



Appearance before the Senate Budget Committee

Finance announces a further extension for almost 1,500 municipalities that were left out of the Supplier Payment Plan

- These are the local authorities whose adjustment plans were rejected by the Ministry of Finance or did not get the necessary backing from the municipal council
- Contractors awaiting outstanding payments from local authorities will begin to receive payments from today

30 May 2012. The Minister of Finance and Public Administrations, Cristóbal Montoro, announced today during the control session of the Government in the lower house of the Spanish Parliament, that the Government is to offer an extraordinary extension that could affect up to 1,478 local authorities that were left out of the Supplier Payment Plan.

Later, during his appearance before the Senate Budget Committee, the Secretary of State for Public Administrations, Antonio Beteta, explained that these local authorities would be given a date some time in the first fortnight of June by which to resolve the issues that have prevented them from formalising the loan operations within the supplier payment mechanism, and that they will be able to agree the loans in July.

This applies to local authorities in any of the following four situations:

- Those that raised an adjustment plan at a full council meeting before 31 March

- Those that raised an adjustment plan which was approved by the full council but was not favourably assessed by the Ministry of Finance and Public Administrations.
- The full council approved the adjustment plan and it was favourably assessed by the Ministry of Finance and Public Administrations but the loan agreement was not approved by the competent body from the local authority (usually because there is not a large enough majority, in accordance with applicable regulations).
- The competent body from the local authority approved the loans for an amount or repayment term that were different from those that needed to be approved.

The Ministry of Finance and Public Administrations is to announce immediately the procedure and deadlines for the local authorities in these situations, from whom a share of state income totalling €1,296.1 million was to be withheld. This extraordinary mechanism will enable improvements to be made to the supplier payment system and its control mechanisms.

"This extension is, in short, yet another example of the Government's commitment to our local authorities, that will reinforce a clear message: we will accomplish this, all of us together", pointed out Beteta.

Paying the bill whilst respecting essential public services

In his appearance, the Secretary of State stressed that it is time to pay the bills and that this has to be done responsibly and with resources. And this responsibility translates into the need for an adjustment to the budgets that will not harm essential public services, which are an absolute priority for this Government.

After reminding his audience that the previous Government failed to adjust the accounts to the actual revenue situation, he highlighted the approval of the Budgetary Stability Act that will ensure the budgetary sustainability of all the public administrations, boost confidence in the stability of the Spanish economy and reinforce Spain's commitment to the European Union.

Beteta also underlined that "the Government is making a decisive commitment to supporting autonomous communities through the approval

of extraordinary measures, providing them with the liquidity they need to continue providing the public with quality services.

On this point he highlighted the fact that financing for the autonomous communities had risen to €84,263.09 million, 0.19% up on 2011, while ministerial budgets had been cut by 16.9%. Alongside the mechanism for paying suppliers, who will begin to receive outstanding payments from this week, he also highlighted the ICO credit line created in February to help pay off financial debts in the first half of 2012.

Public Sector

Lastly, he underlined the government's efforts to maintain public sector pay within this Budget, by means of alternative measures, such as extending working hours by two and a half hours per week for autonomous community and local authority employees, thus saving more than €2,500 million.

He also pointed out the need to resize public sector workforces, which have grown by over 440,000 in the last ten years without always addressing real service provision needs.

"As difficult as the current situation might be, and however large the amount that needs to be reduced, this is the Government that will see it through, because this is a responsible Government. And, along with us, the autonomous communities and local authorities, whatever their deficit might be, will also see it through. I repeat, whatever their deficit might be, they will see it through", concluded Beteta.