

Annex

Progress in structural reforms

Recommendations	Actions taken since the 2015 Survey
Fiscal policy	
Fiscal policy should focus on gradual budget consolidation.	Since 2016, the authorities have defined a gradual path of fiscal adjustment in structural terms.
Further enhance the transparency and accountability of the fiscal framework by strengthening the independence of the newly constituted Fiscal Advisory Council.	Since 2017, the Fiscal Advisory Council selects a preliminary list of experts in charge of presenting estimates of trend GDP and long term copper prices to determine the structural balance. However, the final decision lies on the Ministry of Finance.
Simplify the 2014 income tax reform, especially for businesses.	A 2016 amendment to the reform aimed at providing more guidance to firms, reduced firms' possibilities to choose between attributed regime and semi-integrated system. It also simplified the new 2014 corporate tax regimes.
Shift the tax towards real-estate property and environmental damages; review the taxation of natural resources.	In 2018 an estate tax law establish an additional 10% tax rate on capital gains from the sale of a property that has undergone a redefinition of land use from rural to urban.
Financial stability	
Accelerate the adoption of Basel III banking regulation.	The government sent a draft banking law adapting Basel III regulations to Congress in mid-2017.
The government must continue to modernise the institutional framework of financial supervision.	A Financial Market Commission was created in 2017. It is initially in charge of regulating and supervising the whole financial system, with more independence and regulatory powers than previous institutions. In addition, the 2017 draft banking law would introduce macro prudential tools and an improved legal framework for bank early intervention. It would also incorporate banking supervision (currently under the SBIF) to the Financial Market Commission.
Introduce a consolidated credit register for household credit, including on debt from non-banks.	No action taken.
Improving social support	
Strengthen poverty alleviation policies as planned, better targeting them to vulnerable populations, including indigenous groups.	In 2016, the Social Household Registry, an integrated social and administrative data system, replaced the <i>Ficha de Protección Social</i> (based on self-reported data) to select the beneficiaries of social programmes. The Security and Opportunities Subsystem was reformulated to focus on the most vulnerable population. Income poverty measurement was updated and multidimensional poverty measurement expanded. A new system of labour inclusion for disabled individuals established hiring quotas and training support. A register of homeless individuals was implemented. A draft bill would also establish a new institutional framework on indigenous issues (Ministry of Indigenous People and the National Council and Councils of Indigenous People) and a Participatory Indigenous Constituent Process.
Pensions	
Increase mandatory pension contribution rates.	A 2017 draft pension bill would gradually increase by five percentage points monthly pension contributions paid by employers.
Equalise the retirement age of men and women at 65 years.	A 2017 draft pension bill would introduce an incentive for women to postpone their retirement age.
Link the retirement age according to changes in life expectancy.	No action taken.
Boost the level of the solidarity pension.	In 2017, the government increased by 10% in real terms the <i>Pensión Básica Solidaria</i> .

Labour market policies	
Reduce duality in the labour market between protected indefinite contracts and precarious fixed-term contracts.	A draft bill would reform contracts for specific tasks (<i>contratos por obra o faena</i>) by defining more clearly the tasks for a specific contract. The reform would also grant rights to annual holidays and set dismissal costs similar to permanent contracts.
Strengthen public employment services to deliver targeted active labour market programmes for youth, the low skilled and the unemployed.	A new online training programme for employment offices (OMILs) was launched in 2016, to ensure they all run similar service protocols. Firms are now allowed to use the tax credit (<i>Impulsa Personas</i>) to finance evaluation and certification of competencies, levelling programmes for basic and adult education and conducting a study on training needs within their sector.
Increase spending in active labour market policies.	The budget for training programmes increased 14% in 2016. However, the Budget for <i>Más Capaz</i> in 2017 is reduced by 40%, and replaced by employment subsidies.
Gender equality	
Improve the access to quality child-care for children under-3 years of age.	The reform of the Early Childhood Education and Care (ECEC) system is being implemented by creating new institutions in charge of monitoring, updating curricula and setting quality standards. Childcare centres (for children aged 0-5) are being built and more than 70 000 new places are being created (32 500 for children aged 0-3). The reform ensures higher quality of ECEC by incorporating nursery educators in the teaching career with better labour conditions, better infrastructure standards, a new curriculum and a new framework for good teaching.
Promote gender diversity in leadership positions in parliament and private companies.	A proportional system for parliamentary elections was implemented in 2015, including two temporary measures (until 2029): 1) no more than 60% of candidates can be from the same sex; 2) political parties will receive a monetary compensation for each woman elected. In the lower-house, women participation raised from 15.8% to 23% following the 2017 elections. The fraction of women in boards of directors of public companies has increased from 5% in 2012 to 40% in 2017.
Promote women participation in the fields of engineering and computer sciences.	No action taken.
Bring gender issues into the public debate through information campaigns.	A Ministry of Women and Gender Equity was created in 2016 with the mission of promoting equity, autonomy, no discrimination and life without violence for women.
Developing skills	
Implement legislation to end school selection. Make funding responsive to students' and school needs.	The Inclusion and Equity Law of 2015 gradually ends student selection in schools receiving public funding and co-payment mechanisms. 600 000 students that were paying for their education have now access to free education. The Law also provides greater public resources to the Preferential School Subsidy, increasing the number of beneficiaries. The law increases requirements for schools to access public funding were increased.
Increase support to and retention of high quality teachers.	A New System of Teacher Professional Development was adopted in 2016. It includes: raising requirements for university accreditations; providing initial teacher training; salary increases for the whole profession (200 000 teachers); bonuses for teachers working in socio-economic disadvantaged schools; and additional non-teaching time for class preparation. The new system includes VET and early childhood education teachers.
Hold schools accountable for their students' university access exams. Develop a funding system of universities that better links education to current and future labour market needs, and provides incentives to enhance quality. Expand and improve income-contingent loans to finance tuition fees. Increase efforts to provide individuals and families with timely information on the market returns of various career paths, and on appropriate education and quality training programmes. Strengthen the co-operation between education and training providers (including universities) and employers.	The higher education reform includes: 1) creation of a new vice-ministry of Higher Education covering higher education and VET at tertiary level to define policies, allocate resources, among others; 2) strengthen quality assurance processes, through the reinforcement of a national quality assurance system for higher education and the creation of a new VET Advisory Committee (<i>Consejo Asesor de Formación Técnico Profesional</i>) composed by the higher education Subsecretary, the Superintendency and the National Council of Education; 3) enhanced equity through universal free education – <i>gratuidad</i> - for students from disadvantaged backgrounds (over 262 000 beneficiaries), subject to state income as a share of GDP; 4) creation of new regional public higher education institutions

<p>Develop a national qualification framework to promote labour market relevance, make it easier for young people to signal clearly what skills they possess, and facilitate recruitment processes.</p> <p>Encourage end-of-studies internships by combining flexibility and obligations to firms.</p> <p>Improve both higher education and vocational education and training (VET) programmes by integrating high-quality work-based learning components and ensuring that they also develop cognitive, social and emotional skills.</p>	<p>The National VET Policy (<i>Política Nacional de Formación Técnico-Profesional</i>) has four key elements: 1) VET quality: development of more transversal skills in VET incorporating VET teachers in the reform for teachers and the creation of new regional centres; 2) the creation of a VET qualifications framework together with the creation of the new VET Advisory Committee (<i>Consejo Asesor de Formación Técnico Profesional</i>); 3) better connecting agencies related to training and education in the system and the labour market; 4) creation of a new council for technical and professional education.</p>
Improving the business environment	
<p>Fully roll out the Productivity Agenda, to strengthen the capacity of dynamic firms to scale up and carry out innovative activities.</p>	<p>The Productivity Agenda is progressively implemented. In addition, most of the 22 measures announced in 2016 have been adopted. The initiatives are concentrated in three areas: promoting economic diversification and investment attractiveness, increasing services exports and the competitiveness of SMEs, and rising innovation and entrepreneurship.</p>
<p>Improve stakeholder input into the rule-making process and introduce systematic regulatory impact analysis</p> <p>Further reduce the complexity of administrative procedures for business and simplify sector-specific regulations.</p>	<p>Since 2017, draft bills related to economic matters have to include a regulatory impact assessment to be submitted to congress.</p> <p>A digital one-stop shop (<i>Escritorio Empresa</i>) is increasing e-procedures and services for firms since 2015. It integrates over 20 public institutions and around one third of municipalities. A 2018 draft bill aims at developing further administrative simplification and e-procedures.</p>
<p>Pass the competition bill that strengthens sanctions for cartels, reform the merger control regime and facilitate market studies.</p>	<p>A 2016 reform criminalised cartels, raised fines for collusion, made merger notification compulsory and eased introduced a merger control regime and specific powers concerning market studies.</p>
Greening the economy	
<p>Gradually increase the tax rate on diesel at least up to the level that applies for petrol.</p> <p>Consider revising the new tax on emissions of local air pollutants and CO₂ from large stationary sources.</p>	<p>No action taken.</p>
<p>Improve the management of water resources by developing effective mechanisms to optimise water use in areas where water rights have been over-allocated, such as through the buying-back or forfeiture of unused water rights.</p>	<p>A 2011 draft bill is now under discussion in the Senate. It would create new temporary water rights (maximum 30 years) coherent with the assessed resilience of freshwater systems. It would identify priority water uses when granting new rights, introduce provisions for termination of non-used rights, and strengthen possible public restrictions of user rights (e.g. in case of drought).</p>
<p>Improve waste management, including through enactment and enforcement of the new Law on Waste and Extended Producer Responsibility, and establish an industrial chemical management system to ensure that chemicals produced and used in Chile are tested and assessed and that their risks are managed appropriately.</p>	<p>The 2016 Waste Framework Law reformed waste management to encourage waste reduction and recycling. The Law introduced a system of extended producer responsibility for a wide range of environmentally harmful products.</p>
<p>Continue to invest in urban public transport systems to counteract the continuous shift from public to private passenger transport and reduce congestion and emissions of GHGs and air pollutants.</p>	<p>The extension of the metro network in Santiago is in process. During 2016-17, other important projects have been launched, such as <i>Metrotren Nos</i> and <i>Metrotren Rancagua</i> and a subsidised maritime transport link between <i>Caleta Tortel</i> and <i>Yungay</i>.</p>



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