

Social Services of General Interest
Questionnaire

Field 1 – Overview of the national SGI

1. What are the general characteristics of the national social SGI?

Types of Social Services of General Interest:

- statutory social protection schemes (e.g. public assistance, social insurance scheme, social pension)
- supplementary social protection schemes (e.g. provident funds, occupational pension schemes etc)
- Social Welfare Services (social care services, family supportive services etc.)
- Health services (e.g. day-, home- and residential services)
- Services for Persons with Disabilities (e.g. subsidised vocational schemes).
- Social housing

Three of the above social SGI will be further analysed below:

A. Social Protection Schemes

A.1. Social Insurance Scheme

The Social Insurance Scheme covers compulsorily all persons gainfully occupied in Cyprus either as employed or self-employed persons. It is financed by contributions from employers, the insured persons and the State.

The Scheme provides cash benefits for marriage, maternity, death, sickness, unemployment, widowhood, invalidity, orphanhood, old age, and employment injury.

The Department of Social Insurance Services is responsible for the administration of the Social Insurance Scheme.

A.2. Social Pension Scheme

The Social Pension Scheme provides pension to persons who, on completion of the age of 65, are not entitled to a pension from the Social Insurance Scheme or from any other source and who satisfy prescribed residence conditions. The Scheme is financed by general taxation.

The Department of Social Insurance Services is responsible for the administration of the Social Pension legislation.

A.3. Supplementary Pension Schemes

(a) Provident Funds

The Provident Funds for employees of the private sector are voluntary arrangements established under agreements between the employers and the employees.

Every Provident Fund has to be registered and operate in accordance with the Provident Funds legislation, which is administered by the Department of Social Insurance Services.

Provident Funds provide lump sum payments to employees in case of termination of employment, permanent incapacity, retirement or death.

Provident Funds which cover certain categories of employees of local authorities and semi-public organizations have been established and operate under specific legislation. The Provident Funds are financed by contributions of employers and/or employees.

Provident Funds are managed by Management Committees composed of persons representing the employer and the employees.

(b) Occupational Pension Schemes

Occupational Pension Schemes, are a common feature of the broader public sector (Central Government, semi-public sector and local authorities).

The Occupational Pension Scheme for Central Government employees is financed through the budget. Employees pay a small contribution for survivors pension.

Each semi-public sector Occupational Pension Scheme is governed by specific Regulations (secondary legislation). These schemes are funded by employers, except for a small contribution from employees for survivors pension.

Two statutory Occupational Pension Schemes for self-employed persons are also in operation. These Occupational Pension Schemes cover Doctors and Advocates respectively and are managed by their own Boards.

A.4. Public Assistance

According to the Public Assistance and Services Laws of 1991-2003, any person legally residing in Cyprus whose resources are not sufficient to meet his/her basic and special needs (and those of his/her family) is entitled to public assistance in the form of cash and/or services.

Public assistance is financed by general taxation. The Social Welfare Services are responsible for the implementation of the above legislation.

B. Social Welfare Services

Throughout Cyprus¹, social welfare services are provided, run and financed by the governmental, non-governmental and private sectors. The Social Welfare Services (SWS), a department of the Ministry of Labour and Social Insurance are the official **governmental agency** for the design, implementation and delivery of social welfare services. It has 6 District Welfare Offices and a sub-office in order to cover all geographical areas of the island.

Social Welfare Services consist of:

- The Service for Families and Children (e.g. prevention and protection services, probation services for juvenile delinquents, adoption services, counselling etc),
- The Service for Public Assistance, Older Persons and Persons with Disabilities (including care services),
- The Service for Community Work and
- The Service for Staff Development and Programme Design.

Through the grants-in-aid scheme, the government (SWS) offers technical and financial support, for the development and provision of social services by **non-governmental organisations**, at a local level.

In the field of social services, the **private sector** mainly offers care- and counselling services. The government may use these services if governmental and non-governmental services are not available in the geographical area concerned.

The following table shows social care services for older persons and persons with disabilities by sector, number of institutions and number of users.

	No of institutions	No of users
OLDER PERSONS AND PERSONS WITH DISABILITIES		
Homes		
Governmental	7	213
Non-governmental	33	1052
Private	102	1529
TOTAL	142	2794
Home care		
Governmental	135	608
Non-governmental	100	363
Private	3215	4075
TOTAL	3450	5046
CARE FOR PRESCHOOL CHILDREN		
Day-care centres		
Governmental	252	10083
Non-governmental	111	3388
Private	294	12203
TOTAL	657	25674

¹ The government-controlled area.

The Social Welfare Services (SWS) are responsible by legislation for the setting and monitoring of **quality of standards** in care services².

C. Health services

The Ministry of Health as the responsible Ministry for promotive, preventive, curative and rehabilitative services coordinates the activities of both the private and public sectors.

The Ministry of Health has six Departments:

- Medical and Public Health Services
- Psychiatric Services
- Dental Services
- Pharmaceutical Services
- Nursing Services
- State Laboratory

The Department of Medical and Public Health Services has the dual mission of maintaining and improving the health standards of the population. It has also the overall responsibility for the maintenance of public health, providing, thus, curative, and preventive services.

Health Care Delivery System:

Today there is a dual system of health care delivery in Cyprus: The public system and the private system (private hospitals and practitioners). The public health services provide treatment free or at reduced fees to State employees and to the low income groups of the population.

There is also a number of health care schemes such as the Unions' voluntary schemes and employers' sponsored arrangements.

The geographical distribution of health facilities is such that every citizen can have access to primary health care facilities in less than thirty minutes by bus.

The public system is funded through the government budget. The private sector is financed by patients (out of the pocket payment) and the health care schemes operated by Unions and employers.

Medical care that is not offered in Cyprus may be provided abroad under a government sponsored arrangement.

The MoH (Department of Medical and Public Health Services) has a close cooperation with the local authorities and municipalities in order to apply a full inspection programme for health and hygiene at the local level.

² The Private Children's Homes Regulations of 1982
The Children (Day-Care Centres) Order of 1993
The Day-Care Centres for School-Age Children Regulations of 1997
The Homes for the Elderly and Disabled Persons Regulations of 2000.
The Adult Day-Care Centres Regulations of 2000

The Ministry of Health is also responsible for the licensing of private clinics/hospitals, which must meet certain qualitative and quantitative criteria regarding facilities, equipment and personnel.

2. Please indicate whether and if so how these characteristics are likely to develop and change in the coming years. This with a view of the modernisation of these services (taking into account developing users' needs, quality standards and (financial) efficiency).

No dramatic changes are expected in the coming years in the system of **social protection**.

It is expected that **social welfare** services will increasingly fall under the non-governmental sector with the government's financial and technical support. The setting and monitoring of the quality of standards will remain under the government's jurisdiction.

In the area of **health**, major changes are underway. A law has already been enacted by the House of Representatives for the introduction of a National Health System. Under this law which is going to be fully implemented by 2008, every citizen will be covered and everyone will be entitled to free medical care at the place and time needed. This new NHS will reform the financing and delivery of health care on the basis of the twin principles of equity and efficiency. It will ensure comprehensive coverage for all people irrespective of income and it will give patients a choice of doctor and hospital, control the costs of providing health care and ensure a high standard of health care.

The NHS will be funded by contributions from the Government, employers, employees and self employed levied on total earnings.

The fund will be managed by the Health Insurance Organisation which will use a global budget to purchase health care in a system of regulated competition. It will set standards, monitor performance and purchase health care from accredited, cost effective providers, public and private.

Family doctors will act as the first point of patient contact providing comprehensive and continuous primary care. Family doctors will be independent contractors and they will be paid on a capitation basis.

Public hospitals will be required to compete with the private sector on an equal basis in order to finance themselves by attracting patients funded by NHI.

3. Are there examples of social SGI which use market mechanisms to fulfil their tasks; what could be learnt from these experiences?

There are successful examples of social SGI which use market mechanisms to fulfil their tasks.

Social Welfare Services

According to the Public Assistance and Services Laws of 1991-2003, persons are entitled to financial assistance and/or services if they are not capable of meeting their basic and special needs. Very often, social services paid through the Public Assistance and Services Law are offered by the non-governmental and private sectors. These services are usually more effective, efficient and closer to the persons in need. Furthermore, NGOs may be more flexible in the type and cost of provided services in order to better serve the persons in need.

Health Services

The health care system comprises of **primary health care provision** at private medical practitioners' clinics, the Government outpatient centres at urban and rural areas and the **secondary and tertiary specialised care** in the private and public hospitals.

Patients are free to choose the providers within the dual health care delivery system and can have a consultation at any private clinic or any government hospital outpatient department or rural or urban health centres. For emergency services, the patient can be transferred to any Accident and Emergency Department of the Government hospitals and rural health centres which are operate on a 24 hours basis and is free of charge.

In some instances the Ministry of Health purchases some services from the private sector.

The purchase of the above services is made according to the regulations and the law for tenders which is according to EU Directives and Regulations.

Apart from above, for any equipment or pharmaceutical needed in the public health sector the procedures described in the above legislation are followed.

Field 2 – Definitions of social SGI

4. Is there at national level a notion or definition of social SGI or social services generally?

There is no national definition of social SGI or social services generally. There is a notion, however, that social SGI are funded by the state and NGOs which are non-for-profit.

5. It has been argued that social SGI are different to other SGI – Do you agree with this? Is a more detailed analysis of these possible differences –especially in relation to networks industries³ – a way forward to gain more certainty?

³ In this context reference has to be made to the Commission Staff Working Paper “Horizontal Evaluation of the Performance of Network Industries providing Services of General Economic

Social SGI are different from other SGI in that they promote social cohesion, social justice solidarity and fundamental human rights such as human dignity, equal opportunities etc. They respond to social needs which may not be addressed by the market in an efficient and satisfactory manner.

6. In case you feel that social SGI are different to other SGI please indicate what could then be the elements for a description at European level of these specificities of social SGI's, taking into account the diversity of general interest missions related to social services in the Member States and the general principles⁴?

Could the elements worked out in the "Key issues" of the Conference "Social Services of General Interest in the EU" (28 and 29 June 2004) be a good base for this description⁵ in the European context? Which elements have to be added; which have to be amended?

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7. Which of the different sectors outlined under Field 1 should have priority for the examination at European level.

Social protection schemes, health services and social welfare services.

Field 3 – Experience with EC internal market or competition rules
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8. Please indicate for the services identified under question 7 with regard to the EC rules listed below (see also background document) whether:

- a. it is established (in case-law or by way of Community law) that these services fall outside the scope of these rules
- b. it is established (in case-law or by way of Community law) that these services are falling within the scope of these rules
- c. it is unclear if these rules apply to these services, there is a need for clarification ("grey zone")

- Internal market rules;
- Art. 81 and/or Art. 82 EC;
- Art. 86 EC;
- Art 87;
- Public procurement rules;
- External trade negotiations.

Interest" (SEC(2004) 866), which gives a good overview of the different aims and the performance of these services.

⁴ These principles are *inter alia* quality, availability, equal access, universality, affordability, continuity, participation, transparency).

⁵ Document in Annex

Cyprus does not have a lot of experience on this issue. However, we believe that option c. applies to the rules mentioned above except from Articles 81 and 82 and the public procurement rules where b. applies.

9. **Please describe experiences concerning the influence of these EC rules on social SGI (may be “good” or “bad” examples; e.g. have these rules enabled the efficient provision of certain services or have they limited the freedom to realise national social policy goals)?**

We have not experienced any significant problems regarding the application of EC rules to social services. However, we believe that the “legal uncertainty” concerning the enforcement of EC competition rules (especially as regards the definition of “economic activity”) will not facilitate the planning and functioning of the public system of social SGI.

Are there examples where the mentioned EC rules were taken into account in advance when planning or reforming national social policy?

Field 4 – Further steps at European level

10. **Are there specific fields of European law and activities which necessitate further clarification with regard to their impact on social SGI (see also question 8), like e.g:**

- **Internal market rules;**
- **Art. 81 and/or Art. 82 EC;**
- **Art. 86 EC;**
- **Art 87;**
- **Public procurement rules;**
- **External trade negotiations.**

More clarification is needed in all but Articles 81 and 82 EC and the public procurement rules.

11. **Should the work to be carried on only concern social services of general *economic* interest and concentrate on e.g. competition rules and certain internal market rules or should social SGI both of an economic or non-economic nature be subject for further work?**

Social SGI both of an economic or non-economic nature should be subject for further work.

12. **What should be the concrete aim (especially concerning further steps) of the Communication of the Commission on social SGI including health services?**

The role of the state should remain important as regards the provision of SGI. It should be clarified, however, that the public system of SGI provision should be exempted from the rules of competition.

13. Do you consider the use of the open method of co-ordination (existing or new) an appropriate means for further steps? If so, what should be the concrete task of this method? (e.g. common objectives, exchange of good practices, evaluation etc).

Yes. The exchange of this method should mainly be the exchange of good practices.

14. Could at some stage and without prejudging the right of initiative of the Commission, legislative acts be considered as an appropriate means for further steps (under the assumption that a valid legal base can be found), and if so what should be the concrete task of these instruments (Directives, Regulations, Recommendations)? The following additional questions seem to be possible:

- **Should these legal acts limit the scope of EU rules and their application to social services?**
- **Should these legal acts establish common standards for social services, allowing EU rules, like the Internal Market rules, to be applied while taking into account fully the social policy goals?**
- **Should there be legally defined criteria, e.g. criteria concerning quality, affordability, accessibility or solidarity at European level?**

EU rules should exempt public and non-governmental social SGI because the humanitarian values governing those services (solidarity, social cohesion, support to the needy) should have supremacy over the value of competition. Furthermore, non-governmental social services offer a unique opportunity for civil participation on a local level, innovative approaches to problem solving, more flexibility, more efficiency and more effectiveness in response to social needs.

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