Press release

Bankia Finance Meeting

This afternoon the government will offer the autonomous communities a large-scale financing mechanism for paying their suppliers

- All levels of the Administration will set their expenditure ceiling in order to draw up their respective budgets and ensure that expenditure does not exceed income

- The Government has cut 88 senior and assistant director general posts, with a saving of five and a half million euros

6 March 2012. This afternoon, at the Fiscal and Financial Policy Council (CPFF) meeting, the government is set to offer the Autonomous Regions a large-scale financing mechanism to enable them to pay off their debts with suppliers, identical to the mechanism approved two weeks ago for local authorities, according to an announcement made by the Secretary of State for Public Administrations, Antonio Beteta, during his speech at the Bankia International Finance Meeting.

In his speech, Beteta assured his audience that this mechanism will be key to boosting business activity and to preventing job destruction, as it will inject cash directly where it is most needed and will benefit the companies that supply services and goods to local authorities and autonomous communities, who will be able to quickly pay off any outstanding payment obligations. This cash will enable them to carry on with or restart their business activity.

The mechanism, for which €35,000 million has been earmarked for local authorities and autonomous communities, will mean that suppliers will begin to receive payments from May this year.

This urgent measure aims to break the cycle that has led to the economic crisis and which has resulted in a fall in business activity, cash restrictions and a drop in the incomes of local authorities and autonomous communities with serious arrears problems.

Budgetary Stability

Through this measure the government is sending out a message to restore and maintain investor confidence, as it did with the approval of its first reform, the Budgetary Stability and Financial Sustainability Act, which will ensure that the central and regional governments will not spend more than their income.

The Autonomous Communities, which have already committed to the Stability Act, will also have to set an expenditure ceiling within their respective budgets, as the National Government did last Friday, when it imposed a fiscal restraint that will reduce the deficit by 2.7 percent in 2012.

Simplifying the Administration

Lastly, Beteta pointed out that, due to the drop in income and to uphold the welfare state, administrative structures need to be modernised and simplified in order to continue providing the quality public services that citizens demand. To this end, he said that the government had cut 88 senior and assistant director general posts, resulting in savings of five and a half million euros (€5,508,431.20).

The Secretary of State ended by saying that the Administration has to be at the heart of the change, and must change itself to go forward, along with society, with the change being put into effect by President Mariano Rajoy. A path that aims to lift Spain out of the crisis.

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