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- FINAL FINDINGS -

EDP dialogue visit to Sweden

26-27 January 2009

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Final findings

Executive summary

Eurostat undertook an EDP dialogue visit to Sweden on 26-27 May 2009 as part of its regular visits to Member States and with the more specific aim to review the institutional responsibilities concerning the compilation of EDP statistics and the EDP inventory, to follow up on the latest EDP dialogue visit of 2007 and the October 2008 EDP reporting, to discuss in detail the problems relating to data sources, the high statistical discrepancies and the recording of receivables and payables in EDP tables and in financial accounts, to review the method of recording of taxes and social contributions, and to ensure that the provisions from the ESA 1995 Manual on Government deficit and debt and recent Eurostat decisions have been duly implemented in the Swedish EDP tables and national accounts.

Eurostat thanked the Swedish Statistical authorities for the good co-operation demonstrated during the meeting and for the documentation sent before the meeting.

Eurostat took note of the recent reorganisation within Statistics Sweden (SCB) and the institutional arrangements between Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the National Debt Office (RGK), the Ministry of Finance (MoF) and the Swedish Central Bank (RB) and noted that there are currently weaknesses in co-ordination between the involved partners, as well as between the non-financial and financial accounts units within Statistics Sweden.

Relating to data sources and the compilation of EDP tables, a number of follow-up actions were agreed in the meeting. Eurostat invited the Swedish Statistical Authorities to prepare a pilot EDP table 2A, starting from the working balance which is based on the available profit and loss accounts, in order to test whether this would result in a decrease in the statistical discrepancy.

Eurostat also invited the Swedish Statistical Authorities to provide a bridge table for central government between the so-called S-codes, as used in the Swedish public accounts, and the ESA95 codes, indicating all adjustments for the purpose of compiling ESA95 net lending(+)/net borrowing(-).

Concerning EDP tables, Eurostat asked the Swedish Statistical Authorities to provide full details of the recent revisions in "net lending (+)/net borrowing(-)" in EDP table 2A and 2C for the whole reporting period, including amounts and explanations, and to further clarify a number of adjustment items within the tables, in particular "other adjustments according to national debt interest" in EDP table 2A and "other source grants", "reclassification investments", "financial revenues" and "financial expenditures" in EDP table 2C. Furthermore, the Statistical authorities were asked to split the adjustment item "other adjustments" under the heading "other adjustments" in EDP tables 2A and 2C. Finally, Eurostat proposed that the Swedish Statistical Authorities move the adjustment for "investment loans for infrastructure (outside RGK)" in EDP table 2A from "net borrowing (-) or net lending (+) of other central government bodies" to "other adjustments".

Eurostat invited the Swedish Statistical Authorities to review data sources for "loans" recorded in EDP table 2A, to reconcile the transactions in "loans" reported in EDP tables 2A and 3B, and to split "loans" in EDP tables 3. Eurostat invited the Swedish Statistical Authorities to review the reporting of "equities" in EDP table 2A, identify amounts (particularly for equity injections), and to reconcile the transactions for "equities" reported in EDP tables 2A and 3B, in order to see whether these recordings could explain some of the discrepancies in the tables.

Concerning recording of receivables and payables, Eurostat took note of the progress made so far and stressed the importance of further investigations. As a first step, Eurostat invited the Swedish Statistical Authorities to include missing accrual adjustments in other accounts receivable and payable (F.7) in EDP tables 2A, 2C and 2D and to provide a detailed breakdown of all F.7 transactions reported in EDP tables 2. Eurostat also invited the Swedish Statistical Authorities to write a note on the recording of military expenditure in the Swedish accounts and to include receivables relating to military expenditure in EDP tables 2A and 3B. Furthermore, Eurostat invited the Swedish Statistical Authorities to contact the relevant authorities in order to quantify transactions in other accounts receivable and payable relating to specific government transactions recorded in public accounts (i.e. EU grants, taxes and social contributions and military expenditure). Finally, Eurostat asked the Swedish Statistical Authorities to complete questionnaire tables 4.1 and 4.2 (Annex tables) relating to the breakdown of other accounts receivable and payable (F.7), to ensure consistency with EDP table 3A.

With regard to the discussion on the reduction of the statistical discrepancies, Eurostat took note of the actions taken for the local government sub-sector and encouraged the Swedish Statistical Authorities to continue this work and intensify efforts in the central government and social security sub-sectors, including the recording of derivatives.

Concerning taxes, Eurostat invited the Swedish Statistical Authorities to provide a table with the cash amounts recorded for each year 2001-2008, split by tax, and comparing these amounts with the amounts reported under forecasts. Eurostat and Statistics Sweden will jointly reflect on possible ways of improving the recording of taxes and social contributions in the Swedish accounts in order to arrive at smaller revisions across years. Eurostat also invited the Swedish Statistical Authorities to send a letter to Eurostat asking for methodological advice relating to the current reporting of negative taxes at the level of central government, resulting from the transfer of taxes to the local government sector (recipient sector) and the recording of tax credits at the level of central government.

Finally, Eurostat invited the Swedish Statistical Authorities to provide a list of existing Public Private Partnerships in Sweden and to decide jointly with Eurostat which projects to analyse. Eurostat also invited the Swedish Statistical Authorities to investigate the recording of guarantees in the public accounts and the Market Regulatory Agencies in Sweden and report back to Eurostat.

Eurostat invited the Swedish authorities to take into account all the agreed actions in the requested update of the EDP inventory and to publish the updated version.

Final findings

Introduction

In accordance with Council Regulation (EC) No 3605/93 of 22 November 1993 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 Sweden on 26-27 January 2009.

The delegation of Eurostat was headed by Mr. Luca Ascoli, Head of the Eurostat Public Finance Unit (C3). The Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers. The Swedish authorities were represented by Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the National Debt Office (RGK), the Ministry of Finance and the Swedish Central Bank (RB).

Eurostat introduced the meeting by referring to the procedural arrangements as indicated in Council Regulation 3605/93 and by stating that *Main conclusions and action points* from the meeting will be sent within days after the mission to the Swedish authorities for comments. Within weeks, *Provisional findings* will be sent to the Swedish authorities in draft form for review. *Final findings*, including possible comments from Sweden, will be sent to the EFC and published on the Eurostat web site.

The agenda covered statistical institutional issues, follow-up of the EDP dialogue visit of 7 May 2007, follow-up of the October 2008 EDP reporting, statistical discrepancies in the Swedish accounts, the recording of receivables and payables in the Swedish accounts, recording of taxes and social contributions and methodological issues including the recording of specific government transactions.

1. Statistical institutional issues

1.1 Institutional responsibilities in the framework of the reporting of data under the EDP and government finance statistics compilation

Introduction

The institutional responsibilities in the framework of the reporting of data under the EDP and government finance statistics compilation were discussed, starting from the document provided by Statistics Sweden for the meeting.

Discussion

Statistics Sweden (SCB) is responsible for the EDP reporting to Eurostat and for completing all EDP notification tables except table 2A, which is compiled by the National Financial Management Authority (ESV). ESV is a central government authority with the responsibility for producing central government accounts and forecasts for the government budget. ESV also produces the statistics used for national accounts compilation in close cooperation with Statistics Sweden.

The forecasts reported in the EDP tables (1, 2A and 2C) are the responsibility of the Ministry of Finance.

For some data in EDP tables, like guarantees, the central government gross debt at nominal value and central government interest swaps, the source is not directly national accounts, and Statistics Sweden cooperates with the National Debt Office (RGK).

There is no established service level agreement between the involved institutions and contacts are mainly ad-hoc and on an informal basis.

Statistics Sweden has recently undertaken re-organisations in the area of national accounts, the latest one dating from 1 July 2008, in order to improve co-ordination within the office. The national accounts department is now divided into six different units, where four deal with national accounts calculations, and where one is located in the regional office of Örebro. EDP data are the responsibility of the unit for annual and quarterly financial and non-financial accounts.

Conclusions

- *Eurostat took note of the recent reorganisation within Statistics Sweden (SCB) and the institutional arrangements between Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the National Debt Office (RGK), the Ministry of Finance (MoF) and the Swedish Central Bank (RB) and noted that there are currently weaknesses in co-ordination between the involved partners, as well as between the non-financial and financial accounts units within Statistics Sweden. Eurostat recommended strengthening the co-ordination in order to improve the quality of reporting and to work towards a decrease of statistical discrepancies, which are at present higher in Sweden than in any other EU Member State (Action point 2).*

1.2 EDP inventory

Introduction

Before the mission, the Swedish authorities were asked to review and update the Swedish inventory and send the revised version to Eurostat. The changes introduced, as well as a number of proposals from Eurostat, were discussed in the meeting.

Discussion

Eurostat took note of the updates in the EDP inventory relating to taxes but pointed out that there were several parts of the current document which were still not up to date and/or fully clear. In particular Eurostat pointed out that the following parts needed to be updated:

- "Other adjustments" in EDP tables 2A-D (including a detailed review and explanation of the meaning of each of the items reported in the table). This item was considered particularly important as it is currently very difficult for external readers to understand what the adjustments included in EDP tables 2 refer to. This problem was also discussed under agenda item 2.

- The description of delimitation of general government, including the list of all government units
- The description of data sources, as it became clear during the meeting that recent developments were not included
- The description of the recording of specific government transactions (e.g. guarantees) in the Swedish accounts, due to incomplete explanations
- The recording of taxes and social contributions.

Eurostat also proposed to publish the updated EDP inventory nationally, as well as on Eurostat's web site.

Conclusions

- *Eurostat thanked the Swedish authorities for the updated EDP inventory sent before the meeting and noted that the parts relating to "other adjustments" in EDP tables 2A-D need to be updated, including a detailed review and explanation of the meaning of each of the items. Furthermore, the descriptions of the delimitation of general government including the list of all government units, data sources and the recording of specific government transactions (e.g. guarantees) including taxes were not updated or incomplete. The Swedish authorities were invited to make the requested updates to the EDP inventory and to send it to Eurostat (Action point 3).*

Deadline: October 2009 notification

2. Follow-up of the EDP dialogue visit of 7 May 2007

Introduction

As an outcome of the mission to Sweden in May 2007, a range of follow-up issues were agreed. In the meantime, the majority of the action points have been undertaken and the files closed.

Discussion

Eurostat noted that in spite of good progress on most action points, after the October 2008 notification, there still remain three important open issues, all covered by the agenda of the meeting.

- The work on the reduction of statistical discrepancies in the Swedish accounts
- The introduction of receivables and payables in the financial accounts
- The use of new source data for all sectors.

Conclusions

- *Eurostat stressed the importance of achieving prompt progress on these problem areas, identified a long time ago (the discussion and conclusions relating to these*

issue are included below, under items 4 and 5).

3. Follow-up of the October 2008 EDP reporting – analysis of EDP tables

Introduction

The discussion focussed on the EDP reporting in October 2008 as well as some general issues relating to data sources and the adjustments reported in the tables. The three open issues, as mentioned above under point 2, were not covered under this point.

EDP Table 1

Introduction

The discussion relating to EDP table 1 focussed on revisions as reported in the Annex questionnaire tables 1.1 and 1.2.

Discussion

Sweden revised deficit and debt data for 2007 between the October and the April 2008 notifications, "updated source data" being the main factor.

Eurostat took note of the explanation provided and asked whether it would be possible in the future to provide more details and particularly to explain the link with revisions of the different adjustment items in EDP tables 2, as this information is not available from the Annex table 1.1.

EDP table 2

Introduction

The discussion in relation to EDP tables 2 focussed on data sources, the nature of some of the adjustments items, consistency with the reporting in EDP tables 3, and the statistical discrepancy.

EDP table 2A

Discussion

The working balance and the basis for compiling EDP B.9 for table 2A are compiled by ESV whereas actual B.9 is compiled by Statistics Sweden. The working balance corresponds to the net borrowing requirement of the National Debt Office, where around 250 government agencies have their accounts, and it is cash-based. ESV makes a special correction to the working balance for sector delimitation by including B.9 of the agencies which do not have an account at the national debt office, but which are considered part of central government ("net borrowing(-) or net lending (+) of other central government bodies").

In the Swedish public accounts, so-called S-codes are used for calculation of B.9, comprising very detailed information on transactions on an accrual basis. All government agencies classify transactions according to these S-codes. Information on the bridging of these two data sets is available in the system.

In practice, a noticeable statistical discrepancy appears in EDP table 2A as a consequence of reconciliation of two different data sources: cash based working balance and B.9 based on accrual data sources. When asked whether the working balance in table 2A could possibly be taken from profit and loss accounts (S-codes) instead of the current cash based net borrowing requirement, the Swedish authorities explained that, firstly, the net borrowing requirement is politically interesting (unlike the profit and loss accounts), and secondly, net borrowing is unconsolidated whereas the profit and loss accounts are consolidated. Eurostat also wondered if there was a risk of double counting of certain transaction in the transition from the working balance to B.9, due to the current structure.

Revisions of table 2A

In the meeting, the Swedish statistical authorities disseminated a revised EDP table 2A (a new version of the data as reported in the October 2008 notification) together with an explanatory note, providing details of revision for 2007 and 2006 (2005 is to come). The new table included revisions of B.9, as well as some of the adjustment items.

After analysing EDP table 2 in the context of the quality work relating to the decrease of statistical discrepancies, the Swedish statistical authorities revised data, in particular for other accounts receivable and payable relating to taxes and social contributions, but also found errors in the data previously reported in the tables. It was found that B.9 had been incorrectly reported in recent years.

In the new tables (and compared to the October 2008 notification), B.9 for 2007 was revised from SEK 66947 to SEK 74520 (from +2.18 to +2.43% of GDP), B.9 for 2006 from SEK 28111 to SEK 35435 (from +0.97 to +1.22% of GDP) and B.9 for 2005 from SEK 21686 to 18559 (from +0.79 to +0.68% of GDP). These revisions led to a decrease of statistical discrepancies reported in EDP table 2A for the whole reporting period except for 2005.

For 2007, on the revenue side, taxes on income and wealth (D.5) were revised upwards by 3.3 bn SEK due to more recent figures (forecast replaced with final tax settlement), interest revised downwards (400 mn SEK) due to updated FISIM data and miscellaneous current transfer revised upwards by 400 mn SEK due to non-inclusion of a public corporation fee. In total there was a revision of government revenue of +3.3 bn SEK in 2007.

On the expenditure side, a number of items were revised downwards resulting in a total decrease of government expenditure of 4.8 bn SEK in 2007: subsidies were revised downwards by 400 mn SEK due to changes in tax credit recording, current transfers within general government were revised downwards by 1.6 bn SEK due to new VAT data, there was a downward correction of a GNI-contribution to the EU by 2 bn SEK and a decrease in the correction of final consumption expenditure (800 mn SEK) due to updated source data for FISIM and VAT.

As a results of these revised revenue and expenditure data, B.9 increased with + 8.1 bn SEK in 2007.

For 2006, revenue data increased by 700 mn SEK. The reasons were updated source data on taxes D.5 (+ 1.5 bn SEK), miscellaneous current transfer revised upwards by 300 mn SEK (same reason as in 2007) and a mistake in the calculation of dividends (-1.1bn SEK). Expenditure data decreased by 6.1 bn SEK in total, split by subsidies (-2.7 bn SEK) (improved calculation method), interest (-1.1 bn SEK) due to a calculation error, current

transfers (-0.9 bn SEK) and miscellaneous current transfers (-1.4 bn SEK), the latter two for the same reason as in 2007. In total, B.9 improved by +6.8 bn SEK in 2006.

Apart from these revisions in B.9, in table 2A, data for receivables and payables relating to taxes and social contributions and the discrepancy were revised and a new item "delayed withdrawal of EU-fees" was added. This time-adjustment resulted in large positive amounts in 2003 and negative amounts in 2004-2007.

Eurostat thanked the Swedish authorities for the disseminated new tables and explanations and welcomed the work undertaken, resulting in a decrease in the reported discrepancy. Eurostat did however express its concern about the quality of the figures reported for B.9 as they had proved to include a number of mistakes of noticeable amounts. The Swedish authorities were invited to continue work for 2005 and also investigate further 2006 and 2007 in order to ensure better quality of the reporting in the future.

Adjustment items EDP table 2A

In addition to the revision of B.9, as explained above, and the related correction and amendments, the nature of the existing items in EDP table 2A was discussed. Eurostat took note of the large number of items and the absence of precise related explanations in the EDP inventory, and asked the Swedish statistical authorities to provide this information in the future.

Concerning the recording of "equities" in EDP tables 2 and 3 and the questionnaire tables Va and Vb, see item 7.4 below.

Concerning "financial transactions considered in the working balance" ("other financial transactions"), Eurostat noted that adjustments for sales of housing bonds, extra-ordinary dividends and a special loan repayment from the company Venantius were reported in the table. In the "new" EDP table 2A, the names of the largest companies giving these extra-ordinary dividends were reported, as the previous confidentiality problem had been solved in the meantime (see also agenda item 7.4 and questionnaire table Va/Vb).

For the accrual adjustments in table 2A, taxes and social contributions are split into receivables and payables, but EU grants are reported net. The Swedish statistical authorities were asked to clarify under what item in table 2A the adjustment relating to military expenditure is recorded.

As central government collects tax on behalf of local government, Sweden has provided for the last two notifications, at Eurostat's request, the full set of questionnaire table I for all sub-sectors, including general government, consolidated and non-consolidated, in order to be able to check consistency between EDP tables and questionnaire tables (see further point 5 on the agenda).

For the adjustments relating to sector delimitation, Sweden reports figures for "investment loans for infrastructure" under "net lending or net borrowing of other central government bodies". Due to the nature of the adjustment, Eurostat proposed to move it under "other adjustments" instead.

Concerning the adjustments reported under "other adjustments", Eurostat referred to the request for more detailed explanations in the EDP inventory as discussed under agenda item

1.2, the high discrepancy and the need to split the unspecified adjustment item "other adjustments".

Table 2C

Discussion

The working balance of table 2C is on an accrual basis and corresponds to the profit/loss before extraordinary expenses/incomes (from income statements) as reported by the 290 municipalities and 21 counties.

As for EDP table 2A, a new table 2C was disseminated in the meeting. The checking of 2006 data had been finalised, whereas 2007 data was still under investigation and Statistics Sweden intended to contact the municipalities in a number of cases. In the new tables, the working balance, a number of adjustments items, and B.9 had been revised. The result was a large decrease in the discrepancy for 2006 and a small decrease in 2007. After further analysis, the Swedish authorities will send a note to Eurostat explaining all the revisions.

In addition to the revisions of the table, the existing items in EDP table 2C were discussed. As in the case of EDP table 2A, Eurostat took note of the large number of items and the absence of clear related explanations in the EDP inventory, and asked the Swedish statistical authorities to detail this information in the future. This need was confirmed during the meeting where the nature of some of the items could not be fully clarified - in particular "reclassification investments", "financial revenues", "financial expenditures and the unspecified item "other adjustments".

For "other source grants", which seemed to refer to differences in counterpart information/sources, Eurostat has in previous notifications expressed its concern about the fact that amounts have accumulated over time, contrarily to what is expected. No explanation could be provided in the meeting and it was agreed that Statistics Sweden should check again the nature of this adjustment to make sure that it was not a timing issue, and furthermore whether it was included in the questionnaire sent to the local government bodies.

Table 2D

The working balance of table 2D is on a cash basis, while calculation of B.9 is based on accrual data sources. Since the April 2008 notification, the reporting has been based on annual audited reports. Previously, preliminary quarterly information was used for the reporting in table 2D (and it is still used in the financial accounts, leading to a discrepancy between EDP and ESA reporting). There is no discrepancy reported in table 2D.

Eurostat noted that the amounts reported under other accounts receivable, labeled as "timing differences concerning social contributions" in table 2D do not correspond to the related amounts reported in the EDP questionnaire. Statistics Sweden explained that the item reported in EDP table 2D includes also receivables other than those relating to social contributions and will in the future report a split of the aggregated item.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to prepare a pilot EDP table 2A, starting from a working balance based on the available profit and loss account, in*

order to test whether this would result in a decrease of the statistical discrepancy (Action point 4).

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to provide a bridge table for central government between the so-called S-codes, as used in the Swedish public accounts, and the ESA95 codes, indicating all adjustments (exclusion and replacement of individual items as well as other statistical imputations) for the purpose of compiling ESA95 net lending(+)/net borrowing(-) (Action point 5).*

Deadline: October 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to send to Eurostat the templates for balance sheets for central government, local government and the social security sector, as used in the public accounts, and when available, the new versions currently being developed (Action point 6).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to provide full details of the recent revisions in "net lending (+)/net borrowing(-)" in EDP tables 2A and 2C for the whole reporting period, including amounts and explanations (Action point 7).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to move the adjustment for "investment loans for infrastructure (outside RGK)" in EDP table 2A from "net borrowing (-) or net lending (+) of other central government bodies" to "other adjustments" (Action point 8).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to explain the adjustment item "other adjustments according to national debt interest" in EDP table 2A, as it could not be fully clarified in the meeting, and to change the label of this item. Eurostat further invited the Swedish Statistical Authorities to split the adjustment item "other adjustments" under the heading "other adjustments" in the same table (Action point 9).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to investigate the adjustment item "other source grants" in table 2C, and in particular to see why it is always reported as a positive amount (Action point 13).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to justify the adjustment "reclassification investments" and to clarify the content of the adjustments "financial*

revenues" and "financial expenditures", as well as the adjustment "other adjustments" in EDP table 2C (Action point 14).

Deadline: April 2009 notification.

EDP tables 3A-3E

Introduction

Concerning EDP tables 3, the two key issues, statistical discrepancies and the reporting of receivables and payables, were treated under points 4 and 5 below. The discussion under EDP tables 3 focussed on data sources and the recording of loans.

Discussion

Sweden does not split loans into "increase" and "reduction" in EDP tables 3, but reports loans net. In EDP table 2A, loans are on the contrary split into "loans, granted" and "loans, repayments". The Swedish authorities explained that this difference is due to different data sources, where the sources used in EDP table 3 lack some details, such as information on day to day loans. In fact, the issue of splitting loans in EDP table 3 was already discussed in the 2007 mission and at that time "Eurostat encouraged the Swedish authorities to explore the possibilities of providing the split of "loans" in the future, by using direct source data or by including it as a part of the project on statistical discrepancies".

Eurostat noted that even though sources for recording of loans are different and the figures reported in EDP tables 2A and 3B are not conceptually the same, the difference as reported today seem much too large. As a first step it was discussed whether the sector delimitation and the possibility of other central government bodies granting loans could explain part of this difference between the tables. The Swedish authorities explained that they have indeed started to investigate the problem, but that this work was not yet finished. They were however hoping to achieve some results by the use of balance sheet information for central government. Furthermore they plan to explore the possibilities of information from Monetary and Financial indicators and rest of the world transactions.

- *Eurostat invited the Swedish Statistical Authorities to continue work on new data sources and to use primarily existing balance sheet information in EDP tables 3 and eventually in EDP tables 2 (Action point 16).*

Deadline: Ongoing.

- *Eurostat invited the Swedish Statistical Authorities to reflect on the use of direct integrated data sources on financial transactions for the compilation of financial accounts and EDP tables 3 where possible (Action point 17).*

Dead line: October 2009 notification

- *Eurostat invited the Swedish Statistical Authorities to review data sources for "loans" recorded in EDP table 2A, as well as to reconcile the transactions in "loans" reported in EDP tables 2A and 3B, in order to see whether this recording could be one of the causes for the discrepancies in the tables, and furthermore to develop a split of "loans" in EDP tables 3 (Action point 10).*

Deadline: October 2009 notification.

4. Statistical discrepancies in the Swedish accounts

4.1 Discrepancy in EDP table 2 (*already treated under EDP table 2 above*)

4.2 Discrepancy in EDP table 3

Introduction

The issue of the high statistical discrepancies has been on the table for many years, and until recently, not much progress was noted in spite of discussions at previous EDP dialogue missions, bilateral exchanges and an agreement on a range of actions to be taken. Eurostat introduced the point by expressing its concern about the slow progress and invited the Swedish authorities to explain the current situation, the main reasons for the slow progress and future steps.

Discussion

The Swedish authorities explained that the discrepancies in the Swedish accounts consist of two different types; discrepancies within EDP tables 2 and 3, that is the residual resulting from the failure to explain the transformation from the working balance to net lending/borrowing (tables 2A-D) and the transformation from net lending/borrowing to the change in government consolidated gross debt (EDP tables 3A-E) and the discrepancies between the financial and the non-financial accounts (reported in EDP tables 3A-E)

Concerning the discrepancy in EDP table 2, the issue was discussed under agenda item 3.

Discrepancies between financial and non-financial accounts

The actions taken in order to decrease the discrepancies between the financial and the non-financial accounts have been organisational changes at the level of Statistics Sweden in order to improve co-ordination, including the creation of a unit dealing with both financial and non-financial sector accounts (the non-financial government accounts are, however, not included in this unit, but are produced in the Public Finance Statistics Unit in Örebro).

Furthermore, work has started in order to include receivables and payables relating to taxes and transactions in financial derivatives in the financial accounts. In the EDP tables, receivables and payables relating to taxes were introduced in the April 2008 notification and since then there has been a discrepancy between the financial accounts (tables 6,7 and 27) and EDP tables 3.

While discussing the issue on statistical discrepancies, Eurostat asked whether receivables/payables relating to specific government transactions (e.g. taxes) are recorded consistently in financial and non-financial accounts. Statistics Sweden explained that the available data do not allow to identify and thus to exclude receivables/payables from public bookkeeping records and to replace these by statistical imputations. Consequently, heterogeneous treatment implies statistical discrepancies. In addition, it seems that

statisticians do not always discuss and harmonise recording and adjustments in non-financial accounts with recordings in financial accounts.

Concerning further work relating to taxes, see agenda item 5.

Central government

Discussion

So far there have been few actions concerning central government. Statistics Sweden said that a change of data source for central government (EDP table 3B) is indeed planned, but due to lack of resources the work has not yet been started. At the moment the financial accounts cover the units with large financial balances, but the idea is to use balance sheet information from ESV. A draft specification of the necessary information is currently being drafted but due to time constraints work has not progressed as far as initially hoped for.

Local government

Discussion

In order to make an attempt to reduce the statistical discrepancies in the local government sector, Statistics Sweden started using, from autumn 2008, annual balance sheets replacing the quarterly surveys previously used. These balance sheets (Räkenskapssammandraget) are however not as detailed as the special survey for the financial accounts, and the change in data sources did not reduce the discrepancies.

Statistics Sweden explained in the meeting that the source (Räkenskapssammandraget) is good but that there are some differences in definition of certain transactions and that they intend to make a deeper analysis of the source in order to obtain better results in the future.

Social security

Discussion

Since the April 2008 notification, table 3E has been compiled using annual audited reports. These new data sources have reduced the statistical discrepancy as reported in EDP table 3E. However, in the financial accounts reporting, the old source, a quarterly survey, is still used. Consequently, since April 2008 there is a discrepancy between data in financial accounts and EDP tables for the social security sector.

Statistics Sweden has taken some recent steps in order to improve the reporting also in financial accounts and organized in spring 2008 a meeting with representatives for the six funds ("AP-fonderna") constituting the social security sector. The purpose was to replace the current quarterly questionnaire with a new more complete version, providing consistent information on transactions and stocks. Due to problems to produce this new information, the introduction of the new form will not take place before the calculation of the first quarter of 2009 and the inclusion of the new figures in the financial accounts is expected for June 2009.

The recording of derivatives in EDP and financial accounts (social security sector)

Discussion

Due to quality problems of primary statistics and lack of counterpart information, figures for derivatives in the social security sector have not been included in the financial accounts but only in EDP reporting. According to Statistics Sweden, actions have been taken in order to explore the use of Money and Financial Indicators in this context.

Conclusions

- *Eurostat took note of the actions taken in order to reduce the statistical discrepancies in the local government and social security sub-sectors and encouraged the Swedish Statistical authorities to continue their work and to intensify efforts relating to the data sources and in particular in central government and social security sub-sectors (see also agenda item 3).*

Deadline: October 2009 notification.

- *Eurostat took note of the situation relating to derivatives recording in financial accounts and stressed the importance of progress in the area in order to eliminate the current inconsistencies between EDP reporting and financial accounts in the social security sub-sector.*

Deadline: October 2009 notification.

5. The recording of receivables and payables in the Swedish accounts

5.1 The introduction of receivables and payables in the financial accounts

Introduction

The recording of receivables and payables in the Swedish accounts, and in particular the absence of receivables and payables in the financial accounts, have been on the agenda for a long time.

Discussion

After the May 2007 EDP dialogue visit, Eurostat concluded the meeting by advising to use, as privileged source data, the direct information from government units when reporting EDP tables, even at a cost of creating deviations from the annual financial accounts as reported under ESA tables 6 and 7, if these cannot be immediately changed. This advice was followed and receivables and payables introduced in EDP reporting and questionnaire tables I and II. The steps taken also resulted in a decrease of the statistical discrepancies. However, the introduction of receivables and payables in the financial accounts has been delayed and was one of the main issues on the agenda of this dialogue visit.

In the meeting the Swedish statistical authorities explained the efforts made with the introduction of receivables and payables until now, referring to the problems accounted, in particular for the quarterly financial accounts. Today Statistics Sweden receives the information on receivables and payables from ESV on an annual basis and this transmission is

at the moment not adapted for the use in the quarterly financial accounts. During 2008, Statistics Sweden made three attempts on different occasions but did not reach satisfactory results. Eurostat noted however that the plan is to introduce receivables and payables in quarterly and annual financial accounts in the April 2009 notification.

The Swedish authorities also explained that the allocation of receivables and payables on some types of taxes (i.e. D.211, D.511, D611) is rather straight forward. The raw data is in general received as aggregated sums by type of tax. The problematic area is the household sector and the particular split on receivables and payables relating to capital taxes. Preliminary income taxes are paid on a monthly basis during the year, resulting in a small receivable (one month) from households to the central government. Capital taxes, in particular profits and losses on assets (e.g. sale of real estate and stocks), are however in general paid just in time to avoid tax penalty (that is in spring n+1). This procedure results in quite large receivables of taxes relating to year n but only paid in the first and second quarter in year n+1 (see also the discussion relating to taxes below).

Concerning the allocation of receivables and payables to the relevant counterpart institutional sector, some problems have been encountered as raw data is not always allocated by institutional sector. To solve this problem, Statistics Sweden has used information from the capital accounts for the different types of taxes and by using proportional weights.

Conclusions

- *Eurostat took note of the recent actions taken in order to introduce receivables and payables in the annual and quarterly financial accounts and stressed the importance of having prompt results.*

Deadline: April 2009 notification.

5.1 The reporting of receivables and payables in EDP tables – unexplained residuals

Introduction

Sweden has completed the annex questionnaire tables 4.1 and 4.2 relating to the "breakdown of receivables and payables as reported in EDP table 3", in the last two notifications. After detailing the receivables and payables in the questionnaire, there remained unexplained residuals in EDP tables, sometimes amounting to 0.3% of GDP in one single year. The possible nature of these residuals was discussed in the meeting.

Discussion

During the meeting, the Swedish authorities disseminated revised tables 4.1 and 4.2, where the unexplained residuals had been labelled and partly explained. After analysing the figures, Statistics Sweden had found that the unexplained residual was due to the fact that certain items reported in the EDP tables were not accounted for in the annex tables, and conversely, certain items reported in the annex tables were not accounted for in the EDP tables.

In questionnaire table 4.1, based on new balance sheet information, new figures relating to "other receivables relating to non-financial transactions" were included in the disseminated table 4.1.

In questionnaire table 4.2, the sign was changed for military expenditure (previous error) and figures for "other unspecified items" and "other financial liabilities (F.5 and F.6)" were added, originating from new balance sheet information and a previous calculation mistake respectively.

For the reporting of receivables and payables in EDP tables 3, the analysis made by Statistical Sweden revealed that the reporting in EDP tables was not complete and that several elements were missing. The biggest item in this respect was receivables and payables relating to Military expenditure. When discussing the issue in the meeting, not all details could be clarified and Eurostat therefore asked for a note explaining the current recording. The nature and completeness of the adjustments included under "other financial assets" and "net incurrence of other financial liabilities" were still under investigation and it was explained that in fact the information is available from different sources (mainly public accounts balance sheets) but has to be collected from ESV and other agencies.

The discussion also covered the problems with the inconsistencies of reporting of receivables and payables reporting between EDP tables 2 and 3, and consequently the links to the statistical discrepancies in the Swedish accounts. (see further agenda items 3 and 4).

Conclusions

- *Eurostat took note of the progress made so far and stressed the importance of further investigations relating to the reporting of receivables and payables in the Swedish accounts in order to eliminate any discrepancies between different reporting tables and to identify all transactions in the Swedish accounts.*

Deadline: Ongoing

- *Eurostat invited the Swedish Statistical Authorities to complete questionnaire tables 4.1 and 4.2 (Annex tables) relating to the breakdown of other accounts receivable/payable (F.7), to ensure consistency with EDP table 3A, and send these to Eurostat (Action point 18).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to include missing accrual adjustments in other accounts receivable and payable (F.7) in EDP tables 2A, 2C and 2D and to provide a detailed breakdown of transactions in F.7, as reported in EDP tables 2 (Action point 15).*

Deadline: April 2009 notification.

- *Eurostat invited the Swedish Statistical Authorities to contact the relevant authorities in order to quantify transactions in other accounts receivable and payable relating to specific government transactions recorded in public accounts (i.e. EU grants, taxes and social contributions and military expenditure) (Action point 19).*

Deadline: April 2009 notification

- *Eurostat invited the Swedish Statistical Authorities to write a note on the recording of military expenditure in the Swedish accounts and to include receivables relating to military expenditure in EDP tables 2A and 3B (Action point 12).*

Deadline: April 2009 notification.

6. Recording of taxes and social contributions

Introduction

Sweden has provided descriptions on their recording of taxes and social contributions in the EDP inventory and in the reply to the Eurostat questionnaire on the methods used for the recording of taxes and social contributions (latest update from 30.04.2008). The method for recording of taxes and social contributions in Sweden has been discussed in previous missions but there has been some conceptual confusion in the provided descriptions.

Discussion

Taxes on production (D2)

According to the Swedish statistical authorities, taxes on production (D2) are recorded on a time-adjusted cash basis, with a time-adjustment for bigger companies of one month. However, in the meeting it was explained that in fact, the amount adjusted with one month is not the actual cash payment, but the assessed amount, contrary to the information provided in previous documents to Eurostat. As an example, the December activity of a large company is levied in January, based on the assessed amounts, but not the paid amounts. The actual payment normally takes place in January but may also happen later (with interest penalty), or not at all.

For smaller companies, the time-adjustment is set to 3 months and these taxes are reported on a quarterly basis. In the meeting the Swedish statistical authorities explained that "VAT for small companies for the period January – March of year n will be reported and paid in May of year n, and then moved backwards three months". Eurostat noted that this was not strictly a three month time adjustment as the payment made in May would refer to all three months.

Taxes on Income and wealth (D5)

In the documentation sent to Eurostat, the Swedish statistical authorities described that "Concerning personal income taxes, the preliminary debited income taxes (based on assessments) are collected monthly, and in the quarterly delivery to Statistics Sweden adjusted by one month in order to get accrual figures ("adjusted cash-method"). The preliminary debited income taxes are of high quality and the revisions are very small when the final taxation is settled".

As for the case of VAT (D2), the time-adjustment for income taxes is made on the debited amounts and not on the actual paid amounts, which implies that this is neither a time-adjusted cash method, nor assessment and declarations, as specified in Council Regulation 2516/2000. Instead the Swedish authorities apply a mix of these two methods. The tax declaration/tax outcome is known in June n+1 and the final assessment is done from December n+1 to May

n+2. According to the Swedish authorities, there are only minor changes to the taxed amounts between December t+1 and May n+2.

The forecasts for company profits at the end of year n are based on models using information on prepayments made by companies, patterns of payments made in previous years, macro-economic factors influencing company profits and public information from large companies' quarterly reports and press releases. Until March of year n+1, the final tax on company profits is estimated. In September n+1, the National Tax Board presents preliminary information about the final assessment followed by the final outcome in December n+1. The difference between the preliminary data in September n+1 and the final outcome in December n+1 is normally in the range of 7% to 15%.

For taxes on wealth, real estate, and securities, mainly consisting of taxes on capital gains from sales of securities and real estate, no preliminary debit is made. These taxes are only settled in year n+1 (in the context of the tax declaration in spring n+1). For these taxes, forecasts for the current year are used until the final amounts are settled. The forecasts are made by the ESV. The forecasts for households' capital gains are based on models using information on the development of prices of stock and real estate, basic data from the National Institute of Economic Research, patterns of preliminary payments in relation to final tax for previous years, and statistical information from stock broking firms.

Since 1998 each taxpayer has a tax account, where all debited taxes and social contributions and all tax payments are registered. The payments made by the taxpayer are not split by the different types of taxes, but decrease the total tax debt of the taxpayer.

These tax accounts comprise D2 (98 % of the total D.2), D5, (99 % of the total D.5), D61 and D91. If the taxes or social contributions are not paid in time, there will be a deficit on the tax account (and interest to be paid on the deficit). The tax authority has decided to allocate the "tax losses" into five different groupings: D2, D5 (split on household and income taxes), D61, D91, and interest, and to split these losses according to the size of the debited tax.

For the year n, corrections in the final tax outcome can be made until April of the year n + 2, implying that only by then can the tax amounts for the year n be finally settled.

Eurostat has on previous occasions noted that the inability to trace to what tax the additional and final payments actually refer to is a flaw in the Swedish system. These conclusions are also valid for the taxes not paid, and collected by the Enforcement Authority.

Eurostat has furthermore noted that as the taxes on wealth, on real estate and on capital are not preliminary debited but based on forecasts, and only settled in year n+1, this has led to quite large revisions in some years. This phenomenon has been particularly apparent during periods of high economic growth or decline.

Eurostat concluded that Sweden is currently not following Council Regulation 25161/2000 on the recording of taxes and social contribution for all types of taxes.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to provide a table with the cash amounts recorded for each year 2001-2008, split by tax, and comparing these*

amounts with the amounts reported under forecasts. Each year should cover: t-2, t-1 and t (Action point 21).

Deadline: April 2009 notification.

- *Eurostat and Statistics Sweden will jointly reflect on possible ways of improving the recording of taxes and social contributions in the Swedish accounts in order to arrive at smaller revisions across all years (Action point 22).*

Deadline: October 2009 notification.

Allocation of taxes between different sub-sectors of general government

Discussion

In Sweden, individuals pay income tax to the local government sector and to the central government sector, provided they have reached a certain annual income threshold (in fact only around 10% of the total income tax is paid at a central government sector). The local government tax is however collected by central government on behalf of local government and then re-allocated.

Nevertheless, even if a person does not pay any income tax to the central government, he or she can make certain deductions from the tax base on central government level (for example basic allowance, tax reduction for income from active work ("jobbskatteavdrag") or interest expenditures). These reductions may result in negative taxes paid to central government.

Eurostat had previously contacted Statistics Sweden about the reasons for these negative values in D.51A (personal income tax) on central government level during several years, and particularly in year 2007, and Statistics Sweden also raised this particular case in the latest FAWG of January 2009.

Several consequences arising from the above situation were discussed in the meeting.

First there is a timing issue between the transfer of the tax from central to local government and the final settlement of the taxes paid. The transfer is based on the administrative tax level decided for the actual year but income taxes finally paid by households can only be decided at a later stage. This results in payables or receivables between central and local government.

Furthermore, the question on how to treat in national accounts these negative taxes in the central government sector was discussed. Sweden currently records these negative amounts at the level of central government as negative taxes. However, it has to be said that both the OECD and the IMF disagrees with this recording and that the OECD is only publishing tax data for Sweden on a general government level. The discussion focussed on whether this transfer should be treated as negative tax or as a current transfer from central government to households, where Eurostat expressed its preference for a treatment as current transfers.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to send a letter to Eurostat asking for methodological advice relating to the current reporting of negative taxes at the level of central government, resulting from the transfer of taxes to the local*

government sector (recipient sector) and the recording of tax credits at the level of central government (Action point 23).

Deadline: As soon as possible

7. Further methodological issues and the recording of specific government transactions

7.1 The financial turmoil: actual cases and accounting consequences for government

Introduction

Sweden has participated to the Eurostat task-force on accounting consequences for government of the financial turmoil and has in this context provided information on the public interventions, the individual cases and the deposit guarantee scheme. In the meeting, Eurostat informed about the current time-table of the task-force and the consequent CMFB-consultation.

The current cases in Sweden were presented and the discussion focussed on three issues, the programme with government guarantees on bank borrowing, the nationalisation of the Carnegie Bank and its accounting consequences and the new export credits.

The Swedish guarantee scheme covers new issuances of short and medium term non-subordinated debt, to support solvent banks and mortgage institutions that have difficulties in raising loans. The total amount of debt to be covered is capped at SEK 1,500 billion and concerns instruments with a maturity of maximum three years, or exceptionally five years for covered bonds. Debt covered by the guarantee will be accepted by the Swedish Central Bank as equivalent to government bonds. The guarantee will be remunerated by a market-oriented fee in line with the recommendations from the European Central Bank. The period during which the guarantee can be drawn is restricted to less than six months, until 30 April 2009.

In the meeting it was reported that so far no bank or financial institution have signed an agreement, but one bank (Swedbank) and one financial institution (Volvofinans Bank Ab) have expressed their interest in participating in the scheme. It was concluded that in any case, there will be no impact of the guarantees on granted loans in EDP tables for 2008.

Concerning Carnegie Bank, the Swedish State Debt Office took it over, at no cost, after its bank and trading licence was revoked by the Swedish Financial Services Authority (FSA) in autumn 2008, due to large exposures of lending towards a single client. The Central Bank had earlier (in 2008) made liquidity loans of totally 2.4 billion SEK to Carnegie Bank, with its subsidiaries as collateral. According to the agreement between the Central Bank and the State Debt Office, the State Debt Office would repay the loan and in return receive the collateral - all subsidiaries of Carnegie.

It was also said in the meeting that the Swedish government has announced its intention to sell Carnegie Bank at a later date and after a valuation of the subsidiaries, any amount above the 2.4 billion SEK will be returned to the shareholders of Carnegie Bank.

In the meeting it was concluded that for 2008 the loan amounting to 2.4 bn SEK should be

included in EDP tables 2A and 3B. Further accounting consequences will be decided after the final valuation of the shares and the sale of Carnegie Bank has been finalised¹.

Concerning the export credits, it has been decided that government will provide loans and/or loan guarantees to the Export Credit Agency (EKN) which in turn provides loans to companies. In this case, it was agreed that these loans should be included in EDP tables 2A and 3B.

Apart from the cases above, it was also said in the meeting that there is a deposit guarantee arrangement at the Swedish National Debt Office (since December 2008 classified in S.1311) and that the guarantee limit is 500 000 SEK (increased from 250 000 SEK).

The Swedish Central Bank has also granted loans in relating to the financial turmoil (in 2008 one loan of 5 bn SEK was given to Kaupthing Bank).

7.2 Recording of EU flows

Discussion

During the previous dialogue visit (May 2007), it was agreed that the Swedish authorities would start completing the questionnaire relating to EDP tables without awaiting progress concerning financial accounts. This was subsequently done, even if only net amounts were provided. The Swedish authorities were also asked to provide a detailed description on the recording in the public accounts of EU grants, including an explanation on how the implementation of the Eurostat rules are assured and to prepare a table with "grants from the EU" showing separately when payments leave the Treasury and when the payments are received from the EU. Also this was done.

Conclusions

- *In the meeting the Swedish authorities confirmed that all EU-flows can be identified and that all expenditures and revenues were eliminated for the recording of B.9. There is a corresponding adjustment item for the net flows relating to EU flows in EDP table 2A*

7.3 Public Private Partnerships

Discussion

Sweden does not report any PPPs in the compulsory questionnaire table VII relating to PPPs, but has indicated no data/not available. In the meeting the Swedish authorities said that apart from one PPP project at central government level (Arlandabanan - the train from Arlanda airport to the centre) there are probably several projects at the local government level but that they do not currently have information on these (only one example relating to a congress centre in Västerås was mentioned). It was furthermore said that there are 290 communes in Sweden and contacting each of them would be too resource demanding. Instead, by co-

¹ In the meantime Carnegie Bank has been sold to the risk capital companies Altor and Burefor for 1.9 bn SEK plus the possibility of 250 mn SEK for future credits (according to press information)

operating with the Swedish Association of Local Authorities and Regions, they would probably be able to obtain a better picture of the actual cases.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to investigate and to provide a list of existing Public-Private-Partnerships in Sweden. The choice of projects to be examined will be decided jointly with Eurostat (Action point 24).*

Deadline: April 2009 notification.

7.4 Others: Classification of units, Capital injections in public corporations, dividends, privatisation, Guarantees, Debt assumptions, debt cancellations and debt write-offs, Military equipment expenditures, Sale and leaseback operations, securitisation operations.

Classification of units

Discussion

The Swedish authorities explained the current procedure for the classification of units in Sweden and said that they are aware of when new units are created and that they start by looking at the financing when taking a first decision on the classification. There is a brief description of the classification procedure in the EDP inventory along with the list of all units classified inside government. Concerning quasi-corporations, full information was not available during the meeting.

Conclusions

- *Eurostat asked the Swedish authorities to update the description of classification of units in the EDP inventory and in addition send an up-to-date list of all units, including quasi-corporations.*

Capital injections in public corporations, dividends, privatisations

Discussion

Eurostat asked why lines 17-22 in questionnaire table Va ("Capital injection granted by the State/Main unit not in EDP table 2 working balances" and "capital injections granted by other bodies" for "central government consolidated") were not filled. The Swedish authorities explained that this was mainly due to lack of time.

Concerning table Vb, section IB, Sweden has reported ND for transactions in equity held by government. In EDP table 2A there are however transactions reported for "sale of equities" (privatisation amounts) but there are no values reported relating to "equities" in EDP tables 2C and 2D.

In the meeting, Eurostat asked the Swedish Statistical authorities to confirm that there have indeed been no acquisitions of equity in EDP tables 2 which should be included (i.e. that there have not been any cases of equities purchased, but not recorded in EDP tables, or purchased,

but not included in the working balance of EDP table 2), in particular at the level of local government.

Furthermore, it was noted that there were indeed transactions in equity (both increases and decreases) in EDP tables 3 for all levels of government. According to the Swedish authorities this referred only to portfolio investments.

In addition, in questionnaire table Vb, Eurostat raised again the issue of providing the names of the companies under section IIc (names of largest loss making companies). The Statistical authorities explained that in the meantime they had investigated the issue and received the confirmation the names of the companies indeed could be provided as it was not considered confidential information.

Finally, the recording of superdividends was mentioned in the meeting and the Swedish authorities confirmed that they follow the relevant rules. The largest superdividends ("extraordinary dividends") are reported separately in EDP table 2A.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to review the reporting of "equities" in questionnaire table Va and in EDP table 2A, identify amounts (particularly for equity injections), and to reconcile the transactions for "equities" reported in EDP tables 2A and 3B in order to see whether this recording could be one of the causes for the discrepancies in the tables (Action point 11).*

Deadline: October 2009 notification

- *The Statistical authorities were invited to provide the missing lines in table Va where appropriate. Eurostat also invited the Swedish Statistical Authorities to put back in table Vb of the "Questionnaire relating to EDP", the names of the companies having the largest losses, as this information is no longer considered confidential at a national level (Action point 26).*

Deadline: April 2009 notification.

Recording of guarantees

Introduction

The data for the recording of guarantees is the responsibility of the Swedish National Debt Office. In the meeting, a number of issues relating to guarantees recording were discussed, in particular the link between the recording of guarantees in public accounts and in financial accounts. The current reporting in questionnaire tables IIIa-c, the role of the Export Credit Agency (EKN) and the description provided in the EDP inventory were also covered.

Discussion

Sweden completes most information in questionnaire table IIIa relating to government guarantees in public accounts, but in table IIIb (treatment of guarantees in ESA-tables) and IIIc (impact on government guarantees on EDP table 2A) many compulsory lines are reported

with ND. In particular, the issue relating to the absence of reporting in the financial accounts (table IIIb) was raised in the meeting.

Eurostat took note that when a guarantee is called, capital transfer expenditure is recorded in the non-financial accounts, even if a loan is recorded in public accounts. However, it could not be clarified in the meeting whether a loan for which a guarantee is called was included in the financial accounts tables or not and consequently it was concluded that this issue should be clarified as soon as possible as it may be one reason for the high statistical discrepancy in EDP tables 3.

It could furthermore not be clarified whether accrued interest revenue (on loans), based on accrual data sources, is recorded in the non-financial accounts. If this is indeed the case, Eurostat noted that it should be excluded.

Some technical issues were discussed and the Swedish authorities were invited to specify the items reported under 4a and 4b and to reconsider sign convention of individual items in questionnaire table IIIc.

Eurostat concluded that some elements in relation to the recording of guarantees in the Swedish accounts still remain unclear, and the EDP inventory needs to be updated in this respect.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to investigate the recording of guarantees in the public accounts and check whether the current recording could explain part of the discrepancy in table 3B. The findings should also be used to update the description in the EDP inventory (Action point 20).*

Deadline: October 2009 notification.

8. Other issues

The existence and functioning of Market Regulatory Agencies were raised in the meeting. As all details could not be clarified, Eurostat asked for a follow-up of the issue.

Conclusions

- *Eurostat invited the Swedish Statistical Authorities to investigate the Market Regulatory Agencies in Sweden and report back to Eurostat (Action point 25).*

Deadline: April 2009 notification.