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Directorate D – Government finance statistics (GFS)
D.1 – Excessive deficit procedure, methodology and GFS

Luxembourg,

FINAL FINDINGS

EDP Dialogue Visit to Poland

24 – 25 February 2022

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EXECUTIVE SUMMARY

Eurostat undertook an EDP dialogue visit to Poland on 24-25 February 2022, as part of its regular visits to Member States and with the aim to assess the existing statistical capacity, to review the implementation of ESA 2010 methodology and the complementary provisions from the Manual on Government Deficit and Debt in the Polish national accounts and EDP tables, respectively. In particular, data sources were examined in more detail and the classification of some entities, including certain transactions of these entities and their presentation in the EDP tables were assessed in detail. In addition, the COVID-19 table, the formula used for the calculation of the 50% criterion as well as the interest calculation and the use of swap arrangements was analysed.

With regard to the data sources, Eurostat took note of the reform of the budgetary system in Poland and asked the GUS representatives to be informed about the further progress of the reform process, in particular about possible changes/ improvements in the compilation of EDP/GFS data. Furthermore, the data source for the calculation of government gross fixed capital formation was analysed and it was recommended to cross-check the information collected via the special surveys with the information in the profit and loss accounts and balance sheets, to the extent possible.

Then, the follow-up of the action points of the previous EDP dialogue visit was reviewed. The predominant number of action points have been processed by the Polish statistical authorities and are considered as accomplished. A small number of action points were discussed under the relevant items of the agenda, one action point was extended, and one action point was extended pending completion of the Task Force on Development Banks.

The discussion on the classification of public entities and the transactions carried out by these entities focussed on the measures carried out by the Bank Guarantee Fund (resolution activities, creation of bridge institutions and the recording of capital injections), the Polish Development Fund (PFR), the *Bank Gospodarstwa Krajowego* (BGK) and the Insurance Guarantee Fund (UFG). With respect to the Bank Guarantee Fund (BFG), Eurostat emphasized that residual entities created in the context of resolution measures that are being or about to be liquidated should be classified in the government sector if the government has provided funds to support the resolution measure or when the government holds the principal claim vis-à-vis such an entity. Regarding the PFR, Eurostat discussed with the Polish statistical authorities some activities and tasks in which the PFR has been involved or entrusted in recent years and the extent to which these might have an impact on its sector classification. These included, in particular, the fact that a non-negligible number of transactions for sizeable amounts were rearranged by the GUS via the government accounts and that the PFR is providing infrastructure for the development of the private pillar of the Polish pension system, the task of the PFR in coordinating activities of other development institutions (with the majority of these entities being classified in the government sector) as well as the financing of the PFR. In the context of the BGK, the main issue discussed was the need to rearrange transactions and the availability of the necessary data for this purpose. The so-called flow funds managed by the BGK were also discussed in more detail. Concerning the Insurance Guarantee Fund (UFG), Eurostat noted that the UFG, similarly to BGK, manages funds, and that two of these funds were already classified in the central government subsector, which casts doubt on its current classification in the financial corporations sector. The GUS will follow-up on the sector classification of the UFG.

As regards the formula used for calculation of the market/ non-market test, Eurostat recommended to include in the sales the item “change in the balance of products” (increase – positive value, decrease – negative value) and to deduct the item “Manufacturing cost of products for internal purposes” from the costs.

The discussion then focussed on the status of the restructuring of the hard coal sector in Poland and the transformation of the electricity sector. For the latter, the transformation plan foresees that government will purchase lignite coal units and transfer them to a newly established government owned unit called National Energy Security Agency (NABE). In addition, the establishment of a further unit (Early Decommissioning Mechanism) seems to be planned, which will have the task to acquire unprofitable coal assets from NABE and gradually decommission them. As a result, the GUS will further monitor the ongoing transformation in the hard coal sector as well as in the electricity sector in Poland and, in particular, will analyse the sector classification of new government entities (NABE and the Early Decommissioning Mechanism).

With respect to the implementation of the accrual principle, Eurostat enquired about the reconciliation of accrued interest between EDP Tables 3B, 2A, the reporting of premiums and discounts in EDP Table 2A and the reporting of the capitalisation of index-linked securities (included in the line coupon). Other aspects discussed in connection with this topic concerned the possible impact of the measures implemented with the “Polish Deal”, a new socio-economic program, the accrual recording of certain taxes, the recording of two court cases that were the subject of a decision by the Court of Justice of the European Union (CJEU) and the rather stable and high stock of receivables of general government against the EU.

The discussion on the recording of financial derivatives concerned, among other things, the need to include an accounting entry under “appreciation/ depreciation of foreign currency” at the time of the unwinding of a currency swap (repayment of the debt) in EDP Tables 3. The entry in “appreciation/ depreciation of foreign currency” is recorded with the same amount but with a reversed sign. Failure to make such an entry will result in a statistical discrepancy in the EDP Tables 3.

In addition, some other issues were discussed, such as capital injections, guarantees, debt assumptions, debt cancellations, Public Private Partnerships and Concessions. The recordings applied are mainly in line with the Eurostat rules.

Eurostat welcomed the transparent, well-structured and comprehensive approach by the Polish statistical authorities to the EDP related work. Eurostat appreciated also the documentation provided by the Polish statistical authorities prior to and during the EDP dialogue visit.

FINAL FINDINGS

Introduction

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009 (the EDP Regulation) on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, Eurostat carried out an EDP dialogue visit to Poland on 24-25 February 2022. The EDP dialogue visit was conducted virtually via video conferencing.

The delegation of Eurostat was headed by Mr Luca Ascoli, Director of Eurostat Directorate D: Government Finance Statistics (GFS). A representative of DG ECFIN participated in the meeting as observer. The MEMBER STATE'S authorities were represented Statistics Poland (GUS), the Ministry of Finance (MoF) and the National Bank of Poland (NBP). In addition, representatives from the following entities participated in the discussion for some specific points on the agenda: the Ministry of Defence (MoD), the Armament Agency, the Bank Guarantee Fund (BFG), the *Bank Gospodarstwa Krajowego* (BGK), the Polish Development Fund (PFR S.A.) and the National Centre of Emissions Management (KOBiZE).

The previous Eurostat EDP dialogue visit to Poland took place on 11-12 February 2020.

Eurostat carried out this EDP dialogue visit in order to verify and ensure that the provisions of the European System of National and Regional Accounts (ESA 2010) and the Eurostat Manual on Government Deficit and Debt (MGDD 2019), as well as Eurostat's decisions and guidelines are properly implemented in the compilation of the Polish EDP/ GFS data.

In this context, the following specific issues were discussed with the Polish statistical authorities: (1) The operations carried out by the Polish Bank Guarantee Fund in connection with the resolution of banks. (2) The status of restructuring process of the Polish coal-mining sector and further planned measures. (3) The new plan for the separation of coal-fired power plants, owned by public power companies, their transfer to a newly created government unit and the ultimate liquidation of these plants. (4) The expanding of existing or new business activities as well as the sector classification of PFR S.A. (5) The review of processes and data availability with regard to the possible rearrangements of transactions/ operations carried out by the PFR S.A. or BGK. (6) Possible effects on the accrual accounting of taxes and social contributions of the extensive changes in tax and social insurance law implemented in 2022 as part of the so-called "Polish Deal". In addition, the status of the action points agreed during the 2020 EDP dialogue visit was assessed, and the source data used by the Polish statistical authorities for the compilation of EDP/ GFS data was discussed. Time was also spent discussing the government's actions related to the COVID-19 pandemics, as presented in the supplementary table on COVID-19 measures, and getting an update on the status of the National Recovery and Resilience Plan (NRRP), including the possible reporting entries for 2021 as well as the application of the Eurostat accounting guides for PPPs and EPCs.

With regard to procedural arrangements, the *Main conclusions and action points* would be sent to Poland for review. Then, within weeks, the *Provisional findings* would be sent to Poland for review. After this, in accordance with Article 13 of the EDP Regulation, the

Final Findings will be sent to Poland and the Economic and Financial Committee (EFC) as well as published on the website of Eurostat.

Eurostat appreciated the relevant background material provided by the Statistical Authorities prior the EDP dialogue visit. Eurostat also thanked the Polish statistical authorities for their good co-operation and productive discussions during the EDP dialogue visit.

1. REVIEW OF INSTITUTIONAL ARRANGEMENTS, EDP DATA SOURCES AND PROCEDURES

1.1. Review of institutional responsibilities in the framework of the EDP data reporting and GFS compilation

Introduction

Under this agenda point, Eurostat reviews the institutional arrangements of the responsibilities in the framework of the Polish EDP (Excessive Deficit Procedure) data reporting and GFS (government finance statistics) data compilation. The focus is, on the one hand, on changes in responsibilities and accountabilities insofar as they have occurred since the last EDP dialogue visit and, on the other hand, on creating a deeper understanding of the interaction of individual institutions or certain data processing/ data compilation procedures. Knowledge of these structural features (i.e., responsibilities and accountabilities), procedures and processes is critical to assessing whether a member state has the prerequisites for producing high-quality EDP/GFS data. GUS informed Eurostat, as part of the pre-submitted information, that there have been no significant changes regarding institutional responsibilities in the framework of EDP data reporting and GFS compilation since the last EDP dialogue visit.

Discussion

GUS explained that cooperation of the individual institution (i.e., the rights and obligations) involved in the compilation of the EDP/GFS data is essential governed by laws and regulations. There are no specific arrangements like MoUs or cooperation agreements between government entities. Additional arrangements exist, however, with the Polish Development Fund (PFR) and with *Bank Gospodarstwa Krajowego* (BGK). The agreements with PFR and BGK are intended to ensure that GUS receives all necessary information/ data to decide whether an operation/ transaction of these units should be recorded on government balance sheet, i.e., whether a rearrangement of operations/ transactions is necessary. The agreement with the PFR has been in place for some time and GUS confirmed that it has received so far, all necessary information for the statistical classification of the PFR undertakings.

The agreement with the BGK, on the other hand, is more recent and might need a revision (a more detailed description of the data requirements) since the information provided so far is not considered by GUS sufficient for the statistical classification of the operations/ transactions. However, GUS and BGK are in contact with each other in order to improve the provision of the necessary information/ data.

In addition, there is also a cooperation agreement between GUS and the National Bank of Poland (NBP), which was last amended in 2021. However, this agreement has a broader focus and is not specific to EDP/ GFS data needs like the other two agreements.

Eurostat further enquired about the cooperation of GUS with the Supreme Audit Office (NIK) and the Regional Chambers of Audit (RIO) as well as the cooperation of the audit institutions with one another. GUS explained that the NIK operates on the basis of Constitution of the Republic of Poland and that its tasks, scope, organisation, audit proceedings and staff issues are specified in the act on the Supreme Audit Office. According to the act, NIK shall audit the activity of government authorities, the National Bank of Poland, state legal persons and other state organisational units, local self-government authorities, local self-government legal persons and other local self-government organisational units as well as the activities of other organisational units and business entities (in case that they made use of government grants or having a contract with a government entity). In general, the NIK carries out its audits on its own initiative, but it is also possible that an audit is carried out on request, for example, by the Parliament. The NIK has 16 regional branches (offices), which are usually not linked with the RIO. However, the audit plans are coordinated between the two audit levels in order to avoid simultaneous audits of the audited units and audit results are exchanged.

The focus and responsibilities of the RIO is on the financial management and public procurement of regional and local government units (communes, districts and provinces), communal associations as well other entities, which have received grants from regional and local government units.

GUS further explained that it was the subject of a NIK audit three years ago and that the focus was on the delineation of the general government sector. NIK audited the sector classification procedure, the data sources used for this purpose, including supplementary data sources, which were used for the compilation of the debt of the government units. In general, the outcome of the audit was positive. There was only one recommendation concerning the publication of data (provision of additional information has been requested by NIK).

In general, GUS regularly conducts a detailed analysis of (annual) audit reports. For example, information on sale and leaseback operations was found in the audit reports, which GUS then used to start its own analyses of the issue. Another example concerned the NIK's recommendation regarding the time of recording of additional annual salary payments made by the Ministry of Defence. However, the Ministry of Defence directly implemented this recommendation, so that GUS did not have to take action.

Findings and conclusions

Eurostat has taken note of the cooperation agreements between GUS, the PFR, the BGK and the NBP and recommends mentioning these agreements in the EDP Inventory. Concerning the data exchange between GUS and BGK, Eurostat would like to be informed about further developments; in particular, whether the data exchange could be designed in such a way that the statistical classification of the BGK operations/ transactions would be possible for GUS.

Eurostat also took note of the cooperation between GUS and the NIK/ RIO, in particular, that this is rather loose in nature, but that GUS evaluates the published audit reports in a structured way.

1.2. Data sources and data compilation methods

Introduction

Under this agenda point, Eurostat primarily examines changes related to the availability of data sources (new data sources or discontinuation of data sources, new variables etc.) but also the specific use of available data sources (profit and loss data, cash flow data, balance sheet data, budgetary data etc.) and their combination with each other in the context of the compilation of the EDP/ GFS data. Prior to the EDP dialogue visit, GUS informed that new data sources are primarily related to the statistical data collection for COVID-19 measures and are requested by a variety of institutions (e.g., ministries, specific funds established under COVID-19, PFR and BGK). Among the newly established funds, the PFR Financial Shield and its different compartments and further amendments (managed by the PFR), the Counteraction Fund COVID-19 (managed by the BGK) stand out. Otherwise, there were no changes with regard to the availability of data sources.

Discussion

GUS informed Eurostat about an ongoing fiscal and budgetary reform in Poland. The reform project is implemented by the Ministry of Finance in cooperation with the World Bank and with the support of the IMF. GUS participated in a Working Group that accompanied the implementation of the budgetary reform project. The main objectives of the project is to implement a budgetary system that supports the achievement of strategic goals and development priorities, improves forecasting, and allows for better integration of the annual and multi-annual planning process. It includes the development of a new classification system that will allow the presentation and analysis of revenues and expenditures based on four dimensions (administrative, economic, functional and funding). This should also help to improve the effectiveness of the management and control of the available funds. The new classification system will also include the development of a standardised chart of accounts for all government units that will replace a number of different charts of accounts currently used for different types of units. As a result, the presentation of budget results will change significantly compared to the previous presentation. In particular, there are two models for future data presentation. One model is more aligned with the traditional cash accounting framework, while the other model provides a classification that is more neutral to the underlying accounting approach.

Eurostat asked about the timetable, whether the reform would also have a substantial impact on the compilation of the EDP/ GFS data, and whether there were plans to move from cash accounting to accrual accounting. GUS stated that the new system would provide additional data due to the newly developed classification system. Improvements are generally expected in the bridging of the source data to ESA transactions and, in particular, in the consistency and consolidation of the data. The basic accounting approach (i.e., cash accounting), however, would be retained – even if more accrual data would be available. The pilot phase is currently underway and initial data are expected in the first quarter of 2023.

Eurostat further inquired whether GUS was able to achieve specific improvements in the availability of EDP/ GFS data as part of the reform process. GUS explained that the data needs were communicated in the Working Group meetings and improvements were realized in terms of details of data and in the area of consolidation.

With regard to the accounting approach, which according to GUS should not change as a result of the reform process, Eurostat asked about the accounting basis of the working balance in EDP Table 2A. In general, GUS states in the notification that the working balance is on a cash basis but carries out an adjustment to the expenditure in the section "Other adjustments" for planned expenditures not expired in the accounting year. Eurostat wondered why such "expenditures" are included in the working balance and whether this is the only exception, i.e., the working balance is otherwise cash-based. GUS explained that the item "planned expenditures not expired" represents the only exception to a non-cash expense included in the working balance. It is a special feature in the presentation of the data. All other revenue and expenditure recognized in the working balance are actual cash figures.

In terms of data sources, the availability of balance sheet information and income statements was also examined. Eurostat noted that the summary table for the data sources included in the EDP Inventory gives the impression that balance sheets and profit and loss account are not available for the main central government unit and asked whether this is indeed the case or whether they are available but currently not used. GUS explained that such information does not exist for the main central government unit. However, one result of the aforementioned budget reform might be that a kind of balance sheet will be available in the future. GUS further explained that the lack of balance sheet information (e.g. for financial assets or certain liabilities) as well as the lack of information from the profit and loss accounts is compensated by the use of two complementary quarterly surveys, i.e., the RB-N survey and the RB-Z. RB-N and RB-Z correspond to a type of balance sheet information and are linked to the general ledger as far as the central government main unit is concerned. In general, all units that are part of the public finance statistics sector have to report to the two surveys and most of these reporting units have a balance sheet and profit and loss accounts to provide the required information. GUS also conducts a special survey for units reclassified to the government sector to collect the necessary information on stocks and flows of assets and liabilities (RF-02) and a survey (SP), which collects information from balance sheets, profit and loss accounts as well as additional information from big and medium sized corporations.

Eurostat wanted to know whether GUS collects also cash figures via these surveys and how the GFCF is compiled as these surveys do not seem to collect any information about this. For the cash figures, GUS indicated that such information is not currently collected, but that such a survey is planned for public companies in cooperation with the MoF. As regards the compilation of GFCF it was explained that two additional surveys were conducted, which provide the necessary information. The surveys are designed for all public sector entities (F-03)[1] and for communities (SG-01 - S.1313) in Poland. For very small units, the information is collected by directly contacting the entities. There is no comparison of the data with the data in the working balance. The working balance consist of data from the RB surveys (cash flow from the budgetary accounts). Eurostat noted that the use of the other two surveys (RB) for compiling the financial and non-financial side and the use of F-03 and SG-01 for GFCF could most likely lead to a difference and wondered how the GUS treats this difference (i.e., it is either neglected or it is calculated and compared with F-03). GUS explained that the data are not compared, i.e., the difference is neglected.

Another item that was discussed related to whether F-03 provides cash or accrual data and how the F.8 adjustment is compiled for GFCF. Eurostat assumed that the F.8 for non-budgetary units is calculated using the balance sheet data and therefore the compiled F.8 includes also the accrual adjustment for GFCF. If GFCF were recorded in F-03, then prepayment of GFCF would result in a reduction in the F.8 receivable, implying that accrual adjustments are correctly recorded in the F.8 flows.

Eurostat reviewed together with the Polish statistical authorities the data sources used for the compilation of the general government net lending/ net borrowing and the Maastricht

[1] It covers all public entities with more than nine employees.

debt. In particular, the data sources used for the compilation of the stocks of assets and liabilities were discussed in more detail.

The discussion then focused on the reconciliation of the transactions in debt instruments and the stock of debt instruments. The MoF calculates the stock of government debt, including the stock of debt from rearranged activities or the stock of debt from PPPs recorded on the government balance sheet and carries out the consolidation. GUS, on the other hand, compiles the financial accounts by mainly using the surveys RB-N and RB-Z. Eurostat wondered to what extend transactions in debt come de facto from the MoF and, in particular, whether the MoF has the necessary information for the reconciliation of the change in stock, transactions, holding gains and losses and other economic flows. GUS explained that the main data source for the compilation of government debt are the surveys RB-N and RB-Z, which are also available to the MoF and that it also receives data from the RF-02 survey as well as additional information about rearranged activities, PPPs and counterpart information for the consolidation. The counterpart information is used from the RB-N and RB-Z reports, where the data are grouped by sectors and subsectors. This information is also provided by the RF-02 survey.

In this context, Eurostat recommended to the GUS to update the overview chart on the compilation of the government debt by an additional reference and/ or box for rearranged transactions.

Findings and conclusions

Eurostat took note of the reform of the budgetary system and asked the GUS representatives to be informed about the further progress of the reform process, in particular about possible changes/ improvements in the compilation of EDP/GFS data.

Eurostat also understands that the data source for the calculation of gross fixed capital formation (GFCF) of the general government sector is based on two statistical surveys, namely F-03 and SG-01, the SG-01 survey being particularly tailored to the local government sector. The two surveys collect information on stocks and movements of fixed assets of public sector units. Eurostat also noted that the information collected in the two surveys is neither regularly nor occasionally cross-checked with the information in the profit and loss accounts, balance sheets and/or cash flow statements of the respective units to verify the quality of the data collected.

Action point 1: GUS will carry out a one-off exercise to reconcile the information on gross fixed capital formation collected in the F-03 survey with the information in the P&L accounts, the balance sheet and the cash flow statement for six major units (volume of fixed assets recorded on the balance sheet) for the last three years.

Deadline: End of December 2022[2]

Action point 2: GUS will update the EDP process diagram (debt data) provided to Eurostat to reflect (possibly by adding a further or extending an existing box) the step in which the calculation of Maastricht debt takes into account the debt resulting from the rearrangement of transactions.

[2] The note was provided on 9 February 2023. Issue is under evaluation.

Deadline: End of August 2022[3]

Action point 3: GUS will provide a note explaining in detail the reconciliation of transactions in debt instruments and the stocks of debt instruments (data sources used, consistency of data sources etc.) also reflecting on the consolidation of transactions/ stocks.

Deadline: End of August 2022[4]

1.3. Revision policy and EDP Inventory

Introduction

Under this item of the agenda, Eurostat enquired about the revision policy and the current version of the EDP inventory (including the annex). Prior to the meeting, GUS informed that the revision policy did not change compared to the last EDP dialogue visit. Methodological changes are implemented for all four years of the EDP reporting period. Data for new entities classified in the general government sector are included in the April EDP notification. For small entities with negligible impact on government net lending/ net borrowing and debt, the financial accounts and the debt are also immediately revised for historical years whereas the non-financial accounts will only be fully integrated in the context of the October EDP notification (to ensure full consistency with the sector accounts). In the transition period, however, the impact on net lending/ net borrowing is reported in a single transaction (i.e., in an aggregated form). The EDP inventory was last revised in 2018 and the annex was last provided for the reporting year 2016.

Discussion

Eurostat explained that the EDP Inventory is an important tool for Eurostat for checking the quality of the EDP data and it is also a very useful source of information for data users. It is therefore important that the information in the EDP Inventory is timely and, in particular, that its content should be in line with the current edition of the Manual on Government Debt and Deficit. In addition, the annex to the EDP Inventory should be updated annually in line with compilation of the market/ non-market test. It was explained that the revision of the EDP Inventory was foreseen but postponed due to COVID-19, as a lot of additional statistical information had to be provided nationally and internationally while resources were limited. However, a revision would be addressed soon. With regard to the annex, it was clarified that this is a kind of joint task between the GUS and the MoF. GUS would produce the list of government entities included in the working balance of EDP tables 2 on a regular basis, but the MoF would need to approve the so-called “list F” before publication. However, the latter had been repeatedly delayed for various reasons. Eurostat emphasised that an up-to-date EDP Inventory and annex is an obligation stemming from the EDP Regulation but is also an important tool for data users. Therefore, the Polish statistical authorities should find a solution enabling GUS to publish regularly the list of the general government units.

[3] An updated EDP process diagram was provided on 2 September 2022. The action point is closed.

[4] The note was provided on 9 January 2023. Issue is under evaluation.

Findings and conclusions

Action point 4: GUS will update the EDP Inventory to reflect the changes/ developments that have occurred since 2018. In this context, GUS will consider, inter alia, expanding the sections on interest and derivatives (by adding a more detailed description of the calculations/ operations carried out), updating the section on PPPs, adding a section on EPCs, updating the section on mobile spectrum licences, etc.

Deadline: End of December 2022

Action point 5: Eurostat urged the Polish statistical authorities to find a solution enabling GUS to publish regularly the list of the general government units and to fulfil the obligation resulting from the EDP Regulation. The Ministry of Finance should consider concluding an agreement with GUS on the compilation and approval process of the so-called 'List-F'. Pending the conclusion of such an agreement, the Polish statistical authorities should agree on an intermediate solution, e.g., whether the Ministry of Finance could grant the permission to publish the list on GUS request.

Deadline: without specific deadline.

1.4. Compliance with Council Directive 2011/85

This agenda point was not specifically discussed during the EDP dialogue visit. The information published by Poland is in accordance with the provisions of Council Directive 2011/85.

2. FOLLOW-UP OF PRIOR EDP DIALOUE VISITS OF 11-12 FEBRUARY 2020

Introduction

The Polish statistical authorities have implemented almost all action items (AP) from the 2020 EDP dialogue visit.

Discussion and methodological analysis

As for the outstanding action points, the following was agreed upon:

- Action point 6: GUS provided the requested analyses / information. However, it was agreed that the Polish Aviation Group S.A. should be subject to regular monitoring by GUS, in particular, with regard to its classification as a head office.

- Action point 10: Recording of the conversion fee charged on the assets transferred to the individual retirement accounts (IKE). The action point was agreed to be postponed until the final legal act on the whole arrangement is available. The Polish statistical authorities explained during the EDP dialogue visit that the act was de facto stopped during the second reading of the Parliament. The government does not plan to proceed with the reform and therefore the issue of the conversion fee is obsolete. Eurostat thus considers the action point to be completed.

- Action point 12: The analysis of the sector classification of PFR S.A., i.e., reviewing its current classification in the mutual funds subsector (S.124). The action point was agreed to be postponed until the report of the TF on development banks is available, which is considered relevant for the classification decision.

- Action point 22: The use of primary data sources on cash holdings for the calculation of F.2 of the central government budget. GUS provided an analysis that took into account three data sources (i.e., the balance sheets of state budgetary units, RB-N quarterly reports on central budgetary units and information on stocks used in the context of the EDP notification). The main problem that was identified was the information on foreign currency and domestic currency, which led GUS to conclude that the current approach should be maintained. It was also explained that the ongoing budgetary reform (see section 1.2) might improve the data situation. Eurostat noted that there are still some questions about the different data sources, especially with regard to their consistency with each other. Eurostat therefore considers the AP as not yet completed and will clarify the outstanding issues with the Polish statistical authorities in the follow-up to the EDP dialogue visit.

- Action point 23: The recording of the tax/ subsidy scheme for renewable energy related to 'Zarządca Rozliczeń' in the EDP/ GFS data. This action point is considered to be discussed under agenda item 5.2.2.

Findings and conclusions

The action points 6, 12 and 22 from the 2020 EDP dialogue visit would remain as an AP of this EDP visit.

3. ACTUAL DATA OCTOBER 2021 EDP REPORTING – ANALYSIS OF EDP TABLES AND RELATED QUESTIONNAIRES

3.1. Measures carried out by the Bank Guarantee Fund (resolution activities of bridge institutions, capital injections etc.)

3.2. Reporting transactions/ stocks in the table on government interventions to support financial institutions

Introduction

The agenda points 3.1 and 3.2 were addressed together in the EDP dialogue visit, as they were considered to be related in terms of content.

In the context of the 2021 April EDP notification and the 2021 October EDP notification, some capital injections carried out by the Bank Guarantee Fund (BFG – classified in S.13) and related to bank resolution measures were analysed in more detail by Eurostat. It turned out that the capital injections (some were recorded as non-financial transactions) were related to so-called bridge institutions, i.e., public units created for the acquisition (take over) of assets and liabilities in connection with the implementation of resolution processes. In 2020, there were three bridge institutions (all owned by the BFG) operated under the following names: Pierwszy Bank BFG S.A., Drugi Bank BFG S.A. and Bank Nowy BFG S.A. However, only Bank Nowy BFG S.A. was actually being used in the context of a resolution measure whereas the two other bridge institutions were de facto dormant units, i.e., they were established and equipped with equity in order to be used in the event of an actual resolution process. On this basis, Eurostat recommended to GUS to classify the two dormant entities in the general government sector and, as a consequence, to consolidate the capital injections.

The purpose of the agenda item is to follow-up on the BFG activities, in particular, the resolution decisions taken so far, the associated capital measures or provision of guarantees, and the classification of the new entities established in this context.

Discussion

Eurostat asked the representatives of the Bank Guarantee Fund (BFG) and GUS regarding the bank resolution measures that have taken place in the recent years in Poland. It was explained that in 2020 there were three resolution cases: two against cooperative banks (the of Podkarpacki Bank Spółdzielczy w Sanoku and the Bank Spółdzielczy w Przemkowie) and one against a commercial bank (Idea Bank S.A.). In the case of Podkarpacki Bank Spółdzielczy w Sanoku a bridge institution (Bank Nowy BFG S.A.) was used, in which most of the assets and liabilities of Podkarpacki Bank Spółdzielczy w Sanoku were transferred. In the two other cases, most of the assets and liabilities were taken over by other banks. The representatives of the BFG further stated that, in general, a resolution process essentially follows the pattern: separation of the activities of the bank under resolution into a viable part and a residual part. The viable part was then either transferred to a bridge institution set up by BFG and provided with additional capital (and, later on, sold) or transferred to an existing credit institution, also with the provision of additional capital (recorded as capital transfer in the EDP/ GFS data) and, where considered appropriate, a guarantee. A prerequisite for starting the resolution process is the presence of the following three elements: (1) the bank is failing or likely to fail; (2) BFG has decided based on the Polish Financial Supervision Authority (KNF) opinion that there are no supervisory which might prevent failure of the bank; and (3) there is a public interest in the resolution of the bank that cannot be achieved through normal insolvency proceedings. Whether the first element exists, is determined on the basis of the valuation (Valuation 1) of the assets and liabilities of the bank, to be carried out by an independent company. Following the decision to start a resolution procedure, the equity, subordinated debt and liabilities including uncovered deposits are written down in this order and to the extent necessary to cover the loss identified in the valuation of the assets and liabilities. In the case of the Podkarpacki Bank Spółdzielczy w Sanoku the bridge institution tool was used and the banking activities (consisting mainly of a loan portfolio and the remaining deposits) were transferred to Bank Nowy BFG S.A., which continued the banking activities. To make the Bank Nowy BFG S.A. operational, BFG also injected capital. Bank Nowy BFG S.A. was then immediately put up for sale, which was also completed promptly (i.e., within one year).

Eurostat asked whether the capital injection was recorded as a financial or non-financial transaction. GUS explained that it was recorded as a financial transaction, as the sale took place within one year, the realised sale price was equal to the capital injection and the losses were covered by the write down of capital instruments and deposits before the banking activities were transferred to Bank Nowy BFG S.A. It was further explained that some activities were not transferred to Bank Nowy S.A., but were left in a residual entity, which was accompanied by the payment of a subsidy to a bridge bank (covering the gap between the assets and liabilities).

Eurostat inquired what kind of assets and liabilities were left in the residual entity. The BFG stated that this were essentially tax receivables/ tax liabilities, which cannot be transferred to bridge institutions in accordance with the requirements of the BRRD, as well as some investments of subsidiaries and part of uncovered deposits. The residual entity was declared insolvent by the court and placed under the supervision of an insolvency administrator in 2020.

The BFG further explained that, for Bank Spółdzielczy w Przemkowie, the resolution process was very similar but that in this case no bridge institution was used. The bank was split in a good part (sold to another bank) and a residual (bad) part with a very small balance sheet total. The sale of the good part was also supported by granting a subsidy. The last resolution case, which concerned Idea Bank S.A., was also analogous. However, the residual entity is, in the case of the Idea Bank S.A., of major significance due to the leaving of a subsidiary (leasing company) in the residual entity. In the latter case, it could be assumed that the final resolution of the residual entity will not result in a financial loss for BFG, as BFG's claim will be serviced on a priority basis. Such claims also exist for the other residual entities, although in those cases the claims may be irrecoverable.

Eurostat discussed with the Polish statistical authorities, in particular, the valuation of the assets and the liabilities of the bank under resolution, the creation of so-called bridge institutions and their sale (if applicable), the transfer of assets and liabilities to an existing (viable) bank and the liquidation of the discontinued business of the bank in resolution as well as the sector classification of the units involved.

Eurostat noted that in the case of Idea Bank (as well as in every other case), three different valuations of the bank's assets and liabilities were published on the BFG website and asked how the three valuations related to each other. It was explained that the three valuations are a necessity resulting from the BRRD Directive, whose requirements are also reflected in the BFG Act. The so-called valuation 1 provides the accounting values of the assets and liabilities whereas valuation 2 provides the corresponding disposal value (market value). Valuation 3 provides an estimate on the expected losses under the hypothetical liquidation of the distressed bank. Valuation 2 is of particular importance because it determines the amount of any subsidy that may be required and, in addition, the values determined there are the basis for any guarantee that may have to be granted. In this context, Eurostat wondered why valuation 2 gives a lower negative value (loss) than valuation 1. The BFG replied that this result, which seems strange at first sight, is related to the valuation of the subsidiaries, whose market value (disposal value) might be significantly higher than their accounting value, so that valuation 2 provides a higher valuation of the assets.

Eurostat further inquired about the sector classification of the residual entities. GUS explained that all three residual units are classified in the financial corporations sector (S.12) as they are under the supervision of an insolvency administrator and are therefore not considered to be controlled by government and consequently cannot be classified in the general government sector. Eurostat explained that control is difficult to define for a company that is in insolvency proceedings - i.e., is being wound up. In any case, the task of an insolvency administrator cannot be compared or equated with controlling an entity in the sense of ESA. The tasks of the insolvency administrator consist of administrative activities to ensure that the assets of the entity are realized in the best possible way in order to serve the claims of the creditors. Public companies can also become insolvent and would not change their status by appointing an insolvency administrator, i.e., become a non-public company. For the sector classification of these residual entities, the process of their creation is important, as is the question of who the main creditor of these entities is. Eurostat pointed out that the banks were private units before the resolution proceedings were initiated. Then, the banks were split into a good part and a bad part and government supported the transfer of the good part to another bank with subsidies, guarantees or both (i.e., a defeasance structure situation is present). The presence of significant government financial support must be taken into account in the classification of the residual entities as this was the only way to enable the existence of the residual units. In addition, it can be assumed that the government also had a say in deciding which assets and liabilities were transferred to these entities. Government, represented by the BFG, also has preferential creditor status in each of the residual entities and/or is even the main creditor. There exists also a high likelihood that the claims of the other creditors will not be paid due to lack of assets after the insolvency administrator has serviced the claims of the government (BFG).

In summary, Eurostat stressed that entities in liquidation should be classified in the government sector if either the entity is a public entity or if the existence of the entity is the result of a government intervention in which it provided funds (e.g. a subsidy) or when the government holds the (preferred) principal claim vis-à-vis such an entity.

Finally, Eurostat asked the representatives from GUS why the financial impacts of the bank resolution measures as described by the BFG were not reported in the supplementary table for reporting government interventions to support financial institutions. The GUS representatives stated that, in their opinion, there was no need to provide information in the "supplementary" table because the funds in question were taken from the Deposit Guarantee Fund and not from the Resolution Fund. This was confirmed by the BFG, and it was further explained that the BRRD generally provides for the least cost solution, which would allow using of the Deposit Guarantee Fund instead of the Resolution Fund. In the event of the hypothetical insolvency of a bank, deposits placed with that bank would, in principle, be covered by the Deposit Guarantee Fund and would result in a corresponding payout in order to meet the liabilities resulting from the deposits. If it can be shown that the payouts from the Deposit Guarantee Fund in the case of an orderly resolution process are lower than in the event of an insolvency, this may be used instead of the Resolution Fund. Eurostat acknowledged the GUS argument and agreed that, in general, the amounts paid by a Deposit Guarantee Fund do not need to be reported in the supplementary table as long as it has sufficient resources. However, if its resources are insufficient and are supplemented by government resources, at least the government resources must be reported in the supplementary table. Eurostat further explained that this rule does not apply here, as we are in the context of bank resolution proceedings. The use of the Deposit Guarantee Fund is merely a technical issue (cost comparison) and not a material aspect that would justify not reporting the bank resolution measures in the supplementary table.

Findings and conclusions

Action point 6: GUS will consider whether the financial support provided by the BFG in connection with the resolution of Idea Bank should have an impact on the general government net lending/ net borrowing (B.9), as the BFG has simultaneously acquired a valuable claim on the residual entity, implying that the BFG will most likely recover the full amount of its financial support. GUS will send a short note on the outcome of its considerations to Eurostat.

Deadline: April EDP notification 2022[5]

Action point 7: GUS will reclassify all residual entities resulting from bank resolution measures into the general government sector, as these entities are created in the context of resolution actions imposed by the government (ordered by the BFG) and BFG recognises a financial claim (settlement proceeds) towards the resolution entities.

Deadline: April EDP notification 2022[6]

Action point 8: GUS will update the supplementary table on government interventions to support financial institutions by including all operations (including the assets and liabilities of the residual entities) carried out by the BFG in the context of the resolution of banks.

Deadline: April EDP notification 2022[7]

3.3. Reporting of standardised guarantees in the EDP questionnaire

Introduction

In the context of the 2021 October EDP notification GUS referred to the recording of the standardized guarantees in the EDP questionnaire table 9.1. At that time, Eurostat decided to finalize this issue during the upcoming 2022 EDP dialogue visit.

The main data sources for the reporting on standardised guarantees are data from KUKE, the official Polish export credit agency and member of the PFR Group, the RF-02 statistical survey, and data collected by the MoF for standardised guarantees granted by BGK on behalf of the Polish government.

Discussion

GUS explained that, in their opinion, data related to provisions of standardised guarantees should not be presented in EDP questionnaire table 9.1. Currently such data are reported, by convention, in the relations 10 “Guarantees cash calls relating to assumed debt in ESA2010 accounts” and 15 “Repayments by the original debtor recorded as revenue” of EDP questionnaire table 9.1. GUS is of the opinion that this reporting is misleading because of the different character of standardised guarantees in comparison to one-off guarantees. In particular, the fact that provisions for standardised guarantees are recorded under the transaction “provisions for calls under standardised guarantee” (F.66/ AF.66), which is different in nature from the recording of assumed debt in the context of one-off guarantees argues for change in the presentation. GUS favoured therefore the reporting of standardised guarantees in relation 9 “Guarantees cash calls recorded as acquisition of claim” and 14 “Repayments by the original debtor recorded as repayment of claim” in the EDP questionnaire table 9.1.

[5] A document was provided on 31 March 2022. Action point is closed.

[6] Action point implemented in the April EDP notification 2022.

[7] Action point implemented in the April EDP notification 2022.

Eurostat pointed to the document “Standardised guarantees” presented in the context of the EDPS WG meeting of 6-8 December 2021, which focused on the different approaches taken by the Member States in presenting standardised guarantees in EDP Tables 9. Eurostat confirmed its view, indicated in the document, that data on standardised guarantees are to be presented in EDP questionnaire table 9.4 and that EDP questionnaire table 9.1 should contain only information on one-off guarantees.

Findings and conclusions

Eurostat and GUS agreed that from the 2022 April EDP notification onwards only data on one-off guarantees are to be reported in EDP questionnaire table 9.1.

4. RECORDING OF GOVERNMNET MEASURES UNTERTAKEN IN THE CONTEXT OF COVID-19

4.1. Supplementary table for reporting measures taken in the context of the Covid-19 pandemic

Introduction

The Polish statistical authorities provided a detailed note on government measures undertaken in the context of Covid-19. The main legal basis for the Covid-19 measures is the act on special arrangements for the prevention, counteracting and combating of Covid-19 of 2 March 2020. The act has been amended several times since it has been entered into force. GUS has reviewed the act and the amendments on an ongoing basis to ensure that the related Covid-19 measures are appropriately reflected in the Covid-19 table.

Prior to the EDP dialogue visit, the Polish statistical authorities provided a note with a general overview of the Covid-19 measures taken, as well as detailing any special funds established for this purpose. In addition, a more detailed document was submitted, which provided information on each explicit measure, the entities involved in providing the support, the recording of the measure in EDP/ GFS data (ESA code), the beneficiaries and the reference to the aforementioned act/ article of the act.

The Covid-19 table submitted as part of the 2022 October EDP notification included data in Table 8.1 (annual data) for 2020 and in Table 8.1 (quarterly data) for the first and second quarter of 2021 and for Table 8.2 (quarterly data) for the first and second quarter 2021.

Discussion

GUS informed Eurostat that, among the most important measures to facilitate the Covid-19 impacts, were the granting of financial grants to corporations, the co-financing of social contributions, the standstill benefit (is granted when the business activity stopped due to Covid-19), co-financing of the remuneration of employees, cancellation of loans, the solidarity allowance for people who lost their source of income due to Covid-19, and the co-financing of the business expenses and the Polish Tourist Voucher. In the EDP/ GFS data those measures are recorded under the following ESA transactions: other subsidies on product (D.39), loans (F.4), other capital transfers (D.99), other miscellaneous transfers (D.75), and social benefits other than social benefits in-kind

(D.62). GUS emphasized that the recording in the EDP/ GFS statistics decisions were carried out in coordination with Eurostat.

The main entities tasked/ entrusted with providing of Covid-19 support were the MoF, the Social Insurance Institution, the Agricultural Social Insurance Fund, the State Fund for Rehabilitation of Disabled People, the Ministry of Development and Technology, the *Bank Gospodarstwa Krajowego* (BGK) and the Polish Development Fund (PFR).

BGK is mainly involved through the following entities: the National Guarantee Fund (KFG - classified in S.1311), the Liquidity Guarantee Fund (FGP – classified in S.1311), the Counteraction Fund Covid-19 (FPC – classified in S.1311) and the Interest Rate Support Fund (IRSF – classified in S. 1311). The PFR is mainly involved via the PFR Financial Shield 1.0 (including the liquidity shield, the preference financing shield and the capital shield), PFR Financial Shield 2.0 (for micro undertakings and SMEs, in particular, gastronomy and hotel industries) and the PFR Financial Shield for PLL LOT (grant of a loan to the Polish aviation company).

During the further course of the discussion, Eurostat and the GUS briefly went through the entries made in the Covid-19 table. Eurostat first enquired about the entry of PLN 13 billion in line 4 “households actual social contributions” in the annual table 8.1. It was explained that the entry is mainly related to the Counteracting Fund Covid-19, which paid social contributions to the Social Insurance Institution “ZUS” for entities that entered into difficulties. The counter entry is recorded as a subsidy on production and is included in line 12 “furlough schemes”.

Eurostat noted that line 12 “furlough schemes” provides a total of PLN 75 billion and thus accounts for about three-quarters of the total expenditure of about PLN 105 billion in 2020, and wondered what else was reported in this line. The Polish statistical authorities stated that a substantial part of the remaining amount (PLN 75 billion minus PLN 13 billion) is related to the PFR Financial Shield 1.0, which provides for preferential financing for small and medium-sized enterprises, which is largely non-repayable. According to the original financial plan of the scheme, the non-repayable part had an amount of PLN 47 billion. For this reason, the GUS partitioned the amounts provided under the preferential financing in the EDP/ GFS data into a grant part (recorded as D.39) and a loan part (recorded as F.4). The grant part is reported in line 12. The GUS further stated that updated data show that the grant part has been slightly overestimated and would therefore be revised downwards with the next provision of EDP/ GFS data. The revision is expected to be around PLN 3 500 million for 2020.

In this context, Eurostat enquired in general how GUS would deal with possible further revisions. GUS thought that in the event of major revisions and if the relevant information is available in a timely manner, it is appropriate to incorporate the revision for the year concerned. For this scheme, however, no further major changes would be expected. In the case that revision concerns smaller amounts and the information will be only available with a major time lag, the necessary revision will be implemented at the time when the scheme is liquidated or the program will be finished (i.e., in the year in which the liquidation or closure of the program takes place).

Eurostat clarified that line 12 should only contain subsidies paid by furlough schemes, i.e., the aforementioned PLN 13 billion plus further expenditures of furlough schemes, but the subsidies recorded in the context of the PFR Financial Shield 1.0 should be separated from this.

Eurostat further asked about the significant amount of PLN 16 billion reported for debt securities assets in line 23 (part 2) and in line 36 (part 3), in particular, in which context those debt securities were acquired. Eurostat explained that, in principle, two cases could be distinguished: either the Counteracting Fund Covid-19 received the debt securities from the main central government entity as a kind of cash substitute (the fund can use the debt securities to get cash), or the Counteracting Fund Covid-19 has actively acquired the debt securities from other entities to support them.

In the first case, the corresponding amount would have to be consolidated, the debt securities are at the same time assets and liabilities of the central government sector and should therefore not presented in the Covid-19 table. In general, by convention, a governmental entities cash position should be reported as a negative indirect liability. The same convention should apply to debt securities held as liquid assets (i.e., they should be deducted from the stock of indirect liabilities). In this context, Eurostat also mentioned that currently no indirect liabilities are reported in part 2, line 29, of the Covid-19 table, which would be quite unusual. It would mean that for the financing of all Covid-19 measures dedicated debt securities were issued by the Polish government. However, if the Polish government has only/ or also issued debt securities to cover deficits in general that have arisen as a result of Covid-19 measures (not explicitly linked to specific measures), then the corresponding liabilities should be reported in line 29 “indirect liabilities”. GUS stated that it would review the presentation in the Covid-19 table regarding the reporting of indirect liabilities.

In the second case, the reporting would be correct because debt securities acquired are associated with the provision of active assistance to non-governmental entities. GUS agreed to investigate whether the debt securities were government debt securities allocated to the Counteracting Fund Covid-19 as a kind of cash substitute or whether the debt securities were acquired from non-government entities. The presentation in Covid-19 table would be adjusted if necessary.

Eurostat then pointed out that part 3 and part 2 of the annual Table 8.1 is not fully consistent, as the stock of liabilities (PLN 168 billion) is not reported in part 3. The reporting would show a positive net financial worth of PLN 88 billion, while the net financial worth would actually be PLN minus 80 billion. In addition, the financial and nonfinancial net lending/ net borrowing should be harmonized (currently they differ from each other).

With regard to Table 8.2, Eurostat explained that an important piece of information was missing, which is the financing aspect. In Table 8.2, for each large operation (LO1, LO2 etc.), the counter entry for the financing (e.g., direct financing, indirect financing, payable) should be specified.

Findings and conclusions

Eurostat reviewed the “Supplementary table for reporting COVID-19 pandemic measures”, which should provide all measures implemented by the government to mitigate the COVID-19 pandemic. Following discussions during the meeting, some areas for improvement were agreed in relation to the presentation of the measures and to improve the consistency of the COVID-19 table.

Action point 9: GUS will adapt the presentation of the COVID-19 table according to the discussion in the meeting, in particular, taking into account the following aspects:

a) The amounts reported in line 12 “furlough schemes” should not include the capital transfers recorded in the context of the PFR Financial Shield for micro undertakings and SMEs as well as larger undertakings. The capital transfers recorded in this context are to be reported in line 18f.

b) The funding of COVID-19 measures out of general resources (i.e., taxes and borrowing) are to be reported under indirect liabilities (“implied balancing debt”) in line 29. Borrowing (issuance of bonds) through the so-called “flow funds” is to be reported in line 30.

c) The balancing items of part 1 (revenue and expenditure) and part 2 (transactions in financial assets) should be identical.

d) The amounts reported for standardized guarantees in line 32 (F.66L) and line 45 (AF.66L) should be consistent with the amounts reported in EDP questionnaire table 9.4.

e) Table 8.2 should provide detailed information for large (over 0.2% of quarterly debt) operations by entity/ scheme.

Deadline: April EDP notification 2022[8]

4.2. Table for reporting of expenditure and other costs financed by the RRF

Introduction

The Recovery and Resilience Facility (RRF) is a tool for rebuilding the economy after the Covid-19 pandemic. In order to receive RRF funds, member states have to submit plans for major investments and reforms that promote economic recovery. Poland has finalised its National Recovery and Resilience Plan (NRRP) and submitted it to the European Commission in April 2021. The NRRP described reforms and investments that were to begin after 1 February 2020, and be completed by 31 August 2026. The NRRP envisages a volume of around EUR 35 billion, divided between EUR 23.8 billion in grants and EUR 11.5 billion in loans.

At the time of the EDP dialogue visit, the Polish NRRP had not been approved by the European Commission[9] and consequently no funds from the RRF have yet flowed to Poland. However, GUS reported in the context of the October 2020 EDP notification already smaller amounts for expenditures for 2021 and larger amounts for 2022 (but for both years in a highly aggregated manner) in the Eurostat RRF table.

[8] Action point implemented in the April EDP notification 2022.

[9] On 1 June 2022, the NRRP was approved by the European Commission and on 17 June 2022 by the Council of the EU.

Discussion

Eurostat asked the Polish statistical authorities about the status of the data reported in the RRF table, the availability of the necessary source data at GUS to fill in the RRF table and the main institutions responsible for the implementation of the NRRP.

GUS explained that the data reported in the RRF table in the 2020 October EDP notification concern planned figures and not actual data and that those planned data will not be spent if the NRRP will not be approved by the European Commission. Eurostat took note of the explanation and emphasized that only the amounts that are almost certain to be reimbursed by the EU should be reported in the 2021 April EDP notification in the RRF table.

Regarding the availability of the required statistical data for the RRF table, GUS indicated that discussions are underway with the two main actors in this area, i.e., the Ministry of Finance and the Ministry of Development Funds and Regional Policy. It is becoming apparent that the budget classification will need to be adjusted in some areas to provide the necessary information for the RRF table (i.e., to allow the identification of the RRF in- and outflows). There is also a need to update the statistical surveys in order to be able to collect the data for projects specifically earmarked to RRF funding.

The GUS informed also that the Polish Development Fund (PFR) would be involved in the technical processing of the RRF payments. The PFR has been entrusted with the task of making disbursements of non-refundable support under the NRRP, i.e., it is responsible for the whole grants part of the NRRP. The loans part of the NRRP is outside the scope of the PFR’s activities and will be directly disbursed by the Ministry of Development Funds and Regional Policy.

The PFR’s role is to allocate RRF funds for grants to those entities, which will finally carry out expenditures based on the NRRP. From an economic point of view, PFR will act as an agent of the Polish government and will maintain a separate bank account for receiving/ transferring the funds earmarked for the NRRP. The PFR has also the task to develop, in agreement with Ministry of Development Funds and Regional Policy and the Ministry of Finance a kind of financial plan for these bank accounts (main inflows and outflows). The PFR will receive funds from the EU flow budget but might also raise or use funds in the context of the system of the Polish development institutions up to an amount specified in the financial plan of the NRRP.

For its services, the PFR receives the reimbursement of the administrative costs incurred (personnel costs and other expenses) and an appropriate market-oriented margin. The PFR also contributes to the so-called milestone reports, although its task is only to make payments and not to check whether targets have been achieved. The Ministry of Development Funds and Regional Policy is responsible for the milestones and targets implementation, i.e., for monitoring their achievement or non-achievement.

GUS further explained that the NRRP-related flows (in- and outflows) will be part of the working balance reported in the EDP tables 2 (mainly EDP table 2A), as the NRRP is recorded as a part of the EU flow budget.

Findings and conclusions

Eurostat took note that the data reported in the RRF table concern planned figures for 2020/ 2021. The amounts are not expected to be spent if the European Commission does not endorse the Polish RRF plan. Eurostat further noted that the PFR will have a special role in the distribution of RRF funds, as all grants awarded from RRF funds will be processed through the PFR. In contrast, loans from the RRF funds will be granted via the Ministry of Development Funds and Regional Policy. The activities of the PFR related to the RRF are considered as activities of a governmental agent and therefore all flows related to RRF grants are going to be included in the working balance of EDP Table 2A. In this context, the budget classification is also to be adapted in order to make it possible to identify all RRF flows.

Action point 10: The Polish statistical authorities shall ensure that in the 2022 April EDP notification only those amounts that can, in principle, be financed from the RRF funds, should be reported in the RRF tables.

Deadline: April EDP notification 2022[10]

Action point 11: GUS will provide a detailed note on the activities of the PFR (as government agent) in awarding RRF grants and on the recording of RRF related in- and outflows in the working balance of EDP table 2A.

Deadline: After approval of the RRF plan by the European Commission.

5. METHODOLOGICAL ISSUES

5.1. Sector delimitation

5.1.1. Questionnaire on Public Corporations

Introduction

The Polish statistical authorities provided on 30 December 2022, an updated Questionnaire on government-controlled entities classified outside general government, which was discussed under this point of the agenda. The questionnaire includes data for the year 2020.

Discussion

Eurostat reviewed the questionnaire with respect to the results of the market/ non-market test, the liabilities, and employees reported for the public entities, based on which three entities (*FUTURE 1 Sp. z o.o., Koleje Mazowieckie Railways* (KM) and *Grupa Azoty Polyolefins S.A.*) were discussed in more detail.

With respect to "*FUTURE 1*", which carries out various activities similar to holding activities and auxiliary activities, the market/ non-market test showed a zero value for all reporting years, the income statement was balanced for the year n-1, and no employees

[10] Action point implemented in the April EDP notification 2022.

but a significant debt was reported. Eurostat wondered why this entity has not been classified in the general government sector. The GUS stated that *FUTURE 1* is considered to be an artificial subsidiary of the KGHM Group. The entity would provide its services only to *KGHM Polska Miedz S.A.*, its parent entity. GUS further explained that it generally classifies artificial subsidiaries of public entities with their public parent (consolidated). An artificial subsidiary is classified in the government sector only if the parent is already classified in the government sector or a core government unit acts as parent entity.

The second entity discussed in more detail was *Koleje Mazowieckie Railways* as its results for the market/ non-market test were close to or even below 50%, the company has a certain size in terms of number of employees, and also the debt reported by the company is not insignificant. GUS informed that this entity is already under observation. KM is a public transport company and in the calculation of the market/ non-market test all compensation payments made by the government were eliminated. So far GUS decided not to reclassify the unit for two reasons. First, there is the Covid-19 pandemic, which has had significantly impacted the 2020 test result, as this has led to a substantial decrease in the number of passengers and consequently revenue. This could change again after the pandemic and positively influence the results of the market/ non-market test, i.e., raise them well above the 50% threshold. The second reason cited by the GUS was the adjustment of the market/ non-market test for transport entities, which was a result of an action point from the last EDP dialogue visit. For the market/ non-market test of transport entities, depreciation from the income statement is now multiplied by a factor of 1.9 to adjust the depreciation from the business account to the consumption of fixed capital used in national accounts. For this purpose, a comparison was made based in the respective industry. For the transport industry, depreciation from the business accounts was compared with the consumption of fixed capital in the national accounts. The comparison shows that the consumption of fixed capital in national accounts was higher by a factor of 1.9 on average. In the current Questionnaire on government-controlled entities classified outside general government, the factor 1.9 was applied to all transport companies and for all years for which the market/ non-market test was calculated. As a result, the results of the market/ non-market test for all transport entities were revised significantly downward.

For *Grupa Azoty Polyolefins S.A.*, the results of the market/non-market test were also close to zero or even zero. GUS informed that *Grupa Azoty Polyolefins S.A.* is an entity of the *Grupa Azoty* Group and was established in 2015. The entity is responsible for the implementation of the “Polimery Police” project – one of the largest investments in the chemical industry in Poland. The project concerns the construction of a petrochemical complex, which is scheduled to enter into operation at the end of 2022. The results of the market/non-market test are not meaningful because *Grupa Azoty Polyolefins S.A.*, by its very nature, does not have significant revenues during the construction phase.

Eurostat also noted that the Insurance Guarantee Fund (UFG) is classified in the financial corporations sector (S.12) and that this unit, similarly to BGK, manages funds. Two of the UFG funds were already classified in the central government subsector (S.1311). GUS explained that the UFG was last analysed in 2014/ 2015, with regard to its sector allocation. Eurostat noted that, in the meantime, the MGDD has undergone two revisions which may also have an impact on the classification; an updated analysis on the sector classification of UFG would therefore be useful.

Eurostat then enquired about the entity *Tauron Polska Energia S.A.*, for which the result of the market/ non-market test showed a negative result for one year. GUS informed that the entity reported in the relevant year negative revenues in the P&L accounts. More specifically, for the market/ non-market test the sales are, in principle, determined by the net revenues from sales of products and the net revenues from the sales of goods and materials less value of goods and materials sold. In the above-mentioned year, the value of goods and materials sold was higher than the net revenues from sales of products and the net revenues from the sales of goods and materials. Eurostat noted that this would mean that *Tauron Polska Energia S.A.* would be a merchant and wondered how it would be possible for a merchant to sell goods and materials at a lower price than it purchased them itself and then went into more detail about the formula used by the GUS in calculating the market/ non-market test (bridging the business accounts with the sales and costs in the national accounts).

In this context, Eurostat asked whether the GUS would take into account changes in inventories in the sales for the calculation of the test. GUS thought that the change in the balance of products (increase – positive value, decrease – negative value) concerns both produced output that is not finished (work in progress) and finished goods not yet sold and that this position in the P&L accounts is currently not included in the sales (i.e., the numerator) when the market/ non-market test is performed. Eurostat pointed out that this would be a problem because in the case a product would be taken out of the inventory and sold, it would not increase the sales, the outcome of the market/ non-market test would thus be distorted. The change in the balance of products (increase – positive value, decrease – negative value) should be taken into account when calculating the sales for the market/ non-market test. However, if the change in the balance of products (increase – positive value, decrease – negative value) would unexpectedly also contain the change in inventories in materials and supplies, it should be eliminated.

Eurostat further analysed the formula used by the GUS for the market/ non-market test and discussed the position “Manufacturing cost of products for internal purposes”, which is currently not included in the sales for the test. While this is correct, the associated costs should then also be deducted from the costs considered in the market test.

As for the excise tax, Eurostat has noted that it is deducted from the sales and costs used to calculate the market/ non-market test. It was explained that the excise duty is on the products sold and that this essentially concerns sales of energy and petrol. The excise duty is a tax on products (D.21) and the market/ non-market test is consequently calculated on the basis of basic prices.

Findings and conclusions

Eurostat took note of the GUS comments on the classification/ presentation of certain public entities in the “Questionnaire on Public Corporations” and on the calculation of the market/ non-market test (i.e., the composition of the formula used for this purpose and the corresponding link to the relevant items in the P&L accounts of the entities. With regard to the formula used for the calculation of the market/ non-market test, Eurostat recommended to include in the sales the item “change in the balance of products” (increase – positive value, decrease – negative value) and to deduct the item “Manufacturing cost of products for internal purposes” from the costs.

Action point 12: GUS will re-analyse the sector classification of the UFG, taking into account the 2019 MGDD provisions and will provide the results of their analysis to Eurostat.

Deadline: End of August 2022[11]

5.1.2. Practical aspects of the sector classification (50% criterion, qualitative criteria)

This agenda item was discussed together with the agenda item 5.1.1 Questionnaire on Public Corporations, especially in the part dealing with the formula used for the market/ non-market test by GUS.

5.1.3. Cases of sector re-classification since the 2020 EDP dialogue visit

Prior to the meeting, GUS provided a list of entities reclassified to the general government sector in the recent years. Eurostat reviewed the list but did not identified any outstanding issues.

5.1.4. Follow-up on the restructuring of the coal mining sector in Poland

Introduction

Starting from 2016, a major restructuring process of the government-owned coal mining holding *Kompania Weglowa* (KW) and *Katowicki Holding Węglowy* (KHW) took place. Two entities played an important role in this process: First, the government-owned entity *Spółka Restrukturyzacji Kopalń* (SRK), a coal mining restructuring company classified in the national accounts in the central government subsector (S.1311). SRK took over several coal mines from KW and KHW, which had been considered as unprofitable and without positive future prospects. Second, the entity, *Polska Grupa Gornicza* (PGG) was newly established to acquire and consolidate the best performing assets of KW and KHW and to manage the outstanding debts of the ailing operations. PGG is an entity allocated to the non-financial corporations sector in the national accounts (S.11). The purpose of the agenda item was to trace the developments in the coal sector in Poland at that time - and to get an overview of upcoming developments in this area. Prior to the meeting, a document on the current status and, where relevant, the future plans regarding the transformation of the coals sector in Poland, was provided to Eurostat.

Discussion

GUS informed that, on 2 February 2021, the Polish government adopted the Polish Energy Policy until 2040.

Among other things, it provides for the separation of coal generation assets from entities with government capital participation. In the course of the separation, the coal-fired generation assets will be transferred (purchased) to a government-owned entity (*PGE Górnictwo i Energetyka Konwencjonalna Spółka Akcyjna* - PGE GiEK), which will operate under the name of the National Energy Security Agency (NABE). This could affect up to 70 lignite coal assets, which generated a substantial part of Poland's

[11] A note was provided on 14 October 2022 and on 1 February 2023. The action point is closed.

electricity in 2020. The separation and transfer of the coal assets to NABE will, in particular, allow three government-owned energy companies (*Polska Grupa Energetyczna S.A., ENEA S.A., TAURON Polska Energia S.A.*) a financial leeway to build/ expand clean energy sources (better access to the capital market). The plan foresees (based on the assumptions made) that NABE will generate overall a positive net financial flow (through the sale of energy) by 2040. NABE will only invest in the maintenance and modernisation of the assets to ensure the efficiency of the coal-fired units. GUS stressed that this is a plan even though it has already taken very concrete forms. So far, no assets have been transferred.

GUS further stated that the amended act on the Functioning of Hard Coal Mining provided for public support through subsidies to reduce the production of mines as well as through the suspension of repayments and the targeted cancellation of part of the mining companies' liabilities to the social security fund (ZUS) and the Polish Development Fund (PFR), and establishes the possibility for increasing their capital by issuing government bonds. According to the act, the costs of these measures will amount to an estimated PLN 29 billion by the end of 2031. The implementation of these measures as well as the aforementioned transfer of the coal assets requires the approval of the European Commission. By far, the company benefiting most from these measures will be *Polska Grupa Górnicza* (PGG). For the period 2022 to 2031, it is estimated that PGG will receive financial means of around PLN 21 billion in the form of subsidies (compensation payments) for reducing its production capacity.

Finally, Eurostat enquired on the transfer of coal mines to SRK and associated decommissioning costs, in particular, whether the net asset value of the coal mine assets was sufficient to cover the estimated decommissioning costs and, if not, whether a capital transfer was recorded for the imbalance with a corresponding entry in other accounts payable. Eurostat further asked about the reduction of the stock of other accounts payables in connection with capital transfers recorded in previous periods as well as the avoidance of double accounting due to decommissioning costs actually incurred (GFCF) that were already recognised in the past through a capital transfer. Eurostat emphasized that, at the moment when the actual decommissioning costs are incurred, a counter entry must be made in other accounts payables.

Findings and conclusions

Eurostat enquired about the status of the restructuring of the hard coal sector in Poland, i.e., whether further coal mines have been transferred or are foreseen to be transferred to the government owned company *Spółka Restrukturyzacji Kopalń* (SRK), in particular from *Polska Grupa Gornicza* (PGG). In this context, Eurostat took note of the new subsidy scheme for PGG, which foresees compensation payments for the reduction of production capacities of around PLN 21 billion for the years 2022 to 2031. In 2021, the transformation of the electricity sector also started. The transformation plan foresees that government will purchase lignite coal units and transfer them to a newly established government owned unit called National Energy Security Agency (NABE). In addition, the establishment of a further unit (Early Decommissioning Mechanism) seems to be planned, which will have the task to acquire unprofitable coal assets from NABE and gradually decommission them.

Action point 13: The Polish statistical authorities will inform Eurostat on the recording of the transfer of the coalmines to SRK, in particular whether the transfers were recorded as other economic flows or as transactions (e.g., acquisition of equity, acquisition of fixed assets) in national accounts.

Deadline: End of July 2022[12]

Action point 14: GUS will further monitor the ongoing transformation in the hard coal sector and will inform Eurostat on the expected implications for the government accounts, particularly as regards further transfer of coalmines to SRK and the potential impact of the newly established subsidy scheme on the sector classification of PGG.

Deadline: End of July 2022[13]

Action point 15: The Polish statistical authorities will analyse in detail the transformation of the electricity sector in Poland (sale of coal assets to government) and will report to Eurostat on the expected implications for the government accounts, particularly as regards the creation of the new government entities NABE and the Early Decommissioning Mechanism as well as their intended sector classification.

Deadline: October EDP notification 2022

Action point 16: Eurostat took note that GUS recorded a capital transfer for the difference between the net asset value of the coal assets transferred to SRK and the estimated decommissioning costs related to those coal assets. GUS will inform Eurostat whether, in this context, an other accounts payable (F.89) was recognised for the capital transfer (D.9) recorded and how the reduction of the corresponding stock of other accounts payables is reconciled with the future decommissioning expenses recorded as GFCF.

Deadline: End of July 2022[14]

5.1.5. Follow-up on the activities and sector classification of the Polish Development Fund

Introduction

The tasks and activities of the Polish Development Fund (PFR) are regularly the subject of EDP dialogue visits, including the possible impact on the sector classification of the PFR, as the PFR is expanding its activities to new areas and also some operations with non-negligible amounts have been rearranged to the general government sector. The PFR started as an institution to fill infrastructure gaps in the Polish economy, and activities were then extended to include the provision of venture capital as well as support for investment in affordable housing. The PFR likewise appears to have been involved in some way in the Polish pension reform, and more recently it has taken on a role in providing/ assisting the government with measures to mitigate the effects of COVID-19

[12] A note was provided on 29 July 2022. The action point is closed.

[13] A note was provided on 29 July 2022 and on 14 September 2022. Issue is under evaluation.

[14] A note was provided on 29 September 2022. The action point is closed.

pandemic and will play a role in the RRF in the implementation and disbursement of the RRF grants. Moreover, the act on development institutions seems to assign a special role to the PFR in coordinating the Polish development institutions. The PFR acts as the chair of the development association (which, in addition to the PFR, include five other entities, three of which are classified in the general government sector). Prior to the meeting, the Polish statistical authorities provided two documents. One document referred to the sector classification of the PFR and the other to certain operations of the PFR and whether there is a need to rearrange them or not.

Discussion

Eurostat asked the representative of the PFR to elaborate on the current activities of the PFR as well as on the new business areas developed in the past years. It was explained that the structure of the PFR has not changed significantly compared to its establishment in 2016. This also applies to the role of the PFR in the architecture of the Polish development institutions. The development institution act resulted in creating a federation of development institutions, which is called the wider ‘PFR Group’. In the wider ‘PFR Group’, the PFR does not exercise control over the development institutions (Bank Gospodarstwa Krajowego (BGK), Industrial Development Agency (ARP), Export Credit Insurance Corporation (KUKE), Polish Investment and Trade Agency (PAIH) and Polish Agency for Enterprise Development (PARP)) integrated to it (it is not a capital group). It is a platform to increase the transparency of these institutions and their activities for investors, enterprises and municipalities and to clearly define the key competencies of each institution. The units concerned have their own tasks defined by other rules of law or their statutes. It was further stated that PFR’s corporate governance has also not changed as well as the investment and decision-making processes. All investments of the PFR are subject to prior assessment by investment committees composed of independent members appointed for three-year terms. The provision of capital follows the original specifications/ mechanisms and the long-term objective of the PFR is to generate a sufficient rate of return. PFR works with close-end investment funds dedicated to infrastructure and is engaged in fund-of-funds and property fund activities. The funds are either directly managed by the PFR or through subsidiaries (e.g., PFR Ventures, PFR TFI) of the PFR Capital Group. PFR TFI is a registered investment firm and a fund manager, which means that its balance sheet is very small. Eurostat therefore wondered whether PFR TFI should be classified as a financial auxiliary rather than a non-MMF investment fund.

The representative of the PFR further emphasized that all investment activities carried out in the last years via the investment funds were commercial investments with a commercial approach and positive returns. PFR tries to avoid direct investment, which is why fund-of-funds activities in particular have been expanded in recent years. Over the last few years around 40 investments in venture capital, mezzanine and private equity funds were carried out.

However, a major event in recent years has been the PFR’s involvement in government programs to mitigate the economic impact of the COVID-19 pandemic. PFR has been involved in the PFR Financial Shield 1.0 and PFR Financial Shield 2.0 programs. Both programs together amount to about PLN 71 billion.

While both programs are reported on the PFR balance sheet, they have been included in the EDP/ GFS data since their inception (and are considered government programs). The goal of the programs was to provide support primarily to small and medium-sized companies in order to protect employment. PFR's role in the PFR Financial Shield 1.0 and PFR Financial Shield 2.0 was to organise the distribution of financial assistance. Loans granted under these programs were partially not repayable after 12 months if the companies maintained employment in this period (about 60% of the loans were written-off). The two programs changed the structure and size of the PFR balance sheet for a limited period of time and will continue to do so (over the life of the programmes), as the role of the PFR is also to fund the programs by issuing bonds. The PFR representative pointed out that the PFR would not be at risk even if both programs were added to the balance sheet; moreover, all cash flows related to the programs would be recorded in separate accounts. Any financial gap between the funds raised by the PFR and the repayments made by the companies will be covered by the government in order to allow the PFR to repay the outstanding bonds.

Eurostat also enquired about the term of the bonds issued and whether the PFR could issue additional bond tranches among the bonds already issued to finance its own activities. It was explained that such a possibility does not exist, as the bonds are completely segregated from PFR's own activities. The average maturity of the bonds is 4 to 5 years and the longest maturity is 10 years. The maturity of the bonds was structured according to the objective of the two programs, i.e., the companies receive the loans and have to prove after 12 months that they have preserved the employment. If they have retained the employment, they benefit from a write-off and must repay the remaining part of the loan over the next two years. This means that over the next two to three years, most of the loans and the related bonds should disappear from the PFR balance sheet. The ten-year bonds can be repurchased earlier due to the temporary framework, which was approved by the European Commission. The ten-year bonds were issued, in particular, because of larger companies (to ensure a save structure). The PFR representative also pointed out that the PFR charges a fee (bases on a benchmark comparison) to administer the two programs and that it is a profitable business.

Eurostat was aware that the Polish central bank had purchased PFR bonds on the secondary market and enquired whether the central bank has only purchased PFR bonds issued for the funding of the two Financial Shield programs or whether bonds from other entities had also been purchased, i.e., whether the purchase of PFR bonds was part of a general central bank bond purchase program or whether the bonds were purchased because the central bank considers the PFR bonds to be government bonds. Eurostat was informed that in March 2020 the NBP launched structural open market operations involving the purchase of debt securities on the secondary market. Originally, only government bonds were purchased under these operations, and in April 2020, the operations were expanded to include government-guaranteed bonds. With the debt securities purchases, the central bank aimed to change the long-term liquidity structure in the banking sector to ensure liquidity in the secondary market and to reinforce the impact of the central bank's interest rate cuts on the economy. Within the structural open market operations, the central bank decided to buy both government bonds, as well as government-guaranteed bonds issued by PFR and BGK.

Eurostat further asked about the role of the PFR in the context of the pension reform in Poland. It seems that the PFR not only provides some infrastructure for financial institutions, but also has some responsibilities for enabling the financial institutions to participate in the pension reform. The PFR representative stated that the pension issue is a very minor part of the PFR's activity. The PFR owns the "PFR Portal PPK", which organises the infrastructure for PPK (the private pillar of the pension system). In the private pillar, each employer is obliged to set up a pension plan for all its employees by signing an agreement with private financial institutions (banks, private investment funds). The role of the PFR in the overall pension reform process is that the government has entrusted the PFR with the task of conducting the information campaign on the pension reform. For this purpose, a dedicated portal (the PFR Portal PPK) has been established. The portal provides all information related to the pension reform and also contains the list of private funds authorized to manage pension funds. It was pointed out that the creation and updating of the list does not mean that the PFR Portal PPK entitles/ authorises the private funds to participate in the system. The private funds are supervised by the Polish Financial Supervision Authority (KNF). However, the PFR Portal PPK verifies whether the respective private funds meet the requirements set forth in the Act. This is a technical audit. However, the act on the pension reform provides also for a kind of “back-stop” function that provides for the PFR TFI to step in if an employer cannot find a private fund to manage its pension fund. The provision has not yet been applied due to the high level of competition in the market, i.e., there is a sufficient number of private funds that offer fund management.

Eurostat then inquired about the GUS approach to any necessary rearrangement of PFR measures. The GUS stated that there is an agreement with the PFR, based on which the PFR submits a list of its projects on a quarterly basis. Currently, the list contains 45 projects, 7 of which are rearranged to the government. The criteria considered for rearranging a transaction/ operation or not are whether the transaction/ operation was carried out on behalf of the government, the economic situation of the company, qualitative criteria, the main client, whether the PFR acts as an agent of the government and whether the transaction/ operation is carried out at market conditions, and finally, which party bears the risks and rewards of the operation.

Finally, Eurostat discussed the current classification of PFR in S.12, why it is classified in subsector S.126, and stressed that the classification of the PFR as a financial unit in S.12 is not unproblematic from this perspective. The classification in S.126 does not seem appropriate due to the size of the balance sheet. Moreover, the PFR is financed mainly by equity (PLN 11 billion) and only to a small extent (PLN 2 billion) by loans, so its classification as financial intermediary is not straightforward either. The PFR looks like a captive entity, although the question is whether it is an independent or dependent captive entity of government.

Findings and conclusions

Action point 17: GUS will reflect on the appropriate sector classification of the PFR taking more particularly into account (a) that PFR acts to an increasing extent as an agent of the government (COVID-19 measures, RRF grants), (b) that PFR is to a large extend financed by way of equity injections (and to a small extend by bank loans), (c) that PFR does not pay any dividends, (d) that PFR was mandated with the provision of infrastructure for the development of the private pillar of the Polish pension system, (e) the tasks of PFR in coordinating the activities of other development institutions (with three out of five of these institutions being classified in the government sector) and the fact that the central bank was enabled to purchase up to 10% of the PFR's newly issued bonds, which are considered equivalent to Treasury bonds.

Deadline: October EDP notification 2022[15]

Action point 18: GUS will make sure that it has all information needed to continue examining the PFR operations and assessing the need for their rearrangement through government accounts.

Deadline: Ongoing task

Action point 19: GUS will review the sector classification of PFR TFI, in particular, whether it should be considered as financial auxiliary and will report the result of its review to Eurostat.

Deadline: End of July 2022[16]

5.1.6. Follow-up on the act on development institutions

Introduction

The 'Act on the Development Institutions' has passed the legislative proceedings in September 2019. The act does not include a definition of the development institution but defines the system of development institutions by indication six units (PFR S.A., BGK, Polish Agency for Entrepreneurship Development, Export Credits Insurance Corporation, Polish Investment & Trade Agency and the Industrial Development Agency) which create the system. Prior to the meeting, the Polish statistical authorities provided a note on the entities that emerged based on the act on development institutions.

Discussion

The GUS informed that the act on development institutions does not create a fundamentally new situation that could be important from the point of view of statistical classification of these entities. The provisions in the act mainly concern issues of coordination of activities of these development institutions and do not affect the core and main principles of their main tasks and daily activity. In recent years, the law has been amended several times, with the amendments mainly related to the COVID-19 measures implemented by the PFR (PFR Financial Shield 1.0 and PFR Financial Shield 2.0). These amendments included, for example, the introduction of a requirement for each government program (related to the impact of COVID-19) transferred to the PFR for implementation to create a separate fund, and these funds are to be reported on the balance sheet under liabilities or the provision to clearly separate the commercial activities of the PFR from activities commissioned by the public administration.

Findings and conclusions

Eurostat took note of the GUS comments on the recent amendments to the 'Act on the Development Institutions', in particular that these amendments mainly concern accounting issues related to COVID-19 activities implemented by the PFR. Eurostat also

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[15] A note was provided on 29 November 2022. Issue is under evaluation.

[16] A note was provided on 14 September 2022. The action point is closed.

notes that the ‘Act on the Development Institutions’ mainly concerns issues of coordination of activities of the Polish development institutions.

5.1.7. Follow-up on the newest developments of the “Mieszkanie Plus” program

Introduction

Under this agenda point, the developments regarding “Mieszkanie Plus” housing program and their potential implications were analysed. “Mieszkanie Plus” is a core element of the National Housing Program and is supposed to provide support for the construction of rentable housing at moderate prices and rents using public land. Prior to this visit, the GUS informed that the information on the “Mieszkanie Plus” program provided at the end of December 2021 is still up to date and that since then no changes occurred.

Discussion

GUS informed that there were changes as regards the tasks of *Krajowy Zasób Nieruchomości* (KZN) in 2019 and changes in certain acts in which, among other things, the development of housing is regulated. As far as KZN is concerned, the legislative amendment made it possible for KZN to get properties owned (or given under perpetual usufruct) by companies fully owned by the State Treasury. The intent is generally to increase the supply of land available for use by KZN and, in particular, to allow KZN to acquire land owned by or given to individual Treasury entities or given them for perpetual use. The amendment also enables KZN to sell real estate or put it into perpetual usufruct in order to mobilise funds for housing. KZN may also establish special purpose entities (SPEs) for the construction of housing with local government units.

Eurostat also noted that a social housing initiative (*Społeczne Inicjatywy Mieszkaniow*e - SIM) has been launched, which intends to increase the construction of residential housing and operate them on a rental basis. In practice, the SIM replaces existing entities that support housing construction and will allow municipalities or communities and the ‘National Property Resource’ to participate in housing construction. The number of SIMs created is currently around 15.

GUS informed that the sector classification of the SPVs and SIMs will be carried out on a case-by-case basis after having received the relevant documents on the activities, strategies and the business plans.

In this context it was also mentioned that a Government Housing Development Fund (*Rządowy Fundusz Rozwoju Mieszkalnictwa* - RFRM) was established at the BGK, which will manage the RFRM. RFRM funds are intended to finance expenditures by municipalities for the acquisition of shares in new or existing SIM. Given that the risks and rewards associated with the operations of the RFRM rest with the government, the GUS classified the RFRM in the government sector. The legal acts of the “Mieszkanie Plus” program also provide that BGK may grant loans and grants for housing construction on its own account.

Findings and conclusions

Eurostat noticed that the "Mieszkanie Plus" programme, a programme to provide support for the construction of rentable housing at moderate prices and rents using public land, was revised in 2021, and in this context various programs to secure affordable housing were merged. BGK plays an important role in this and offers two instruments to support affordable housing. The first instrument concerns the provision of grants for affordable housing programs to municipalities, where BGK's activity is limited to that of an agent; BGK does not control this activity and is not entitled to the risks and rewards arising from these activities. The second instrument concerns the provision of loans and grants and is specifically regulated in the legal acts of the "Mieszkanie Plus" programme. BGK is at risk with this instrument and is the only provider in the market.

Action point 20: GUS will provide a note on the new instruments created under the "Mieszkanie Plus" programme and their treatment in the EDP/ GFS data and the activities carried out by BGK in this context, as well as on newly created units and their sector classification.

Deadline: End of July 2022[17]

Action point 21: With regard to the so-called Social Housing Initiative (SIM) entities, which are active in housing construction and operations on rental basis, GUS will provide a note on the sector classification of these entities as soon as they have been established/ taken up their activities.

Deadline: End of December 2022[18]

5.2. Implementation of the accrual principle

5.2.1. Accrual taxes and social contributions

Under this agenda item, the following four issues will be discussed with the Polish statistical authorities: tax deferrals, the 'Polish Deal', the anti-inflation shield and the single tax account.

Tax deferrals

Introduction

In the context of the Covid-19 pandemic, the introduction of tax deferrals was an important measure to mitigate the economic impact of the pandemic on businesses and households. Under the section tax deferrals, Eurostat specifically addresses the scope and the recording of tax deferrals in the EDP/ GFS data granted by the Polish government.

[17] The note was provided on 14 September 2022. Action point is closed.

[18] A note was provided on 9 February 2023. Issue is under evaluation.

Discussion

Polish statistical authorities stated that there were tax deferrals in 2020, although the amounts were very manageable. In principle, there were two "types" of tax deferrals: those that resulted in deferrals between quarters (i.e., tax payments were deferred from the first to the third quarter and from the second to fourth quarter 2020) but not beyond the reporting year and those that went beyond the reporting year (i.e., taxes were deferred from 2020 to 2021). The deferrals concerned the PIT and the corresponding amounts were PLN 314 million and PLN 418 million, respectively. The tax deferrals that affected 2020/ 2021 were reported in the EDP questionnaire table 4 (F.89) and in the relevant EDP notification tables. For the VAT and the CIT no tax deferrals were granted. In addition, no tax deferrals were granted for the year 2021.

Findings and conclusions

Eurostat noted that the total amount of tax deferrals is very low compared to other member states. Obviously, Poland has relied more on other instruments such as granting subsidies and loans to cope with the crisis.

5.2.1.1. The "Polish Deal"

Introduction

In the mid of 2021, the Polish government presented a draft law introducing extensive changes to the tax and social security laws. These changes are referred to as the "Polish Deal". In general, the "Polish Deal" is a new socio-economic program, which includes an increase in spending on healthcare, an increase of the tax-free amount, tax reliefs, infrastructural investments etc.

Prior to the EDP dialogue visit, GUS provided a note with the measures carried out in the context of the "Polish Deal".

Discussion

GUS informed Eurostat that the "Polish Deal" provides for numerous tax solution aimed at making Poland attractive for both Polish and foreign companies. A package of reforms for entrepreneurs aims to boost investment and expansion activities, attract capital and investors, and repatriate capital to Poland. The individual measures that are specifically designed to have an impact on businesses are the holding regime, the Estonian CIT regime amendment, the CSR relief, the business expansion relief, the venture capital relief and the IPO relief. The measures designed to modernisation of the Polish economy (i.e., to make it, among others, more innovative) are the cashless payment relief, the R&D tax relief, the prototype relief, the tax relief for the employment of innovative employees and the decrease of the tax rate for the lump sum taxation regime. There are also some measures which have an impact on the personal income of the taxpayers. These include the increase of the tax allowance, the middle-class relief, the return relief, the PIT relief for four plus families, the PIT relief for seniors and the relief 1500.

Eurostat took note of the comprehensive changes to tax and social security legislation, commonly referred to as the "Polish Deal" and enquired about the Estonian CIT regime amendment as it enables the deferral of taxation until profits are distributed to shareholders. Eurostat considered that this might require an accrual adjustment for the CIT and asked about the period for the accrual adjustment and for the amounts to be expected. GUS explained that currently only a small number of entities would benefit from the Estonian CIT regime but that a higher number is to be expected as a result of the change. However, nothing can be said yet about the amounts.

Findings and conclusions

Eurostat took note that the “Polish Deal” concern a large number of changes and, in particular, encompasses a variety of different tax aspects such as tax exemptions and tax reliefs, the increase of tax allowances as well as introducing tax deferral schemes (e.g., the “Estonian CIT regime”). As the legislation is relatively new, there is still some uncertainty about the possible impacts on the accrual recording of taxes.

Action point 22: The Polish statistical authorities will analyse in detail the changes to tax and social security legislation in the context of the ‘Polish Deal’ and will report to Eurostat on the expected implications on the accrual recording of taxes.

Deadline: End of August 2022[19]

5.2.1.2. Measures implemented to reduce the burden of increased energy prices (anti-inflation shield)

Introduction

The purpose of this agenda point is to discuss the measures taken by the Polish government in connection with the sharp rise in energy prices and their presentation in the EDP/ GFS data. The measures implemented by the Polish government are commonly discussed as an “anti-inflation shield”. The anti-inflation shield provides for the reduction of fuel prices (exemption from retail sales tax), the abolition of the excise tax on electricity, the reduction of VAT on natural gas and electricity as well as the introduction of an inflation allowance (energy voucher). All measures are temporary.

Discussion

Eurostat focused on the inflation allowance/ energy voucher and asked about its operation and the intended recording. The Polish statistical authorities clarified that the inflation allowance was intended to compensate, or at least partially compensate, for price increases in gas, electricity and food. It is expected that around 7 million households will benefit from the inflation allowance and the total amount to be paid out is estimated at around PLN 4 billion. The energy voucher is between PLN 400 and PLN 1150 per year and is dependent on the household income (divided according to the number of household members). The application for the “voucher” could be submitted by the end of January 2022 and the allowance will be paid in two equal instalments in 2022. The first payment will be carried out by end of March and the second payment by the beginning of December 2022. If an application has not been submitted by the end of

[19] The note was provided on 9 February 2023. Issue is under evaluation.

January, it is possible to do so by the end of October 2022. In this case, the allowance will be paid in one amount by the beginning of December. GUS thought to record the voucher as social benefit other than social transfer in kind (D.62).

Eurostat enquired about the time of recording of the energy voucher, i.e., whether it should be recorded at the time the applications have been approved/ checked or at the time the inflation allowance is actually paid and whether a possibility exists that some payments will be made in 2023. GUS thought that the moment of approval is decisive for the recording, but that the inflation allowance will end in 2022 and also all payments will be made in 2022.

Findings and conclusions

Eurostat noticed that the Polish government implemented measures to shield households from the recent spike in energy prices. The measure consists of tax breaks and contributions for the households most affected by the energy price increases. It includes also the provision of a so-called inflation allowance/ energy voucher, i.e., a benefit in cash, which is only paid to households that meet certain conditions. The benefit is paid at the end of March or at the end of October, depending on the application date.

Action point 23: GUS will check whether all payments related to the energy voucher will be executed in 2022 or whether payments might also occur in 2023. If so, GUS will carry out the necessary accrual adjustments for the years 2022/ 2023 as well as for quarterly data in 2022 and, if necessary, in 2023.

Deadline: End of December 2022

5.2.1.3. Existence of a single tax account

Introduction

Prior to the EDP dialogue visit, GUS informed that in Poland a single tax account (tax micro-account) exists. The single tax account is an individual tax account identifying the taxpayer or tax remitters and is to be used for the PIT (personal income tax), CIT (corporation tax), the VAT (tax on goods and services) payments as well as for non-tax receivables (e.g. fee on foodstuffs or the fee on the sale of alcohol). Other tax liabilities will still be settled according to the already existing rules. The new single tax account was introduced with effect from 1 January 2020.

Discussion

Eurostat asked the Polish statistical authorities to describe how the single tax account works and how it differs from the previous system. The Polish statistical authorities explained that by introducing the single tax account, each taxpayer needs to make the payments resulting from PIT, CIT and VAT into the single tax account. Each single tax account de facto consists of a 26-digit number (including check digits) that allows clear identification. The 26-digit number consists of two main parts, the routing number (8-digits) and either the PESEL identification number (11-digits) issued to natural persons or the NIP tax number (9-digits) for all corporate taxpayers, entrepreneurs, tax or social security remitters etc. This is a similar solution that was introduced in the past for the payment of social security contributions to ZUS.

Up until 2019, each tax office had separate account numbers (dedicated to different type of taxes), which the taxpayers had to use to settle their tax obligations. If a taxpayer moved to a different region or municipal, usually the tax office also changed and therefore the account numbers. This system was error-prone, which changed with the allocation of a quasi-lifelong and unique single tax account.

The single tax account works only in one direction, i.e., it can only be used for payments made by taxpayers to the tax office. Any tax overpayments or tax refunds will be returned to the bank account that the taxpayer indicated in the tax form. The taxpayer does not have the possibility to debit the single tax account (it is not a deposit account). The single tax account is simply a possibility to simplify the payment process between the taxpayers and the tax office.

Eurostat asked, for example, if the taxpayer has to make payments for the PIT and the CIT, whether these are to be made together or separately for each tax, and whether, for example, overpayments for the PIT can be used to settle outstanding tax liabilities at the CIT. It was explained that the taxpayer has to indicate for which tax the payment is and that overpayments cannot be used to offset other tax liabilities. Overpayment would be paid pack (i.e., netting between different taxes is not applied). The system does also not allow a payment without indicating the tax and it is not possible to accumulate funds on the single tax account.

Findings and conclusions

Eurostat took note of the explanations of the Polish statistical authorities.

5.2.2. Existence of tax-subsidies schemes in Poland

Introduction

The issue of the existence of tax-subsidies schemes has already been discussed with GUS in the context of the 2020 EDP dialogue visit. The case under discussion concerned the payments received by *Zarządca Rozliczeń S.A.* (ZR). ZR is a special purpose entity, fully owned by the government. The funds at ZR's disposal came from the levy charged to all energy consumers, collected by the energy suppliers and finally transferred to ZR. ZR then used the funds received to make payments to eligible power generators to recover stranded costs. However, at the time of the 2020 EDP dialogue visit the scheme was already in the phase-out phase. During the exchange regarding the aforementioned scheme after the 2020 EDP dialogue visit, GUS shared that a new scheme was established at ZR in 2019.[20] The agenda item is about the recording of the expenditure (ESA transaction) made under the "new" and "old" scheme in the EDP/GFS data.

[20] The new scheme, the cogeneration program, is not related to the older scheme. The new scheme started from 2019 onwards and was established on the basis of the Act on the promotion of electricity from high-efficiency cogeneration dated 14 December 2018.

Discussion

Eurostat asked the GUS to describe roughly how the “new” scheme works. It was explained that the scheme concerns the cogeneration payment (Act of 14 December 2018 on the promotion of electricity from high-efficiency cogeneration), which was introduced in 2019. ZR collects funds from the cogeneration levy and makes payments for the electricity generated and sold by producers from a new or significantly modernized high-efficiency cogeneration. The cogeneration payment is a component of the price of electricity supplied and is calculated as the product of the surcharge (per kilowatt hour) and the electricity consumed by the end users. The surcharge (per kilowatt hour) to be applied for year t shall be determined no later than November 30 of year t-1. The cogeneration payment is recorded as a tax on product (D.214) in the EDP/ GFS data.

The support is paid by ZR as a bonus (premium) on top of the market price for electricity. The bonus could be granted in the form of an administratively set guaranteed bonus, an individual guaranteed bonus or an individual cogeneration bonus to companies that supply a certain percentage of the generated energy from high-efficiency combined heat and power (CHP) installations, i.e., the payment of a bonus is linked to the fact that the energy is generated in CHP installations, which are defined as a separate group of equipment capable of generating electricity in cogeneration and described by technical data. Further conditions for receiving the bonus are: feeding a sufficiently high percentage of the generated heat energy into the heat network, the production of electricity in a certain volume (depending on the form of the bonus), the right time for starting or modernizing the facilities (a bonus is granted to new or modernized facilities after winning a tender or auction). GUS stated that in their opinion such premiums should be treated as capital transfers (D.92) in national accounts.

GUS further informed that the payments to energy generators to cover the costs incurred by them in connection with the early termination of power purchase agreements (old scheme), i.e., to cover the costs of existing infrastructure investments that became redundant after the agreements were terminated, were also recorded as capital transfer expenditure (D.92) in EDP/ GFS data.

Eurostat enquired about what could be seen as a triggering event for government payment, whether it was the fact that producers committed to start using more advanced technology or produce electricity in a more efficient way. In particular, the recording of a capital transfer (D.92) seems questionable in view of the “old” scheme, as it would oblige the recipient to use the investment grants received for GFCF purposes.

Findings and conclusions

Action point 24: GUS will analyse on what basis government support to the energy producers is provided, what is the triggering even for such support. On this basis GUS and Eurostat will decide on the most appropriate ESA category to be recorded in national accounts (e.g., as subsidies on production (D.39) or investment grants (D.92)).

Deadline: End of August 2022[21]

[21] The document was provided on 2 September 2022. Issue is under evaluation.

5.2.3. Accrued interest

Introduction

Eurostat thanked the Polish statistical authorities for the ad hoc table on interest provided prior to the EDP dialogue visit. In Poland, interest is recorded in the state budget on a cash basis. Data on the difference between interest paid (+) and accrued (D.41) (-) is calculated by the MoF and provided to the GUS. For local government budgetary units, accrued interest is calculated using cash data adjusted for claims and liabilities from budgetary reporting by the MoF.

Discussion

Eurostat and the Polish statistical authorities went through the ad hoc table on interest together. In order to better compare the information in the ad hoc table with the information in EDP table 3B, Eurostat first asked about the coverage of the ad hoc table and where operations on coupons (in particular coupon bought back operations) and premiums and discounts (in particular repurchased) are recorded in EDP table 3B. The Polish statistical authorities explained that the ad hoc table only presents the data recorded in the state budget and that operations on coupons (accrued, paid, sold and bought back) are reported in the line 'difference between interest (D.41) accrued (-) and paid (+)' in EDP table 3B. The same would apply for the amortisation of discounts and premiums.

Eurostat noted that the fact that the data in the ad hoc table would only cover the state budget might explain that line 22 of the ad hoc table differs from the interest reporting in ESA table 2 for the central government. Eurostat then enquired on line 23 (capitalisation on indexed securities) and wondered where the corresponding entry in EDP table 3B has been made. In addition, Eurostat wondered about the significant discrepancy between the line "difference between interest paid (+) and accrued (D.41) (-)" as reported in EDP table 2A (PLN + 2 800 million) and the line "difference between interest (D.41) accrued (-) and paid (+)" as reported in EDP table 3B (PLN – 2 100 million) and asked about the recording of the premiums and discounts in EDP table 2A. GUS explained that the capitalisation of indexed securities is reported in line 4 (coupon paid) of the ad hoc table and that premiums and discounts are reported in the working balance of EDP table 2 A (premiums at issuance and discounts at redemption as the working balance is on a cash basis). The necessary accrual adjustments are carried out in the line "other accounts receivable" in EDP table 2A. Eurostat clarified that the accrual adjustment for premiums (at issuance) and discounts (at redemption) should be changed in EDP table 2A, as the accrual adjustment for interest should not be presented in other accounts receivable. The accrual adjustment should be either done in a separate line in the section "Financial transactions included in the working balance" or in the line "difference between interest paid (+) and accrued (D.41) (-)". In this context, Eurostat also pointed out that the accrual adjustment for interest (received and paid) should be separated and to include only the accrual adjustment for interest paid in the line "difference between interest paid (+) and accrued (D.41) (-)".

Finally, Eurostat asked about the recording of the SURE loans, in particular whether the treatment of the related premiums is in line with the Eurostat guidance. GUS explained that only the face value of the loans is recorded as F.4L in Maastricht debt (ESA table 28), the premiums (at inception) are included in the ESA nominal value (AF.4L) in ESA table 27 and the premiums spread over the life time of the loans are recorded as a reduction of interest expenditure (negative D.41 expenditure in ESA table 2 as well as ESA table 25 with a counter entry in F.4.L in ESA table 27). Eurostat took note of the explanation and wondered why GUS carried out a correction in the item miscellaneous current transfers (D.75). GUS explained that the cash inflows from premiums are recorded in the state budget in an accounting item that is bridged to the transaction D.75 in national accounts. Therefore, the transaction D.75 (i.e. the cash reported in the state budget) has to be corrected.

Findings and conclusions

Eurostat noted that the current description in the EDP inventory should be updated in order to provide more details on the recording of interest (e.g., treatment and presentation of premiums and discounts, interest on SURE loans, capitalisation of indexed securities, premiums and discounts repurchased). Concerning the interest table, Eurostat enquired about the coverage of the table, the reconciliation of accrued D.41 adjustment between EDP Tables 3B, 2A, the reporting of premiums and discounts in EDP Table 2A, the reporting of the capitalisation of index-linked securities (included in the line coupon) and the lack of consistency between ESA Table 2 and the table on interest with regard to the interest expenditure (D.41).

Action point 25: GUS will adapt the reporting of premiums and discounts in the EDP Table 2A. Instead of neutralising the cash flows associated with premiums and discounts in the line “Other accounts receivable”, GUS will either neutralise them in the line ”Difference between interest paid and accrued” or alternatively in a separate line under the position “Other financial transactions” in EDP Table 2A.

Deadline: April EDP notification 2022[22]

Action point 26: GUS will provide a detailed reconciliation of the lines “Difference between interest paid and accrued” of EDP Table 2A and “Difference between interest accrued and paid” of EDP Table 3B and will also establish a link to the positions reported in the interest table if appropriate.

Deadline: End of August 2022[23]

Action point 27: GUS will update the interest table, taking into account the gap between the interest expenditure (D.41) reported in ESA Table 2 and the interest expenditure reported in the line 20/ 22 of the interest table and, if necessary, take into account the result of the reconciliation between EDP Table 2A and EDP Table 3B.

Deadline: End of August 2022[24]

[22] Action point implemented in the April EDP notification 2022.

[23] The document was provided on 29 September 2022. Action point is closed.

[24] The document was provided on 29 September 2022. Action point is closed.

5.2.4 The recording of the SURE loans

This agenda item was discussed along with the agenda item “5.2.3 Accrued interest”.

5.2.4. Military equipment

Introduction

This agenda point serves to review the status regarding the recording of expenditures for military equipment. GUS applies the guidance for long-term ‘trade credits and advances’ and records advance payments that run over several years as long-term loans (F.42) in the EDP/ GFS data. The cash payments for military equipment made increased significantly in 2020, with roughly unchanged figures for deliveries leading to a further increase of the stock of loan assets.

Discussion

Eurostat asked about the high stock of loan assets, which have been built up over the last years and wondered whether there will be major deliveries in the near future. Representatives of the Ministry of National Defence explained that major deliveries are expected in the period 2022 to 2024. For example, in 2022 the deliveries will be roughly twice as high as in 2021. In addition, the advance payments will significantly decrease from 2023 onwards. They are expected to be about fifty percent lower than in 2022.

Eurostat then enquired on the time of recording of the military equipment in the EDP/ GFS data. In general, the Polish statistical authorities record military equipment at the moment the equipment is delivered and the delivery record is signed. The signing of the delivery record takes place when the conditions specified in the contract are met and the delivery is not delayed. In case of quality defects, the delivery protocol is not signed until they are corrected.

Regarding the reporting in EDP questionnaire table 7, Eurostat asked about the recording of used equipment, the recording of equipment received as a grant, and whether ammunition is reported in the table. It was noted that the purchase of second-hand equipment is included in the table, while the sale is not. The sale of second-hand equipment is handled via a special agency and occurs usually towards the end of the life cycle of the equipment. Equipment received as a grant is not reported (no such case is known), while ammunition is reported in the table.

Findings and conclusions

Eurostat took note of the comprehensive presentation by the Polish statistical authorities and stressed that ammunition should not be reported in EDP questionnaire table 7.

5.2.5. *EU flows*

Introduction

The EU flows are recorded in accordance with the Eurostat rules for the central and local government sub-sector. The social security sub-sector is not a recipient of EU funds, nor do EU funds flow through the social security sub-sector. All EU flows for non-general government units are eliminated from the expenditure and revenue of the general government sector in national accounts. Eurostat thanked the Polish statistical authorities for the ad hoc table on EU flows provided prior to the EDP dialogue visit.

Discussion

Eurostat took note that all EU flows are included in the working balance of EDP table 2A and EDP table 2 C and that the working balance of EDP table 2A in fact consists of two working balances (the state budget and the EU flow budget). Eurostat wondered whether line 1 “Amounts included in the working balance of EDP table 2A” of EDP questionnaire table 6 provides only the amounts reported in the EU flow budget. It was stated that line 1 is not directly linked to the EU flow budget, as line 2 “Inflows” would contain both the inflows from the EU budget and from the state budget.

Eurostat further asked about line 12 “Amounts among net lending/net borrowing of other government bodies” would contain only net amounts and which entities are involved. GUS indicated that these are net amounts and that the National Road Fund is one of the most important entities that are reported in this line.

With regard to line 33, the rather stable and high stock of receivables of general government against the EU was discussed, but it was explained that the issue was analyzed, but no anomalies were found in the data sources. GUS agreed to look into the issue again and inform Eurostat on their findings.

Findings and conclusions

Action point 28: Eurostat noted the consistently high and relatively stable values reported for the stock of other accounts receivable in relation to EU flows (EDP questionnaire table 6) and wondered if this could be related to the initial estimate of the stock of other accounts receivable. GUS will analyse the stock data also focusing on the previous estimate of the opening stock and will inform Eurostat on the identified reasons for the high and stable stock of the other accounts receivable and its stable development.

Deadline: End of August 2022[25]

5.2.6. Court decisions

Introduction

Under this agenda item, the status of two court cases that were the subject of a decision by the Court of Justice of the European Union (CJEU) was discussed. The two cases were the “Turów Lignite Mine” case and the “Disciplinary Chamber of the Supreme Court” case. Prior to the meeting, the Polish statistical authorities provided a note on the status of the two court cases. The GUS also informed that it receives information on court cases either from the Ministry of Finance or from publicly available media.

[25] The document was provided on 29 September 2022. Action point is closed.

Discussion

GUS informed Eurostat that CJEU has ordered an immediate halt to coal mining at the Turów Lignite Mine pending a final decision after the Czech government sued, claiming that the Polish government had failed to conduct the environmental impact assessments required by EU law. As Poland did not comply with the preliminary CJEU ruling, the Court imposed a penalty payment of EUR 500 000 per day until Poland ceases the mining activities pending a final decision. The preliminary decision on the immediate cessation of mining activities was made on 21 May 2021, and the decision on the penalty payment was taken on 20 September 2021.

Eurostat referred to the MGDD and stressed that the penalty incurred for 2021 should be recorded as government expenditure (capital transfer – D.99) in 2021. The decision on the penalty is final, the amount is irrevocably established and there is de facto no possibility to appeal against the penalty decision. GUS responded that the Polish and Czech governments signed an agreement in the "Turów Lignite Mine" case on 3 February 2022, on the basis of which the Czech government withdrew its case before the CJEU. As a result, the Polish government considers the penalty as not existing. The GUS proposed therefore to wait with a decision to record the penalty in the EDP/ GFS data until more information of the withdrawal of the complaint and its possible impact on any penalty payment to be made is known.

With regard to the "Disciplinary Chamber of the Supreme Court" case, it was stated that the CJEU has requested the Polish government to suspend the measures related to the restructuring of the Disciplinary Chamber of the Supreme Court until the CJEU has issued its final judgement. As Poland did not follow the request, the CJEU imposed a fine of EUR 1 000 000 per day on 27 October 2021. The fine is payable until Poland will comply with the request (suspending the restructuring measures) of the Vice-President of the CJEU of 14 July 2021. GUS stated that, in this case, it would consider the MGDD provisions for recording the impact of the fine in the EDP/ GFS data to be fulfilled and would record the corresponding amount (capital transfer) in the context of the April 2022 EDP notification.

Findings and conclusions

Eurostat took note of the explanations of the Polish statistical authorities and agreed that the "Disciplinary Chamber of the Supreme Court" case is clear and that the fine is to be recorded in the EDP/ GFS data from 14 July 2021 onwards. With regard to the Turów Lignite Mine, Eurostat emphasized that it also considers the MGDD conditions for recording a capital transfer to be met and requested GUS to record the required capital transfer in the 2022 April EDP notification, unless it can be demonstrated with certainty that the CJEU will waive the payment of the fine by Poland as a result of the agreement reached between the Polish and Czech government.

6. Specific government transactions

6.1. Rearranged transactions/ operations of BGK

Introduction

In the context of the 2020 EDP dialogue visit, Eurostat was informed that GUS and BGK have signed an information exchange agreement to enable GUS to identify activities/ projects/ transactions, which should be rearranged to the general government sector. In addition, GUS will also obtain information to examine BGK activities conducted at its own risk. Eurostat would like to be informed about the status of the information exchange under this agenda item, whether the fact that currently no activity has been rearranged is due to the fact that no rearrangement is required or whether it is due to missing information, which does not allow GUS to take a final decision. Prior to the EDP dialogue visit, the Polish statistical authorities provided a note on BGK activities conducted on its own account and on behalf of government.

Discussion

GUS recalled that the activities of BGK (including flow funds) are analysed case by case in accordance with the ESA 2010 and the MGDD methodology based on the data received from BGK. The information provided by BGK contains information included in BGK's annual financial reports, in legal acts and information published on BGK website. It was explained that in this context, the so-called flow funds, which are managed by BGK, are of particular importance. Eurostat also noted that these flow funds seem to constitute a major part of the business of BGK and wondered about the percentage of staff working especially for these flow funds compared to the normal balance sheet business of BGK. The BGK representatives explained that there is no special staff dedicated only to the operations carried out in the framework of the flow funds. Although large volumes are transacted via the flow funds, they do not represent a particularly large share of BGK's total business in terms of revenue. BGK receives a fee from the Polish government for managing the flow funds and the same approach is used to determine the fees, i.e., the fees are based on the costs incurred by BGK for the performance of the management activity plus a margin. Management fees earned in 2019 represented approximately one to two percent of BGK's total revenue. This order of magnitude is likely to be achieved in 2022 as well, even though the total volume of the flow funds managed by BGK has roughly tripled. This is because the costs of managing flow funds depend only to a very small extent on their volume, as significant economies of scale can be realized in management activities.

It was explained further that these flow funds have little in common with normal funds. The legal status of flow funds is determined by the bank that operates them, but flow funds do not have legal personality. Lawsuits against any of the flow funds cannot not be directed to the flow fund or BGK (BGK acts only as an agent), but only directed to the government, as the flow funds were established on the basis of specific laws. In these laws, the established "funds" are also specifically called flow funds. The term "flow funds" describes that these are de facto flows of expenditures/ cash flows and the flow funds managed by BGK are best described as dedicated accounts or a set of dedicated accounts established for a dedicated purpose. BGK cannot exercise control over the flow funds, nor does BGK bear the risks and rewards associated with the flow funds; both the control and the risks and rewards are exercised/ borne by the government. In practical terms, BGK procures the necessary funding for the respective flow funds (e.g. via other funds, loans from the EIB, by taking up loans from banks and on the capital market or by issuing bonds) and then manages the fund activities, i.e., it makes disbursements on behalf of the ministries (which also specify the recipient and the amount to be paid) responsible for the individual flow funds.

GUS added that there are currently 15 flow funds managed by BGK, all of which are directly classified in the government sector. This is also the reason why EDP questionnaire table 13 does not show any rearranged transactions for the BGK. As far as the commercial activities are concerned, so far there is no reason to rearrange any part of these activities. GUS confirmed that it has all the information from BGK to decide whether to rearrange a program/ transaction or not.

With regard to BGK's activities in connection with the “Mieszkanie Plus” program, it was explained that it concerns two pillars. One pillar concerns the social and municipal housing program, which concerns grants to municipalities and is operated on the basis of flow funds (mainly the “Subsidy Fund” and the “Thermo-modernisation and Repairs Fund”). The other pillar concerns the affordable housing program, which operates on the basis of BGK loans supplemented by grants from the “Subsidy Fund”. The loans granted in the affordable housing program are reported in the balance sheet of BGK. The second pillar is regulated in the legal acts of the “Mieszkanie Plus” program and is exclusively linked to BGK, as it involves a mix with funds from a flow fund managed by BGK. Eurostat enquired whether GUS has all the information to correctly record the complex “Mieszkanie Plus” program in the government accounts. GUS explained that the “Mieszkanie Plus” program combines all programs that support the development of new and affordable social housing and that the program has been in place for some time, but has been changed and amended several times. GUS analyses all the changes and monitors the activities of the parties involved.

Findings and conclusions

Eurostat took note of the explanations made by the Polish statistical authorities.

6.2. Guarantees

Introduction

While the Polish government does not provide one-off guarantees on assets, it is possible with standardised guarantees. One-off guarantees are granted only as guarantees on borrowing. For guarantees provided by local governments, detailed information on cash calls and repayments by the original debtor etc. is not available. The GUS therefore assumes that these guarantees are relate to assumed debt. Prior to the meeting, the Polish statistical authorities provided an ad hoc table on guarantees, which, among other things, divides the outstanding guarantees according to whether they relate to assets or liabilities, public or private entities, whether claims from calls are recognised or whether claims have been written-off etc.

Discussion

Eurostat enquired about the recording of guarantee calls in the budgetary accounts, in particular, when a guarantee call is registered in the working balance, whether provision are recorded for guarantees and whether a claim to guarantee calls is recorded. The Polish statistical authorities explained that in the budgetary accounts, a claim is recorded when a guarantee is called and the claim is written-off when it is considered uncollectible. A provision, on the other hand, is not recognised. The working balance is cash-based, therefore a guarantee impacts the working balance when it is called, i.e., when a cash payment is made under the guarantee granted. A write-off does not impact the working balance as it is a non-cash transaction. Guarantee cash calls are recorded in the budget items §802 (for domestic guarantee calls) and §803 (for foreign guarantee calls).

Eurostat also asked about the average amount of the guarantee calls in recent years. It was explained that there have been no guarantee calls since 2013. In general, one-off guarantees are not considered to be very risky for the Polish government. The guarantee portfolio is very solid, as government guarantees are usually not demanded by private entities (government guarantees are considered too expensive compared to market offers). This is also the reason why no guarantee fees are shown in the EDP questionnaire tables 9, because guarantee fees are not charged to public corporations.

With regard to the ad hoc table on guarantees, Eurostat noted that the amounts for the total do not match with total in the EDP questionnaire table 9.1. Eurostat also wondered about the huge amount of new guarantees reported in the EDP questionnaire table 9.1, which would not be reflected in the ad hoc table on guarantees. GUS explained that in the ad-hoc table data on one-off guarantees apply only to guarantees granted by the State Treasury, and the increase in new guarantees in 2020 results from the inclusion of data on guarantees under the Pan-European Guaranty Fund, SURE guarantees and national guarantees provided as part of anti-Covid-19 measures.

Findings and conclusions

Action point 29: GUS will reconcile the figures for the total amounts (line A+B and line total public entities) of guarantees provided in the ad-hoc table on guarantees with amounts provided in the EDP questionnaire table 9.1.

Deadline: End of May 2022[26]

6.3. Government claims, debt assumptions, debt cancellations and debt write-offs

The participants reviewed the data on government claims and debt cancellation by government for years 2017-2020, provided by the Polish statistical authorities before the visit. Eurostat took note of the explanations of the Polish statistical authorities.

6.4. Capital injections in public corporations, dividends, privatization

Introduction

The participants reviewed the data on government capital injections for years 2017-2020, provided by the Polish statistical authorities before the visit.

[26] The document was provided on 14 June 2022. Action point is closed.

Discussion

GUS is analysing capital injections on a case-by-case basis. The most important criterion for the classification of injections is the operating profit of the company for the last three years. If a company had operating losses for three years in a row or made an exceptional one-off loss, GUS records a non-financial transaction for the full amount of the capital injection. Otherwise, the capital injection is recorded as a financial transaction. GUS also takes into account if private shareholders participate in a capital injection and if the shares of the company are quoted or unquoted. If the capital injection is made into a new unit, it is checked whether the company will be structurally profitable. For the local government sub-sector all capital injections are treated as non-financial transactions.

Findings and conclusions

Eurostat took note of the explanations of the Polish statistical authorities.

6.5. Dividends and Super-dividends

Introduction

Prior to the EDP dialogue visit, the Polish statistical authorities provided a list of dividends/ super-dividends for the years 2017 to 2020 and the result of the super-dividend test carried out for the dividends paid by the central bank.

Discussion

GUS explained that for the central government sub-sector, information on dividends is obtained from the Ministries that exercise the ownership rights over public enterprises and for the local government sub-sector the data source is the Ministry of Finance plus the RF-03 survey. GUS confirmed that the operating profit that would be used for the super-dividend test would be adjusted for expenses and receipts that cannot give rise to the distribution of dividends, i.e., in particular, gains/ losses on the disposal of fixed assets, receipts/ expenses and the income tax. Eurostat also asked about the compilation of the super-dividend test for the distribution of the central bank profits, in particular, whether unrealised losses, income on transfer from risk provisions and on reversal of write-downs on financial assets etc. are eliminated from the profit figure and whether the details of the “super dividend test” calculation could be provided. GUS agreed to provide the relevant information.

Findings and conclusions

Action point 30: GUS will provide the details for the calculation of the super-dividends of the National Bank of Poland (including a bridge table showing the link between the P&L account and the accounting items used for the calculation of the operating profit/ loss for the year).

Deadline: End of May 2022[27]

[27] The document was provided on 14 June 2022. Action point is closed.

6.6. Public Private Partnerships, concessions and energy performance contracts

Public Private Partnerships

Introduction

The main purpose of this agenda item is to update the understanding of how PPP projects are treated in Poland. Currently, all projects statistically identified as PPP projects are classified in the government sector (S.13). Prior to the meeting, the Polish statistical authorities provided a note on new PPP projects and their foreseen treatment in national accounts.

Discussion

GUS informed that in Poland the concept of a public-private-partnership (according to the Public-Private-Partnership Act) is much broader than in the national accounts. According to the national terminology, there are two main model functioning under the concept of PPP: PPP with availability fees (based on the Public Procurement Act) and PPPs concession type (based on the Concession on Construction Work or Services Act). In practice, in Poland, under the notion of PPPs also concessions, EPC contracts and other undertakings are included.

In view of upcoming PPPs, GUS informed about the construction of the KST tram line, which is scheduled to start in 2022. The subject of the contract concluded between the municipality of Krakow and a consortium of companies classified in the non-financial corporations sector is the financing, design, construction and maintenance of a new section of the tram network in Krakow. The contract value is in the high three-digit million range. The PPP meets the definition of a PPP according to the national accounts. GUS will develop a detailed analyses in 2022.

GUS also informed that at the end of December 2021, there are 66 planned projects (as defined by the Polish PPP Law) in Poland, which are at very different stages of preparation and scope. GUS conducts ex-ante analyses of such projects only to a limited extent. The prerequisite is a certain size of the project as well as the already defined financial rules or the request of the public partner.

Findings and conclusions

Eurostat took note of the explanations and asked to continue to be informed on the results of the PPP projects analysed by the GUS.

Concessions

Introduction

Prior to the meeting, the Polish statistical authorities provided a note on the treatment of concessions and list of recent concession projects in Poland.

Discussion

GUS stated that the explanations on the statistical treatment of concessions made in previous EDP dialogue visits remain valid. Concession contracts are based on the Concession on Construction Work or Services Act. The act stipulates that the concessionaire bears the risk associated with the exploitation of a work or a service and is exposed to the market fluctuations in demand. The concessionaire does not have the guarantee to recover the investment expenditure or the costs associated with the exploitation of a work or service defined in the contract. The essential rule for concessions in Poland is that payments from the government make up a small part of the concessionaire's revenues. GUS further stated that it also expects that most of the investment costs will be borne by the concessionaire. As a result, concessions are generally not recorded on the government's balance sheet.

GUS further indicated that there are also so-called concessional PPPs (i.e., contracts with the final users payments concluded on the basis of the Concession on Construction Work or Services Act) which are de facto concessions. Such concessions are identified via the Rb-Z-PPP reports and the database of the Ministry of Development Funds and Regional Policy. In the case of concessions, only very basic parameter, such as a brief description of the project, the amount of capital expenditure, the sources of financing and the remuneration rules are analysed by GUS. A detailed analysis as in PPP projects is not performed.

Findings and conclusions

Eurostat took note that the main source of data on concessions are the Rb-Z-PPP reports and the database of the Ministry of Development. Based on this data sources, GUS carries out the analyses regarding an on- or off-balance recording of concession arrangements. The main criteria considered by GUS is whether the end users make the majority of the payments to the concessionaire.

Action point 31: GUS will inform Eurostat on the information available in the database on a specific concession arrangement. GUS will also analyse the “conditional payments from municipalities” - subject of a planned concession arrangement currently analysed by GUS - in relation to the concessionaire’s remuneration and will inform Eurostat on whether such conditional payments may also materially impact the classification decision of the concession arrangement and were also part of pre-existing concession arrangements.

Deadline: End of May 2022[28]

6.7. Financial derivatives

Introduction

In Poland, only the MoF is allowed to enter into derivative transactions; other core government entities (i.e., municipalities, social security) are not allowed to enter into derivative transactions. However, public entities (e.g. corporations or the National Road

[28] The document was provided on 14 September 2022. Issue is under evaluation.

Fund), which were classified in the government sector may also engage in derivative transactions.

Prior to the meeting, the Polish statistical authorities provided an ad hoc table on the recording of derivatives. According to the ad hoc table, only currency swaps are currently used by the Polish government. There are no transactions with off-market swaps. The EDP debt is reported “after swaps”.

Discussion

Eurostat took note that GUS calculates the stock of financial derivatives by adding up the net transactions (asset side) in financial derivatives, i.e., the stock corresponds to the cumulative transactions and therefore does not take into account the significant other economic flows generally associated with financial derivatives that materially determine the market value of the stock position.

Eurostat further noted that the current reporting in the EDP Table 3A/ B does not include entries under “appreciation/ depreciation of foreign currency” at the time of the unwinding of a currency swap. Such entries are to be made as the currency swap eliminates the foreign currency effect for the government debt. Eurostat clarified that the current presentation result in statistical discrepancies in the EDP Table 3A/B. At the time of unwinding a currency swap, four entries are to be made in EDP Table 3A/B to avoid the occurrence of statistical discrepancies. These are entries in the change in debt (repayment of debt at nominal value after hedge), in currency and deposits (cash outflow related to the debt repaid), the unwinding of the currency swap in financial derivatives transactions (asset or liability) and an entry in “appreciation/ depreciation of foreign currency debt” corresponding to the entry in financial derivatives (reversed sign). This latter entry ultimately reflects, as a one-off entry, the exchange rate effects that would have occurred if the debt had not been hedged and prevents the occurrence of artificial statistical discrepancies in EDP Table 3A/ B.

Eurostat recalled that, in the ad hoc table on derivatives (bloc 1), transactions and stocks in derivatives, and, accordingly, the notional amounts, are to be presented net either on the assets side or on the liabilities side. The Polish statistical authorities will consider adjusting the table on derivatives. Accordingly, the presentation of the notional values in block 2 must also be adjusted. With regard to bloc 5, the Polish statistical authorities will check whether currency swaps have been unwound and whether the corresponding amounts have been recorded in the part earmarked for interest and will correct the table if necessary.

Findings and conclusions

Action point 32: Eurostat invites the Ministry of Finance to provide GUS with the available information on the market value of the stocks of financial derivatives (distinguishing between assets and liabilities). On this basis, GUS will provide to Eurostat the new stock information on financial derivatives (market values) and, in particular, revise ESA table 27.

Deadline: October EDP notification 2022[29]

[29] Action point implemented in the October EDP notification 2022.

Action point 33: GUS will adjust the presentation in EDP Table 3A/ B with regard to the unwinding of currency swaps. In particular, GUS will make an entry in the line "appreciation/ depreciation of foreign currency" corresponding to the entry made in the line transactions in financial derivatives to include the realised exchange rate effects from the currency swap.

Deadline: April EDP notification 2022[30]

Action point 34: The Polish statistical authorities will update and resubmit the table on derivatives following Eurostat's comments. This concerns, in particular, the presentation of transactions/ stocks in derivatives (bloc 1) as well as notional values (bloc 2), depending on whether the net position is an asset or a liability at the end of the year, and the reporting of the unwinding of currency swaps in bloc 5/ bloc 4.

Deadline: End of August 2022[31]

6.8. Other (Emission trading permits, Decommissioning, LTEs/5G, etc.)

Findings and conclusions

The issue of decommissioning costs incurred in connection with coal mines and coal-fired power plants was discussed under agenda item 5.1.4.

Regarding the mobile phone licences, the GUS informed that there was an intention to auction further mobile frequencies in 2020. However, the auction was postponed due to the COVID-19 pandemic. It is expected that the frequencies will be auctioned off in 2022.

Eurostat took note of these explanations and asked the GUS to inform about the results of the auction.

7. ANY OTHER ISSUES

7.1. Housing FX loans granted by Polish banks

Introduction

The purpose of the agenda item was to obtain an overview of housing FX loans granted by Polish banks in order to assess whether the issue could possibly impact the EDP/ GFS data in the future. The issue of FX loans concerns borrowings in Swiss franc loans by bank clients (households) more than a decade ago to take advantage of lower interest rates. As the Swiss currency has appreciated, households started to struggle to meet the costs of servicing the loans. In this context, banks were sued for certain clauses in the loan contracts, which pose a major risk for the banks and could possibly result in government actions. The value of provisions for legal risks related to FX housing loans created by banks has increased considerably, with the total amount exceeding the banks'

[30] Action point implemented in the October EDP notification 2022.

[31] The document was provided on 29 September 2022. Action point is closed.

pre-pandemic annual profits. Prior to the EDP dialogue visit, the Polish statistical authorities provided a note on the current situation on housing FX loans granted by Polish banks.

Discussion

The Polish statistical authorities informed Eurostat that the legal problem with many loan contracts in foreign currency is that only the banks determine the rate at which the disbursement of funds and the payment of the instalments are made, without using an objective and independent benchmark. In December 2020, the Chairman of the Polish Financial Supervision Authority (KNF) submitted a consensus-building proposal by encouraging banks to offer settlements to their customers as an alternative to litigation. The approach assumes that foreign currency mortgage loans are converted as if they were mortgage loans in PLN from the beginning (based on WIBOR as the reference rate). Moreover, the parameters of such a loan should be adjusted to the market conditions prevailing at the time of signing the contract (WIBOR as interest rate benchmark, credit margin for PLN exposure). The bank should determine the new amount of the borrower's liability taking into account its previous actual payments compared to the payments based on the hypothetical PLN exposure. The described proposal is expected to reduce the risk for the banks in Poland and will limit the risk of possible costs for the Bank Guarantee Fund (BFG). In principle, however, it is assumed that the costs of the FX loan issue are borne by the affected banks; no intervention of the Polish government is foreseen. Impacts on government accounts are only expected in the form of lower PIT revenues, if banks grant or have to grant debt cancellations for FX loans.

Findings and conclusions

Eurostat took note on these explanations and asked the Polish statistical authorities to inform about further developments, if the government accounts would be directly affected (e.g., government expenditure to support banks) by the FX loan issue.

7.2. GFS data

The agenda item was not discussed due to time constraints.

7.3. Major upcoming government operations

Prior to the EDP dialogue visit, the Polish statistical authorities provided a document with the following major government operations: PFR Financial Shield, Recovery and Resilience Plan, The Polish Deal, the Anti-inflationary shield and the transformation of the coal sector in Poland.

Eurostat took note of the operations but refrained from discussing them as they had already been discussed in detail in previous agenda items (see 5.1.4, 5.1.5, 5.2.1.1, 5.2.1.2).

7.4. Any other business

No other issues were raised.

EDP dialogue visit to Poland

24-25 February 2022

Agenda

1. **Review of institutional arrangements, EDP data sources and procedures**
   1.1. Review of institutional responsibilities in the framework of the EDP data reporting and GFS compilation
   1.2. Data sources and data compilation methods
   1.3. Revision policy and EDP Inventory
   1.4. Compliance with Council Directive 2011/85
2. **Follow-up of prior EDP dialogue visit of 11-12 January 2020**
3. **Actual data October 2021 EDP reporting – analysis of EDP tables and the related questionnaires**
   3.1. Measures carried out by the Bank Guarantee Fund (resolution activities, creation of bridge institutions, capital injections etc.)
   3.2. Reporting of transactions/ stocks in the table on government interventions to support financial institutions
   3.3. Reporting of standardised guarantees in the EDP questionnaire
4. **Recording of government measures undertaken in the context of COVID-19**
   4.1. Supplementary table for reporting measures taken in the context of the Covid-19 pandemic
   4.2. Table for reporting of expenditure and other costs financed by the RRF
5. **Methodological issues**
   5.1. Sector delimitation
      5.1..1. Questionnaire on public corporations
      5.1..2. Practical aspects of the sector classification
      5.1..3. Cases of sector reclassification since 2020 EDP dialogue visit
      5.1..4. Follow-up on the restructuring of the coal mining sector in Poland
      5.1..5. Follow-up on the activities and sector classification of the Polish Development Fund
      5.1..6. Follow-up on the act on development institutions
      5.1..7. Follow-up on the newest developments of the “Mieszkanie Plus” program
   5.2. Implementation of the accrual principle
      5.2..1. Accrual taxes and social contributions
      5.2..2. Existence of tax-subsidies schemes in Poland
      5.2..3. Accrued interest
      5.2..4. Military equipment

5.2..5. EU flows

5.2..6. Court decisions

6. Specific government transactions

6.1. Re-arranged transactions/ operations of BGK

6.2. Guarantees

6.3. Government claims, debt assumptions, debt cancellations and debt write-offs

6.4. Capital injections in public corporations, dividends, privatization

6.5. Dividends and Super-dividends

6.6. Public Private Partnerships, concessions and energy performance contracts

6.7. Financial derivatives

6.8. Other (Emission trading permits, Decommissioning. LTEs/5G, etc.)

7. Any other business

7.1. Housing FX loans granted by Polish banks

7.2. GFS data

7.3. Major upcoming government operations

7.4. Any other business

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