

**PRESS RELEASE**

## **2008 edition of the *Baromètre financier des communes et des communautés***

**(Paris, November 25, 2008) ---** The results of the 2008 edition of the *Baromètre financier des communes et des communautés* – a national survey of the way mayors and municipal community chairmen perceive the state of their local finances – were presented today at the *Congrès des Maires et des Présidents de Communautés de France*. The 2008 edition of this financial barometer, commissioned by Groupe Caisse d'Epargne and the Association des Maires de France (AMF), highlights the growing unease expressed by local politicians about the financial health of their structures. Although 2008 will be a year of far-reaching change, the survey clearly shows that the mayors are determined, despite this prevailing pessimism, to try to maintain and to further develop the services provided for local residents and to launch new capital spending projects without, however, being able to guarantee that they will be successful in this attempt.

The results of the 2008 edition of the *Baromètre financier des communes et des communautés* were presented by Philippe Laurent, Vice-President of the AMF and Mayor of Sceaux (a municipality in the Paris suburbs) along with Benoît Catel, Director of Public Sector, Social Housing and the Social Economy of Groupe Caisse d'Epargne, during the 91<sup>st</sup> *Congrès des Maires et des Présidents de Communautés de France* (Congress of French Mayors and Municipal Community Chairmen). As in previous years, this 2008 survey reflects the opinion of the mayors and municipal community chairmen about the financial health of their municipalities and their objectives for the coming year.

A majority of mayors (46%) and municipal community chairmen (44%) still consider that the financial health of their municipalities is satisfactory but they express significantly less optimism than in 2007. The prevailing mood in 2008 is one of pessimism, considering that a higher percentage of mayors (23%, up from 19% in 2007) as well as municipal community chairmen (23% against 15% in 2007) consider that their situation in 2008 is difficult than in 2007.

While the uncertainty of local councilors last year about their future was inspired, in part, by the outlook for State/local authority financial relations and by proposals for a reform of the local tax system under consideration in 2007, their worries are further exacerbated by the economic situation in 2008.

The two objectives for the mayors' new mandate are to develop investment and to maintain, or further expand, the services currently provided. More than ever, this year's survey reflects the determination of local politicians to attempt the difficult balancing act of maintaining services while simultaneously curtailing expenses. And despite the current economic climate, the mayors want to strengthen their role in maintaining and developing services as well as in promoting capital spending at a local level.

It consequently seems more necessary and urgent than ever before to proceed with an overall reform of the local tax system to ensure the local authorities are able to balance their budgets and continue to provide services to local residents.

It is interesting to note that despite the increase in interest rates, 47% of the mayors included in the survey consider that the amount of interest they pay on their borrowings will remain stable.

Indeed, on the question of debt management, neither the mayors nor the local community chairmen – who consider that the financial health of their municipalities is stable – are planning to launch dynamic debt management initiatives.

Increased scarcity in available grants and uncertainty about what financial support will be provided by the State in the future remain the principal brakes on future investment. However, in terms of the majors' priorities, the education and extracurricular activity sector has made considerable progress, and now shares first place with garbage collection and road maintenance, a sector that has lost 9 points compared with 2007. Support for economic development continues to remain a major item in investment needs for the local authorities.

Unlike in previous years, the local councilors – irrespective of whether they have been elected at a municipal (19%) or community (35%) level – are less convinced of the advantages of making use of cost-sharing contributions paid by the public inter-municipal cooperation bodies (*fonds de concours*) as a way to regulate financial relations between the municipalities and the communities. Nevertheless, in the view of the local community chairmen, this instrument remains the best way to ensure the financial regulation of the local authority sector. This year once again, the community solidarity allocation (*dotation de solidarité communautaire*) remains, in the mayors' opinion, the most effective way to regulate financial relations within the municipality/community partnership.

Finally, the need to rationalize the distribution of inter-municipal bodies throughout France seems to be an objective shared overall by the elected representatives. A majority feel that a merger between inter-municipal entities would make it possible to improve the quality of services provided to local residents and lead to economies of scale.

#### **The Baromètre financier des communes et des communautés at a glance**

*The Baromètre financier des communes was jointly created by the Association des Maires de France (AMF) and Caisse Nationale des Caisses d'Epargne within the framework of a partnership concluded in 1997. The aim of this survey is to monitor, over a period of several years, the way mayors view their municipalities' current, and future, financial situation.*

*The 2008 edition of the Baromètre financier des communes et des communautés is the result of a telephone survey carried out between August 27 and September 9, 2008 among a representative sample of 501 mayors and 100 chairmen of inter-municipal cooperation bodies grouped together depending on the size of the community and their region of origin. The opinion poll was carried out by the Opinion-Institutional Department of the CSA Institute.*

#### **Groupe Caisse d'Epargne at a glance**

*Groupe Caisse d'Epargne (GCE), one of the largest retail banking institutions in France with the individual Caisses d'Epargne, Crédit Foncier, Banque Palatine, and Financière Océor, is a front-ranking full-service, universal bank pursuing a full range of activities in the banking, insurance and real estate sectors. With more than 51,000 employees, GCE bases its business development on high performance customer service.*

*With €9bn in new loans granted in 2007, and outstanding loans of €33.5bn, GCE is a key player in the local authority market in France. A network of mutual banks, the Caisses d'Epargne boast 4,300 local authorities among their cooperative shareholders. Two-thirds of all French municipalities and virtually all the départements and regions are customers of the Caisse d'Epargne.*

#### **The Association des Maires de France at a glance**

*Founded in 1907, and granted the official seal of state approval in 1933, the Association des Maires de France allows local councilors to be represented by a single, strong and pluralistic body capable of defending municipal and inter-municipal interests at the national level. Its action is based on a network of more than 35,000 members, including 1,400 chairmen of inter-municipal bodies.*

*In the area of tax and financial matters, the AMF, in association with the Assemblée des départements de France and the Association des Régions de France, after having contacted the French Economic and Social Council (CES), and on the basis of its report published in December 2006, recently submitted a number of concrete proposals for an overall reform of the local tax system.*

---

#### ***Press Contacts:***

##### **Groupe Caisse d'Epargne**

Sonia Dilouya  
Tel.: 33-1 58 40 58 57 – Fax: 33-1 58 40 51 95  
Email: [presse@cnce.caisse-epargne.fr](mailto:presse@cnce.caisse-epargne.fr)

[www.groupe.caisse-epargne.com](http://www.groupe.caisse-epargne.com)

##### **Association des Maires de France**

Marie-Hélène Galin  
Tel.: 33-1 44 18 13 59 – Fax: 33-1 47 53 96 73  
Email: [mhgalin@amf.asso.fr](mailto:mhgalin@amf.asso.fr)

[www.amf.asso.fr](http://www.amf.asso.fr)