

INTERVENTION BY THE GREEK STATE SECRETARY FOR SOCIAL PROTECTION

Thank you Mr Chairman /Mme Chairperson

Dear Ministers,

Distinguished guests,

Ladies and Gentlemen,

It is an honour for me to intervene on this first Conference of Ministers for Social Cohesion. On behalf of the Greek Government I would like to congratulate the Council of Europe for the initiative taken as well as the High Level Task Force for its excellent report that we fully support.

From our part we believe that social cohesion is one of the major challenges not only for all countries across Europe, but globally as well. Especially today - when we confront a huge economic crisis, when our countries became home to immigrants from all over the world, when there is still poverty and social injustice to combat, when we face the phenomenon of ageing population and increasing unemployment, we must take measures to make our societies more stable and secure.

In an effort to enrich our dialogue on this crucial issue, let me briefly present you recent developments in Greece regarding specific policy tools in the field social cohesion.

In April last year, a new law has passed to radically reform the Greek social security system and ensure its sustainability and capacity to provide for the social protection needs of its citizens.

The new law integrates the former 133 institutions and branches into only 13 new social security Funds. The unification retains the general terms, conditions, types and amounts of benefits of each programme. The consolidation is expected to lead to vast improvements in the quality of services through less bureaucracy and the use of compatible ICT systems. The new structure simplifies supervision and strengthens efforts to reduce contribution evasion and unregistered work. It is also foreseen to lead to better investment results through more effective and better management of Funds.

Greece has one of the highest rates of early retirement in Europe. Consequently, the new law provides for a gradual increase of the effective retirement age, as from 2013. To encourage prolongation of working life, pensions of those who continue beyond 35 working years will receive a pension increase of 3.30 per cent for a three-year period. To discourage early retirement, pensions of early retirees decrease by 6 per cent compared to the previous annual reduction rate of 4.50 per cent.

The new law also strengthens maternity protection through a number of new provisions. In addition to the confinement leave and the reduced working-hours leave, mothers may now spend one year with the infant, keeping full social security coverage. Furthermore, social security contributions of mothers are reduced by 50 per cent for the first 12-months of employment after childbirth. Moreover, for some mothers, the calculation of fictitious time service is increased to five years from two years, in order to entitle them to higher pensions.

In addition, the law establishes a Social Solidarity Fund to further guarantee the social security programmes in Greece taking account the need for fairness between generations. It will be funded by earmarking 10 per cent of the proceeds of the privatization of public enterprises, 4 per cent of income derived from the VAT, and 10 per cent of social resources. This Fund will remain “locked” until 2019 in order to cover expected deficits of the system after this date.

It is clear that, the central priority of our financial and social policy consists in strengthening vulnerable groups of population. For enhancing social cohesion, we believe that access to employment is of high importance and for this reason actions and measures are planned and realised, based on two main principles:

1. **Firstly**, the support of those economically vulnerable and of all who lose their jobs.

Specifically:

- A National Fund for Social Cohesion has been established and as a first measure, a Special Social Cohesion Allowance is already granted these days to around two million beneficiaries including low-pensioners, long –term unemployed and disabled persons.

There has been an important increase of the Unemployment Benefit by 30% within a year, reaching now, an amount of 430,7 euros, as well as a considerable increase 40% of the family benefit, both granted by the Greek Organisation for Employment.

Moreover, through recently adopted legislation, this Organization can support financially with up to 1.000 euros, the beneficiaries or not subsidised unemployed persons who suffer especially due to financial or other reasons.

As a result of all these measures there is a considerable increase of the expenditure in the field of social protection. For example, total social budget steadily increases starting from 2004 by around 10% each year.

2. **Secondly**, strengthening employment, undertaking special measures for maintenance of existing and establishment of new jobs.

Specifically:

Through a law that has recently passed the Unemployment Benefit will gradually evolve into an Employment Benefit mainly concerning new job opportunities, in small and medium enterprises, public sector and local authorities. In this way, an unemployed person will be more actively included in the labour market. Therefore, beginning from this year, it is planned that such an employment possibility will become reality for around 60.000 currently unemployed persons.

In conclusion, and having in mind the importance of furtherly enhancing social cohesion that all of us are aware of, I hope this Conference will bring positive results to this direction for all our countries.

Thank you for your attention.