

SPRING 2014 REFORM BAROMETER - POLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	To ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and the achievement of the fiscal effort specified in the Council recommendations under the EDP. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Poland reaching the medium term objective by 2016. With a view to improving the quality of public finances minimize cuts in growth-enhancing investment, reassess expenditure policies improving the targeting of social policies and increasing the cost effectiveness and efficiency of spending in the healthcare sector. Improve tax compliance, in particular by increasing the efficiency of the tax administration.	Important	Unsatisfactory	The Government based its policy on the changes in the pension system (i.e. transferring over 50% of the employees' capital located in the open pension funds – the second pillar - to the state pension fund managed by <i>Zakład Ubezpieczeń Społecznych, ZUS</i>). It is a rather short-term approach to improve public finances. It implies that the government has chosen to acquire significant, corresponding to approx. 15% of public debt, increase in income, but have not introduced any initiatives aimed at reducing budget spending.
CSR 2	Ensure the enactment of a permanent expenditure rule in 2013 consistent with the rules of the European System of Accounts. Take measures to strengthen annual and medium-term budgetary coordination mechanisms among different levels of government.	Important	Unsatisfactory	The government is preparing regulation on new rules on permanent expenditure. Assessed as mixed as work in progress and no tangible results are available at the moment.
CSR 3a	Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed life-long learning strategy.	Important	Unsatisfactory	The Government presented the proposal to reduce the youth unemployment in January 2014. This proposal includes: favourable conditions for renting flats, access to capital to start a business, tax credit and 'vacation' for social security contribution requirement (6 months for the newly set up businesses). Assessed as mixed as – in our opinion- lacking long-term measures aimed at job creation that would increase youth employment rate. What lacks is the development of work-based education and mechanisms that would ensure better matching of qualifications gained at school with labour market needs. Life-long learning strategy has not been implemented yet.
CSR 3b	Combat in-work poverty and labour market segmentation through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.	Contrary to Federation advice	Unsatisfactory	We do not agree with this recommendation and the government proposals to limit the incidence of fixed-term employment and civil law contracts. It is necessary - prior requiring the reduction of fixed-term employment and civil law contracts - to change the Labour Code to introduce more flexible employment options. Combating in-work poverty requires reduction in tax-wedge on labour for low paid jobs and facilitation of employment for the potential households' second earners.

CSR 4a	Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff.	Important	Mixed	Investing in affordable quality childcare and pre-school education - partly done.
CSR 4b	With a view to improving sectorial labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme.	Important	No progress	The farmers' social security scheme (KRUS) and the special pension system for miners - no reforms and would not start in the nearest 2 years (due to upcoming municipal, parliamentary/presidential elections).
CSR 4c	Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.	Important	Mixed	Multiple initiatives have been introduced to promote employment of older workers and maintaining older workers in employment.
CSR 5	Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy, by further developing revolving instruments and tax incentives and by better targeting existing instruments to the different stages of the innovation cycle.	Extremely important	Unsatisfactory	The Government innovation policy is based on the structural funds only. We assess it as a very short- sighted approach. The government tends not to accept any changes in the tax system, which could support firms' investments in R&D and innovation (public deficit problems). At the same time initiatives have been introduced to stimulate business-university or business-laboratory/research institute partnerships for innovation. The criterion of transfer potential to industry has been introduced in call for tenders/grants.
CSR 6	Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend the development of the electricity grid, including cross-border interconnections, and eliminate obstacles in electricity cross border exchange. Reinforce competition in the gas sector by phasing out regulated prices. Strengthen the role and resources of the railway market regulator and ensure effective implementation of railway investment projects without further delay. Accelerate efforts to increase broadband coverage. Improve waste and water management.	Important	Unsatisfactory	Nothing has been done - in energy sector, in railway investments. The waste management regulation (2013) has not been implemented effectively.
CSR 7	Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and by reducing tax compliance costs. Adopt and implement the planned liberalisation of access to professional services.	Extremely important	Unsatisfactory	The liberalisation of access to the professional services partly implemented. The requirements for construction permits - better, but still to take too much time.