

MINISTRY OF FINANCE

MEASURES-ACTIONS FOR THE 1st REVIEW (to be completed by end Q2 2010)

A. FISCAL MEASURES					
No.	Measures	Other Authority	Fiscal Outcome	Status of implementation	Notes
			Target		
Fiscal consolidation					
1	Increase in VAT rates		EUR 800 million in 2010 and EUR 1800 million for a full year	Completed. Law 3845/2010 (FEK 65 A') - applicable from 1 July	
2	Increase in excise tax on fuel, tobacco and alcohol		EUR 450 million in 2010 and EUR 1050 million for a full year	Completed. Law 3845/2010 (FEK 65 A') - applicable from 3 May	
3	Reduction in the public wage bill by reducing the Easter, summer and Christmas bonuses and allowances paid to civil servants		EUR 1100 million in 2010 and EUR 1500 million for a full year	Completed. Law 3847/2010 (FEK 67 A')	
4	Elimination of the Easter, summer and Christmas bonuses paid to pensioners, while protecting those receiving lower pensions	MinLab	EUR 1500 million in 2010 and EUR 1900 million for a full year	Completed. Law 3847/2010 (FEK 67 A')	
5	Cancel budgetary appropriations in the contingency reserve		EUR 700 million	Pending Ministerial Decision	
6	Reduce the highest pensions	MinLab	EUR 350 million in 2010 and EUR 500 million for a full year	Private sector: included in the pension reform law. Public sector: included in the draft law on public sector pensions.	
7	Abolish most of the budgetary appropriation for the solidarity allowance - except a part for poverty relief		EUR 400 million	Completed. Law 3845/2010 (FEK 65 A')	
8	Reduce public investment by EUR 500 million	MinEcon	EUR 500 million		
9	Parliament adopts a Law introducing a progressive tax scale for all sources of income and a horizontally unified treatment of income generated from labour and assets			Completed. Law 3842 FEK 58A'/23.4.2010	<i>also in the SGP</i>
10	Parliament adopts a Law abrogating exemptions and autonomous taxation provisions in the tax system, including income from special allowances paid to civil servants		EUR 1100 million from both measures	Completed. Law 3842 FEK 58A'/23.4.2010	<i>also in the SGP</i>

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B. FINANCIAL MEASURES				
No.	Measures	Other Authority	Status of implementation	Notes
Financial sector regulation and supervision				
1	Establish the independent Financial Stability Fund (FSF) to preserve financial sector's soundness and thus its capacity to support the Greek economy	BoG	Draft law being prepared	
2	The BoG should take-over insurance supervision	BoG	Law by MinFin to abolish PISC. It will be submitted to Parliament next week	<i>The supervision of insurance companies will start in September</i>

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C. STRUCTURAL MEASURES				
No.	Measures	Other Authority	Status of implementation	Notes
Structural Fiscal Reforms				
	Publication of statistics:			
1	Adopt law that requires monthly publication by GAO of timely monthly statistics (on a cash basis) on revenue, expenditure and financing for the State, as well as on spending pending of payment, including arrears		Included in the draft bill on Fiscal management and responsibility	
2	Appoint staff team and leader in GAO responsible for general government in-year cash reporting		Team already in place	
	Improves credibility of the budget and fiscal consolidation program:			
3	Submit to parliament amendments to Law 2362/1995 to (i) require the MoF to present a three-year fiscal and budget strategy, (ii) introduce top-down budgeting with expenditure ceilings for the State budget and multi-year expenditure estimates by line ministry, (iii) introduce standard contingency margins, (iv) require a supplementary budget for any overspending above the contingency, (v) and introduce commitment controls. The amended law should be immediately effective, including in the context of the 2011 budget.		Included in the draft bill on Fiscal management and responsibility	
Business Environment				
	Services Directive:			
4	Adopt horizontal legislation for the implementation of the Services Directive	MinInt	Completed. Law 3844/2010 FEK 63 A/03/05/2010	<i>also in the SGP</i>
	Railways:			
5	Prepare a recovery plan for the railway sector with a timetable for measures which will specify how operational activities will be made profitable, including by closing loss-making lines; will ensure the effective implementation of EU Directives allowing for competition amongst providers of railway services; and will provide for the restructuring of holding company, including the sale of land and other assets.	MinTran	Restructuring plan under preparation	

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MEASURES-ACTIONS FOR THE 2nd REVIEW (to be completed by end Q3 2010)

A. FISCAL MEASURES					
No.	Measures	Other Authority	Fiscal Outcome	Status of implementation	Notes
			Target		
Fiscal consolidation					
	Include the following measures in the draft budget for 2011:				
1	Implement the rule of replacing only 20 percent of retiring employees in the public sector (central government, municipalities, public companies, local governments, state agencies and other public institutions)	MinInt		Ongoing implementation. Law 3833/2010 FEK 40A/15.03.2010	<i>also in the SGP</i>
2	Reduction in intermediate consumption of the general government by at least EUR 300 million compared to the 2010 level, on top of savings envisaged in the context of reforming public administration and the reorganisation of local government	MinInt	EUR 300 million		
3	Freeze in the indexation of pensions	MinLab	EUR 100 million		
4	Reduction in domestically-financed investments by EUR 1000 million, by giving priority to investment projects financed by EU structural and cohesion funds	MinEcon	EUR 1000 million		
5	Temporary "crisis levies" on highly profitable firms		EUR 600 million per year in 2011, 2012 and 2013		
6	Incentives to regularise land-use violations	MinEnv	EUR 1500 million from 2011 to 2013, of which at least EUR 500 million in 2011		
7	Enforce the presumptive taxation of professionals		EUR 400 million in 2011 and increasing returns in 2012 and 2013		
8	Broaden the VAT base by including services that are currently exempted and move a significant proportion (at least 30%) of the goods and services currently subject to the reduced rate to the normal rate		EUR 1000 million		
9	Collect revenue from game licencing and royalties		EUR 500 million and EUR 200 million respectively		
10	Expand the base of the real estate tax by updating asset values		EUR 500 million		
11	Increase taxation of wages in kind, including by taxing car lease payments		EUR 150 million		
12	Initiate the collection of a special tax on unauthorised establishments		EUR 800 million per year		
13	Increase taxes on luxury goods		EUR 100 million		
14	The budget will establish detailed expenditure ceilings for each line-ministry, local governments, and social security funds consistent with the general government deficit target. This also pertains to the medium-term fiscal framework for 2012-2013	Line Ministries			
15	The budget will contain indicative information on monthly revenue per category, and expenditure per Ministry. Updated figures will be regularly made available online.	Line Ministries			

No.	Measures	Other Authority	Fiscal Outcome	Status of implementation	Notes
16	Parliament adopts modifications to the organic budget law, if necessary, to ensure that the draft budget law for 2011 onwards contains detailed information on outturn and plans of the entire general government sector – including local government, social security, hospitals and legal entities.				
17	An annex to the budget will present key figures on the financial performance of the largest public enterprises, concomitant budgetary and tax expenditures, and related fiscal risks.	Line Ministries			

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MEASURES-ACTIONS FOR THE 2nd REVIEW (to be completed by end Q3 2010)				
B. FINANCIAL MEASURES				
No.	Measures	Other Authority	Status of implementation	Notes
Financial sector regulation and supervision				
1	Ensure that the Financial Stability Fund is fully operational	BoG		
2	Review the adequacy of the insolvency framework, for banks as well as for non-financial entities	BoG		

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MEASURES-ACTIONS FOR THE 2nd REVIEW (to be completed by end Q3 2010)

C. STRUCTURAL MEASURES			
No.	Measures	Other Authority	Status of implementation
Structural Fiscal Reforms			
	Increases transparency of fiscal risks to fiscal sustainability:		
1	Establish a commitment register in all line ministries and public law entities. Begin publishing monthly data on general government in-year fiscal developments (including arrears).		
	Efficiency of the tax administration and controls:		
2	Adopt legislation to improve the efficiency of the tax administration and controls, implementing recommendations provided by the European Commission and IMF. In particular, they put in place an effective project management arrangement (including tight MOF oversight and taskforces) to implement the anti-evasion plan to restore tax discipline through: strengthened collection enforcement and recovery of tax arrears (coordinated with the social security funds) of the largest debtors; a reorganized large taxpayer unit focused on the compliance of the largest revenue contributors; a strong audit program to defeat pervasive evasion by high-wealth individuals and high income self-employed, including prosecution of the worst offenders; and a strengthened filing and payment control program.		<i>also in the SGP</i>
	Reform of the GAO:		
3	Strengthening of the role of the GAO in budget planning and control		
4	Provision of the necessary resources in terms of high-level personnel, infrastructure and equipment support, managerial organisation and information sharing systems		
5	Provision of safeguards for GAO staff against political interference, and personal accountability in the provision of reliable data		
6	Strengthen the institutional mechanisms for providing reliable and plausible official budgetary forecasts that take into account available recent execution developments and trends; to this end, the official macroeconomic forecasts should be reviewed by external experts		
	Statistics:		
7	GAO starts, in June 2010, the publication of timely monthly statistics (on a cash basis) on revenue, expenditure and financing and spending arrears for the "available general government" and its sub entities (state, social security, hospitals, local governments and legal entities)		
8	Adopt a detailed time-bound action plan, to be agreed with Eurostat, to improve collection and processing of general government data required under the existing EU legal framework, in particular by enhancing the mechanisms that ensure the prompt and correct supply of these data, and ensure personal responsibility in cases of misreporting; and seek appropriate resident technical assistance to ensure rapid progress		<i>also in the SGP</i>
9	Government starts to publish timely information on the financial situation in public enterprises (at least the 10 largest loss-making ones) and other public entities not classified in the general government (including detailed income statements, balance sheets and data on employment and the wage bill). To this end, a regular and timely reporting mechanism is introduced		
10	Publish 2009 financial statements of the ten largest loss-making public enterprises, audited by chartered accountants, on the official website of the Ministry of Finance.		
Public Administration reforms			
	Remuneration system for public sector employees:		

No.	Measures	Other Authority	Status of implementation	Notes
11	Launch a process, including the principles and timetable, for establishing a simplified remuneration system covering basic wages and allowances. It shall apply to all public sector employees, and be part of an overall reform of Human Resource management. This should lead to a system where remuneration reflects productivity and tasks	MinInt		
Business Environment				
Services Directive:				
12	Finalise the review of existing sectoral legislation (screening) and ensure that the point(s) of single contact is(are) operational			<i>also in the SGP</i>

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MEASURES-ACTIONS FOR THE 3rd REVIEW (to be completed by end Q4 2010)

A. FISCAL MEASURES					
No.	Measures	Other Authority	Fiscal Outcome	Status of implementation	Notes
			Target		
Fiscal consolidation					
1	Government prepares a privatization plan for the divestment of state assets and enterprises with the aim to raise at least EUR 1 billion a year during the period 2011-2013	Line Ministries	EUR 1 billion a year during the period 2011-2013	Privatization plan approved by Ministerial Council	

MINISTRY OF FINANCE

MEASURES-ACTIONS FOR THE 3rd REVIEW (to be completed by end Q4 2010)

C. STRUCTURAL MEASURES

No.	Measures	Other Authority	Status of implementation	Notes
Structural Fiscal Reforms				
	Fiscal framework:			
1	Draft legislation to:			<i>also in the SGP</i>
	-Introduce a medium-term fiscal framework covering the general government based on rolling three-year expenditure ceilings for the State, social security local governments entities			
	-Strengthen the position of the Finance Minister vis-à-vis line ministers in both budget preparation and execution phases (giving him/her veto power on spending decisions and execution)			
	-Introduce a compulsory contingency reserve in the budget, corresponding to 10% of total appropriations government departments other than wages, pensions and interest; the use of the contingency reserve will be decided by the Finance Minister			
	-Ensure that Parliament does not modify the overall size of the budget at the approval stage, and focus on the composition of public expenditure and revenue, and reliability of projections for expenditure and revenue			
	-Introduce stronger expenditure monitoring mechanisms, particularly by implementing an appropriate control of spending commitments, through which spending entities would report on a regular basis to the Treasury on their outstanding expenditure commitments against their authorised appropriations in the budget law			
	-Introduce a revenue rule for the general government, according to which the allocation of higher-than-expected revenues should be specified ex-ante in the budget law			
	-Creation of a fiscal agency attached to Parliament providing independent advice and expert scrutiny on fiscal issues, and reporting publicly on the budgetary plans and execution of the spending entities of the general government, and on macroeconomic assumptions used in the budget law			
	Statistical data:			
2	Adopt new Regulation of Statistical Obligations for the agencies participating in the Greek Statistical System.			
Public Administration reforms				
	Remuneration system for public sector employees:			
3	Adopt reform of the public wage legislation			
4	Complete the creation of a Single Payment Authority for the payment of wages in the public sector			<i>also in the SGP</i>
5	The Ministry of Finance publishes a detailed report, based on information and in collaboration with the Single Payment Authority, on the structure and levels of compensation and the volume and dynamics of employment in the general government			
Business Environment				
	Open up restricted professions:			
6	Propose sector-specific legislation to remove restrictions to trade in the legal profession, the pharmacy profession, the notary profession, architects, engineers, auditing services	MinJust/ MinHeal/ MinTran		<i>also in the SGP</i>

MINISTRY OF FINANCE				
MEASURES-ACTIONS FOR THE 4th REVIEW (to be completed by end Q1 2011)				
C. STRUCTURAL MEASURES				
No.	Measures	Other Authority	Status of implementation	Notes
Structural Fiscal reforms				
	Fiscal framework:			
1	Adopt legislation to strengthen the fiscal framework (see Q4-2010)			

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MEASURES-ACTIONS FOR THE 5th REVIEW (to be completed by end Q2 2011)

C. STRUCTURAL MEASURES				
No.	Measures	Other Authority	Status of implementation	Notes
Public Administration Reforms				
	Remuneration system for public sector employees:			
1	Adopt legislation/decrees for a simplified remuneration system. This reform should be part of an overall reform of Human Resource management in the public sector	MinInt		
Business Environment				
	Open up restricted professions:			
2	Adopt legislation to open up restricted professions including the legal profession, the pharmacy profession, the notary profession, architects, engineers and auditing services	MinJust/ MinHeal/ MinTran		<i>also in the SGP</i>

MINISTRY OF FINANCE

MEASURES-ACTIONS FOR THE 6th REVIEW (to be completed by end Q3 2011)

A. FISCAL MEASURES

No.	Measures	Other Authority	Fiscal Outcome Target	Status of implementation	Notes
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Fiscal consolidation

Include the following measures in the draft budget for 2012:

1	Reduce public employment on top of the rule of 1 recruitment for each 5 retirements in the public sector	MinInt	EUR 600 million		
2	Establish excises for non alcoholic beverages		EUR 300 million		
3	Continue the expansion of the base of the real estate tax by updating asset values		EUR 200 million		
4	Nominal freeze in pensions	MinLab			
5	Continue to increase the effectiveness of the presumptive taxation of professionals		EUR 100 million		
6	Reduction of transfers to public enterprises following their restructuring	Line Ministries	EUR 800 million		
7	Collect further revenue from the licensing of gaming		EUR 225 million from licencing and EUR 400 million from loyalties		
8	Further broadening of VAT base, by moving goods and services from the reduced to the normal rate		EUR 300 million		