FEATURES ON ALLOTMENT OF BUDGETRY RESOURCES IN ROMANIAN COAL INDUSTRY

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Abstract: In the market economy the efficient management of production costs becomes the hottest action direction of the organization due to the requirements and demands of socio-economic. The itinerary of the economic entity is required to some extent so the possibilities for financing current activity through access to working capital becoming more expensive, and the existence of an increasingly complex legal framework, focused on accountability factors decision in order to protect the environment. Cost savings resulting from the allocation of a quota must be party to mining communities support programs both in terms of improving local infrastructure and in terms of access to utilities at various training programs and entrepreneurship.

Key words: Natural resources, coal industry, costs, state budget.

JEL code: Q30, Q38

1. Introduction.
Moving expenses in the coal industry to obtain the finished product - coal, is done in all organizational structures involved, requiring due to the huge volume of financial resources allocated, developing a plan to optimize these costs in terms of a functioning market economy and performance.

Competitive economy challenges in order to obtain electricity from alternative sources at a lower cost than that obtained by burning coal, under a tolerable environmental footprints are goals that require the need to optimize production costs in the coal industry.

2. Known issues concerning budgetry allocations for the coal industry.
It is known that Romania is a country with tradition in the mining industry, with significant coal reserves that can ensure business continuity for at least 150 years. The coal reserves are estimated to about 2.727 billion tons, commercially exploited in premises leased.

The costs involved in the coal industry are based funding government grants received from the state budget. Government grants are divided into two categories namely direct subsidies and indirect subsidies.

Table no. 1. Direct subsidies allocated by the state to coal industry

<table>
<thead>
<tr>
<th>Fiscal</th>
<th>Social</th>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash transfers</td>
<td>Social security contributions</td>
<td>The allocation of emission allowances free of charge</td>
</tr>
<tr>
<td>Tax exemptions</td>
<td>Health insurance contributions for proper credits</td>
<td>Land improvements</td>
</tr>
<tr>
<td>Low fees</td>
<td>Contributions to the pension scheme</td>
<td>Greening</td>
</tr>
<tr>
<td>Disaster insurance</td>
<td>Development programs community</td>
<td>Pumping and water treatment</td>
</tr>
<tr>
<td>Schemes Micro-credit</td>
<td>Employment schemes and qualification schemes and incentives.</td>
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<td>Delete debt</td>
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<tr>
<td>Guarantees for loans</td>
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</tbody>
</table>

Indirect subsidies for coal includes aid to the coal industry related industries such as electricity and heat production.

Table no. 2. Indirect subsidies allocated to the coal industry.
The problem of optimizing production costs becomes a pressing when the mining sector restructuring will consider those production units viable production costs which records over the limit imposed by the regulator. These requirements operational efficiency requires economic entities concerned to adopt responsible course of action in terms of operational costs advanced production plan.

3. Adaptation of the coal mining sector to the EU requirements in the field
Romanian coal industry were over-exploited before 1989 and efforts are needed to put the principles of sustainable extraction of coal in economically, socially and environmentally.

The state spent in the period 1990 - 2007 to support the mining sector, amount of US $ 6,156,400,000, as provided in Table no. 3.

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Value (million US dollars equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidies</td>
<td>4.125,2</td>
</tr>
<tr>
<td>social transfers</td>
<td>316,9</td>
</tr>
<tr>
<td>Capital allowances</td>
<td>1.714,3</td>
</tr>
<tr>
<td>Total</td>
<td>6.156,4</td>
</tr>
</tbody>
</table>

Source: Mining Industry Strategy for the period 2008 – 2020

More to be added period and an operating loss amounting to US $ 1,729,400,000. Grants awarded the mining sector in the years 2004 - 2006 as compared to other sectors of the economy in the period under review had an upward trend, representing 13% of total state aid in Romania in 2004 and about 17% in 2006.

However, overall, total aid to the coal sector decreased due to the steep decline in direct fiscal costs as soon as payment for redundancies in the period 2003-2004 was absorbed. Tax subsidies (including also tax relief or debt cancellation budget and operating subsidies and investment) had a downward trend in the period under review and were stopped in 2007, in order to assess the economic viability of companies. In 2004, the Romanian Government has developed a strategy of the sector and promised to restructure the decrease in state intervention, privatization of mines and downsizing.

As of 2007, Romania notified the European Commission on state aid scheme on its objective to restructure the coal mining sector. The only mining company that had the right to receive state aid for 2007-2010 was the National Coal Company, thereby reducing the number of employees for 11 700-9 300. Subsidies aimed, cover the difference between the costs production and income through direct subsidies and social costs. During this period, state aid allocated was about 1.53 billion lei (0.94 billion lei were tax subsidies, while social subsidies amounted to 40 million lei). Environmental subsidies have increased in 2009-2010.

Regarding the mining sector subsidies between 2011-2018 as a result of Council Decision 2010/787 / EU state aid to the coal industry, the National Coal Company is entitled to receive state aid until 2018, three of the seven production units of the company will be closed by 2018. State aid is to facilitate the closure of three mines uncompetitive and does not cover historical debts of the National Coal Company. For example, at half of 2011, the company has recorded the state budget and local authorities arrears amounting to 1.2 billion euros. By 2018, the company will reduce its production by two thirds (from 735 000 tons of coal to 245) and employees by 88% (from 3355-406).

Social grants awarded National Coal Company amounts to 103,820,000 RON and include costs related to severance payments (redundancy), costs of retraining, the costs of providing coal to workers who will lose their jobs or cash equivalent (for meeting the costs of electricity, coal allowance). Environmental costs include costs of closing coal production units (closing underground mining equipment and closure of the mine safely) reabilitarea costs of former coal mining and re-cultivation costs surface and amounts to 211.38 million lei. The total amount of tax aid is 1.17 billion lei and include costs for current production losses.
4. Conclusions and recommendations

Coal Industry is a key area in the national economy through the strategic importance of energy security has. Over the past decade knows deep changes in terms of organization and cost management activities to meet the efficiency requirements set by policymakers community. The problem of efficient management of production costs lies in socioeconomic conditions that must be met to ensure a functioning market economy.

Technological progress is also the factor that contributes to optimizing production costs in the mining industry. In this respect, put a growing automation of the process technology of operating units for reasons of cost and efficiency. This process automation have unwanted consequences on employment of labor to machine production, meaning that the same technological operation is necessary a small number of staff who control the process automated. These aspects of technological change makes render moral obligation to ensure social protection of personnel replaced by machines.

According to articles published in professional journals is estimated that about half a century will be two categories of employees, a category that will drive the robots involved in the process and another category of employees who will be led by the same robots. Thus by this revolution in labor productivity, the point is to achieve maximum optimization of production costs. In this issue on replacing people with robots rises a widely accepted view, ie, it will be appropriate to this very special technological revolution, the cost savings achieved at the expense of advanced social welfare costs of those left jobless. To substantiate this opportunity cost is necessary to conduct a thorough analysis to make the most effective decision mitigation costs.

In coal industry, optimizing production costs is the main direction of action of all relevant stakeholders involved in the management of operational structures, while seeking government strategies developed, resizing package received subsidies from the state budget, compensation amount needed to finance the current needs of the economy will achieve the cost of production, profitability own activity and entering new markets to provide added value that aim for a not too distant time horizon, providing financing needs through its own resources restricting the time dependence of budget resources allocated by the state.

This goal can be achieved by both a result-oriented performance management and through a public-private partnership.

One solution would optimize its own vision and efficient management of production costs in mining, preparation of projects with EU funding for investment in equipment which limits the negative environmental footprint and creating relief funds from the added value recorded in mining for developing programs for improving living conditions in the mining communities affected by mining restriction generated by mining sector restructuring.

Provided that the member states of the European Union discussed the issue of the gradual replacement of electricity comes from coal with that type of electricity produced from renewable operation to reduce the ecological footprint on the environment, I believe that this initiative is not feasible because electricity is required on a continuous flow to the consumer. To the extent that renewables depends largely on weather conditions in an area bounded stationary, do not think that is a viable future for replacing non-renewable sources of electricity generation. Today we see more and more to a disturbance of climatic conditions from one area to another, jeopardizing the ability to ensure continuity of renewable electricity supply to consumers.

Therefore I consider it necessary to obtain similar proportion electricity from both traditional and renewable sources to ensure that continuity of electricity to consumers.

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