

## New forms of employment Voucher-based work, Lithuania

### Case study 55: Plant nursery

*The service voucher system in Lithuania was introduced in an attempt to combat undeclared work in the agriculture and forestry sectors. Voucher workers at this plant nursery are not, however, fully satisfied with the system.*

### Introduction

Agriculture has, traditionally, been one of the sectors with the highest levels of undeclared work in Lithuania. According to a representative of the Chamber of Agriculture, in the past few years around 7% of work in agriculture was undeclared. One of the main reasons for this was the lack of appropriate regulation for short-term work in the Labour Code, which is aimed at large companies rather than small ones, and makes no exception for sectors such as agriculture where work is heavily dependent on weather conditions and seasonality. Under the code, employing workers for short-term on-call type of work involves a high administrative and tax burden.

The Seimas – the Lithuanian parliament – addressed this with the ‘Act on provision of services in agriculture and forestry using the service voucher’ (*Žemės ūkio ir miškininkystės paslaugų teikimo pagal paslaugų kvitą įstatymas*), which came into force on 1 April 2013. The act established a service voucher system for employing temporary workers. It is important to note that the act regulates this employment relationship under civil law rather than labour law, which is less flexible and subject to higher taxes. A service voucher is essentially a receipt issued as proof of service and forms the basis of payment for these services.

Service vouchers are a relatively new concept in Lithuania and, at the time of this case study, remained little known by the general population beyond the target group of agriculture companies, despite very positive and widespread media coverage. The system was quickly embraced by agriculture and forestry companies. According to figures from the State Social Insurance Board (SoDra), some 22,905 people were hired under the voucher scheme from 1 April to 31 December 2013.

Under the new law, employers have to buy a voucher book (for LTL 5.75 (€1.70)). The vouchers function as a sort of invoice which the employers use to pay their voucher workers. The books are on sale at branches of the State Social Insurance Fund Board under the Ministry of Social Protection and Labour (SoDra). The employers fill in a new voucher for each week of work, and pay the voucher workers (in cash or by bank transfer) weekly. No intermediary organisations exist in this employer – voucher worker relationship.

According to the act, employers can use the voucher system only for unqualified manual work. Moreover, the regulation covers only two sectors – agriculture and forestry (the complete list of pre-approved tasks is available at the Lithuanian Parliament’s website). The decision to limit the voucher system to these sectors was made because of the type of work and working conditions

involved. Firstly, the act concerns outdoor work, which almost completely depends on weather conditions. That means that the workforce might be needed quickly when weather is suitable and that workers might be let go for an indeterminate period if the weather is bad, or the crops are not ready. Secondly, these sectors produce goods that need to be dealt with promptly. For example, if a farmer does not manage to harvest strawberries in one day, the next day they might all be ruined. For these reasons employers needed to have the ability to hire and dismiss the workforce quickly and without excessive paperwork, something that is not provided for in the labour code.

The legislation is seen as very liberal. There are no limits on workers' age (for example, school children can work during the summer break), employment status or citizenship (if a person has a residence permit in Lithuania, they are allowed to work). People paid by vouchers lose neither their unemployment status, nor any social benefits. One limitation is that voucher workers cannot work more than 60 days per year for the same employer or 90 days for several employers. These limitations were established to prevent employers from substituting properly regulated employment with service vouchers. In terms of taxation, an employer has to pay the compulsory health insurance contribution (9%; the same as for self-employed) for the voucher worker, which is slightly higher than for a standard employment contract (6%). This is the only tax payable on the vouchers – the employers are exempt from both social security insurance contributions and occupational accident insurance, and, as a result, voucher workers do not accumulate seniority (the basis for calculating pension amounts), and they are not entitled to related social benefits. Moreover, as the employer–voucher worker relationship falls under civil rather than labour law, the former are not legally obliged to ensure safety of the latter. In the event of an accident that results from negligence on the part of the employers, however, the voucher workers could sue them in a civil court.

Another limitation put on the voucher system is that if a voucher worker's earnings exceed LTL 6,000 (€1,737.7) per year (which is not very likely given the limited period of time and nature of work), they have to pay personal income tax of 15% on the surplus. For example, if a person earns LTL 8,231 they would have to pay LTL  $(8,231 - 6,000) \times 0.15 = 334.65$ .

This case study is of a plant nursery, one of the first users of the voucher system. The study is based on interviews with the company's head accountant/HR manager; three temporary workers paid by vouchers; a representative of the Ministry of Agriculture and a representative of the Chamber of Agriculture, the main lobby behind the voucher regulation. The interviewed workers were a female pensioner and two working age women looking for a permanent job, one of whom was receiving benefits at the time of the interview (March 2014).

## **General characteristics of the plant nursery**

The plant nursery was established during the Soviet occupation as a horticultural farm. In 1993 it was privatised and split into three separate entities, one of them later becoming the plant nursery. It engages in the cultivation and sale of fruit trees and decorative plants, as well as apple growing, and is one of the largest horticultural farms in the region. The company sells its produce mainly in Lithuania, Poland and Germany. Around 60% of its annual turnover comes from growing apples. According to the interviewed representative of the plant nursery, the company's economic performance is good. However, its plans to increase profits in 2013 were hindered when the government raised the minimum wage in January of that year, resulting in an increase in the company's labour costs.

The nursery does not have a works council. Its management board consists of one major shareholder who is also the director, and around 10 minority shareholders. There are seven people in the administrative bureau: an accountant, a manager, a deputy director, a storekeeper, two agronomists (one responsible for the plant nursery and the other for the orchard) and a senior accountant, also responsible for HR management. The plant nursery has around 40 permanent

employees, the figure varying from 35 during the winter to 50 in the summer. There are slightly more women than men, the average age being around 50. Some workers are also of retirement age and there are two employees aged under 30. The company also hires seasonal workers on fixed-term work contracts, such as vendors for outdoor sales points. Fixed-term contracts are also used as a means to try out workers before employing them permanently.

The nursery hires temporary workers to assist with seasonal tasks like planting, pruning and harvesting, and ad hoc work tasks like preparing large orders for apples. The demand for labour varies depending on the weather conditions and crop cycles. For example, at the beginning of March 2014, seven voucher workers were employed: four of them planting seedlings and three sorting apples. In April 2014, there were around 15 voucher workers planting seedlings. From spring until August there is a not much of a demand for voucher workers; only a few are hired for weeding, planting seedlings and picking rocks from the soil. The busiest time at the nursery is from August to October, when it hires around 100–120 voucher workers to pick apples. In 2013, the nursery hired up to 100 workers for 60 days’ of work. At the time of writing, it was planning to hire around 140 workers for 60 days of work (or fewer) in the 2014 season, based on weather and demand.

A typical voucher worker at the company is 40+ years old, poorly educated, low-skilled, unemployed, with social and unemployment allowances as their main source of income. Sometimes they also have problems with alcohol, according to the plant nursery representative. Gender distribution is pretty much even in general, however, there are more women working during the spring and more men during the harvest which requires more physical strength.

The nursery also hires people permanently employed elsewhere, pensioners, and legal immigrants, as well as secondary school and university students that are on summer break. According to the interviewed nursery representative, these groups comprise a tiny fraction of their voucher workers, and the students typically do not return after some days’ work because of the physically challenging tasks and comparatively low wages.

## Design and implementation process

Prior to the introduction of service vouchers in Lithuania in April 2013, the nursery had difficulty in employing temporary and seasonal workers, which it hired on the basis of ‘urgent horticulture works contracts’ (*Sodininkystės ir daržininkystės skubių darbų atlikimo rangos sutartis*) – not to be confused with seasonal work contracts regulated by the labour code. Even though it simplified the employment of temporary workers, it still required quite a lot of paperwork: issuing and signing two copies of a contract and a service acceptance act even for the shortest periods of work, plus having to inform the local social care institutions about the workers’ income.

When the act came into force, the interviewed HR representative decided to start using service vouchers because she felt the system would be more convenient than the alternatives and was easy to use as its legal framework is simple. It took only a short time to adjust to the new system. The whole process was informal – the company representative did not ask permission or consult the shareholders about the implementation of the system. The plant nursery is overall very satisfied with the service voucher system. It successfully uses service vouchers as a form of payment for tasks such as planting trees, picking rocks, weeding, sorting, and picking apples. Table 1 compares agriculture and forestry services vouchers with urgent horticulture works contracts that the company previously used for temporary employment.

Table 1: Regulation of temporary employment in the agriculture sector

	Agriculture and forestry services vouchers	Urgent horticulture works contracts
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	<b>Agriculture and forestry services vouchers</b>	<b>Urgent horticulture works contracts</b>
<b>Established by</b>	Separate law	Government decree
<b>Regulated by</b>	Civil code	Civil code
<b>Taxes</b>	9% compulsory health insurance contributions paid by employer	15% personal income tax paid by worker
<b>Occupational accident insurance</b>	No	No
<b>Pension contributions</b>	No	No
<b>Amount of paperwork</b>	Filling in vouchers	Signing contracts, service acceptance acts, informing local social care institutions on worker income
<b>Workers' unemployment status and related social allowance</b>	Maintains	Loses

*Source: authors' elaboration*

The director of the company was told in advance about the new regulation by acquaintances at the Ministry of Agriculture. However, until the act came into force, the nursery did not have any accurate information about how and when the service voucher system should start to function. The interviewed nursery representative said neither the Ministry of Social Affairs and Labour nor the Ministry of Agriculture could provide her, in advance, with any concrete details about the system.

Once the act came into force there was widespread media coverage but the company representative said she would have liked the National Radio and Television of Lithuania (LRT) to have provided more detailed information, and that it would be useful for the media to repeat all the information once the working season starts.

The nursery workers were not involved in the decision-making on issues such as work organisation, conditions, assignments, or working time. The interviewed workers confirmed that they had enough information about service vouchers but said that, in the beginning, even the local Labour Exchange did not know whether to treat them as employed or unemployed. The nursery representative said that despite all the information and media coverage, there are many voucher workers who do not understand how the system works and think they are working illegally. Some of them would not even take their copy of their service voucher, although they are formally required to have it with them while on the job and also present them to their respective municipal social care units.

## **Working method, processes and procedures**

Service voucher workers and employers generally interact without an intermediary organisation. While there is a basic online platform on the Labour Exchange website for employers to post jobs when looking for workers, it is rarely used, probably because not many voucher workers use the internet. Voucher workers find out about potential work at the nursery, through the Labour Exchange, by word of mouth, or sometimes just by showing up and asking. Some are return workers from previous seasons, and find out about jobs because they keep in contact with the nursery staff.

The local Labour Exchange helps the nursery to identify available service voucher workers, although it is not required to do so under the act. The nursery representative says that, if the company needs a certain number of voucher workers, they just call the Labour Exchange office and usually the necessary number of workers is sent the next day. For example, at the time of the interview, the nursery needed five workers to help with planting and sorting apples and had called the Labour Exchange the day before; five workers were sent the following day. If the nursery needs a lot more than that, such as a few dozen, the nursery representative needs about a week to register all the workers selected by the Labour Exchange, call them to collect their personal information, and call them once again to ask them to come in to work. There is no formal procedure for selecting potential candidates, and typically the nursery is able to hire everyone that comes in.

As already mentioned, voucher workers can work up to 60 days per year for the same employer, and, in the case of the nursery, voucher workers that need the work stay on for the entire two months. However, once they have reached their limit of working days with the vouchers, they try to get employed as seasonal workers at the same organisation. According to an interviewed worker at the nursery, in 2013 she was unemployed for only two months. After she reached the limit of working days as a voucher worker, she worked as a seasonal worker until November, and started to work as a voucher worker again in January.

On average, the nursery voucher workers work seven hours a day, five days a week while their services are needed. However, the interviewed nursery representative said that bad weather could mean that workers work only one or two hours per day. If the weather is good, sometimes voucher workers work up to nine hours a day, five days a week. There are no legal limits of the amount of daily working hours or weekly working days, although the vouchers are designed for six working days.

There is no formal contract with service voucher workers. The wage is agreed verbally, and is determined by the nursery, meaning the worker can choose only whether to accept the conditions. Voucher workers are informed of their tasks when they show up for work. An employer needs only a worker's name, surname and personal identity code, as well as a voucher booklet to hire them legally. The HR representative buys the booklets in bulk from the territorial SoDra office. Workers sign a voucher twice: when their personal data is filled in and upon receipt of payment. The nursery pays its voucher workers on a weekly basis. Even though the regulation requires that a voucher worker has a copy of the active voucher, the plant nursery representative finds it very inconvenient, because the vouchers are made of thin paper and get crumpled quickly. This makes it very hard to fill them as they both have to be filled in at the same time (one of the copies is printed on the carbonless copy paper), which is difficult if one of the copies is worn out. Because of this, with the approval of Labour Inspectorate, both copies are kept by a field manager. During the working week, field managers fill in both copies of a service voucher with the hours worked and tasks performed. On Friday evening, the nursery representative receives all the service vouchers that were used during that week, and on Monday morning she makes transfer payments for the service voucher workers and health insurance payments for the SoDra. According to her, it does not take much effort. The service voucher workers receive the wire transfers to their bank accounts every Tuesday.

A service voucher is designed for six working days and has a separate row to fill in for each of them. According to the rules, if there is a gap (if the worker does not work a day or more, or the weather stops work) between some of days, a voucher has to be ended and a new one has to be started. However, the nursery sometimes overlooks this rule, especially if work is discontinued for one day because of rain and resumes the next day. In such cases, instead of closing these vouchers and starting a new one, as provisioned in the regulation, the company representative makes a gap of one day and then continues filling it in until the week is up. According to her, the rule is illogical and it does not seem likely that the Labour Inspectorate would mind.

The company developed a formula for estimating the voucher worker's pay based on results and minimum wage, even though the act does not regulate payment amounts for voucher services. A new employee is paid per hour for the first three days so they can get used to the tasks and pace of work. The nursery pays its voucher workers the legal minimum wage of LTL 6.06 (€ 1.76) per hour, as set by the Tripartite Council (comprising the government, trade unions and employer organisations). However, later on it subtracts 9% of the pay for health insurance contributions. After the three-day 'trial' period is over, the pay is calculated per unit (trees planted or containers of apples picked and so on). For example, as a worker on average picks 1.6 containers of apples per eight hours (the average estimated from all workers at the company), the pay per container is around LTL 30, because  $LTL\ 6.06 \times 8 / 1.6 = 30.3$ . This sum is paid for one container of apples from the fourth day: workers who manage to pick more than an average amount of apples can earn more than the minimum wage, and vice versa.

The voucher workers and company representatives agree verbally on tasks and working hours; the workers are not obliged to complete the assigned tasks, but they get paid only for hours worked or work results, as explained above.

The nursery used 10 service voucher books during 2013. Each of the books contains 50 sets (a set is 2 copies) of vouchers. As mentioned above, in order not to lose or damage service vouchers, the workers leave them on the desk of the storekeeper or with the field managers while working outside.

The civil code and the Act on Provision of Services in Agriculture and Forestry set flexible regulations related to issues such as working time and conditions, health and safety requirements and taxation. There are no age requirements for service voucher workers in Lithuania. However, the plant nursery does not employ workers younger than 16 years old.

The State Labour Inspectorate occasionally inspects whether the voucher workers are actually on site in the plant nursery. When inspectors come, they check whether there is an active voucher for each worker found on site.

The civil code and the act do not require employers to provide service voucher workers with occupational accident insurance. The interviewed company representative said the nursery's attempt to insure its workers was rejected by an insurance company as it was not used to this new regulation and did not know how to proceed.

Field managers oversee the voucher workers. Any conflict is generally caused by one worker not doing their share of work, with the others having to work more because of them. In such cases conflicts are solved informally – if workers do not respond to warnings they are not called back.

## **External support**

As mentioned in the working procedures section, the nursery receives informal support from the local Labour Exchange and, according to the interviewed company representative, would not be able to assemble the needed number of service voucher workers without their help.

The State Labour Inspectorate also provided informal support. Inspectors came to the nursery immediately after it bought service vouchers, which was a standard procedure with the new users of the scheme. (Moreover, given the high levels of undeclared work in the sector, agricultural companies are inspected regularly.) Inspectors and the plant nursery discussed various issues and, as has already been mentioned, came up with the solution to leave the copies of workers' service vouchers with the field managers in order not to damage or lose them.

## **Outcomes**

As the service voucher system is a relatively new phenomenon in Lithuania, it is difficult to analyse its outcomes and effects at micro or macro levels. It could be argued that participation in

the service voucher system is realised according to the initial plan in the company and no changes have been implemented so far.

The key objectives of the act were to:

- decrease undeclared employment in agriculture and forestry;
- help the unemployed get work;
- increase the competitiveness of agriculture and forestry companies by simplifying the employment of temporary workers.

According to data collected by the SoDra, some 22,905 people worked through the voucher system between 1 April 2013 (when the voucher system came into force) to 31 December 2013. However, as the figure includes cases where the same person worked more than once, the Labour Ministry representative in charge of monitoring estimates that the real figure for people who worked within the voucher system could be around 15,000. As the regulation is relatively new, it is difficult to estimate what percentage of those workers would have been employed illegally.

However, some micro level effects can be discussed.

The service voucher system helped increase the competitiveness of the nursery as it can easily call in necessary workers on demand. According to the representative of the nursery, they employ about the same number of workers as they did prior to the introduction of the service voucher system, but have less paperwork and more flexibility. As the nursery pays per unit, the voucher system ensures the quality of the work as well as close monitoring and control of workers. The service voucher system also helped the plant nursery to save time in the employment process.

For the voucher workers, the new scheme is not much different from the previous temporary work contracts, except that now they have a limit of 60 days. All three interviewed workers said they would prefer there to be no limit. Their wages have not changed since the introduction of the voucher system as they earn approximately the minimum wage based on results. Workers feel that although the voucher system helps people gain an income temporarily, it is no substitute for standard employment. Voucher workers do not have access to training or fringe benefits, but it could be argued that the system gives low-skilled workers an opportunity to get employed in many rural areas in Lithuania, thus increasing their earnings and employability. The system also might serve as a stepping stone for voucher workers receiving a full-time contract from their employers, as evidenced by one of the interviewed workers at the nursery, who mentioned that voucher workers there who work effectively have occasionally been offered permanent or fixed-term work contracts. (She was also offered a permanent contract, but was unable to accept it because this would have meant performing some tasks that were too physically demanding; whereas with voucher workers, the tasks are matched to the person able to fulfil them.) Job security in the service voucher system is low because the employers are exempt from paying social security insurance contributions and occupational accident insurance (and any consequent compensation). Although health insurance at the rate of 9% is deducted from the workers' pay, it is of no benefit to them as their health insurance is, in any case, covered because of their unemployed status.

In terms of the general work atmosphere, the interviewed voucher workers did not voice any concerns, nor mention any issues with their line managers. They said they would rather be temporary or core staff, because of greater job security, but it is not apparent that the different types of workers are treated any differently while actually working. Indeed, it is possible that the voucher workers and the temporary and core staff are not necessarily aware of who is employed under which type of contract. None of the voucher workers complained about the intensity of work under the voucher system.

## **Strengths and weaknesses**

It could be argued that the system provides more benefits to employers than to the voucher workers.

### **Strengths**

The voucher system can give voucher workers an opportunity to get legal work and receive some extra money, as there are few options for low-skilled workers to get employment in many rural areas in Lithuania.

One of the interviewed workers liked the weekly payments, and the fact that she did not have to wait for a month to get her first salary. This is especially useful for people with low levels of income and low liquidity. The plant nursery representative also said that voucher workers do not lose unemployment benefits and social allowances while getting paid for work, and there is no earnings threshold past which a worker would lose their unemployment benefits. However, as mentioned earlier, earnings beyond LTL 6,000 per year are subject to a 15% income tax.

The voucher system is designed to benefit workers, by making the only tax burden, of 9% for compulsory health insurance, payable by the employer. However, given that there is no minimum pay set, employers are likely to discount the 9% from whatever payment they agree with their voucher workers from the latter's pay, as evidenced in the case study company. Even so, voucher workers pay less tax under this system than the 15% personal income tax payable under the previously applied urgent horticulture contracts.

As far as health insurance coverage is concerned, as most, if not all, temporary workers at the nursery, for example, are otherwise unemployed, they are covered by the state. Under the voucher system, essentially the 9% health insurance tax goes back to the state budget. According to a representative of the Social Security and Labour Ministry in charge of monitoring the impacts of the act, in the first nine months since the system came into force on 1 April 2013, the state collected a total of LTL 841,000 (€247,570) in compulsory health insurance contributions.

As for employers, the voucher system simplifies employment and dismissal procedures. Once a new service voucher worker shows up for work, it takes only a few minutes to fill in his or her personal details on a voucher and the worker can start work immediately. The same applies to the dismissal of a service voucher worker: if the worker decides to stop working or the employer no longer wants their services, it takes only a few minutes to fill in the voucher and pay the money for the work done. An employer does not have to report to the SoDra about every new or dismissed employee, saving a lot of time. This is especially relevant for the nursery as sometimes workers tend not to show up at work after one or two days of employment; or are not needed at certain times because of bad weather. An employment contract would mean the company having to complete a lot of paperwork for the SoDra. Another benefit for the employers is that they are not responsible for the occupational health and safety of their voucher workers, although this could be a weakness if an accident occurs because of their negligence and a voucher worker sues.

According to the representative of the nursery, service vouchers are very easy to use. She also argued that, since the implementation of the system, she has had less paperwork related to hiring and letting go temporary workers. It is now the field managers who fill in all the vouchers. Prior to the implementation of the system, the necessary paperwork was so complex it had to be done in the office.

### **Weaknesses**

When asked about the weaknesses of the service voucher system, the interviewed workers first of all mentioned that when working on vouchers their seniority does not increase. This is problematic for the young people with no seniority who are not earning money for their pensions



while working in the voucher system, but also for pensioners who could add an additional percentage on the pension received while they are still able to perform extra work. The workers also mentioned that the 60 days per year they are allowed to work for the same employer is not enough. They also mentioned the difficulty of finding other employers to take them on for the remaining 30 days. Therefore, they argued that they should be allowed to work all 90 days per year, if not more, for the same employer.

Moreover, voucher workers' occupational accident insurance is not covered by the employers; thus, in case of an accident they have to cover the costs at their own expense. However, there have as yet been no such cases at the nursery. As mentioned before, the nursery was unable to get voluntary civil liability insurance because the insurance company they contacted would not agree to provide it, as it did not know how. There also have been some misunderstandings with the municipal social care unit. When the nursery started to work with the service voucher workers, the local institution did not want to accept vouchers as proof that the workers should receive their social allowances. Its employees did not understand that voucher workers do not have the same status as temporary workers hired on urgent horticulture works contracts, and that different rules for receiving social allowances should be applied. It took some time for the representatives of social care to realise how the system works. Therefore, it could be argued that, to some extent, the novelty of the system and lack of information about it is a weakness. Regrettably, too, not all of the nursery's voucher workers understand how the system works. Despite the company representative telling them about the system, some think that they work illegally or do not fully understand how the system is supposed to be applied, for example how many days they are allowed to work, and whether they are meant to receive social insurance while working on vouchers.

There are notably fewer weaknesses for employers. The representative of the plant nursery mentioned that the form she needs to fill in for the SoDra every month is not convenient as it does not perform automatic calculations of service voucher workers' salaries and the compulsory health insurance contributions. Not much of the system is computerised and a lot of work has to be done manually. She also felt that the monthly reports an employer has to submit to the SoDra might be one of the factors deterring smaller companies from implementing the service voucher system. Yet another weakness lies in a service voucher itself. The paper on which service vouchers are made is rather thin and is easily damaged.

## **Future plans**

The voucher workers at the nursery are not fully satisfied with such temporary employment and plan to look for permanent work, although one of the interviewed workers admitted that these opportunities are rather scarce in her township as there are no industries there.

The nursery will continue to use service vouchers to employ temporary workers, although there are no plans to either increase or decrease its number of temporary workers because of the new system.

## **Commentary**

The service voucher system in Lithuania was the combined outcome of efforts by the Agriculture and Social Protection and Labour ministries and political will in the 2008–2012 Seimas (Lithuanian parliament) – see case study 56 in his project for a discussion of the system (Eurofound, 2015). It was lobbied for mainly by the Chamber of Agriculture and its social partners: farmer associations, who wanted flexibility in employing seasonal temporary workers in a sector at the mercy of seasonal demand and weather patterns. Given that the Chamber participated in the discussions that led to the formulation of the present act, it best reflects the needs of the farmers. The service voucher system was created to liberalise and simplify the

process of employment rather than to increase job security for workers. From the voucher workers' point of view, the system did not change their status quo, as it did not replace 'standard' employment contracts. In the case studied here, the voucher workers, previously hired under the urgent horticulture work contracts, received exactly the same wage as they do under vouchers, although their tax deductions are smaller (something not all of them noticed). It may be the case that people relying on temporary work in Lithuania in general were either hired via the same contracts as in the plant nursery, or illegally, and their situation as voucher workers has not changed or improved (in the event that they were working illegally). The main difference for them is that the voucher system limits their ability to work longer than 60-day periods for the same employer who, with the simplified regulation can now more easily hire new workers once somebody's 60-day allowance 'expires'. To some extent, the system facilitated a relationship which is of greater benefit to the employer.

However, the system is of benefit to the voucher workers in that it does not threaten their status as unemployed people, or pensioners and the respective allowances they get. The voucher workers, to some extent, misunderstand the system and say they would prefer the time worked as a voucher worker to count towards their seniority and pension amounts, but at the same time keep their unemployment/pension allowances. The rather precarious situation of the voucher workers is perhaps more attributable to structural factors than the voucher system as such, as unskilled temporary labour is too widely available and easily replaced in Lithuania to warrant relatively 'safer' employment forms such as seasonal contracts and the resulting benefits such as accrued vacation and severance pay. The key point is that this legislation was not meant to replace the permanent contract-based employment under the labour law.

Lastly, the legislators opted for this rather lax regulation which sets no minimum wage and no pre-set fines for employers who violate the 60 day rule for two reasons. Some actors argue that setting a minimum wage would not make sense here because the voucher system is subject to civil law rather than labour law. Other stakeholders have argued that such 'additional' regulation will be included in the bill to be brought out after the monitoring stage.

## Websites

Lithuanian parliament, complete list of pre-approved tasks, available at [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=444497&p\\_query=&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=444497&p_query=&p_tr2=2)

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