

Spain to save 10 bln euros with health, education reform

9 April 2012

The Spanish government, which last month introduced a tough 2012 budget, said Monday it expects to save another 10 billion euros (\$13 billion) by making public services like education and health care run more efficiently.

The savings will be made by both the central government and Spain's 17 autonomous regions, a government spokesman said following a meeting between [Prime Minister](#) Mariano Rajoy and the education and [health](#) ministers.

"The state expects that the savings that could be made in the education and health sectors will represent 10 billion euros but that must be done with the participation of the regions. If they are not involved, we can't make these savings," he added.

Spain autonomous regions are responsible for providing education and health care. They account for around half of all public spending.

The government will seek "a greater rationalisation, the elimination of overlaps and [efficiency](#) in the delivery of major public services," it said in a statement.

The new measures were announced amid growing investor concerns over the central government's ability to control spending by the regions, which has caused yields on Spanish bonds to rise steadily.

Higher yields make it more expensive for Spain to borrow and push the country towards a point where borrowing could become impossible.

Spain must reduce its deficit to 5.3 percent of gross domestic product this year and to the EU limit of 3 percent of [GDP](#) in 2013 from 8.5 percent last year in a period of [recession](#) and high [unemployment](#).

To meet this goal the government last month

approved a 2012 budget that includes 27 billion euros in spending cuts and tax increases, the most austere spending plan in decades.

The government did not provide details on how it intends to streamline public services but said they would be outlined during a meeting at the beginning of May between representatives of the central government and the regions, which are mostly governed by the ruling conservative Popular Party.

Budget Minister Cristobal Montoro said the government planned to define in talks with the regions exactly what health, education and social care services must be provided.

This would help regions to reduce spending and meet their deficit-cutting targets, he said in an interview published in the daily El Mundo.

Spain's regional governments ended 2011 with a public deficit equal to 2.94 percent of national [gross domestic product](#).

The central government has set a deficit target for the regional governments this year of 1.5 percent.

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