



**PRESS RELEASE**  
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**Reports on the main budgetary lines for 2015 of the Autonomous Regions**

**THE 2015 STABILITY TARGET FOR THE AUTONOMOUS REGIONS WILL BE VERY DIFFICULT TO ACHIEVE**

- In the draft budgets scenario for 2015 there is a high risk of deviation from the target set
- Compliance with the deficit target is deemed highly likely for the Autonomous Regions of Basque Country, Galicia and Navarra, and likely in the case of Asturias, Canary Islands, Cantabria, Castilla-La Mancha and Castilla y León
- Non-compliance risks are observed in the Autonomous Regions of Aragón, Balearic Islands, Madrid and La Rioja
- These non-compliance risks are very high in the Autonomous Regions of Andalusia, Catalonia, Extremadura, Murcia and Valencia

The Independent Authority for Fiscal Responsibility (AIReF) has published on its website [www.airef.es](http://www.airef.es) today its Report on the main budgetary lines for 2015 of the Autonomous Regions. In the report AIReF states that the stability target —holding the deficit to 0.7% of GDP— will be “very difficult to achieve”. “The likelihood of deviation from the 2014 deficit target, together with the additional risks identified in the 2015 scenario, require early application of the automatic preventive measures envisaged in the stability law”, AIReF adds in the report.

AIReF has analysed the main budgetary lines of the Autonomous Regions from the standpoint of their adequacy for the stability and debt targets and the expenditure rule set for 2015.



The key conclusions of this analysis are:

1. The 2015 stability target set for all the Autonomous Region at -0.7% of GDP is deemed very difficult to achieve at this moment in time. For the Autonomous Region subsector as a whole, the scenario of the draft 2015 budgets, including the expected revenues and the maximum expenditure that can be made during the year, presents a high risk of deviation from the target set.
2. In general, the likelihood of deviation from the 2014 deficit target, together with the additional risks identified in the 2015 scenario, require early application of the automatic preventive measures envisaged in the Organic Law on Budgetary Stability & Financial Sustainability (LOEPySF, *Ley Orgánica de Estabilidad Presupuestaria y Sostenibilidad Financiera*).

Article 18.1 of the LOEPySF envisages adjustment in public expenditure linked to the monitoring of data on budgetary implementation as an automatic preventive mechanism. In this respect, those Autonomous Regions for which a risk of deviation has been detected should adjust their level of expenditure in line with a realistic forecast of their revenues which they should update over time if the risks detected in the 2015 draft budget materialise.

3. AIReF has assessed the 2015 budget scenario of each Autonomous Region from the standpoint of its adequacy for the stability target (without taking into account year-end 2014).

It is deemed highly likely that the Autonomous Regions of Basque Country, Galicia, and Navarra will comply with the deficit target and likely that the Autonomous Regions of Asturias, the Canary Islands, Cantabria, Castilla-La Mancha and Castilla y León will also do so. However, risks of non-compliance can be observed in the Regions of Aragón, Balearic Islands, Madrid and La Rioja. The risk of non-compliance is deemed very high in the Regions of Andalusia, Catalonia, Extremadura, Murcia and Valencia.

4. The final assessment concerning the adequacy of the Autonomous Regions' draft 2015 budgets for the stability target must take into account year-end 2014 as the starting point for the 2015 assessment and in general this is very tight. Year-end 2014 is very tight and needs the controls to have been intensified and stringent application of the closure of accounts orders approved in the last quarter of the year. Moreover, a fairly high risk of deviation from the 2014 deficit target has been identified in some Autonomous Regions that will mean that additional retrenchment not initially envisaged in the draft budgets presented would be required in 2015.



5. AIReF cannot issue an opinion on the adequacy of the Autonomous Regions' main budgetary lines for 2015 and the debt target and expenditure rule. Lack of the necessary information, uncertainty with respect to the transactions eligible for inclusion in the debt target and lack of experience in calculating the expenditure rule, are just some of the factors that prevent AIReF from assessing the Autonomous Regions' draft budgets with respect to their adequacy for the debt target and the expenditure rule.
6. AIReF makes the following general recommendations:
  - Enhance transparency, with respect to both setting the targets and the information necessary to verify the adequacy of the budgets to meet the targets.
  - Improve and expand the content of the information accompanying the draft budgets to allow verification of their adequacy for the targets set (deficit and debt) and compliance with the expenditure rule.
  - Coordinate the calendars for budget preparation and approval procedures thus guaranteeing that the information required for drawing them up is available;
  - Put the budget in a multiyear framework.
  - Apply the mechanisms established in the LOEPySF for preventing and detecting possible deviations, hence avoiding any delays that could impede their correction.

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