



Eurostat data collection on contingent liabilities and potential obligations

Eurostat, Unit D1: Gosia Szczesna-Rundberg



eurostat newsrelease

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A new data collection for government finance statistics **First time release of data on contingent liabilities and non-performing loans in EU Member States**

Eurostat, the statistical office of the European Union, publishes¹ for the first time today relevant information on [contingent liabilities and non-performing loans of government](#). These data have been provided by the EU Member States in the context of the Enhanced Economic Governance package² (the "[six pack](#)").

Contingent liabilities include government guarantees, liabilities related to public-private partnerships recorded off-balance sheet of government and liabilities of government controlled entities classified outside general government (public corporations). The liabilities are called "contingent" in the sense that they are by nature only potential and not actual liabilities. Non-performing loans could imply a potential loss for government if these loans were not repaid.





Outline

- Background information
- Scope of the Eurostat data collection
- Concepts and definition used
- Interpretation boundaries





Background

- Enhanced Economic Governance package (2011), in particular Directive 2011/85 on requirements for budgetary frameworks of the Member States
- *"For all sub-sectors of general government, Member States shall publish relevant information on contingent liabilities with potentially large impacts on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations...."*



Contingency

- Liabilities are called “contingent” in the sense that they are by nature only potential and not actual liabilities.
- Non-performing loans could imply a potential loss for government if these loans were not repaid.
- Data not collected within the System of National Accounts



Implementation

- Eurostat Task Force with Member States on the implementation of the provisions of the Directive
- Eurostat Decision of 22 July 2013 on the new data collection through *"Supplement on contingent liabilities and potential obligations to the EDP related questionnaire"*
- Data publication both on national and Eurostat level, slightly different range of indicators





Scope of the Eurostat data collection

- **Government guarantees**, with breakdown for one-off and standardised guarantees *2010-2013*
- Liabilities related to **off-balance public-private partnerships** (PPPs) *2013*
- **Non-performing loans** (government assets) *2013*
- Liabilities of **government controlled entities classified outside general government** (public corporations) *2013*



Eurostat database

- [-] Test - Data navigation tree
 - [-] Database by themes
 - [-] General Statistics
 - [-] Economy and Finance
 - [-] National accounts (ESA 2010) (na10)
 - [-] Government statistics (gov)
 - [-] Government finance statistics (EDP and ESA2010) (gov_gfs10)
 - [-] Government statistics – historical ESA95 data (gov_h)
 - [-] Government contingent liabilities and potential obligations (gov_cl) (Important – footnotes to the data)
 - [-] Government guarantees (gov_cl_guar) ⓘ
 - [-] Liabilities related to private-public partnerships (PPPs) recorded off-balance sheet of government (gov_cl_ppp) ⓘ
 - [-] Liabilities of government controlled entities classified outside general government (of which by controlling subsector) (gov_cl_liab)
 - [-] Non-performing loans of government (gov_cl_npl) ⓘ



Government guarantees

- Total stock of assets covered by **one-off** and **standardised government guarantee**
- By sub-sector, with a breakdown for **public and financial corporations** for one-off guarantees
- **One-off guarantees** are individual; not possible to make a reliable estimate of the risk of calls
- **Standardised guarantees** are issued in large numbers, usually for fairly small amounts, along identical lines (mortgage loan, student loan, credit export guarantees)



Off-balance public-private partnerships (PPPs)

- Adjusted capital value of off-balance PPPs should be reported; by sub-sector
- *Initial contractual capital value in the contract progressively reduced over time by the amount of the "economic depreciation" – based on estimates or actual data*
- The amount reported is to reflect the debt impact in case the government takes over the asset during the life of the contract



Non-performing loans

- Stock of non-performing loans provided by government; by sub-sector at nominal value
- ***Payments of interest or principal are past due by 90 days or more, or interest payments equal to 90 days or more have been capitalized, refinanced, or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons (such as a debtor filing for bankruptcy) to doubt that payments will be made in full.***



Liabilities of government controlled entities classified outside general government

- Stock of liabilities at the end of the year, based on the business accounts of corporations.
- Government controlled entities classified outside general government due to their behaviour as market operators.
- Reporting based on **business accounts** or **Maastricht liabilities** (currency and deposits, debt securities, and loans).
- By controlling sub-sector, with a breakdown for public corporations involved in financial activities



Data interpretation

- **Completeness:** all countries provide data for a great majority of indicators for the years required
 - **4 countries do not report data on non-performing loans**
- **Coverage** might be not exhaustive:
 - **In some cases, data does not cover all sub-sectors, mainly local government**
 - **Standardised guarantees are not always provided**
- Necessary to consult **notes** with country specific information



Liabilities of public corporations BE CAREFUL

- Data collection refers to liabilities without balancing these data with the assets
- Data reported by some Member States is not exhaustive and in some cases does not cover
 - **Liabilities of financial institutions and/or**
 - **Liabilities of units controlled by local government**
- **Data is not consolidated** (part of the debt of these units could be towards entities in the same company group)
- Very restricted comparability across countries





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	Government guarantees	Off-balance public-private partnerships (PPPs)	Liabilities of government controlled entities classified outside general government	Non-performing loans
Belgium ^a	13.29	0.15	11.41	:
Bulgaria	0.75	0.00	12.83	0.07
Czech Republic	1.19	0.00	15.48	0.09
Denmark	9.18	0.13	27.17	0.22
Germany ^a	18.22	-	126.26	0.29
Estonia	1.71	0.23	8.93	0.00
Ireland ^a	32.14	2.82	64.51	11.40
Greece ^a	3.67	6.58	6.82	0.00
Spain ^a	18.41	0.28	12.46	0.19
France ^a	5.53	0.00	46.90	:
Croatia ^a	7.25	0.13	15.90	:
Italy ^a	6.10	0.02	45.45	0.00
Cyprus ^a	15.85	4.85	10.40	:
Latvia	2.31	0.03	30.65	0.13
Lithuania ^a	0.82	0.00	7.28	0.15
Luxembourg ^a	7.72	0.00	1.63	0.00
Hungary	8.03	2.18	14.72	0.05
Malta ^a	15.88	0.09	31.16	0.00
Netherlands	7.22	0.39	107.15	0.70
Austria ^a	35.01	0.04	36.15	0.08
Poland ^a	6.80	0.00	25.84	0.18
Portugal ^a	11.97	5.12	51.79	1.50
Romania ^a	2.15	0.00	9.92	0.00
Slovenia ^a	17.82	0.00	93.30	2.83
Slovakia	0.03	1.44	3.88	:
Finland	24.08	0.03	35.96	0.07
Sweden	11.56	0.00	34.50	0.80
United Kingdom ^a	9.47	1.89	60.88	0.77



Publication in Eurostat database

- First time publication
- Eurostat News Release
- Metadata attached with explanation of concepts and definitions used
- Country specific information available
- Contact us in case of questions





Thank you for your attention.

