



Approval given for the Plan to restructure and streamline the Public Business Sector

- It will result in the closure, divestment or speeding up of the liquidation of eighty business corporations.
- It is a stimulus plan that will encourage Autonomous Regions and Local Authorities to implement similar measures.
- The planned operations affect 32% of the state's business corporations, with 80 set to be closed, divested or see their liquidation speeded up.

16 March 2012. The Council of Ministers has approved the plan for the restructuring and streamlining of the public business sector and state foundations in order to achieve a smaller, more streamline and efficient sector in the current context of austerity and the need to control public spending.

The process of reorganising the public business and foundation sector has got underway, under the constitutional principles of efficiency,

economy and budgetary stability.

This process constitutes a first step towards preventing Administrative Law from being evaded in order to avoid controls on budgets, expenditure, the asset and contract system and particularly the civil servant salary system.

The Government is seeking to create a more streamline and simplified public business sector, and hopes the plan will act as a stimulus for similar measures in the Autonomous Regions and Local Authorities. It is an austerity measure that comes in addition to those already implemented

relating to public sector salaries, reducing the number of directors and executives.

Proposed measures

The Plan approved by the Government entails the closure, divestment or speeding up of the liquidation of a total of eighty business corporations. First of all, twenty-four state business corporations will be closed down, (those in which the state has more than a 50% holding). These include the Sociedad Estatal para la Venta de Acciones de Loterías y Apuestas del Estado (SEVALAE), Ingeniería y Servicios Aeroespaciales, S.A., (INSA), Remolques Marítimos, S.A. (REMOLMAR), Aguas de la Cuenca del Norte, S.A. (ACUANORTE) y Aguas de las Cuencas del Sur, S.A. (ACUASUR), which is to be merged with Aguas de la Cuenca del Ebro, S.A. (ACUAEBRO), and the Sociedad Pública de Alquiler (SPA).

There are also plans to divest through the sale of shares in a further eight companies, as in the case of Olympic Moll, Colonización y Transformación Agraria (CYTASA).

The agreement also includes a measure to speed up the liquidation of another thirteen business corporations that are currently going through such a process, as is the case of Barcelona Holding Olímpico and Izar.

With regard to business corporations in which the state has a minority holding, there are plans to divest holdings in 35 companies.

Cutting down on directors

This set of measures will result in the loss of 154 directors from across the state's business corporations, leading to a saving of €1,083,998 a year.

Resizing plan

The Council of Ministers Agreement also includes a mandate for the boards of directors of the affected companies to approve a resizing plan which must look into adapting the organisational, labour or property structures to the new situation without any increase in the total wage bill.

Shares in the postal company Sociedad de Correos, S.A. are expected to be transferred from the Directorate General for State Assets to the Sociedad Estatal de Participaciones Industriales (SEPI), as the

characteristics of the latter are considered to be more in keeping with that of the company.

Long-term measures

In addition to the proposals detailed here, most of which will be implemented in the short-term, the Government aims, in the longer term, to tackle the in-depth reorganisation of the public business sector. In this regard, the agreement provides for the creation of two working groups that will be responsible for putting forward proposals for the introduction of a centralised financial supervisory mechanism, following OECD criteria.

The aim will be to concentrate all shareholdings dependent on the Ministry of Finance and Public Administrations, both from the Directorate General for State Assets and SEPI, into a single body or organisation and also to look into changing the legal status of business corporations to a status that better suits their purpose.

The government also aims to tackle the streamlining of the state foundation sector, through the closure or merger of foundations.

STATE BUSINESS CORPORATIONS

Economic savings in executive cuts only

MINISTERIO	Nº DE CONSEJEROS SUPRIMIDOS	AHORRO ECONÓMICO €/año
Hacienda y Administraciones Públicas	63	565.000
Defensa	11	117.000
Fomento	68	288.899
Economía y Competitividad	12	113.099
TOTAL	154	1.083.998