
AMENDMENT PAVING WAY FOR REHIRINGS A HEADACHE FOR FINMIN

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Tens of thousands of contract workers at municipalities around the country, whose jobs were hanging in the balance, could be hired on a permanent basis according to an amendment included in a zoning bill that was passed in Parliament before the Christmas recess.

The measure came as thousands of people were on the brink of losing their jobs after their contracts with local authorities expired.

The move, however, has raised concern among financial authorities, who fear it could derail the budget and ultimately pave the way for the imposition of new austerity measures.

The amendment, which seeks to simplify legal procedures, stipulates that municipal authorities will no longer have to seek a higher courts approval to rehire people after their contract ends □ as was the case up until now □ if those workers had filed a lawsuit in court to renew their contract indefinitely and won.

It also clears the ground for wage hikes by simplifying the necessary legal procedures.

The move, which could pave the way for thousands of hirings and wage increases, has alarmed senior ranking Finance Ministry officials as it could add yet more expenses to the public sector.

The General Accounting Office is unable at this time to estimate the extra burden on public expenses as it remains unclear, for the moment, how many employees could be hired permanently and what sort of wage increases will be introduced under the new amendment.

However, the governments biggest fear emanates from the prospect of wage increases as these will be included in the 2017 budget. This, experts say, could dash the governments aspiration to meet the target of a 1.75 percent surplus of GDP, or 3.2 billion euros.

If that is the case, and the budget is indeed derailed, then the Finance Ministry would be forced to enact new measures to ensure that fiscal targets are met. And it is also almost a given that the countrys international creditors will react by demanding more measures.

The matter takes on more urgency as Greece and its creditors have yet to agree on what the fiscal gap for 2017 will be and Athens fears that the new amendment will only make it grow.

Authorities are also concerned that the International Monetary Fund, which has insisted on further measures to meet the fiscal targets laid out in the Greek bailout, will also oppose the new measure as it will further bloat public expenses. The Washington-based organization has from the outset

insisted that Greeces public sector must be reduced.

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