

# The Congress of Local and Regional Authorities



## Monitoring Committee

### **Indicative list of questions<sup>1</sup> for the meeting of the CLRAE delegation and the Chair of the Parliamentary Standing Committee for Budget, Finance and Public Administration**

#### **Key questions:**

- 1. Did the financial and economic crisis disturb regional and local finances temporarily or are there structural problems in financing regional and local authorities?**
- 2. How is the financing of local authorities legally provided for within the national economic policy? Are the local financial resources considered to be commensurate with the responsibilities provided for by the Constitution and by law?**
- 3. How is the procedure of consultation with local authorities on questions of redistribution and allocation of financial resources legally guaranteed?**
- 4. As regards the new Local Finance Act what are the main changes in the structure of local and regional finances?**

#### Additional possible questions<sup>2</sup>:

1. In your opinion what are the possible structural consequences of the economic crisis as regards local and regional authorities?
2. Do you intend to introduce on constitutional level a "golden rule" to limit the overall debt? How would such a rule affect regional and local authorities? Are there claims, to include into the Constitution a stipulation, guaranteeing to regional and local authorities a basic financial lump sum?
3. The Local Finance Act imposes a number of restrictions on raising loans on the capital markets through local authorities. In particular it lays down limits to local-authority

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<sup>1</sup> Replies to these questions could be given to the delegation during the meeting; however, written replies would also be appreciated and can be sent after the visit by mail to the following address: [congress.monitoring@coe.int](mailto:congress.monitoring@coe.int)

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debt. Did the new instruments meet the objectives? Are there national funds to help regional and local authorities in special financial difficulties?

4. Do the two autonomous regions give rise to specific concerns in financial terms?
5. According to the political discussions in your committee: Where are rooms of manoeuvre for regional and local authorities to save money? Do you have joint organisms between the tiers of government who define common standards and their costs? What about, for example, the levels of pay of the staff in state, regional and local administration?
6. Please specify the structure of the local and regional financial resources. You are kindly requested to provide the Delegation with statistical data on this issue (2007 -2011).
7. What is the structure of local and regional tax revenues (for each sub-national level)? Please list the main sources of finance for local authorities, indicating the approximate numerical significance of each source, over the past few years. You are kindly requested to provide the Delegation with statistical data on this issue (2007 -2011).
8. Are the local financial resources considered to be commensurate with the responsibilities provided for by the Constitution and by law? What direct or indirect impact may have the reform of state administration to regional and local authorities? Do you intend transfers of powers to them? If yes, what about the necessary financial transfers?
9. What are the mechanisms of financial equalisation for local and regional authorities and what is the share of financial equalisation funds in the local and regional budgets?
10. Portugal has a quite sophisticated system to equalize fiscal power of different regional and local units. Do you intend to reform the system? If yes, in which direction?
11. How are grants to local authorities structured? Regional and local authorities revenue in Portugal depends on more than 50% of grants from the state level. Do you intend larger reforms in the fiscal distribution and equalisation system to increase fiscal autonomy on regional and local level?
12. What are the rules concerning borrowing by local authorities? Do regional and local authorities have privileged access to banking institutions? Do they get special interest rates for local loans? What about their ability to take loans abroad?
13. What are the main ideas to finance the strong increase in expenditure for social and health services?
14. Regionalisation in the mainland is obviously no political topic. The EU/IMF adjustment program asks for strong structural reforms within the administrative tissue. Will a recovery of regional entities in the mainland be one tool in the basket?