



Finance rounds off negotiations with the regional governments over their economic plans and asks for details on education and health

- The State Legal Service and the Public Accounts Department will be examining the application of the new Budgetary Sustainability Act in light of Asturias' inability to approve its Economic Plan

12 May 2012. This weekend, the Ministry of Finance and Public Administrations is putting the finishing touches to negotiations with the different regional governments to set the details of their economic plans, their income and expenditure adjustments and, in some cases, asking for details of the way new health and education measures are to be applied. Furthermore, the State Legal Service and the Public Accounts Department will be examining the application of the new Budgetary Sustainability Act in light of Asturias' inability to approve its Economic Plan

This morning, the Minister of Finance and Public Administrations, Cristóbal Montoro, chaired a departmental meeting in which the economic and financial plans of each of the autonomous regions was examined with a view to the upcoming Council of Fiscal and Financial Policy meeting, to be held on Thursday 17 May.

With the plans submitted, this weekend, the government is finalising its negotiations with the regional governments, closely examining the details of their income and expenditure plans and the measures to be adopted to apply the recently approved amendments to education and health expenditure.

The aim of these meetings is to ensure the Budget Stability target of -1.5% of GDP for 2012 is met, a target which all the economic plans must take into

account. For the first time, these plans will be made public and will be discussed and either approved or rejected by all the Autonomous Communities, at the meeting of the Council of Fiscal and Financial Policy this Thursday, in application of the new Budgetary Stability Act, which came into force at the start of this month.

Among the plans submitted, particular concerns have been raised over the plan for Asturias because the caretaker government in this region is not in a position to make income and expenditure commitments that guarantee the Budgetary Stability targets will be met.

Finance has called on the State Legal Service and the Public Accounts Department to study the application of this Law in the case of Asturias, which, given the political situation, is unable to guarantee the adoption of measures that will ensure the stability target is met. The New Organic Law on Budgetary Stability requires the Economic and Financial Plans to be approved, otherwise the corrective and coercive measures provided for under this law will be applied. As a last resort, it allows for the State Administration to take guardianship of the region's accounts.

Therefore, the Public Accounts Department and the State Legal Service will have to look into the consequences of the possible non-approval of the EFP for Asturias within the framework of the Organic Law on Budgetary Stability and Financial Sustainability.

A similar situation arose in relation to the Plan for the Payment of Local Authority Suppliers. In this case, the adjustment plans of the municipal corporations that rejected said plans in their plenary sessions have not been approved. This failure to approve the plans means that these local authorities cannot apply for the loans provided under the Plan and the sum corresponding to the refunds paid to their suppliers will be deducted from their share of State Income.