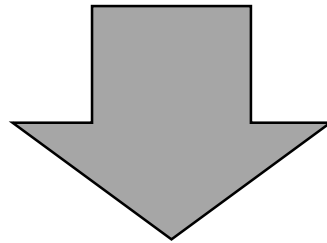
Rethinking Social Security in the Context of Non-standard Working Arrangements

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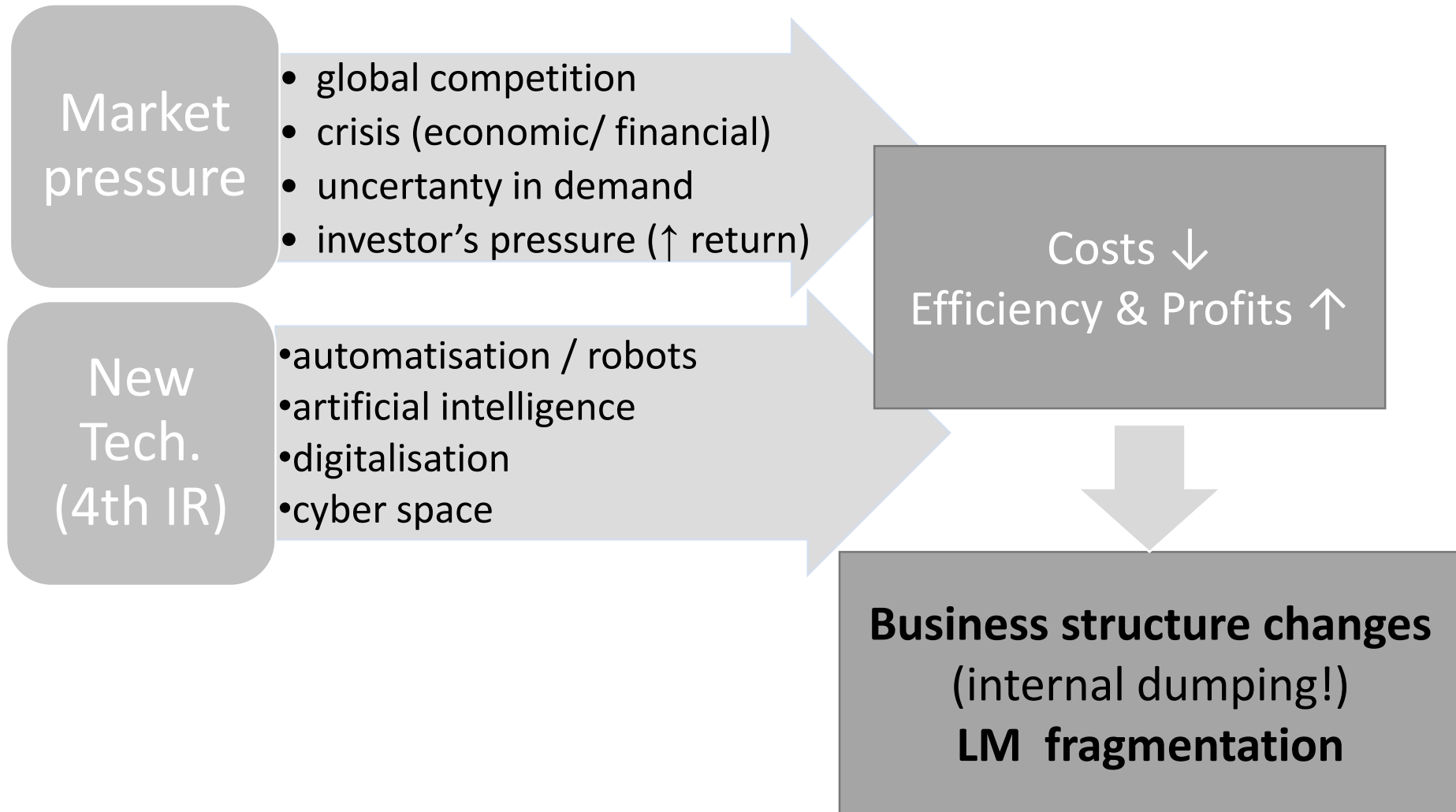
Outline:

- **What** urged & enabled changes?
- **Why** these changes concern us? (e.g. Croatia)
- **How** should/ could we proceed in the future?



**„social protection regardless of employment type” –
*Principle 12 EPSR***

What urged & enabled changes?



Forms of

„STANDARD”

- Open-ended
- Full-time
- (with fixed WT)

„NON-STANDARD” / „ATYPICAL”

„Standard” non-standard’s:

- Part-time
- Fixed -term
- Temporary agency work
- Domestic work
- Apprentices /student work

New non-standard (flexible)

- Marginal work (mini jobs)
- On-demand work
- Casual work
- Voucher work
- Crowd work/platform work
- Economically dependent self-employed (grey zone)

- Portfolio workers
- Owner managers
- Interim management

Why these changes bother us? ...features

„STANDARD“

- Stable
 - Open-ended contract
 - Full-time
- Controllable
 - At employer's premises
 - Direct arrangement
 - Bilateral relationship
- Protected by:
 - LL and collective agreements
 - SS legislation

„NON-STANDARD“ / „ATYPICAL“

- Less subordination (grey zone between employment and self-employment)
- Diversity, hybridization and aggregation of employment
- Non-unionisation
- Instable
- Lower remuneration and/ or
- Lower income insecurity
- Career fragmentation
- **SS access –limited or no**

Social security concerns for atypical workers

Insurance based SS:

- no coverage or limited
- financing problem (in PAYGO)
- benefit level problem
 - contribution base
 - contribution rate
 - payment density

Tax financed SS:

- Usually better coverage
- Financing problem
- same or lower taxes

Implicit state
subsidies
(in tax and SS
contributions)

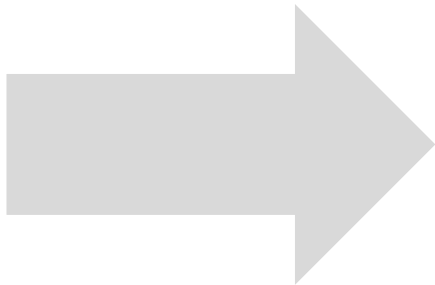


Undermining standard labour

Lower SS benefits for atypical
(long-term problem)

Croatian example....

- Formally atypical and self-employed are mostly covered, but huge differences in:
 - type of contributions paid
 - contribution base and
 - contribution rate



- **cheaper labour**
- **incentive to employ atypical**
- **lower level of future benefits**
- **(e.g. pensions)**
- **need for state transfers**

Croatian example....

Income regime	Flexible employment form	Contribution base
Employment contract	Fixed-term	Salary and other receipts
	Temporary agency	
	Assignment to another associated company (ad hoc job sharing)	
	Part-time	Salary and other receipts
	Permanent seasonal work	Salary and other receipts + Extended insurance during no work (\Rightarrow contribution base = 38% of the average wage in Croatia)
	Additional work (above full-time)	Additional salary
Self-employment	Interim management	<ul style="list-style-type: none"> • 110% of the average wage in Croatia, or • 100% of the average wage in Croatia, if registered as board member
	Crowd employment	
	Economically dependent self-employed or falsely self-employed	
Other income (casual work/ income)	Contract for service, author's contract	Amount of income
	Voucher work in agriculture	Per day: 40% of average wage in Croatia divided by 30
Non-taxable income	Occupational training	Per month: 38% of average wage in Croatia
	Student work	5% of student income

Croatian example....

Social insurance type	For employees	For self-employed	Self-employed in agriculture and forestry	Occupational training without employment contract	Student work	Other income recipients
Pension insurance (from gross earnings or contribution base)						
- 1 st Pillar	15%	15%	5%	15%	-	7.5%
- 2 nd Pillar	5%	5%	5%	5%	-	2.5%
- For WAHJ	from 4.86% to 17.58%	-	-	-	5% (physical injury, disability and death)	-
Health insurance (on top of gross earnings or contribution base)						
- health insurance	15%	15%	7.5%	15%	-	7.5%
- health and safety	0.5%	0.5%	0,5%	0.5%	0.5%	-
Unemploy. insurance						
	1.7%	1.7%	1.7%	-	-	-

Main challenges ...

To prevent atypical ?

- NO (because we would also prevent innovative)

To make atypical work less attractive ?

- YES

How can we do that?

- by partially preventing rising inequalities?
- same labour cost in taxation and SS
- allowing access to social protection for all economically active persons
 - formally and effectively
 - COM(2018) 123 final

**Shift from „work type related” to „income related” tax and SS
Future entitlements & sound budgetary and SS financing**

...and one more thing ...



The 2nd IR „created” SS!

The 4th IR provokes us to
bring it to the next level

...to bridge the gap
between current income
and future SS benefits!

Let's not miss the chance!