



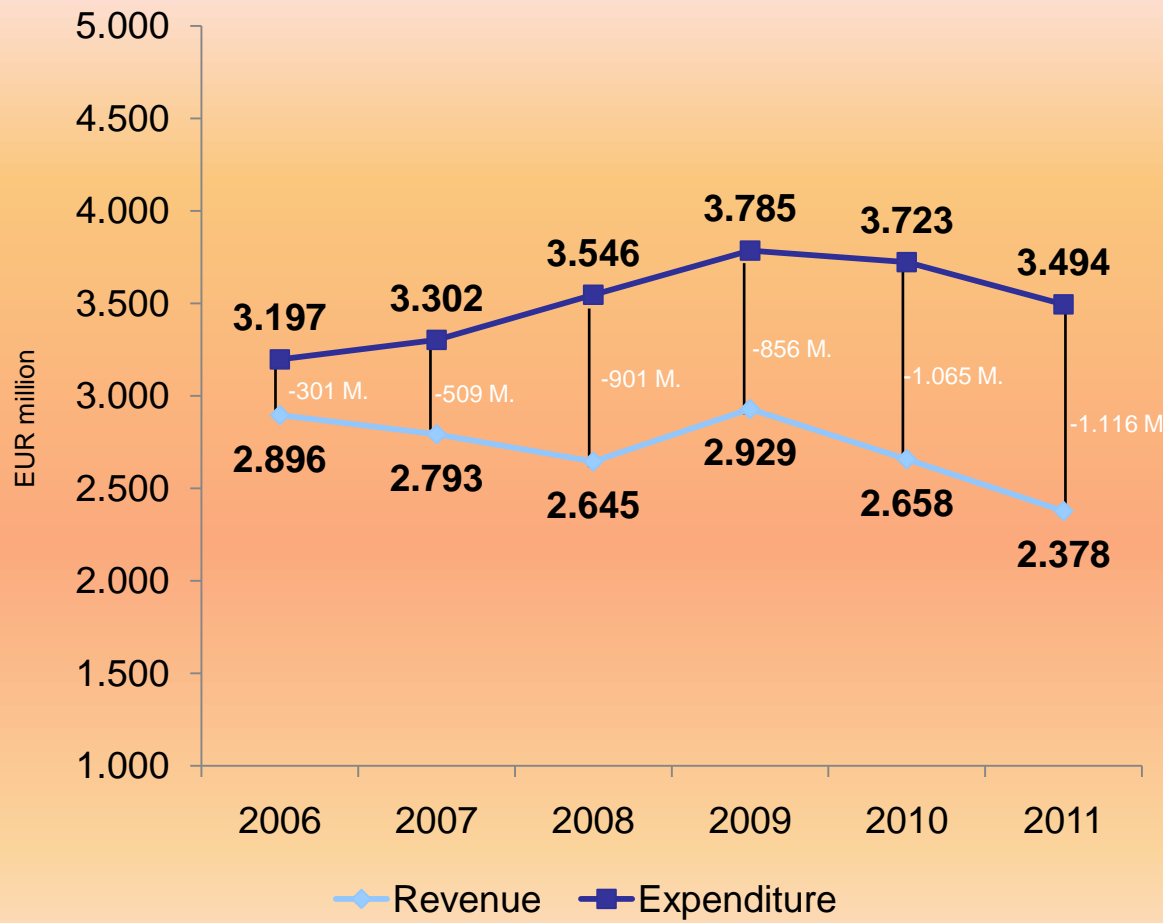
Govern de les Illes Balears

Conselleria d'Hisenda i Pressuposts

**Balearic Islands:
Fiscal consolidation 2011-2013**

March 2014

Public revenue and expenditure 2006-2011



2006-2009:
Expenditure increased by 18.4%, while revenue remained relatively stable

2009-2011:
Expenditure reduced by 7.7%, although revenue reduced by 18.8%

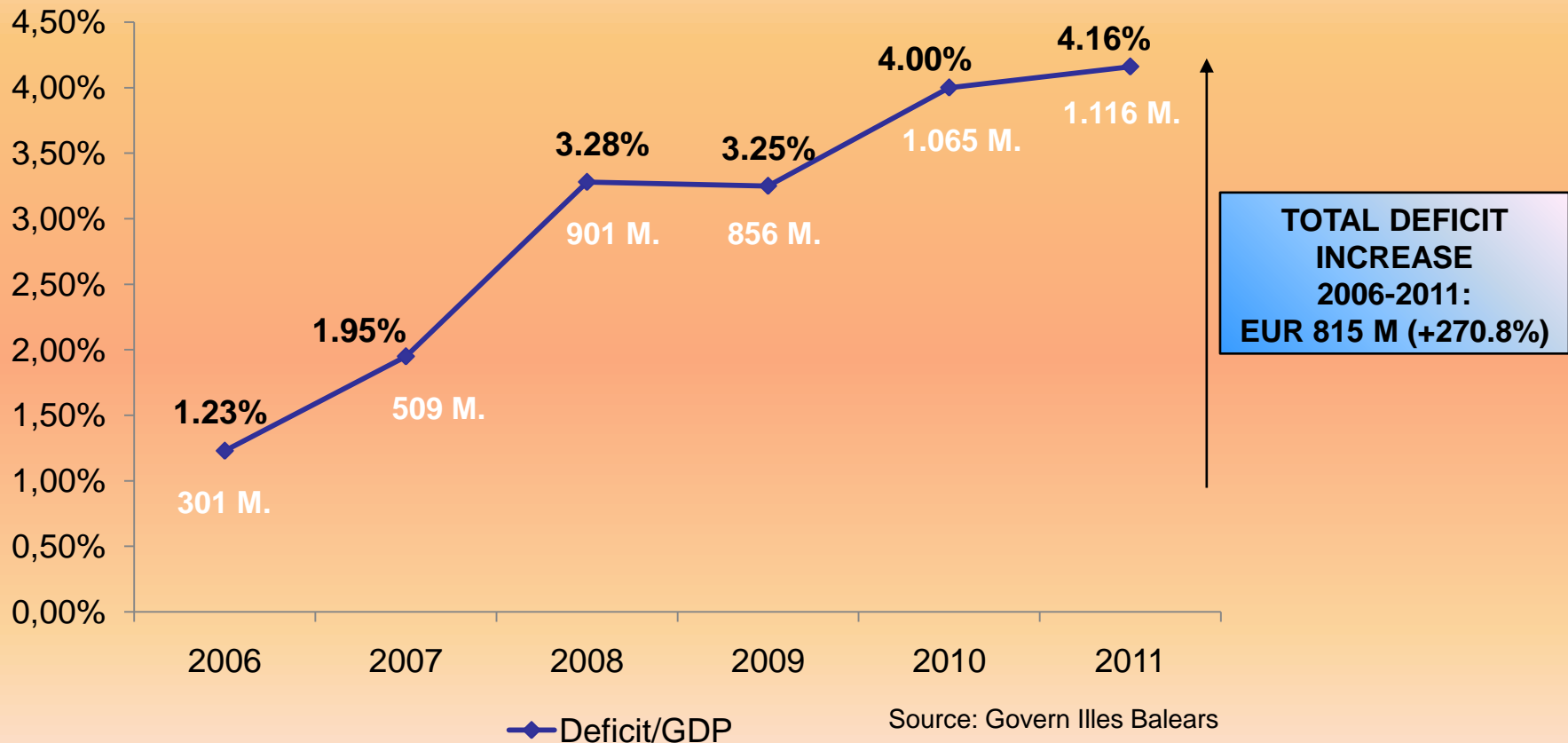
2006-2011:
Expenditure upward trend (+9.3%)
Revenue downward trend (-17.9%)

Source: Govern Illes Balears



Budget deficit 2006-2011

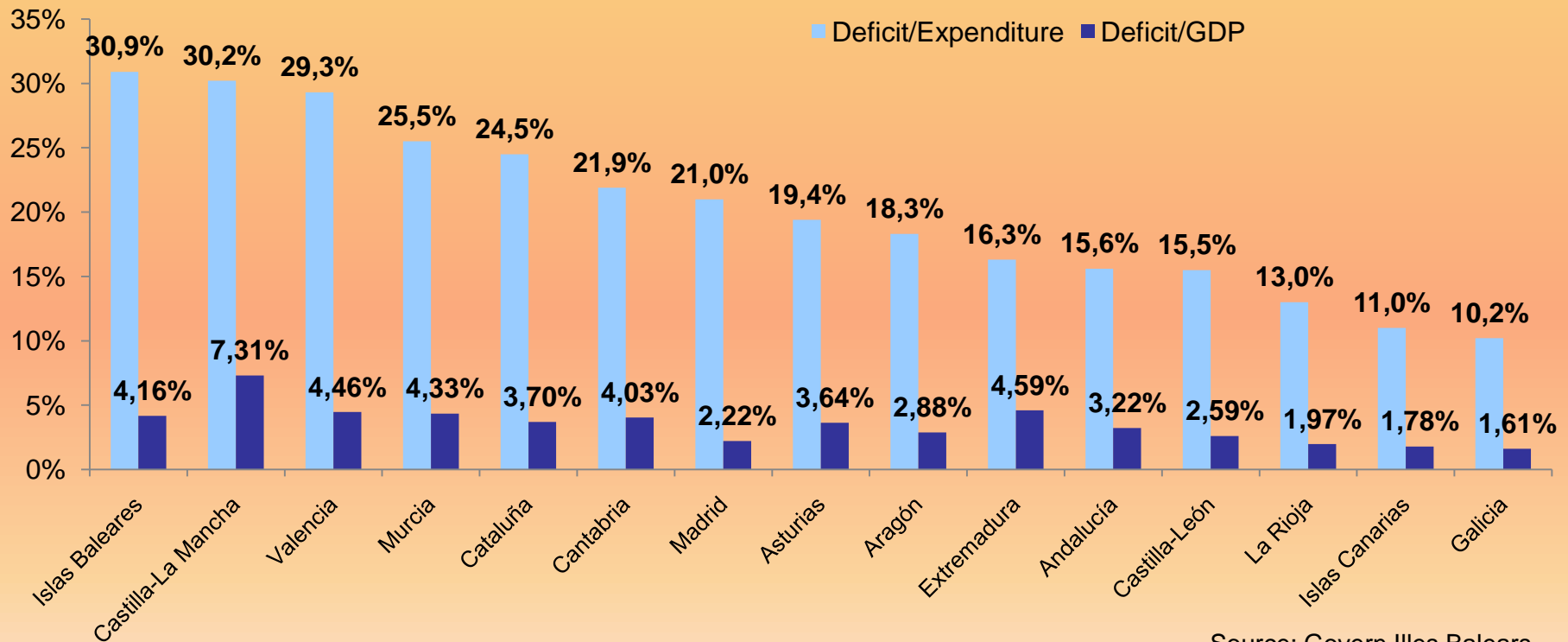
Consequently, during the period 2006-2011, budget deficit /GDP increased significantly up to **4.16%** (EUR 1.116 M) in 2011





Fiscal consolidation effort in 2011

Based on 2011 expenditure and deficit, the Balearic Islands had to make the greatest fiscal consolidation effort in Spain



Source: Govern Illes Balears



Fiscal consolidation plan 2011-2013

EXPENDITURE CORRECTIVE MEASURES (I)

Measures on staff costs

- Reduction in the number of managers
- Staff adjustment
- Suspension of recruitment
- Suspension of variable remuneration
- Plan to reduce absence from work

Saving measures in the purchase of goods and services

- Reduction of pharmaceutical expenditure
- Central purchasing unit
- Reduction in rents
- Review of purchase criteria
- Plan for energy saving



Fiscal consolidation plan 2011-2013

EXPENDITURE CORRECTIVE MEASURES (II)

Restructuring of public sector

- The number of public companies and other entities has been reduced from 181 in 2010 to 72 in 2013 with a budget saving of 353 M euros (2010-2013)

Coordination of financial policy with central government

- Fondo de Liquidez Autonómica (FLA)
- Mecanismos de pago a proveedores (FFPP)

Optimization of public investment

Reduction of subsidies and tax exemptions



Fiscal consolidation plan 2011-2013

REVENUE CORRECTIVE MEASURES

Increase in tax revenues

- Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados
- Impuesto sobre Hidrocarburos
- Impuesto sobre Determinados Medios de Transporte
- Impuesto sobre el Patrimonio
- Canon de Saneamiento de Aguas

Regional strategy to improve tax collection

Regional strategy to combat tax fraud



Fiscal consolidation plan 2011-2013

OTHER MEASURES

Achieve a simple, stable and predictable regulatory framework

Plan for administrative streamlining

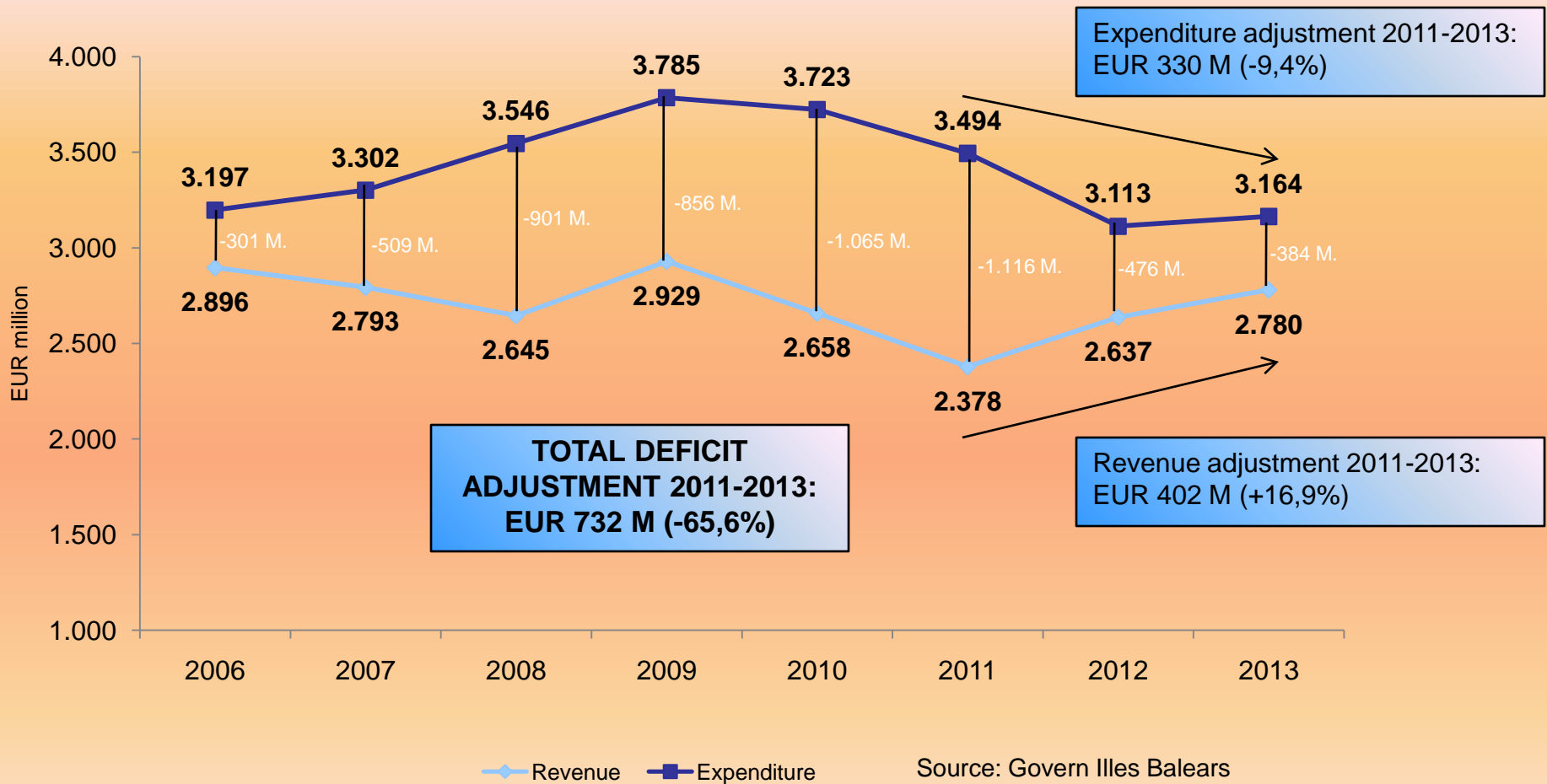
Reduction of administrative burdens for citizens and companies

Softening of commercial opening hours

Improvement in transparency in public sector management



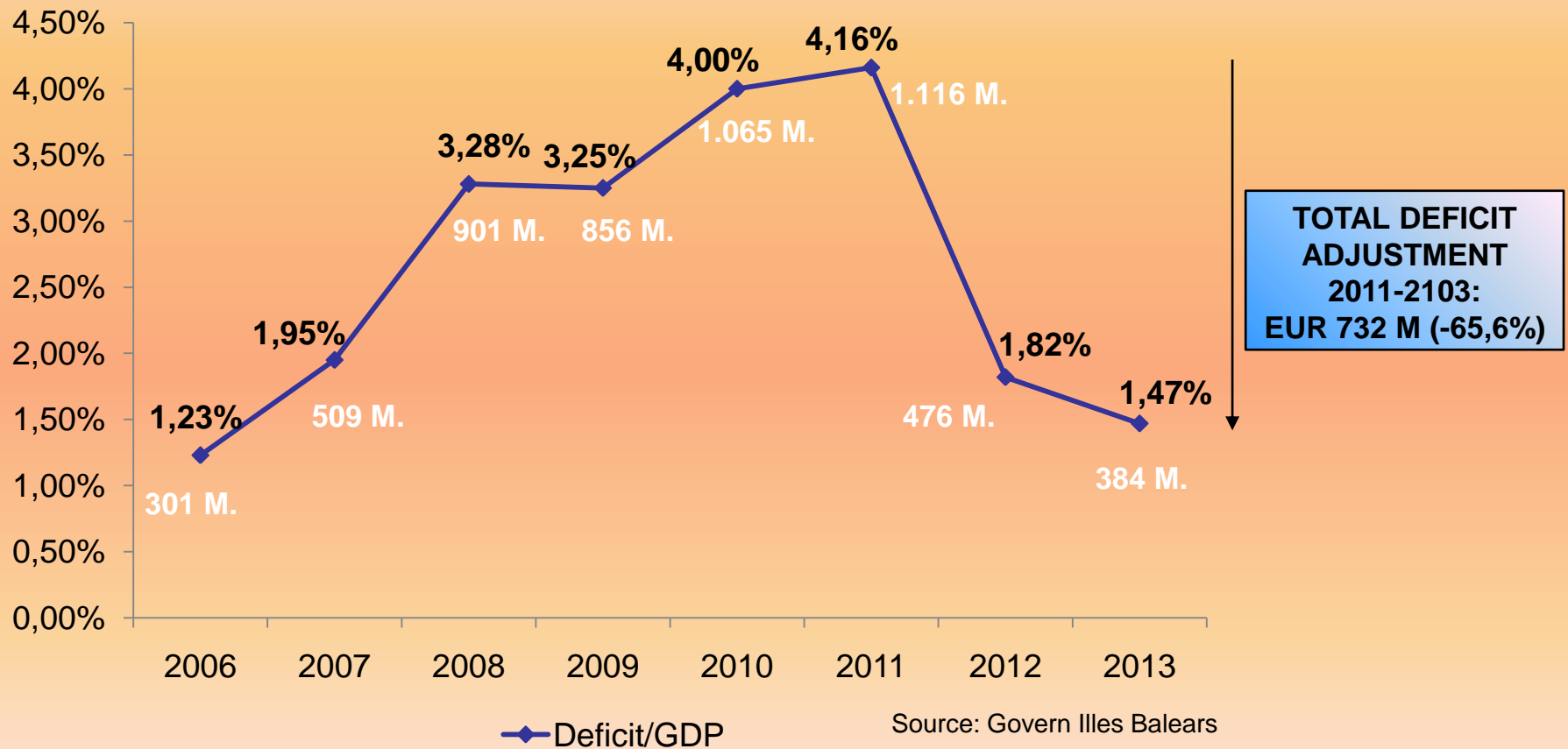
Fiscal consolidation 2011-2013





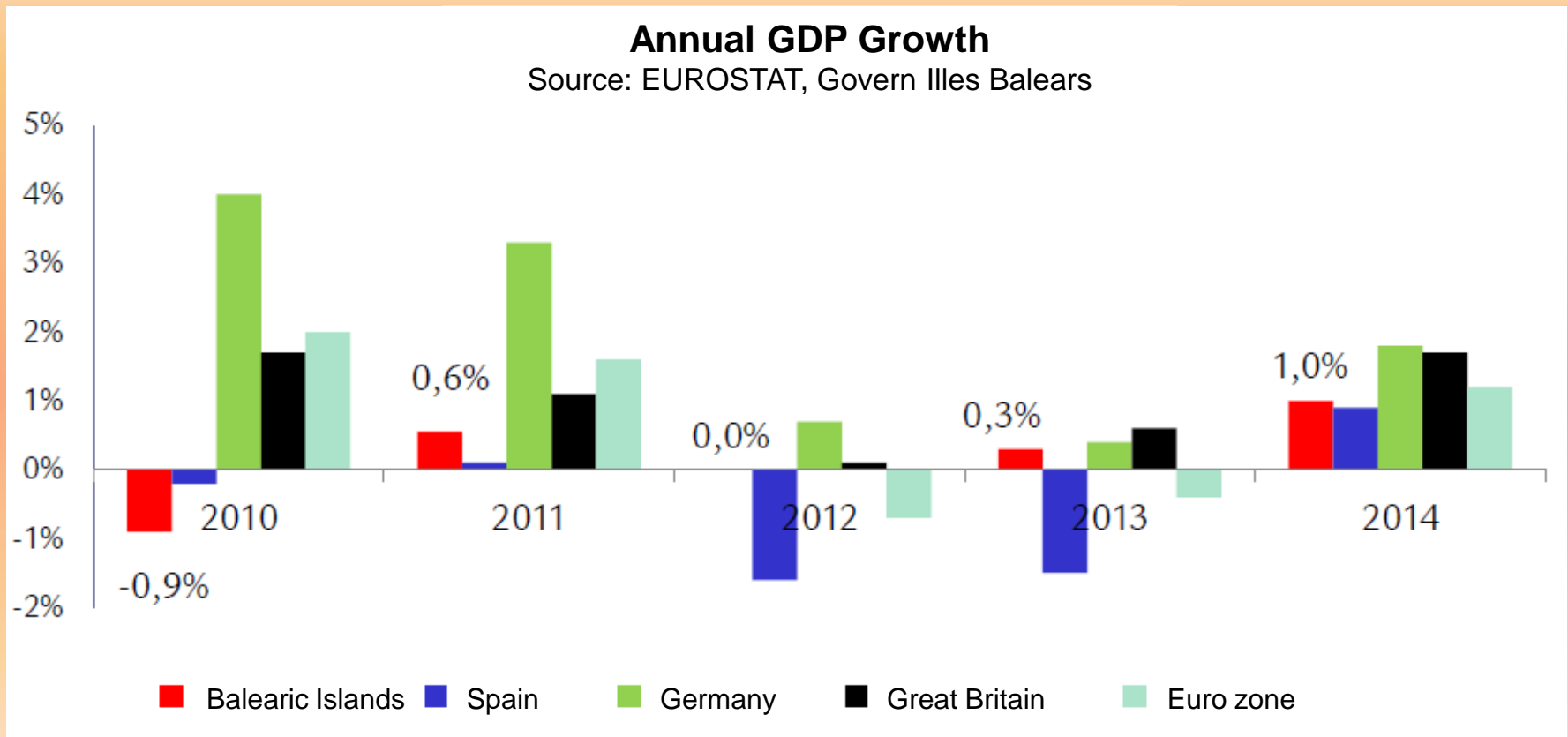
Budget deficit 2006-2013

Consequently, during the period 2011-2013, budget deficit /GDP has been reduced to 2006 level



Balearic Island's current economic performance

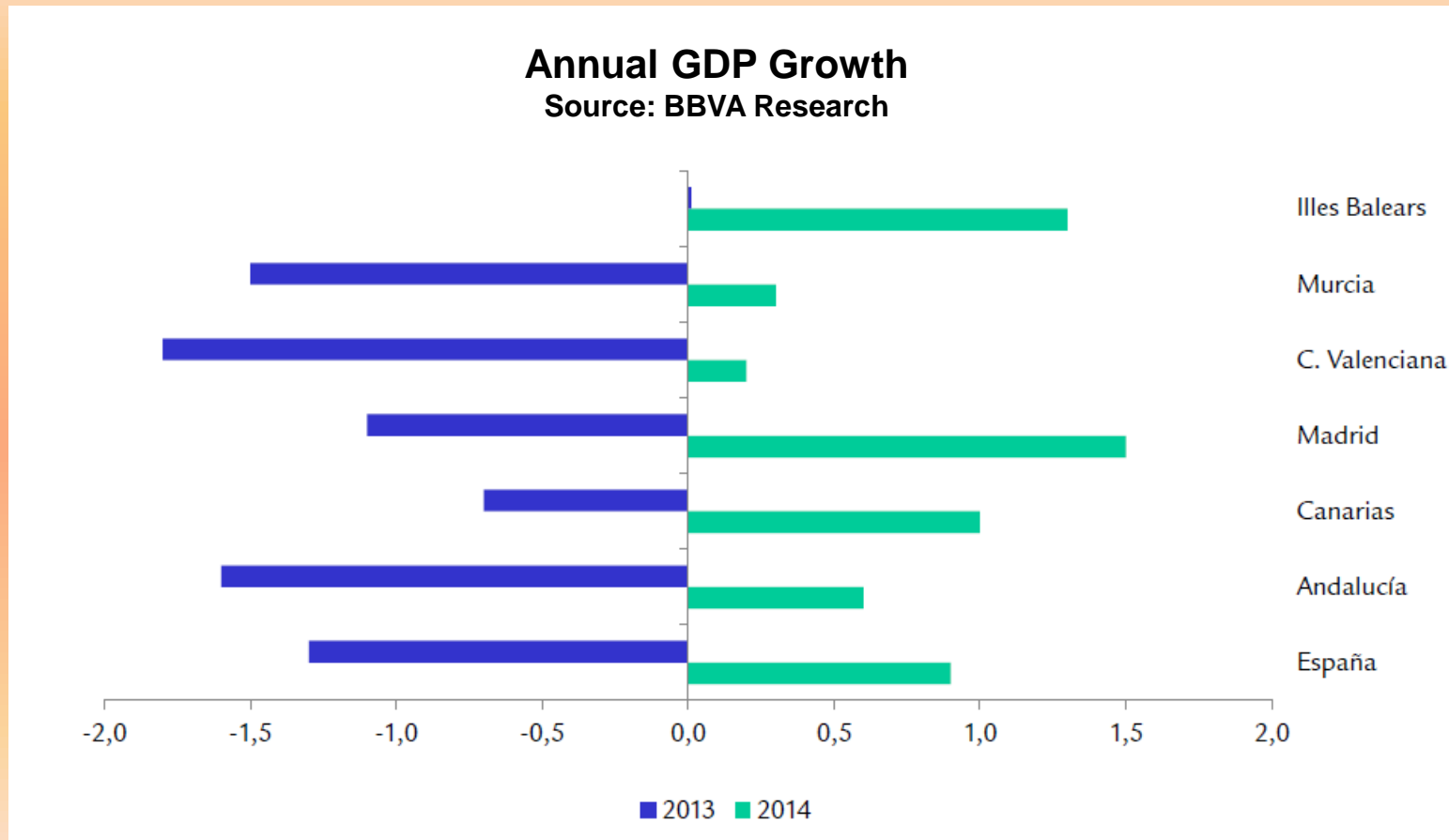
The economy of the Balearic Islands is recovering gradually





Balearic Island's current economic performance

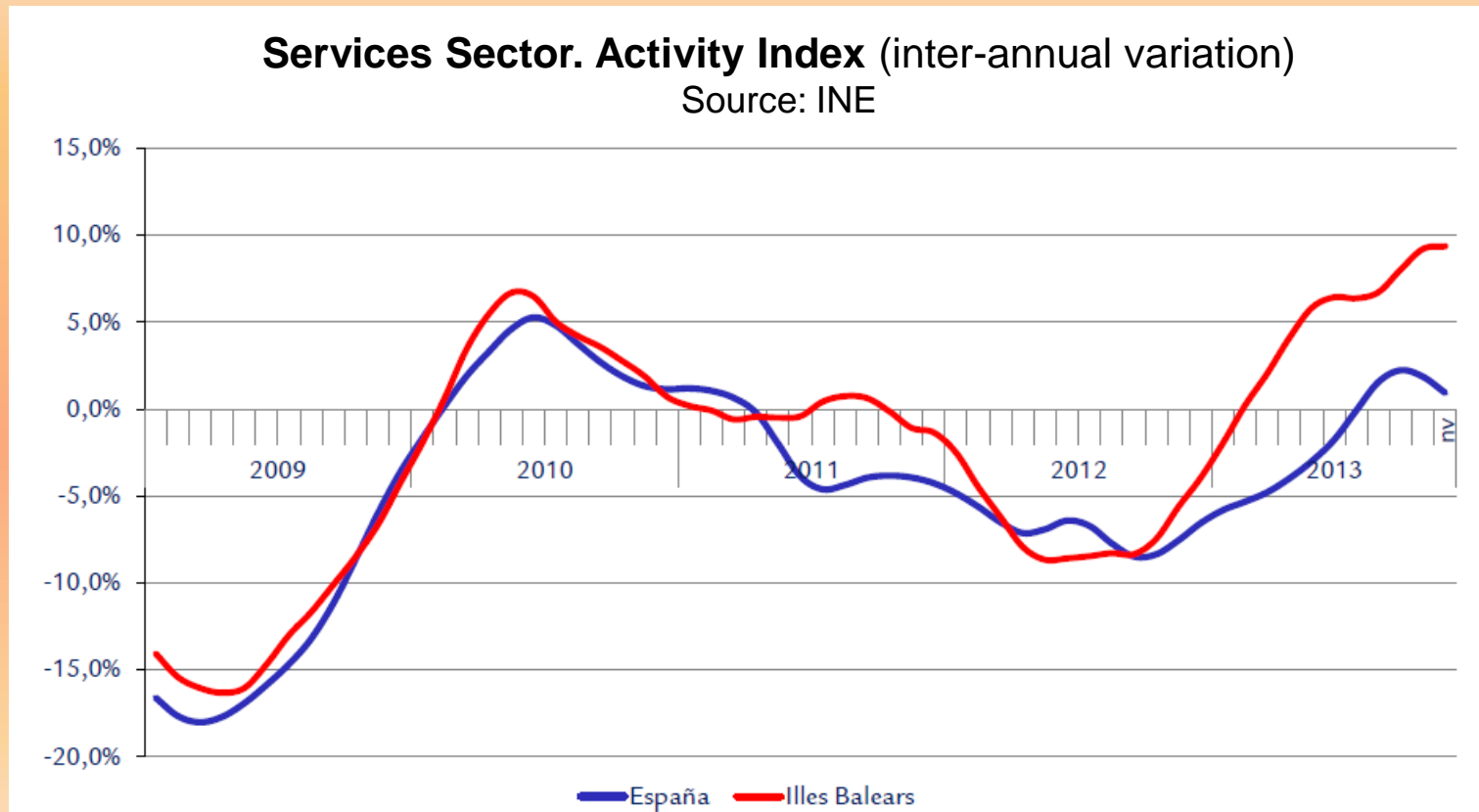
The Balearic Islands are leading economic growth in Spain





Balearic Island's current economic performance

In the services sector, the turnover has a clear upward trend



Balearic Island's current economic performance

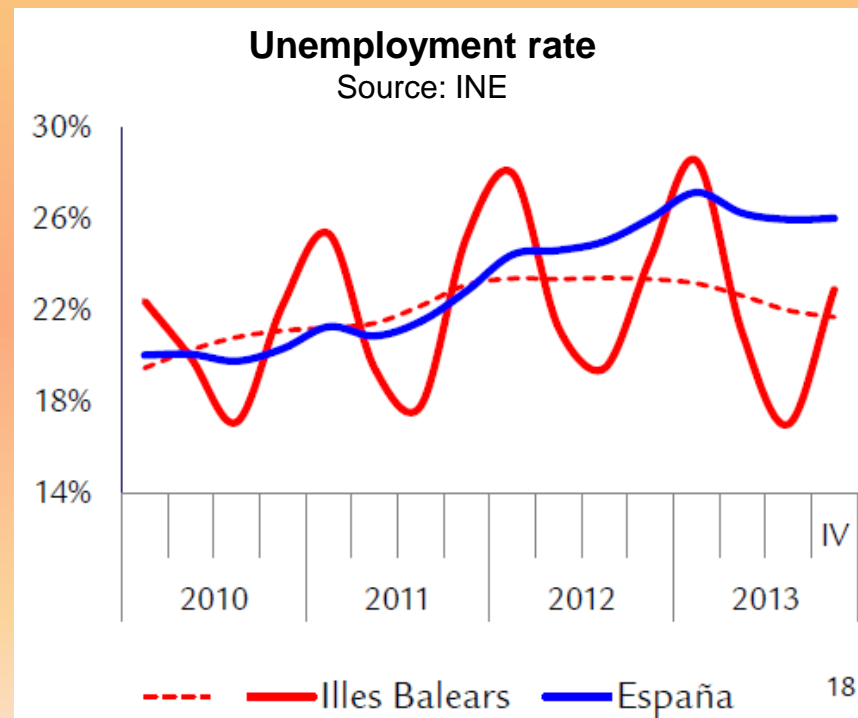
Tourism is leading the economic recovery



Balearic Island's current economic performance

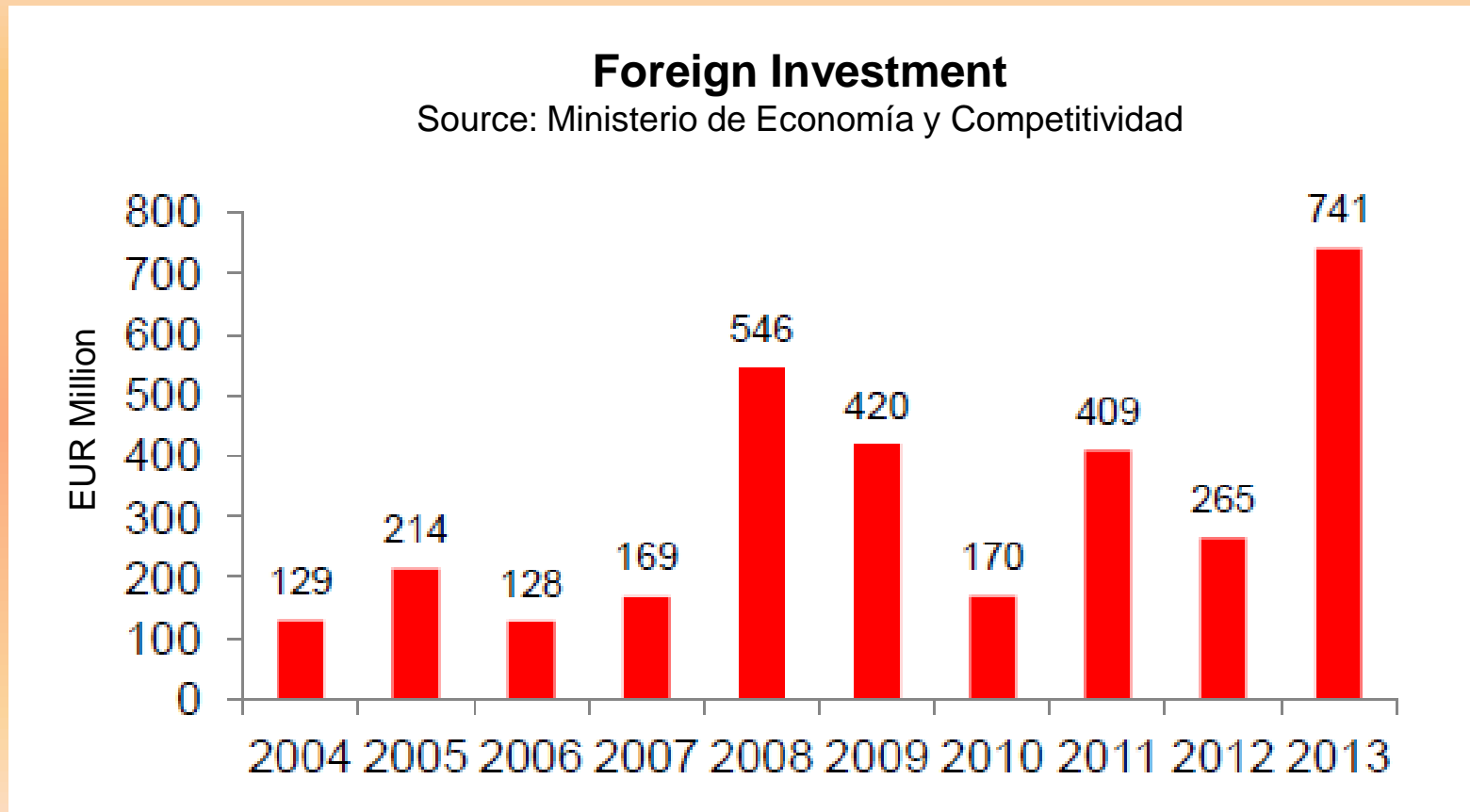
The labour market is also recovering:

- Unemployment rate has declined over the last 16 months
- Number of workers has increased over the last 10 months
- Labour market activity rate is the highest in Spain (66%)



Balearic Island's current economic performance

Foreign investment has achieved record levels in 2013





Govern de les Illes Balears

Conselleria d'Hisenda i Pressuposts

Thank you for your attention