DECISIONS

COUNCIL DECISION

of 8 November 2011

amending Decision 2011/734/EU addressed to Greece with a view to reinforcing and deepening fiscal surveillance and giving notice to Greece to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit

(2011/791/EU)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Article 126(9) and Article 136 thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) Article 136(1)(a) TFEU foresees the possibility of adopting measures specific to the Member States whose currency is the euro with a view to strengthening the coordination and surveillance of their budgetary discipline.

(2) Article 126 TFEU establishes that Member States are to avoid excessive government deficits and sets out the excessive deficit procedure to that effect. The Stability and Growth Pact, which in its corrective arm implements the excessive deficit procedure, provides the framework supporting government policies for a prompt return to sound budgetary positions taking account of the economic situation.

(3) On 27 April 2009, the Council decided, in accordance with Article 104(6) of the Treaty establishing the European Community (TEC), that an excessive deficit existed in Greece.

(4) On 10 May 2010, the Council adopted Decision 2010/320/EU [1] addressed to Greece under Article 126(9) and Article 136 with a view to reinforcing and deepening the fiscal surveillance and giving notice to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit at the latest by the deadline of 2014. The Council established the following adjustment path for the deficit correction: government deficits not exceeding EUR 18 508 million in 2010, EUR 17 065 million in 2011, EUR 14 916 million in 2012, EUR 11 399 million in 2013 and EUR 6 385 million in 2014.

(5) Decision 2010/320/EU had been substantially amended several times [2]. Since further amendments were to be made, it was recast, on 12 July 2011, by means of Council Decision 2011/734/EU [3] in the interests of clarity.

(6) In September 2011, it became evident that, taking into account budgetary execution until that September, with unchanged policies, the 2011 target for the deficit would be missed by a significant amount which would jeopardise the overall credibility of the programme. In October 2011, the Greek government announced measures aimed at minimising the slippage in the 2011 budget and presented a draft budget for 2012 aimed at respecting the ceiling for 2012 established by Decision 2010/320/EU. These measures will become law by the end of October 2011. Extensive discussions on these measures have taken place between the Hellenic authorities and the Commission's services.

(7) In the light of the above considerations, it appears appropriate to amend Decision 2011/734/EU in a number of respects, while keeping unchanged the deadline for the correction of the excessive deficit,

(1) OJ L 145, 11.6.2010, p. 6.

(2) Decision 2010/486/EU (OJ L 241, 14.9.2010, p. 12); Decision 2011/57/EU (OJ L 26, 29.1.2011, p. 15); Decision 2011/257/EU (OJ L 110, 29.4.2011, p. 26).

(3) OJ L 296, 15.11.2011, p. 38.

HAS ADOPTED THIS DECISION:

Article 1

Article 2 of Decision 2011/734/EU is hereby amended as follows:

(1) the following paragraph is inserted:

'6a. Greece shall adopt and implement the following measures without delay:

(a) a reduction in tax exemptions, in particular the tax-free personal income thresholds, with the aim of increasing revenue by at least EUR 2 831 million in 2012;

(b) a permanent levy on real estate, collected through electricity invoices, with the aim of collecting at least EUR 1 667 million in 2011, and EUR 1 750 million per annum from 2012 onwards;

(c) an immediate implementation of the revised wage grid for civil servants, thereby contributing to a reduction in expenditure of at least EUR 101 million in 2011, and with a carry-over of at least EUR 552 million for 2012, additional to savings provided in the MTFS through 2015. This reform shall cover all general government employees, except those covered by special wage regimes. These net savings take into account the impact of this measure on income tax and social contributions, as well as bonuses to be paid to specific employee categories;

(d) a cut in main and supplementary pensions, as well as in lump sums paid on retirement, with the aim of saving at least EUR 219 million in 2011 with a carry-over of EUR 446 million in 2012, additional to savings provided for in the MTFS;

(e) capping at 5 % of its deposits spending by the Green Fund, with the aim of saving EUR 360 million in 2012;

(f) ministerial decisions or circulars concerning the measures on excise on natural gas, heating oil and vehicle taxes provided for in the MTFS;

(g) ministerial decisions to uniformly regulate health benefits provided by the several social security funds;

(h) legislation for the collection of the solidarity surcharge through withholding tax;

(i) ministerial decisions that initiate the closure, merging or substantial downsizing of entities. This affects KED, ETA, ODDY, National Youth Institute, EOMEX, IGME, OSK, DEPANOM, THEMIS, ETHYAGE and ERT, and 35 other smaller entities;

(j) a ministerial Decision specifying the disability criteria on the attribution of disability pensions, consistent with achieving the MTFS saving objectives;

(k) a law to freeze the indexation of main and supplementary pensions through 2015;

(l) finalisation of the positive list for pharmaceuticals that establish prices charged to social security funds;

(m) transferring to the privatisation fund "Hellenic Republic Asset Development Fund" (HRADF) the following assets: Alpha Bank (0,619 % of shares); National Bank of Greece (1,234 % of shares); Piraeus Bank (1,308 % of shares); Piraeus Port Authority (23,1 % of shares); Thessaloniki Port Authority (23,3 % of shares); Elefsina, Lavrio, Igoumenitsa, Alexandroupolis, Volos, Kavala, Corfu, Patras, Rafina, Heraklion port authorities (100 %); Athens Water and Sewerage Company (27,3 %); Thessaloniki Water and Sewerage Company (40 %); Regional state airports (transfer of concession rights); off-shore natural gas storage facility "South Kavala" (transfer of rights of current and future concessions); Hellenic motorways (transfer of economic rights of current and future concessions); Egnatia odos (100 %); Hellenic Post (90 %); OPAP, SA (29 %); four state buildings;

(n) appointing the legal, technical and financial advisors for at least 14 of the privatisations that are planned until end-2012;

(o) based on a dialogue with social partners and taking into account the objective of creating and preserving jobs and improving firms' competitiveness, adopting further measures to allow the adaptation of wages to economic conditions. In particular: the extension of occupational and sectoral collective agreements and the so-called favourability principle shall be suspended during the period of application of the MTFS in such a manner that firm-level agreements take precedence over sectoral and occupational agreements; firm-level collective contracts may be signed either by trade unions or, when there is no firm-level union, by work councils or other employees' representations, irrespective of the firms' size.';

(2) paragraph 7 is amended as follows:

(a) point (a) is replaced by the following:

‘(a) a budget for 2012 in line with the MTFS targets and the deficit ceilings set out in this Decision; update and publish information on the several measures provided for in the MTFS; and the tax and expenditure legislative acts that are necessary to implement the budget at the same time of the budget;’;

(b) point (d) is replaced by the following:

‘(d) assessment of the results of the first phase of the independent functional review of central administration which will result in an action plan for the implementation of operational policy recommendations. These recommendations shall determine how to achieve a more streamlined and effective public service, to define clear responsibilities and command lines of ministerial departments, eliminating overlapping competences, and to improve inter- and intra-ministerial mobility; finalisation of the ongoing functional review of existing social programmes;’;

(c) the following points are added:

‘(i) appointment of advisors for the other privatisation transactions planned for 2012 and not included in point (n) of paragraph 6a; acceleration of state land ownership registration and secondary legislation on tourism housing and on land use; establishment and operation of a new General Secretariat of Public Property working together with the newly merged KED/ETA (real estate management and tourism real estate institutions, respectively), which are to prepare real estate for privatisation of commercial and tradable assets. The aim is to improve the management of real estate assets, clear them of encumbrances and prepare them for privatisation; creation of six real estate portfolios by the HRDAF; adoption of the legal act on the transfer to the State of the mobile and immobile assets of entities that are closed;

(j) the reform of revenue administration, through: the activation of a large-taxpayers unit; the removal of barriers to effective tax administration by implementing the key reforms of the new tax law, including replacing managers who do not meet performance targets, reassessing tax auditors’ qualifications; the operation of the newly created fast-track administrative dispute resolution body to deal rapidly with large dispute cases (i.e. within 90 days); the centralisation of the functions of, and the merging of, at least 31 tax offices;

(k) to strengthen expenditure control: appointment of permanent financial accounting officers in all Ministries;

(l) publication of a medium-term staffing plan for the period up to 2015 in line with the rule of 1 recruitment for 5 exits which applies to general government as a whole without sectoral exceptions; transfer of about 15 000 staff currently employed by various government entities to the labour reserve, and placement of about 15 000 in pre-retirement. Staff in the labour reserve, and in pre-retirement, are to be paid at 60 % of their basic wage (excluding overtime and other extra payments) for not more than 12 months. This period of 12 months may be extended up to 24 months for staff close to retirement. Payments to staff while in the labour reserve are part of their severance pay;

(m) revision of the list of heavy and arduous professions and reduction in its coverage to less than 10 % of employment. An in-depth revision of the functioning of secondary/supplementary public pension funds, including welfare funds and lump-sum schemes, with the aim of stabilising pension expenditure, guaranteeing the budgetary neutrality of these schemes, and ensuring medium- and long-term sustainability of the system. The revision shall achieve: a further reduction in the number of existing funds; the elimination of imbalances in those funds with deficits; the stabilisation of the current spending at sustainable level, through appropriate adjustments to be made from 1 January 2012; and the long-term sustainability of secondary schemes through a strict link between contributions and benefits.’;

(3) in paragraph 8, the following points are added:

‘(c) undertaking of the second phase of the existing functional review of social programmes which include a more detailed review of specific programmes, aiming at reducing excessive fragmentation, generating savings and creating efficiencies;

(d) coverage of all medical acts by e-prescribing (medicines, referrals, diagnostics, surgery) in both national health system (NHS) facilities and providers contracted by EOPYY and the social security funds; production of detailed monthly auditing reports by NHS facilities and by providers; association of a lower cost-sharing rate to generic medicines that have a significantly lower price than the reference price (lower than 60 % of the reference price) on the basis of the experience of other Member States; publication by the social security funds of an annual report on medicine prescription; adoption by all hospitals of commitment registers;

(e) move towards a new centralised procurement of pharmaceuticals and medical goods for the NHS through the Supplies Coordination Committee with the support of the Specifications Committee, using the uniform coding system for medical supplies and pharmaceuticals;

(f) in order to strengthen expenditure control, adoption of legislation streamlining the procedure for submission and approval of supplementary budgets; continuation of the process of establishing commitment registries, which shall cover the whole general government.';

(4) the following paragraph is added:

'(9) Greece shall adopt the following measures by the end of June 2012:

(a) Preparation of the measures to be adopted at the same time as the 2013 budget and at the same time as the 2014 budget, initiation of a review of public expenditure programmes, with the aim of identifying measures amounting to 3 % of GDP. The review shall draw on external technical assistance and shall focus on pensions and social transfers (in a manner that will preserve basic social protection); reduction of defence spending without prejudice to the defence capability of the country; and restructuring of central and local administrations; adjustments to special wage regimes; specification of further rationalisation of pharmaceutical spending and operational spending of hospitals, and welfare cash benefits.'.

Article 2

This Decision shall take effect on the day of its notification.

Article 3

This Decision is addressed to the Hellenic Republic.

Done at Brussels, 8 November 2011.

For the Council

The President

J. VINCENT-ROSTOWSKI