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FINAL FINDINGS

EDP dialogue visit to the Netherlands

12 December 2011

Executive summary

An EDP dialogue visit to the Netherlands took place on 12 December 2011.

Eurostat carried out this EDP dialogue visit in order to review the implementation of ESA95 methodology and to assure that provisions of the ESA95 Eurostat Manual on Government Deficit and Debt and Eurostat decisions are duly implemented in Dutch EDP and Government Finance Statistics (GFS) data.

Eurostat reviewed with the Dutch statistical authorities the existing institutional arrangements and formal settings of co-operation on EDP data compilation, notably the Memorandum of Understanding (MoU) between CBS and Ministry of Finance. The existing agreements on co-operation with other government bodies and the evaluation report of the MoU will be provided to Eurostat.

Eurostat welcomed the presentation on the concept and composition of the working balance of EDP table 2A, and the CBS' intention to establish a new, more detailed, template for EDP table 2A that could improve data sources reconciliation and verification. In this context, the Dutch statistical authorities agreed to conduct an analysis of the relationship between the state working balance and its balance sheet, in the view of a possible introduction of integrated state accounts.

The existing register of government units and its limitations were discussed. Eurostat expressed its strong support for the possibility considered by the Dutch statistical authorities of launching a dedicated project to identify and implement a long-term systematic solution, ensuring coordination with business register information.

Eurostat took note of the envisaged new arrangements for the collection of information from municipalities, with the help of a cut-off quarterly sample survey, encouraging the Dutch statistical authorities to investigate further the arrangement of suitable data sources for the provision of the split of transactions in loans (increase/decrease) in EDP tables 3.

Eurostat took note of the progress achieved by the Dutch statistical authorities in the implementation of the actions points agreed during the June 2010 EDP dialogue visit. The work on the outstanding actions will be finalized in the context of preparation for the 2014-benchmark revision. The CBS also agreed to selectively update the existing Netherlands EDP inventory, in order to take into account recent developments in data collection (e.g. new survey introduced) and presentation (e.g. health insurance system re-routing) and to correct the reporting in EDP-related questionnaire table 6 (EU flows).

Eurostat strongly encouraged the CBS to allow for the most important revisions, i.e. those with a significant impact on EDP deficit and debt data, to be implemented as soon as possible. In this context Eurostat took also note of the preparatory work undertaken by the CBS in a view to the forthcoming 2014 benchmark revision of the Dutch national accounts, implementing ESA 2010 guidelines.

Eurostat took note that the CBS was currently in the course of documenting and analysing the process of compilation of other accounts receivable and payable data for general government. The resulting data correction, potentially resolving some statistical discrepancies, is envisaged by 2014. Furthermore, Eurostat took note of the results of the CBS investigation into the reasons for discrepancies between the tax authorities' data used for reporting of social contributions and the corresponding data from social security institutions (CVZ) and the consequences

of the provision and settlement of health social benefits under the current system of the DBC ('Diagnose-Behandel Combinatie') for data compilation.

In respect to the sector classification of government entities and implementation of ESA 2010, Eurostat suggested that any borderline issues would be discussed in the planned training session. Eurostat took note of doubts of the Dutch statistical authorities concerning the sector classification of statutory regulators, including the Independent Post and Telecommunication Authority (OPTA), and specific public corporations (Energie Beheer Nederland B.V. (EBN), Westerscheldetunnel N.V.). The discussion on the new arrangements for deposit guarantee scheme concluded that there is no need for sector classification to general government of the responsible body.

Background information on the new PPP-projects, as listed in the EDP related questionnaire, was requested by Eurostat. Eurostat also encouraged CBS to amend the current treatment of the PPP projects which were discussed in the June 2010 EDP visit (N31, Defluent, A59, KV7).

Eurostat agreed that the recording of the government assumption of the debt of the Netherlands Antilles in the national accounts and for EDP purpose is conceptually sound and follows the debtor approach and took note of the current treatment, as financial transactions, of the payments to date made by the Dutch government for the Joint Strike Fighters (JSF), and the need to investigate the recording of reduced or cancelled military orders through consultation of the Member States concerned.

Eurostat noted the importance of prompt information on any development concerning the transactions already recorded in the context of the financial crisis, or any new transactions considered statistically relevant in this respect. Eurostat took note of the CBS doubts concerning the treatment of export credit guarantees in reference to the new ESA2010 rules for standardised guarantees. The Dutch statistical authorities agreed to inform Eurostat how they intend to record student loans, especially concerning their performance-related transformation into grants, under the 2014 benchmark revision. Eurostat agreed to examine the issue of recording non-euro currency swaps on European Commercial Papers (ECPs).

In addition, the following issues were discussed: the treatment of disbanding of the Algemene Kas, recording of intergovernmental loans, possible changes on recording of interest payments related to swaps and the legal basis for upstream EDP dialogue visits.

Eurostat appreciated the openness and transparency demonstrated by the Dutch authorities during the meeting and the documentation provided before and during the dialogue visit.

Final Findings

1. Introduction

In accordance with article 11(1) of Council Regulation (EC) No 479/2009, as amended, as regards the quality of statistical data in the context of the Excessive Deficit Procedure, Eurostat carried out an EDP dialogue visit to the Netherlands on 12 December 2011.

The delegation of Eurostat was headed by Mr. John Verrinder, Head of Eurostat Unit D-3 (ex C-4) Statistics for Excessive Deficit Procedure 2. The European Central Bank (ECB) also participated in the meeting as observer. The Dutch authorities were represented by the Statistical Office (CBS), the Ministry of Finance (MoF) and the National Central Bank (NCB).

Eurostat carried out this EDP dialogue visit in order to review the implementation of ESA95 methodology, and to ensure that provisions of the ESA95 Eurostat Manual on Government Deficit and Debt (MGDD) and Eurostat decisions are duly implemented in the Dutch EDP and Government Finance Statistics (GFS) data.

In detail, the main aims of the dialogue visit were: to improve the understanding of the data sources used for EDP data compilation, especially in the context of the changes to the data collection system for local government sub-sector, and the revision policy followed; to clarify issues relating to EDP tables raised in the context of previous notifications; to follow-up on the implementation of the outstanding action points agreed during the EDP dialogue visit in June 2010; to analyse the problems related to compilation of other accounts receivable and payable; and to discuss some open methodological issues.

In relation to procedural arrangements, Eurostat explained the procedure, in accordance with article 13 of Regulation No 479/2009, indicating that first the Main conclusions and action points would be sent to the Dutch authorities, who may provide comments. The Provisional findings would then be sent to the Dutch authorities in draft form for their review. After adjustments, the Final findings will be sent to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

2. Review of institutional issues

2.1. Institutional responsibilities for compilation and reporting of the EDP data

Introduction

Eurostat thanked the Dutch statistical authorities for the providing of the Memorandum of Understanding (MoU) between CBS and MoF on the compilation and reporting of the GFS, and especially EDP data, reviewed the division of responsibilities set in the document, and enquired about the practical aspects of co-operation, and the existence of equivalent agreements with other data providers.

Discussion

The MoU between CBS and the Ministry of Finance establishes the joint responsibility of both parties for the whole process of the data collection, compilation and reporting, clearly distinguishing between their respective common and individual duties, defining work proce-

dures and communication rules, specifying reciprocal information needs and setting the timetable for related data flows. The co-operation based on the agreement should undergo regular evaluation. The first evaluation exercise took place in 2011, and proved that the collaboration runs successfully and there was no need for any revision to the MoU.

Eurostat enquired in detail about the materiality threshold set in the MoU at 0.05% of GDP for the value of differences in the data of the CBS and these coming from MoF which would lead to the launch of a thorough data verification process between both institutions ('peer review'). This threshold raised concerns for Eurostat about the quality of the EDP data reported.

It was confirmed that the threshold was valid only during the compilation of data for the Spring (April) notification, and that in practice the investigation of the discrepancies observed and the reconciliation process started already for much lower amounts: 50-100 million euro (i.e. around 0.01-0.02% of GDP). In this context CBS explained also that there were plans to develop a more detailed version of EDP T2A ("*Provision of the data which explain the transition between the public accounts budget balance and the central government deficit/surplus*"). Eurostat supported the idea of expanding the table and deepening the analysis stressing that it was a common practice in many Member States.

Furthermore, Eurostat took note that there existed legal settings or/and formal agreements defining rules for co-operation with all main data providers, including the source data for other government sub-sectors (local government, social security funds). It was mentioned that some of these agreements were currently being reviewed.

Findings and conclusions

1. It was explained that a detailed data sources reconciliation and verification between the CBS and MoF was in practice undertaken already for small discrepancies, considerably below the materiality threshold of 0.05% of GDP set in the MoU.
2. Eurostat welcomed the CBS' intention to establish a new, more detailed, template for EDP table 2A.
3. The Dutch statistical authorities confirmed that the latest evaluation of MoU had proven its effectiveness, and that there was no identified need for any amendments.
4. The CBS will provide Eurostat with the copy of existing agreements on co-operation with other government bodies on the source data concerning other government sub-sectors and of the evaluation report of MoU. (**Action point 1; deadline: as soon as the revision of the documents is finalised; responsible: CBS**)

2.2. Source data, revision policy and update of the EDP inventory

Introduction

Under this point of agenda the existing arrangements for data collection, available data sources and developments foreseen in this respect, as well as their impact on the EDP data quality were discussed. A special focus was given to the complete coverage of all general government entities and their activities in the data sources, the forthcoming switch to the new system of collecting the data for municipalities (cut-off sample survey), and revision policy.

Discussion

- Limitations to the current system of collecting complete information on the general government sector composition

Eurostat thanked the CBS for the provision, after June 2010 EDP dialogue visit, of an updated list of general government entities, and enquired about the frequency of its review, emphasizing that it would be useful to establish an update calendar for it. Currently it is not possible to keep the list up-to-date on a regular basis due to the lack of a register of government-controlled entities, and the fact that the business register, including some public bodies, classifies the entities exclusively by their economic activity (NACE), and not their ESA95 sector. Therefore additional research for specific entities is undertaken by CBS to determine their sector allocation according to ESA95, and, if needed, the update is carried out on an ad-hoc basis, e.g. as a result of an investigation into the large flows observed in the data.

Furthermore, the Dutch statistical authorities explained that they were considering to launch a dedicated project to examine in detail the existing problems concerning the proper and timely coverage of all government entities, and to identify and implement a long-term systematic solution, ensuring coordination with business register information. The project would require the allocation of additional resources. Eurostat strongly supported this idea and asked to be notified on any developments in this respect.

The discussion covered a problem of data estimation for non-profit institutions classified into the local government sub-sector, and all other government entities for which the data sources are either missing or are available only with a significant delay. Eurostat explained that, in order to avoid the underestimation of the debt data, at the initial stage, the legal and practical aspects (the so called 'regulatory regime') of financing of these bodies' activity should be analysed. Reliable data sources should be established or the timeliness of the data sources used should be improved where a significant discretion to incur liabilities is granted, especially in case the financing may come from the non-government sectors.

In this context, Eurostat took note that in the Netherlands some of the entities where potential problems with data sources exist may hold debt of other government units as assets, and therefore the impact of their inclusion would be to decrease general government gross debt due to consolidation within and between general government sub-sectors. Some of these units may also issue debt themselves.

Findings and conclusions

1. Eurostat thanked the CBS for providing an updated detailed list of government entities, and encouraged the Dutch statistical authorities to update the list on a regular basis and publish it.
2. Eurostat took note of the limitations of the current system for collecting complete information on the general government sector composition and expressed its strong support for the possibility considered by the Dutch statistical authorities of launching a dedicated project to identify and implement a long-term systematic solution, ensuring coordination with the business register information. Eurostat asked for further information on any develop-

ment concerning this issue. (*Action point 2; deadline: as soon as project is launched; responsible: the Dutch statistical authorities*).

- Source data for local government sub-sector

Prior to the meeting the Dutch statistical authorities provided Eurostat with a research paper presenting the analysis conducted on a more cost-efficient system of quarterly data collection for municipalities and its executive summary, along with a set of annual and quarterly questionnaires used for some groups of entities constituting the local government sub-sector (municipalities, provinces, public water boards).

In order to reduce the response burden and the costs of quarterly data collection for municipalities the Dutch statistical authorities had investigated a possible switch from a census to a quarterly sampling of municipalities with the greatest number of inhabitants. Considering the currently observed problems with non-response or non-validated-response, it was explained that the change should not affect the accuracy of quarterly public finance estimates (underlying the first notification of EDP aggregates), provided that the response rate meets the 95%-response threshold. To this end, a system of financial penalties for delayed data transmission by the municipalities included in the cut-off sample has been introduced.

Data for small municipalities not covered in the cut-off sample will be estimated by grossing-up the results received from the sample, with the help of algorithms based on the number of their inhabitants and the data for earlier years collected via the annual census. Eurostat decided to examine, as a follow-up to the meeting, the algorithms taken into account in the research.

Until a satisfactory rate of response and accuracy of results is achieved both systems, the existing quarterly census and the new cut-off sample survey, will run in parallel.

The CBS presented current data treatment practices, especially concerning the internal accuracy checks applied to source data for local government and the use of requests for written clarification in cases where problems are detected.

Eurostat took note that local government source data are classified primarily by programme/policy purpose (COFOG-type breakdown) whereas classification by economic transaction has a lower priority. Mainly due to the type of classification used for source data, and the issue of the coverage of quasi-corporations, there was a limited possibility to use directly and exclusively the results of the external auditing process to assess data source quality.

Findings and conclusions

1. Eurostat took note of the envisaged new arrangements for the collection of information from municipalities, with the help of a cut-off sample quarterly survey, and will follow-up the issue more closely after examination of the documents provided, especially of the current algorithm applied for grossing-up the results (based on the population of municipalities and their annual results). (*Action point 4; deadline: April 2012 EDP data notification; responsible: Eurostat¹*)

¹ Completed.

2. Eurostat also took note of proposed measures to be introduced to increase the timeliness of the coverage of the survey (thereby assuring a 95% response threshold which is believed to assure the compilation of reliable estimates). Until a satisfactory response rate has been achieved within the timetable for statistical data production, the current system of data collection will be continued so that the quality of the data does not deteriorate.
3. Eurostat took note of the CBS' current data treatment practices, and encouraged the CBS to include a description of the process in the updated EDP Inventory. Eurostat noted the fact that there was a limited possibility to use directly and exclusively the results of the external auditing process to assess data source quality.

- Revision policy and metadata

The revisions of the government accounts reflect the availability and timeliness of data sources, and follow the general revision policy of the Dutch national accounts. Eurostat took note that the balancing of general government data for the needs of national accounts is undertaken within a very limited scope, in order to allow for additional accrual adjustments, and to align the data with economic growth estimates.

Even though Eurostat understood the current restrictions on the revisions of government data by the Dutch statistical authorities (to assure their coherence with the national accounts production and release calendar), it was stressed that the revisions with significant impact on the EDP statistics should be implemented as soon as possible, so that the most accurate figures can be analysed for the purpose of the excessive deficit procedure.

Under this point of agenda it was mentioned as well that, in parallel with the implementation of the new ESA2010 guidelines, a benchmark revision of Dutch national accounts is planned for 2014.

Furthermore, it was mentioned that the EDP consolidated inventory of sources and methods, the metadata on the national EDP compilation practices, dates back to September 2007 and needed to be updated. Considering the major on-going project of revision of the current inventory structure, it was agreed that only those parts of the inventory will be reviewed and brought up-to-date where the information could be now misleading to the data users, above all description of the data collection system for local government and the coverage of the health insurance system in government accounts.

Findings and conclusions

1. Eurostat strongly encourages the CBS to allow for the most important revisions, i.e. those with a significant impact on EDP deficit and debt data, to be implemented as soon as possible.
2. The CBS will seek to selectively update the existing Netherlands EDP inventory, to allow for the recent developments in data collection (e.g. new survey introduced) and presentation (e.g. health insurance system re-routing). (***Action point 3; deadline: April 2012 EDP data notification; responsible: CBS²***)

² Completed.

3. Follow-up of the visit of 15 June 2010

Introduction

Eurostat examined with the Dutch statistical authorities the status of the implementation of the action points agreed during the previous EDP dialogue visit.

Discussion

Under this agenda point it was concluded that even though many actions had been duly implemented by the Dutch statistical authorities, some issues could be solved only in a longer time perspective, especially the outstanding action points on recording of so-called "*multianual transfers from the state*", the time of recording of interest on financial instruments not included in Maastricht debt, e.g. on student loans granted, information on extra budgetary accounts through which agricultural and ESF funds transit (please see the Annex II for more details). The status of implementation of a few action points (e.g. the reporting of PPP-related data) was discussed under dedicated agenda items.

Concerning the follow-up of the specific actions under Eurostat's responsibility, Eurostat clarified during the meeting that the unexplained residual as confirmed by the CBS has the nature of a statistical discrepancy and thus – if not included as such in the EDP notification tables - should be reported in tables 4.1.1 and 4.1.2 of the EDP-related questionnaire, in the respective dedicated row 16 in the section 'Adjustments if any',

Eurostat also took note that the issue of the treatment of the reimbursement of Dutch EU contributions was still unresolved and committed to provide as soon as possible the results of the examination on the guidelines issued in this context.

Findings and conclusions

1. The Dutch statistical authorities will progress further on the implementation of the outstanding actions agreed during the June 2010 EDP dialogue visit (please see the annex for more details; **Action point 8; deadline: as agreed specifically for each issue; responsible: CBS**).
2. The unexplained residual in tables 4.1.1 and 4.1.2 of the EDP-related questionnaire, being a result of statistical discrepancy, should be allocated in tables 4.1.1 and 4.1.2 into the respective dedicated row 16 in the section 'Adjustments if any', whereas the results of Eurostat's examination of the guidelines issued on the treatment of the reimbursement of Dutch EU contributions will be reported to the CBS as soon as possible. (**Action point 9; deadline: as soon as possible; responsible: Eurostat³**).

4. Follow-up of the October 2011 EDP reporting – analysis of EDP tables

Introduction

The main issues discussed under this agenda point referred to the concept of the working balance used as a starting point in the EDP table 2A, further compilation steps for this EDP table,

³ Completed.

and the availability of data for gross recording of the changes in loans' assets in EDP tables 3 (split into increase/ decrease).

Discussion

- Concept of the working balance for central government and compilation of EDP table 2A

Eurostat welcomed the presentation of the MoF on the concept and composition of the working balance reported in the EDP table 2A. This balancing item (in Dutch: '*Feitelijk tekort*'/'*Financieringstekort*', literally translated into English as 'the cash balance to be financed') refers to the State's financing needs, as covered by the Dutch State Treasury Agency (DSTA; in Dutch: '*Agentschap van de Generale Thesaurie*'), a part of the Ministry of Finance. In general, operations included in the working balance are registered on a cash basis, except for the interest that is accrued, and refer merely to the revenue and expenditure items, excluding all financing transactions, such as debt incurrence or repayment.

According to the national definition of the working balance there should be a one-to-one relation between an increase/decrease in the state debt and the change in the working balance. However, this identity is not always satisfied due to the DSTA's auxiliary function as a market maker for the government debt issuances. This may result in 'over-financing', i.e. DSTA is authorised to issue debt instruments for higher amounts than it is actually needed to finance the State's deficit.

The working balance also allows for the balances of the intra-budgetary funds designed to capture flows with selected bodies classified outside general government (e.g. EU accounts; so called "3rd party accounts") and of current accounts held by the Treasury for a number of government entities (e.g. social security executive bodies, some municipalities; so called 2nd party accounts). In this context, it was confirmed that for both types of accounts interest is paid regularly and reported on an accrual basis. It is allocated into a separate budget item and duly consolidated within the general government data.

The Ministry of Finance informed that the working balance is calculated in the first two weeks of January, and doesn't undergo any revisions thereafter.

Under this agenda item Eurostat further enquired on the transition from the working balance to net lending/net borrowing, and took note of the CBS practice to compile EDP table 2A and reconcile the data sources used. The public information and data collected via dedicated inputs from the individual ministries are uploaded in the CBS's database, aggregated and cross-checked with all other data sources used. The adjustments by the CBS follow the sequence: elimination of long-term loans, elimination of short-term loans, integration of cash/ accrual adjustments (based on the CBS' own data), integration of information on 3rd party accounts and state agencies. The most problematic seem: the coverage of the 3rd party accounts due to high volatility of their balances and the availability of data for state agencies. Other adjustments refer exclusively to statistical discrepancy (for the amounts exceeding the threshold set).

CBS also explained that, in fact, three data sources are used to compile government financial accounts, i.e. working balance published by MoF, data on balances of individual ministries collected by CBS, and State's balance sheet compiled and published by MoF. The data in the balance sheet include categories assigned directly to the individual ESA codes, collected via a survey to the individual ministries.

- Split of transactions in loans at the sub-sector level

Eurostat took note of the CBS' explanation that a split of transactions in loans (increase/decrease) in EDP table 3D cannot be provided, since the data on loans' assets in the questionnaires for local government are requested on a net basis, and no change to the underlying legislation is envisaged. No counterpart information is available either.

Findings and conclusions

1. Eurostat welcomed the presentation of the MoF on the concept and composition of the working balance of EDP table 2A. In this context, the Dutch statistical authorities will also conduct an analysis of the relationship between the state working balance and its balance sheet, and report to Eurostat by end of May 2012 on the results of the investigation, together with a description of further work to be done in the view of a possible introduction of integrated state accounts. (***Action point 11; deadline: by end of May 2012; responsible: the Dutch statistical authorities***). Eurostat also encouraged the CBS to continue its work on development of the best system to trace back the sources for provision of the detail needed for compilation of EDP table 2A.

2. Eurostat encouraged the Dutch statistical authorities to investigate further on the arrangement of suitable data sources for the provision of the split of transactions in loans (increase/decrease) in EDP tables 3.

5. Other accounts receivable/ payable

Introduction

As a follow-up to the discussion during the June 2010 EDP dialogue visit, and clarifications received subsequently in the course of verification of the EDP notifications, Eurostat enquired about the progress in solving the outstanding issues related to recording of other accounts receivable/ payable, and especially the significant amounts reported in the EDP table 2D.

Discussion

- Ongoing review of the process of compilation of other accounts receivable and payable data by CBS

Prior to the meeting CBS provided Eurostat with a note on recording of other accounts receivable and payable, presenting data sources used, imputations and adjustments applied, compilation procedure and the intended actions and challenges envisaged.

The process of the compilation is determined by the availability, timeliness and features of the source data alongside the revision policy followed for national accounts (stocks are benchmark-revised; i.e. revised less often – about every seven years). For some government entities, selected NPIs and social security funds, where data are missing or are available only with a significant time lag, estimations are undertaken, usually by adjusting the financial accounts in line with non-financial balance, and using the counterpart information (currents accounts held by Treasury).

An examination of the shortages and limitations of the compilation system for other accounts receivable/payable is currently taking place. Problems identified will be addressed in the forthcoming 2014-benchmark revision (e.g. interest recording, resolving and recording of sta-

tistical discrepancies). Upon the Eurostat's enquiry about the impact of the revision on EDP data, the Dutch statistical authorities clarified that the streamlining of the compilation process should not affect government non-financial accounts and its balancing item (the EDP deficit/surplus), and will be reflected only on the financial side. The 'real' statistical discrepancies will be addressed in this project and not the adjustments to the data sources.

Findings and conclusions

Eurostat took note that CBS was currently in the course of documenting and analysing the process of compilation of other accounts receivable and payable data for general government. The resulting data correction, potentially resolving some statistical discrepancies, is envisaged by 2014. The Dutch statistical authorities will keep Eurostat informed about the project milestones, the results of their analyses and their potential impact on EDP statistics. (**Action point 5; deadline: as project milestones are reached; responsible: the Dutch statistical authorities**)

- Other accounts receivable for social security funds

In EDP table 2D two items are recorded under other accounts receivable, with the following labels:

- *'adjustment for reclaims of the health care insurance act (ZVW) on hospitals not taken into account in WB'*;
- *'tax authority data for social contributions are used'*.

As the amounts reported for both entries are significant, Eurostat followed-up on the hitherto received clarifications in this respect.

The first item refers to recording of the provision and settlement of health social benefits in kind under the current system of the DBC ('Diagnose-Behandel Combinatie'). Currently, in administrative records each treatment is tracked individually from its start to the cash settlement of the bill, and it can be billed only after it has been finalised, that may take even up to a year. It increases a lag between the time when the services are provided and the time when reliable data for cash-accrual adjustments are available. Eurostat enquired whether other data sources (e.g. direct use of hospital data) could not improve the timeliness of cash-accrual estimates.

Second item concerns reconciliation of the available data sources on social contributions. Since cash data on social contributions from tax authorities can be obtained much in advance than the accrual estimates of CVZ ('College voor zorgverzekeringen')⁴, and have proven to be highly reliable, the Dutch statistical authorities uses them as the basis for compilation and reporting social contributions. However, it was agreed that CBS will enquire further about the quality and timeliness of the CVZ' data with a view to using consistent accrual data sources in the future.

It was also mentioned that the issue of other accounts receivable/payable recorded in reference to the operations re-routed in national accounts to capture correctly the economic features of the health care system introduced in 2006 needs closer examination.

⁴ CVZ is an executive body coordinating implementation and financing of government health care commitments stipulated by law on National Health Service and law on special Health Service.

Findings and conclusions

1. Eurostat took note of the results of the CBS investigation into the reasons for discrepancies between the tax authorities' data used for reporting of social contributions and the corresponding data of CVZ. The CBS will follow up on the issue and provide the full information to Eurostat by the end of February 2012. (**Action point 6; deadline: end of February 2012; responsible: CBS⁵**).
 2. The CBS explained how the provision and settlement of health social benefits in kind function under the current system of the DBC ('Diagnose-Behandel Combinatie'). The CBS will confirm if a direct use of hospital data, either reported to CBS for needs of producing the health accounts or the data of the ministry responsible for health affairs, could help to improve data availability. (**Action point 7; deadline: as soon as possible before April 2012 notification; responsible: CBS⁶**).
 3. CBS will analyse the discrepancies between financial and non-financial accounts in this respect, and specifically correct other accounts payable/ receivable data to allow for the impact of re-routing of health insurance system arrangements, considering also the current recording of any related insurance technical reserves (**to be undertaken for the implementation of action point 5**).
- 6. Methodological issues and recording of specific government transactions**

6.1. Delimitation of general government, application of 50% rule in national accounts

Introduction

With a view to the forthcoming 2014-benchmark revision of the Dutch national accounts, and a parallel implementation of the ESA2010 guidelines, CBS decided to review the sector classification of several (groups of) entities: statutory bodies, the Independent Post and Telecommunication Authority (OPTA), Energie Beheer Nederland B.V. (EBN), Westerscheldetunnel N.V. Prior to the meeting a note outlining the current treatment and the respective considerations was sent to Eurostat, with a request for an opinion.

Discussion

Eurostat took note of the doubts of the Dutch statistical authorities concerning the sector classification of statutory competition regulators (notably in the context of the formation of a unified competition regulator, OPTA), in a view to implementation of the ESA2010 and discussions during the December 2011 FAWG meeting on the treatment of statutory regulators.

It was reminded that main aspects related to control and financing of the bodies for which sector classification is in question will have to be analysed in detail on a case-by-case basis. In addition, it will have to be considered that the concept of control has been developed in ESA 2010, proposing a basket of criteria without assigning any ranking to them for assessing the control of an institutional unit over another entity.

⁵ Completed.

⁶ Completed.

During a discussion on the classification of EBN, Eurostat understood that its treatment as an independent institutional unit was being reviewed, and the valuation of its shares on the government balance sheet was investigated. EBN is a public corporation, 100%-owned by the government, dealing with exploration, production and sale of oil and gas. It also participates in "Gasgebouw", the public private partnership exploiting the Groningen natural gas reserves and provides advice to the Dutch Minister of Economic Affairs, Agriculture and Innovation, acting also upon his instructions. In this context, the Dutch statistical authorities enquired about sector allocation of sub-soil assets in national accounts of other Member States. Eurostat decided to examine the issue as a follow-up to the meeting.

Furthermore, Eurostat took note of the doubts of the Dutch statistical authorities concerning the sector classification of the Westerscheldetunnel N.V., company owned currently by local government (province) and responsible for operating the tunnel, the ownership of which will be transferred to the State in 30 years. The main issue currently refers to the rationale of consideration of the body as an independent unit and a market producer in national accounts, and further a possible direct application of ESA and MGDD guidelines on assets to this case (a treatment analogous to the recording set for public private partnerships).

Findings and conclusions

1. In respect to sector classification of government entities and implementation of the relevant ESA2010 guidelines, Eurostat suggested that any borderline issues would be analysed by the FAWG Task Force.
2. Eurostat emphasized that any considerations about the change in treatment of EBN in national accounts should take into account the conclusions previously reached on recording the division of the Nederlandse Gasunie. In reference to this case, Eurostat will examine to which sector subsoil assets (such as gas and oil) are recorded in other Member States. (**Action point 15; deadline: as soon as possible; responsible: Eurostat**)

6.2. Recording of specific government transactions

6.2.1. Public Private Partnerships

Introduction

Eurostat enquired about the status of implementation of the action points agreed during the June- 2010 EDP dialogue visit, especially the missing data on the new projects reported in the EDP-related questionnaire and the additional information requested on the projects discussed (N31, A59, HSL, KV7). The forthcoming amendments to the MGDD's chapter VI.5 on the Public-Private Partnerships (PPPs) were also mentioned.

The Dutch Statistical Authorities provided documentation on the progress achieved in the implementation of the action points related to the PPPs.

Discussion

In the EDP-related questionnaire many **new projects** have been listed starting from the October 2010 EDP notification, for which the detailed information on the investments' and unitary charge payments' timetable and on the risks' distribution between private and public partners

is missing. The Dutch statistical authorities confirmed that the analysis of these new PPP-projects has not yet been completed. It was agreed that the information should be provided by April 2012 EDP notification.

Concerning **PPP-project N31**, the Dutch statistical authorities collected the available information on the total investment costs covered by government financing (grants; so called pre- and interim-availability allowances). It was acknowledged that the ratio could be close to 50%. Nevertheless, it was impossible to make an exact estimation, and judge whether the threshold was exceeded, due to the fact that only streams of payments from different periods were available, and these could not be directly compared with the present value of the investments calculated at the conclusion of the contract (December 2003).

Eurostat indicated that the capital contractual value included, according to the provided information, also maintenance and management payments, and then the denominator for the ratio would be even lower. This would justify, in a view of the presented doubts, concluding with high probability that threshold of 50% was actually exceeded. Therefore it was agreed that the road N31 should be re-classified as a government asset on government balance sheet from the start of the project. This will be undertaken in the context of the 2014 benchmark revision.

In case of **PPP-project A59** the analysis undertaken indicates that government does not cover the majority of the costs of investments. CBS raised, however, some doubts whether the condition of assets upon their transfer to government at the end of the project should be also considered in the examination. Eurostat took note that part of the allowance fees paid by the government to private partner was fixed. These fees had to be paid independently of the provider's performance, and then could not be brought to zero in case the services provided are not of quality standards specified in the contract. In such cases MGDD imposes recording of the dedicated PPP-assets on government's balance sheet.

It was confirmed that, for **PPP-project HSL**, the initial transfer of assets (the so called sub-structure) from the State to private provider had not yet been recorded in national accounts, and the data will be revised in this respect in the course of work on the forthcoming benchmark revision.

As for **PPP-project Delfluent**, Eurostat took note of the results of the risk analysis conducted by the Dutch statistical authorities, and of their opinion that the application of the penalties would have significant impact on the project return, even though 90% of the availability fee is fixed. However, considering the guidelines of the MGDD in this respect, Eurostat found it necessary to reclassify the assets onto the government balance sheet.

Concerning **PPP-project on KV7-renovation of the MoF's building**, it was concluded that the value of the building before the renovation started was much lower than the actual renovation costs, so that the treatment should follow the PPP-guidelines. Eurostat took also note that the performance of the service provider is monitored monthly on a very detailed basis, and that different deduction amounts for performance failures can be applied. The monthly deductions to the variable availability fee are settled with its monthly payments. In some cases the deductions can even exceed the total amount of the availability fee.

Nevertheless, considering that it was confirmed that the ownership of the dedicated PPP-assets, from a statutory points of view (even though, as explained, only due to tax reasons), in its both aspects, the legal and economic, stayed with the Dutch state, it is difficult to definitely

conclude that the private partner took over the economic ownership, as required for classifying the assets on its balance sheet.

Findings and conclusions

1. Background information on the new PPP-projects, as listed in the EDP related questionnaire was requested by Eurostat (**Action point 16; deadline: as soon as possible before April 2012; responsible: Dutch statistical authorities**⁷).
2. CBS amended the current treatment of the PPP projects which were discussed in the June 2010 EDP visit (N31, Defluent, A59, KV7). (**Action point 17; responsible: CBS**).

6.2.2. *Government assumption of the debt of the Netherlands Antilles*

Introduction

Prior to the meeting the CBS provided Eurostat with a note describing details of the debt assumption for the Netherlands Antilles, and the treatment of this operation in national accounts and in the EDP table 2A. Based on the information received Eurostat enquired on the rationale for the recording.

Discussion

On October 10, 2010, alongside the dissolution of the Netherlands Antilles, the Dutch government assumed part of the Antillean debt (0.5 billion euro). This amount has been recorded as capital transfer expenditure in the Dutch government accounts for 2010.

Nevertheless, in order to avoid a discrimination of a group of creditors it was decided to exchange the remaining part of the debt as well, so that in result the Dutch government took over the total amount of the Antillean debt (debt securities and private loans; increasing for its total nominal value, after the exchange rate conversion amounting to 1.3 billion euro, the Dutch general government consolidated debt). In return it was granted the newly issued bonds of the Antillean government of 0.8 billion euro.

According to the MGDD principle of 'the debtor approach' for recording interest, the Dutch statistical authorities decided also to record in national accounts for 2010 another capital transfer expenditure equal to 0.3 billion euro. This treatment allows for the fact that with the debtor substitution (the Dutch government, with higher debt rating and lower risk premium required on its debt, in place of the Antillean government), *ceteris paribus* – with no other debt contracts' conditions changed, the creditors were granted debt instruments of higher market value than with the previous debtor. This operation can be interpreted as an imputation in national accounts of the debt rescheduling, with re-setting the level of interest correspondingly with the comparable debt issued directly by Dutch government ('debtor approach'), and assuming a premium paid to the creditors for the difference, accrued for 2010.

⁷ It was agreed that the Dutch statistical authorities will provide Eurostat with the statistical analyses of projects involved and the underlying contracts by 30 June 2012.

Findings and conclusions

1. Eurostat agreed that the recording of the government assumption of the debt of the Netherlands Antilles in the national accounts and for EDP purpose is conceptually sound and follows the debtor approach.
2. Eurostat will investigate if any similar cases have occurred in other Member States and their treatment in the national accounts. After this analysis, Eurostat will consider integrating the case into the Manual on Government Deficit and Debt (MGDD). (**Action point 12; deadline: at the next available opportunity for amending the MGDD; responsible: Eurostat**)

6.2.3. Military expenditure

Introduction

CBS raised some doubts about the correctness of the current accounting of payments for the Joint Strike Fighters (JSFs) in national accounts. In this context a note prepared by the CBS, outlining the problem and possible treatment under ESA2010 rules, was discussed.

Discussion

The Dutch government has been participating in the international programme of development of military planes, Joint Strike Fighters, since 2002. The participation involved upfront payments (in both, phase 1 (System Development and Demonstration, SDD) and phase 2 (Production, Sustainment and Follow-on Development, PSFD) of the programme) registered in the national accounts as trade credit (other accounts receivable) in a view to the upcoming purchase of the final products, according to ESA95 para 1.57 (time of recording) and MGDD II.5.3.2.

However, the agreement, as signed in 2006, does not constitute a final decision or obligation to purchase the JSF planes, or to purchase the number of planes committed at the start of the programme. The probability of the eventual purchase has decreased over time affecting the judgement about the nature of the advance payments made so far and their statistical treatment. In case the amounts paid in this respect turn out higher than the value of the final products delivered, and the difference is not reimbursed, the direct link with the (pre-)order, prerequisite for continuing with their recording as financial transactions (trade credit) in national accounts, is lost and the current treatment must be revised.

For the respective revision two possible treatments should be considered:

- revising “with hindsight”; i.e. going backwards and revise the respective amounts recorded for a given year;
- recording of the whole amount of the stocks of trade credits cumulated as expenditure increasing EDP deficit at one specific point of time when the final decision takes place in analogy to the treatment for decisions with retroactive effect.

Findings and conclusions

1. Eurostat took note of the current treatment, as financial transactions, of the payments to date made by the Dutch government for the Joint Strike Fighters (JSF). Since the purchase of all military planes as planned seems increasingly unlikely, a possible change in

the economic nature of the transaction, and thus in its recording in national accounts, must be further analysed.

2. Eurostat will investigate how the transactions are booked in the government accounts of other Member States participating in the JSF project, and if there is any precedent for the recording of reduced or cancelled military orders, reporting back to the CBS. (**Action point 14; deadline: as soon as possible; responsible: Eurostat**)

6.2.4. *Others: EU flows, financial derivatives, operations related to the financial crisis, government claims and guarantees.*

Introduction

This point of agenda referred to a follow-up of specific issues, such as reporting of EU flows, financial derivatives, disbanding of the Algemene Kas, government operations undertaken in the context of the financial crisis, as well as methodological discussion of questions raised by the Dutch statistical authorities concerning forthcoming changes to the deposit guarantee scheme and treatment of performance-related student grants, and export credit guarantees according to ESA2010 guidelines.

Discussion

- EU flows

Eurostat took note that table 6 of the EDP related questionnaire on 'Adjustments for transactions of general government with the EU in EDP tables' still needed to be completed.

Findings and conclusions

CBS will properly code the rows with the aggregates and check the recording in line 20 ('Amounts included in other EDP tables 2 B/C/D') that is currently reported as zero. CBS will also include in the comments box of the table a description of the work in progress to track EU flows and the potential amounts involved (**Action point 13; deadline: by April 2012 EDP notification; responsible: Eurostat**⁸).

- Financial derivatives

CBS raised the issue of non-euro currency swaps on European Commercial Papers (ECPs). They are currently recorded on a net basis and it is not clear who the counterpart sector for those instruments is and how it may affect consolidation of the government accounts. It is also not known what interest should be recorded for those instruments.

A possible change in the concept of interest paid used for the calculation of the EDP deficit/surplus, i.e. *interest including flows on swaps and FRAs* (EDP_D.41), was also mentioned. Eurostat confirmed that the amended proposal of the ESA2010-legislation foresees an alignment of the definition of interest paid reported for the EDP purpose with the concept of the European System of Accounts, so that the adjustments for interest payments related to swaps would not be necessary after 2014. Eurostat took note that a practice of systematic swapping

⁸ Completed.

of all loans to a single maturity of seven years exits in the Netherlands. This would not be consistent with the reporting of interest paid according to the ESA definition.

Findings and conclusions

Eurostat will undertake an internal consultation on the issue of recording of non-euro currency swaps on European Commercial Papers (ECPs) (counterpart sector; impact on consolidation; interest to be recorded for these instruments) and will report back to the CBS. (**Action point 10; deadline: as soon as possible; responsible: Eurostat**).

- Operations related to the financial crisis

Eurostat took note that ING planned to sell some of its portfolio of US mortgages and that a preliminary agreement had been already signed. However, the details of the transaction and their impact on government accounts are not yet known.

Findings and conclusions

1. Concerning the transactions undertaken by government in the context of financial crisis, Eurostat agreed to examine if all the issues raised by the Dutch statistical authorities in their letter of March 2009 had been resolved by the Eurostat decision on financial crisis issued in July 2009 (**Action point 18; deadline: by February 2012; responsible: Eurostat**)⁹.
2. Eurostat generally noted the importance of prompt information on any development concerning the transactions already recorded in the context of the financial crisis (e.g. planned sale of portfolio of US mortgages by ING¹⁰), or any new transactions considered statistically relevant in this respect.

- Forthcoming restructuring of the deposit guarantee system

Eurostat welcomed a presentation by the MoF on a new deposit guarantee system. The reformed system switches from the ex-post financing of deposits in default by the Central bank to the funded risk scheme, i.e. ex-ante financing. The fund is to be managed by a new body with board members coming from the Central Bank, Ministry of Finance and a representative of the banks. It remains fully backed by the banking sector and administered by the Central Bank.

The new scheme should be launched in 2012. The contributions from the individual banks will consist, for the first ten years of the scheme's functioning, of a basic premium and of a supplement reflecting the risk premium; later on, after the total funds collected cover 1% of the total amount of deposits, a fixed annual contribution will be set.

MoF enquired whether the amendment in the settings implies a change in treatment of the guarantee scheme in the national accounts. It asked also about the respective practices of other Member States with similar settings for deposit guarantee risk coverage.

⁹ Completed.

¹⁰ Eurostat was informed about the recent EU court ruling on the state aid decision of European Commission related to ING.

Eurostat informed the Netherlands that a special survey was conducted across EU Member States that showed that in most cases the deposit guarantee schemes are classified in the sector of financial corporations except for two countries, where they belong to general government, either since the guarantee scheme is an integral part of the debt management system or due to the huge rescue operations undertaken by the government sector.

Nevertheless, it was stressed that similar restructuring of the deposits guarantee schemes in other countries, especially in its initial stage, when no sufficient funds are still available, proved not resilient against the financial crisis' risks, and government interventions were needed. In this context a repayment by the Dutch government, and a respective takeover, of the claims related to deposits of the Dutch citizens in the Icelandic banks were also mentioned.

Findings and conclusions

Eurostat took note that the body running the new deposit guarantee scheme is a public body and concluded that the classification of the new system under S.124, i.e. as financial auxiliaries, would be appropriate. Nevertheless, any future interactions with the government sector would need to be analysed.

- Algemene Kas

CBS explained shortly the treatment of disbanding of the Algemene Kas in the national accounts in 2010. After the entity had been liquidated, the Dutch State took over its obligations. The transaction was recorded as a capital transfer between sub-sectors: social security funds (capital transfer revenue) and central government (capital transfer expenditure). At the level of general government there was no impact recorded due to the consolidation of the flows between sub-sectors. It appears that some small financial obligations could still remain in the accounts of the disbanded body.

Findings and conclusions

Eurostat took note of the treatment of disbanding of the Algemene Kas in the national accounts.

- Export credit guarantees

The Dutch statistical authorities raised questions whether the Dutch export guarantee system should be recorded according to the ESA2010 guidelines for standardised guarantees. Of special concern in this respect is the fact that the Dutch State reinsures and guarantees the commercial and political risks of the transactions and that for each contract a specific, tailor made, insurance is designed.

Findings and conclusions

Eurostat took note of the CBS doubts concerning the treatment of export credit guarantees in reference to the new guidelines of ESA2010 for standardised guarantees. Eurostat will consider this issue and give feedback to the CBS (**Action point 19; deadline: as soon as possible; responsible: Eurostat**).

- Student loans

Eurostat acknowledged that the current arrangements of the student loans' system raise some doubts about their economic nature and should be subject to further methodological analysis. Eurostat shared the view of the Dutch statistical authorities that those loans have some characteristics of contingent assets from a government perspective, and therefore that a suitable recording could be recording grants at the moment the "loans" are given to students and then converting them into loans in financial accounts when a decision is taken that they should be paid back.

Findings and conclusions

The Dutch statistical authorities will inform Eurostat how they intend to record student loans under the 2014 benchmark revision (***Action point 20; deadline: when the Dutch authorities take a decision on this issue; responsible: the Dutch statistical authorities***).

7. Other issues

Introduction

During the meeting consolidation of the gross government debt related to activities of European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM), and upstream dialogue visit were also discussed. For ESA95 transmission programme no outstanding points were identified.

Discussion

- Intra-EU consolidation of general government debt (treatment of intergovernmental loans and EFSF/ESM operations)

Eurostat presented the main rules for recording of the intergovernmental loans in the context of financial crisis considering the bilateral loans and the EU-wide coordinated approach through EFSF and ESM (from 2013 onwards) and drew the attention of the Dutch statistical authorities that there are still some discussions concerning the treatment of the future transactions. For the currently applicable loan arrangements (on the bilateral basis and EFSF) the amounts recorded by both countries, the debtor and the creditor, should not be consolidated within EU.

- Upstream EDP dialogue visit

The Dutch statistical authorities expressed their support for the EDP upstream visits, undertaken by the Commission services for verification of quality of the source data used for compilation of the government finance statistics, and would expect that the legal base currently underpinning the EDP verification framework will ensure satisfactory co-operation with all the data providers at the national level.

Findings and conclusions

Eurostat provided the requested explanation on the treatment of intergovernmental lending for gross government debt calculation at the national level, and the available information on the upstream dialogue visits' arrangements.

Annex I: List of participants

Name	Institution	
Huib van de Stadt	CBS	Head of Department of Government Finance Statistics
Gerard Eding	CBS	Head of Department of National accounts
Léonard Haakman	CBS	Project Manager EDP and GFS (Department of GFS)
Dick van Tongeren	CBS	Manager Local Government (Department of GFS)
Annemieke Redeman	CBS	Project Manager Social Security Funds (Department of GFS)
Marga Hüttner	CBS	Senior Statistician Methodology (Department of GFS)
Deon Tanzer	CBS	Senior Statistician Financial Accounts (Department of GFS)
Floris Jansen	CBS	Senior Statistician Financial Accounts (Department of GFS)
Dick Kabel	MoF	Head of Fiscal Policy Unit
Patrick Schuerman	MoF	Coordinator Fiscal Rules and EDP (Fiscal Policy Unit)
Henk Lub	NCB	Senior economist (Statistics and Information Division)
Erik Bieleveldt	NCB	Economist (Statistics and Information Division)
Dagmar Hartwig Lojsch	ECB	Secretary of the Working Group on GFS
John Verrinder	Eurostat	Head of Unit D.3 – Excessive deficit procedure EDP 2 (ex Unit C4)
Gabe de Vries	Eurostat	Unit D.1 – GFS methodology, data collection and dissemination – desk officer for NL (ex Unit C4)
Giovanna Dabicco	Eurostat	Unit D.4 – GFS quality management and government accounting (ex Unit C6)
Monika Wozowczyk	Eurostat	Unit D.3 – Excessive deficit procedure (EDP) 2 (ex Unit C4)

Annex II: Status of implementation of the action points agreed during the June 2010 EDP dialogue visit as followed-up during the December 2011 EDP dialogue visit

- 1) CBS will provide to Eurostat a note describing a restructured survey for the collection of quarterly data from local governments units, including a description of the sampling method. Deadline: as soon as the final design of the survey is agreed

The note was provided in the context of Dec-2011 EDP dialogue visit. Action point completed.

- 2) In EDP table 2C, the CBS will complete data in the adjustment item concerning schools also for the years 2006-2007. Deadline: October 2010 EDP notification.

Action point completed.

- 3) EDP table 2A. Eurostat encouraged closer cooperation between the MoF and the CBS to further analyse the composition of the Working balance as well as the so called *third party accounts*. The Dutch statistical authorities were invited to make efforts to further decrease the discrepancies in EDP table 2A. The Dutch statistical authorities will report on the results of their findings. Deadline: April 2011 notification.

Eurostat took note of the progress achieved in this respect.

- 4) EDP table 2C. Concerning recording of so called "*multiannual transfers from the state*", Eurostat considers that in principle accrual data source should be preferred. However, taking into account that S.13 deficit will not be impacted, but only a distribution of deficit among the sub-sectors, and that the revision would impact on the full time series, Eurostat accepts that a revision should be undertaken in the next benchmark revision of the national accounts, i.e. in 2014.

This action point is still to be completed; deadline: 2014.

- 5) The CBS will analyse the provisions recorded by local government units, based on a selection of large units, to determine their breakdown, and will inform Eurostat on their findings. Deadline: October 2010.

Eurostat took note of the results of the analysis conducted.

- 6) Concerning recording of provisions linked to privatisations, Eurostat considered that if the amounts eventually paid as compensation are not known at the moment of the privatisation, they would need to be recorded as capital transfer expenditure of government when the liability is recognised.

Action point completed.

- 7) The CBS will verify that privatisation proceeds have no impact on the B.9 of local government. Eurostat suggested to consider in EDP table 2C moving the amounts added to the 'provisions' that are reported under the line "*provisions*" (in 2009 seemingly amounting to the book value of the sold shares) to the adjustment line "*transfers from reserves*". Accordingly the withdrawals from these provisions should possibly be reclassified. Deadline: October 2010.

Action point completed.

- 8) Concerning other accounts receivable and payable in financial accounts of Central Government, Eurostat invited the CBS and the MoF to liaise in order to identify and start using additional data sources (including balance sheets, where appropriate and information on outstanding commitments – aangevane verplichtingen – receivable and payable) for their compilation. Deadline: April 2011

See action point 5 from Dec-2011EDP dialogue visit.

Eurostat will clarify under which line in tables 4.1.1 and 4.1.2 of the Questionnaire relating to the EDP notification tables the unexplained residuals are to be reported. Deadline: October 2010

Eurostat clarified during the meeting that the unexplained residual as explained by the CBS has the nature of statistical discrepancy and thus should be reported in tables 4.1.1 and 4.1.2 in the respective dedicated row 16 in the section 'Adjustments if any'.

- 9) Eurostat took note that since the last dialogue visit there were no major changes in the composition of S.13 sector. The CBS will send to Eurostat the updated list of units (Annex I to the EDP inventory). Deadline: September 2010

Action point completed.

- 10) On the specific government transactions in the context of the global economic crisis, Eurostat took note of the explanations provided. The statistical recording of some of government interventions in relation to FBN and ABM AMRO might be influenced by forthcoming decisions of DG COMP. The Dutch statistical authorities will provide a note explaining the nature of so called “*agio deposit*”. Deadline: October 2010.

Action point completed.

- 11) The Dutch statistical authorities will clarify and report to Eurostat whether the so called prepaid interest (in case a second tranche of securities is issued between coupon payment days) is included in the working balance and whether it has impact on EDP B.9. Deadline: October 2010.

Action point completed.

- 12) The Dutch statistical authorities were invited to consider implementing accrual adjustment for interest received and report to Eurostat on their findings. Deadline: October 2010.

Eurostat confirmed with the CBS that the problem of time of recording interest refers exclusively to the interest on financial instruments not included in Maastricht government debt, e.g. on student loans granted, and can not be dealt with before the forthcoming benchmark revision of national accounts in 2014.

13) Concerning swaps, Eurostat encouraged stronger cooperation between the MoF and the CBS. Eurostat encouraged CBS and MoF to collect relevant information on all derivatives used and to start reporting them in the financial accounts. The CBS will analyse and report to Eurostat whether cash or accrual figures of streams of interest payments resulting from interest rate swaps are used for EDP D.41. Deadline: April 2011

See action point 10 from Dec-2011EDP dialogue visit.

14) On EU funds, Eurostat took note that, with exception of ERDF and Agricultural funds, the amounts coming from the EU are not considered significant. The Dutch statistical authorities were invited to implement Eurostat decision on EU flows and introduce other accounts receivable/payable for agricultural funds and ERDF (for identifiable cases). Deadline: April 2011.

See action point 13 from Dec-2011EDP dialogue visit.

15) The Dutch statistical authorities were invited to analyse and inform Eurostat whether extra budgetary accounts through which agricultural and ESF funds transit are used for EU funds only, or whether some other flows could be included therein. Deadline: April 2011.

This action point is still to be completed.

16) For the PPP road projects N31 and A59 the CBS will analyse what part of total investment costs were covered by government financing / grants (so-called pre- and interim-availability allowances). Should these be less than 50% of project costs, the assets of these projects could be considered as classified with the private partners. Deadline: before October 2010.

See action point 17 from Dec-2011EDP dialogue visit.

17) For PPP project HSL, the CBS will check how the initial transfer of assets (so called substructure) from government to the private party was recorded. Eurostat thought that other change in volume could be recorded at the time the transfer took place, following the provisions of the ESA95 Manual on government deficit and debt. With respect to the HSL assets, it was confirmed that these could be classified with the private partner. Deadline: before October 2010.

See action point 17 from Dec-2011EDP dialogue visit.

18) Having in mind, that the fixed part of availability payments amounts to 90% of the total availability payment, the CBS will reconsider the current recording of the PPP project Delfluent. Deadline: before October 2010.

See action point 17 from Dec-2011EDP dialogue visit.

19) On PPP project KV7-renovation of the building of the MoF, the CBS will conduct further analysis of availability fee, the non transferability of economic ownership and the value of the building before and after renovation. The CBS will examine the rationale

for classification of the building – for tax purposes - as under government economic ownership, and if this is relevant for statistical classification. The results of the analysis are to be provided to Eurostat. Deadline: before October 2010.

See action point 17 from Dec-2011EDP dialogue visit.

20) The CBS will report all ongoing PPP projects in table 11.1 of the *Questionnaire relating to the EDP notification tables*. Deadline: before October 2010.

See action point 16 from Dec-2011EDP dialogue visit.