
GOV'T TIGHTENS BELT IN EFFORT TO MEET FISCAL TARGETS

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Ministers will be asked to sign a memorandum of cooperation as part of the governments effort to avoid a divergence from the fiscal targets of 2017.

In a circular issued by Alternate Finance Minister Giorgos Houliarakis, ministries are given a detailed account of the commitments they have undertaken in order to secure a primary surplus of 1.75 percent of GDP in 2017.

The circular, which must be signed by all ministries by January 15, comes in the wake of an amendment passed in Parliament shortly before the Christmas recess □ without prior consultation with the Finance Ministry □ which paves the way for hirings at municipal authorities and wage hikes, which Finance Ministry officials fear could derail fiscal targets for 2017.

The amendment, tagged onto a zoning bill, means that tens of thousands of contract workers at municipalities around the country, whose jobs were hanging in the balance as their contracts were about to expire at the end of the year, could be hired on a permanent basis.

The circular is seen as a move by the Finance Ministry to hold individual ministers accountable, and to make them desist from carving out their own policies at the expense of the collective effort to meet fiscal targets for 2017, in order to avoid the activation in 2018 of the contingency mechanism to correct fiscal divergence.

According to the circular, ministries must place special emphasis on supplying monthly updates and take the necessary corrective measures to ensure that budgetary targets are met.

More specifically, if there is more than a 10 percent divergence in quarterly budget targets and corrective measures have not been taken, the General Accounting Office will activate legislation that stipulates cuts in funding for ministry operation costs to cover the loss.

The circular also states that no expense will be undertaken by the ministry if the funds are not available to cover the cost.

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