



STRUCTURAL REFORMS IN GREECE

PILLAR IV: THE FUNCTIONING OF GREECE'S PUBLIC SECTOR

- ▶ **Public administration:** more efficient, transparent and merit-based
- ▶ **Justice:** faster, digital and more effective
- ▶ **Land use:** a new land registry or «cadastre»
- ▶ **Tax collection:** digitalisation, electronic payments and fight against tax fraud

The economic crisis highlighted severe inefficiencies in the Greek public administration and has added to already existing backlogs in the justice system. A key pillar of the ESM stability support programme has therefore been the modernisation of the public sector, which is paramount to ensure high quality provision of public goods and services. Reform has been backed up with technical assistance from the Commission's Structural Reform Support Service (SRSS).

Key reforms have aimed at aligning the size of the public sector with that of other EU Member States, unifying wage levels for public officials, establishing transparent and merit-based recruitment procedures, introducing mobility and performance assessments, making the judicial system more efficient, and strengthening independent authorities for the collection of taxes and statistics and the management of public sector entities.

PUBLIC ADMINISTRATION

Between 2009 and 2016, Greece reduced the size of its public sector by 26% and its wage bill by 39%, bringing the size of Greece's public administration in terms of GDP into line with the euro area average. Greece's wage bill went down to 8.3% in comparison with the euro area average of 7.9% in 2016.

Following this rescaling, the ESM programme has focused on key reforms to improve the quality of the public administration, by making it more merit-based and by de-politicising it. These include:

- Adjustments to the unified wage grid and to the special wage grid.
- Introduction of a modern and transparent mobility scheme across the administration based on job descriptions and organigrams.
- Annual performance assessments for all public officials.
- Ongoing competitive selection of senior management for the entire public administration.
- Strengthening of independent entities (including the Hellenic Statistical Authority, the Hellenic Competition Commission and the Regulatory Authority for Energy).

Thanks to the contribution of the SRSS, a "Manual on Inter-Ministerial Coordination" was also adopted in April 2018, which aims to improve overall coordination of the central Government.

JUDICIAL SYSTEM

A series of reforms in the judicial system aim to make it more efficient, faster and technologically up-to-date. This will benefit the Greek people and facilitate investments and growth. Key reforms include:

- A reform of the Code of Civil Procedure, which speeded up the justice system inter alia by generalising the use of written (as opposed to oral) procedures, improved enforcement including through streamlined liquidation procedures and established an online portal for electronic auctions.
- A plan to improve the efficiency of the justice system, which includes:
 - ✓ Computerisation and digitalisation: system to collect information on the situation of the courts, electronic filling of documents, issuance of certificates, electronic dockets, video conference hearings.
 - ✓ Developing alternative means for dispute resolution, particularly mediation.
 - ✓ Rationalising the cost of litigation.
 - ✓ Improving court functioning and management.

LAND USE AND LAND REGISTRY “CADASTRE”

The modernisation of land registration and the completion of the land registry “cadastre” project will provide legal certainty to property owners across Greece, facilitate the collection of property taxes and encourage major investments in areas such as tourism and industry. The new cadastral system aims to replace the existing paper-based system of registrations and mortgages. While there is still a long way to go before completion (expected in 2021), the new “cadastre” already covers 29% of the real property rights of Greece. This corresponds to about 10,300 km² (8%) covering 10,344,000 real property rights. Currently, there are 44 contracts under execution covering an area of 36,500 km² (27.6%) and 10,350,000 rights. Around 80% of the currently covered property rights are in urban areas and 20% in rural areas.

TAX COLLECTION AND COMPLIANCE

Tax collection in Greece was traditionally hampered by complex legislation, poor administration, political interference and generous amnesties, with chronically weak enforcement. To break from this practice, the ESM programme included measures to strengthen the revenue administration and improve the tax and social security payment culture:

- Transformation of the semi-autonomous public revenue administration into the fully autonomous Independent Authority for Public Revenue (IAPR).
- Legislation to promote the use of electronic payments and credit/debit cards, which has contributed to limiting tax fraud.
- A more proactive approach towards the collection of outstanding tax debt.
- Improving co-operation between the justice and tax administrations.
- Enhancing customs efficiency and the fight against smuggling.

The creation of the IAPR has already improved the lives of Greek people: thanks to a new functional internal dispute resolution system, taxpayers who want to dispute a tax assessment no longer need to go through costly and time-consuming court procedures but can have claims dealt with directly by the IAPR’s dispute resolution unit. Strengthening the IAPR and maintaining its independence is essential for achieving a modern tax administration.