



Breakfast meetings of the Foundation for Democracy and Local Government

Beteta: "Municipal reorganisation is inevitable, but it will be carried out with the highest possible level of consensus"

- The Secretary of State for Public Administrations says that the Government will promote the merger or grouping of municipalities, but without applying exclusively quantitative criteria
- In the future, provincial councils will take on a new role as the guarantors of quality public service provision in their region.
- The Government has approved the Adjustment Plans of 2,305 local councils, it has deemed 315 of them to be inadequate and 2,004 councils failed to submit their plans, which will result in a monthly percentage of their share of state income being withheld.

10 May 2012. The Secretary of State for Public Administrations, Antonio Beteta, announced today, during his speech at the breakfast meeting entitled 'The Future of Local Government in Spain', organised by the Fundación Democracia y Gobierno Local [Foundation for Democracy and Local Government] that "municipal reorganisation is inevitable, but it will be carried out with the highest possible level of consensus because, if not, it would not be a reform for the future and with a future".

He also made clear that the Government will be promoting the merger or grouping of municipalities, always with the agreement of the Autonomous Communities, although not based on exclusively quantitative criteria in a

centralised and obligatory manner because, according to the Secretary of State, this would mean ignoring our nation's plural reality.

The Secretary of State announced that, by the end of this month, the working group created by the Ministry of Finance and Public Administrations will have completed its proposal for reforming the powers of Local Authorities through amendments to the Ley de Bases de Régimen Local, the law setting the main guidelines for local governance, and then, to guarantee their future funding, amendments will be made to the Law on Local Treasuries. This reform will be carried out on the premise of "One Administration, one power", announced by the President of the Government, Mariano Rajoy, in the investiture session.

REVIEW OF THE PROVINCIAL COUNCILS

In his speech he explained that the provincial councils have to take on a new role - that, in keeping with the principle of subsidiarity, of guaranteeing that municipal powers are exercised effectively. "The councils have to take on a more powerful role than the one they currently have, with more technical and financial muscle, that will guarantee the exclusive provision of certain public services in a new environment; making them the guarantors of quality public service provision in their region," he asserted.

He also said that the reports that calculate savings if certain powers were withdrawn from the councils are wrong, because, according to him, this would not result in any savings to public funds, as it would mean transferring this cost from provincial councils to local authorities, which would then take on these responsibilities.

PREMISES OF THE REFORM

Beteta explained that the local authority reforms under way are based on the recommendations of the Court of Accounts in its local public sector audit report, which are as follows:

1. To have a more effective and efficient local model for exercising the powers attributed to local councils, eliminating and preventing the overlap of actions and powers between the different public administrations and checking for the existence of entities that do not provide any services or are inactive, and promoting the

grouping of local authorities to ensure greater economy, effectiveness and efficiency in service provision.

2. To fully address the regulation of local authority remits, through the attribution of a closed catalogue of precise powers, which will ensure the financial aptitude of the local entities providing services.
3. To prevent the current proliferation of entities in the local institutional sector, by restricting the grounds for the constitution of instrumental local bodies.
4. To reregulate the public registers where local entities are currently registered, to ensure they faithfully reflect the true extent of the local public sector, and at the same time ensure their control.
5. To get the support of the Autonomous Communities to ensure minimum quality standards in the services provided by the municipalities.

PAYING SUPPLIERS

Lastly, he announced that, within the plan for the payment of suppliers, a total of 4,622 local councils had between them submitted almost two million invoices worth €9,750 million, of which 1,629,322 invoices are to be paid. In exchange for being able to pay outstanding invoices, which will save jobs, at an interest rate much lower than the rate offered by the previous government, local authorities have to submit a rigorous and credible Adjustment Plan.

A total of 2,619 local authorities have submitted their plans, the majority of which (2,305) have been approved by the Ministry, and 315 of which have been rejected. A further 2,004 local councils failed to submit an Adjustment Plan. The record in Spain is set by a council in the province of Guadalajara that will need 7,058 years to settle its commercial debts; another in Teruel will need 462 years to repay its obligations.

According to the Secretary of State, these figures show the lack of control due to the lack of management and a failure in the system that has been resolved with the new Organic Law on Budgetary Stability and Financial Sustainability, which will prevent this from happening again.