European Commission: Early Retirement Scheme for Spanish Public Broadcaster Endorsed

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On 20 April 2005, the Commission closed the procedures it had initiated, under the EC Treaty State aid rules (Article 88(1)), with regard to the funding system of the Spanish public broadcaster RTVE. It did so after having found that the commitments given by the Spanish authorities ensured a sufficient degree of transparency and proportionality in RTVE's financing scheme, which ensured the latter's compatibility with the Single Market for the purposes of Article 86(2) EC. Following the implementation of those commitments (elimination of the unlimited State guarantee and of the exception from corporate income tax), RTVE started operating from 1 January 2007 in the form of a public company financed by annual contributions from the Spanish government.

More recently, the Commission scrutinised an early retirement scheme, which formed part of the reconstruction plan of RTVE. According to the Spanish State Budget of 2006, the annual contribution to RTVE was dependent upon the implementation of measures intended to guarantee the economic viability of the undertaking. A study commissioned by the Spanish State suggested financial viability entailed the reduction of RTVE's workforce. A collective lay-off involving 4150 employees was negotiated and agreed. This is to be implemented mainly through an early retirement scheme, the overall cost of which amounts to EUR 1.3 billion over a period of 15 years and is to be financed by the State. The Commission found that the measures in question constituted state aid. It nevertheless concluded that the scheme was compatible with Article 86(2) EC in view of the fact that it was proportional to the objective pursued - notably the more cost-effective performance of the public service by the RTVE - and would result in a reduction of the overall burden on the public finances.

The Commission's decision draws from its consistently held view - as was also expressed in its Communication on the application of state aid rules to public service broadcasting - that the financing of public service broadcasters, although falling under the prohibition of Article 87(1) EC, may well be justified in light of Article 86(2) EC, in so far as it is necessary for the performance of a public service, as the latter is defined by the Member State concerned.

"State aid: Commission endorses measures to finance early retirement scheme for Spanish public broadcaster RTVE", press release of 7 March

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