



EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality
Unit D-2: Excessive deficit procedure (EDP) 1

Luxembourg,

FINAL FINDINGS

EDP standard dialogue visit the Czech Republic

19-20 November 2014

Executive summary

Eurostat undertook a standard EDP dialogue visit to the Czech Republic on 19-20 November 2014. The purpose of the visit was to review the existing institutional responsibilities for compiling GFS and EDP statistics, discuss the quality and exhaustiveness of primary data sources, clarify some issues relating to the EDP notification tables, discuss the implementation of ESA 2010 methodology and clarify sector classification of certain units.

First, the institutional arrangements currently in place were reviewed. The discussion focused on the recent organisational changes in the NSI and the status of the Memorandum of Understanding between the NSI and the MoF. The progress made in establishing data sources for specific local government operations was reviewed.

Second, the progress made by the Czech statistical authorities on the open Action points from the EDP visits that took place in May and November 2012 was discussed. The few remaining issues from the October 2014 EDP notification were clarified.

The discussion continued on the application of the ESA2010 sector classification rules. The nature and the practical implementation of the sector classification rules for the units having legal status of semi-budgetary organisation were discussed in detail. Particular attention was paid to the sector classification of the public financial corporations, public hospitals, public transportation companies and public holdings.

It has been agreed that the Czech-Moravian Guarantee and Development Bank and the Export Guarantee and Insurance Corporation will be reclassified inside general government sector in the April 2015 EDP notification. Further analysis is to be undertaken by the Czech statistical authorities on the Deposit Insurance Fund, public hospitals and public transportation companies. The Czech statistical authorities were asked to send an updated version of the questionnaire on government controlled units so that the missing information would be reported.

On the implementation of the accrual principle, the Czech statistical authorities were asked to confirm that the recording of payable tax credits fully complies with the ESA2010 rules. Eurostat took note that, from the year 2014, timely information on the EU funds in the area of so called “removed projects” will be available to the Czech statistical authorities. Eurostat verified the accrual adjustments for interest and asked the CZSO to provide further details in the form of an update of the Questionnaire of interest for central and local government sub-sectors.

As regards the recording of specific government transactions, it was agreed that further progress should be made on the monitoring of the recoverability of claims of the Czech export bank, recently reclassified into the general government sector. The Czech statistical authorities were asked to clarify the time of recording and transferability of the recently sold mobile phone licences as well as whether the recording of the emission permit sales follows the MGDD rules.

Eurostat appreciates the information provided by the Czech Statistical Authorities prior and during the EDP standard dialogue visit. Eurostat also thanks the Czech statistical authorities for their co-operation during the mission and considers that the discussions were productive and constructive.

Final findings

Introduction

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009, as amended, on the application of the Protocol on the excessive deficit procedure annexed to the Treaty on the Functioning of the EU, Eurostat carried out an EDP dialogue visit to the Czech Republic on 19-20 November 2014.

The delegation of Eurostat was headed by Ms Lena Frej Ohlsson, Head of Unit D-2 (Excessive Deficit Procedure (EDP) I). Representatives of the Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers. The Czech statistical authorities were represented by the Czech statistical office (CZSO), the Ministry of Finance (MoF) and the Czech National Bank (CNB).

The previous Eurostat EDP dialogue visit to the Czech Republic took place on 13-14 November 2012.

Eurostat carried out this EDP dialogue visit in order to review the implementation of the ESA2010 methodology and to ensure that provisions of the ESA2010 Eurostat Manual on Government Deficit and Debt and Eurostat decisions are duly implemented in the Czech EDP and Government Finance Statistics (GFS) data.

The main objectives of the EDP dialogue visit were (1) revisit the existing institutional responsibilities for compiling GFS and EDP statistics (2) to review data sources for the EDP/GFS data compilation and availability of data on government specific operations at the local government level; (3) to review the implementation of ESA 2010 methodology for sector classification of public units (4) to discuss the accrual recording of tax credits, EU flows, interest and military expenditures and treatment of specific government operations.

With regard to procedural arrangements, the *Main conclusions and action points* will be sent to the Czech Republic for review. Then, within weeks, the *Provisional findings* will be sent to the Czech Republic for review. After this, *Final Findings* will be sent to the Czech Republic and the Economic and Financial Committee (EFC) and published on the website of Eurostat.

Final findings

1. STATISTICAL INSTITUTIONAL ISSUES

1.1. Review of institutional responsibilities in the framework of the EDP data reporting and government finance statistics compilation

Introduction

Eurostat enquired about the cooperation between the institutions involved in EDP and on any changes since the 2012 EDP visit, with relation to division of responsibilities and organisational structure.

Discussion

The Czech statistical authorities explained that the agreement between the MoF and the CZSO is being updated and the process is very close to finalization. The agreement is not introducing changes in the way the cooperation is organized, but represents more a formalization of the existing working arrangements. The main topics that have been added to the agreement are specifications of EDP/GFS related source data flows between the institutions, for the periodicity and timeliness. The responsibilities for each of the EDP tables, as well as tables of the Questionnaire related to the notification tables, will be also specified in the agreement. Eurostat asked for a copy of this document, once the update is in place.

The Czech statistical authorities confirmed that the working group between the representatives of the CZSO and MOF meets on an annual basis to discuss EDP issues. The representatives of the CNB are also invited. The cooperation of the institutions is continuous and, when needed, ad-hoc meetings are organised.

Eurostat was informed on the recent organisational changes in the CZSO. The Government Account Unit, dealing with the GFS/EDP issues, is part of the new Government and Financial Accounts Department that was established within the Macroeconomic Statistics Section. Compilation of national accounts for other sectors is under the responsibility of the National Accounts Department.

Findings and conclusions

- (1) The CZSO will send to Eurostat a copy of the enlarged Memorandum of Understanding between the NSI and the MoF.

Deadline: as soon as available¹.

¹ The agreement was provided to Eurostat on 10.12.2014.

1.2. Data sources and revision policy in the context of ESA 2010 implementation, EDP inventory

1.2.1. Availability and use of data sources, revision policy

Introduction

Eurostat enquired about any new developments in data sources.

Discussion

The Czech statistical authorities informed Eurostat that some developments are expected in the areas of EU grants or financial derivatives. More detailed information will be available on EU flows; the new legislation will allow getting better information on receivables/payables, that are currently calculated from the cash based figures. The changes will be in force starting from the year 2015.

As for the information on the use of derivatives, the recently updated legislation provides specifications on how to record debt that is hedged by the use of financial derivatives. Previously there were some problems identified, as different institutions had heterogeneous approaches on how to value the hedged debt. The Czech statistical authorities were confident that the valuation rules established in the Regulation 479/2009, as amended, are followed.

The discussion further focused on the developments on local government data sources as well as on the future plans of the extension of the Auxiliary Analytical Overview (AAO), as currently it covers local budgetary organisations with more than 3000 citizens and local semi-budgetary organisations with assets over 100 mill CZK. Eurostat asked about the plans to extend the coverage of the AAO. The Czech statistical authorities explained that the discussions on the possible inclusion of more units are continuous; however the central government should take into account the autonomy of the local government. The implementation of AAO is very resource intensive and require additional costs, therefore there is some resistance from the local government units. The Czech statistical authorities also noted that, after the reform of the public accounting that was being implemented over the past years, the local government units need some time to fully adapt and to comply with the new requirements that were introduced by the new accounting system.

On the revision policy, Eurostat asked questions on the regular and in some years rather significant revisions of the Gross Fixed Capital Formation (P.51). Eurostat recalled that this issue has been already discussed in the previous EDP visits and asked about plans to solve the problem. The Czech statistical authorities repeated that the P.51 figures are revised due to the new information available in June/July. Therefore the preliminary data used in the first April notification (year n data in the n+1 EDP notification) are revised in October n+1. The Czech statistical authorities explained that the preliminary figures reported in April are not estimated, but are mainly derived from the information provided by the Auxiliary Analytical Overview. The AAO covers large majority of the sector, as far as the share of total value of assets is concerned. As a result, revisions have been significantly reduced. In September, annual statistical questionnaires are implemented in some cases.

Findings and conclusions

Eurostat took note of the situation.

1.2.2. Compliance with Council Directive 2011/85

Introduction

National publication of data as required by the Council directive 2011/85/ of 8 November 2011 *On requirements for budgetary frameworks of the Member States* were discussed under this point of the agenda.

Discussion

Eurostat took note that the monthly and quarterly cash fiscal data and the reconciliation table showing the methodology of transition between cash-based data and data based on the ESA are published in the Czech Republic by the MoF². The information as requested by the directive was published timely. The published monthly cash data for central government includes data for the State budget, whereas only quarterly data for the other central government bodies is available. The Czech statistical authorities explained that, in the future, some data sources for monthly data will be established. However, no progress for the immediate coming years is foreseen. Eurostat also noted that, the monthly data for the main entity includes not only the compulsory items – total revenue, total expenditure and the balancing item, but also the details on the revenue and expenditure categories. Eurostat took note that, as required, the data on contingent liabilities were published nationally for the first time in October 2014. The data included information on government guarantees for the years 2010-2013 and stocks of non-performing loans for the year 2013 in % of GDP. For the other requested indicator, the off-balance PPPs, zeros were reported for the years 2010-2013.

Findings and conclusions

Eurostat took note of the situation.

1.2.3. EDP Inventory

Introduction

The current EDP inventory of the methods, procedures and sources used for the compilation of deficit and debt data and the underlying government sector accounts (EDP Inventory) and the plans for the implementing the updates in the future were discussed under this point of the agenda.

Discussion

Eurostat congratulated the Czech statistical authorities for the comprehensive and detailed EDP inventory which was delivered to Eurostat within the established deadlines. Eurostat recalled that, after the consultation in the FAWG meeting in June 2014, the updated template of the EDP Inventory, including all the ESA2010 related changes, has been circulated to the Member States. The ESA2010 EDP Inventory is to be published by Eurostat and the Member States in December 2015. Eurostat asked the Czech statistical authorities about the work distribution and schedule in order to be able to provide the updated document to Eurostat by the requested deadline. The Czech statistical authorities

² <http://www.mfcr.cz/en/statistics/budgetary-frameworks-statistical-information>

undertook to provide a first version of the ESA2010 EDP Inventory for Eurostat's comments in May 2015.

Findings and conclusions

Eurostat took note of this.

2. FOLLOW-UP OF THE PREVIOUS EDP VISITS

Introduction

Eurostat briefly recalled the outstanding action points of the EDP upstream dialogue visit that took place in the May 2012 and November 2012 standard EDP dialogue visit.

Discussion

Regarding the May 2012 visit, the open action points were discussed. On the AP1, which was referring to strengthened cooperation between the CZSO, the MoF and the CNB, as well as to more defined cooperation with the other key players, Eurostat noted that the issue has been partially covered in the part 1.1. and the action point 1 of this EDP dialogue visit.

As for the recommendation to establish formal cooperation arrangements with the Ministries, the Czech statistical authorities informed Eurostat that agreements were signed with the Ministry of Labour and Social affairs and the Ministry of Defence. The CZSO is working on the cooperation agreement with the reclassified Holding Corporation. At a later stage the same template will be used to formalise cooperation with other government institutions. As for the recommendation on the CZSO direct access to the CSUIS network of correspondents, the CZSO confirmed that they have full access to the data from the MoF. Eurostat took note of the situation and concluded that this action point could be closed once the enlarged Memorandum of Understanding between the NSI and the MoF is provided.

Regarding the AP10, in relation to data sources for local government, Eurostat noted that this issue has been discussed under the point 1.2.1. *Availability and use of data sources*. In order to be able to evaluate the situation, Eurostat requested a report on the data availability of specific local government transactions, where the note should detail the progress made so far and identify the areas where data is still missing.

On the AP 11, coverage of units in the *Central System of Accounting Information of the State* (CSUIS), the Czech statistical authorities explained that, at the moment, they do not see the possibility to extend the requirement to submit the data to the CSUIS to the other non-budgetary entities classified in sector S.13.

The Czech statistical authorities asked Eurostat to recall what was requested by the AP12. Eurostat clarified that this action point referred to the data flow between the municipalities and the MoF. During the discussion in May 2012, it appeared that the regional offices have to give formal authorisation of the municipal financial statements. The AP asked for the documentation on the extent and results of the authorisation procedures performed by regional offices. The Czech statistical authorities clarified that the Decree 220/2013 specifies how the final accounts are to be approved. The requirement for the regional authorisation was abolished by the governmental decree passed in June 2014. Eurostat asked the CZSO to provide a copy of the relevant Decree.

As regards the remaining action points from the November 2012 EDP dialogue visit, Eurostat noted that only one action point –AP3, relating to the data sources of the specific local government transactions, is open. Eurostat concluded that this action point is closely related to the AP10 of the May 2012 EDP visit and will also be covered by the requested progress note.

Findings and conclusions

- (2) On the data availability of specific local government transactions, the CZSO will send a note detailing the progress made and identify the areas where the data is still missing.

Deadline: end February 2015³.

- (3) The CZ statistical authorities will provide to Eurostat the decree relating to the authorisation of financial statements by the regional authorities, in relation to the action point 12 from the Upstream Dialogue Visit in 2012.

Deadline: end February 2015⁴.

3. ANALYSIS OF EDP TABLES – FOLLOW UP OF THE OCTOBER 2014 EDP NOTIFICATION

Introduction

Under this point of the agenda, a few outstanding issues from the October 2014 EDP notification were clarified.

Discussion

Eurostat thanked the Czech statistical authorities for the practice of providing on a regular basis the details on specific lines of the EDP tables 2. The provided details in advance on other accounts receivable/payable, the non-financial transactions included in the working balance and the specifications on the other adjustment lines, enable Eurostat to conduct EDP verification in a more efficient manner.

For the EDP table 2A, Eurostat asked for further clarification of the implemented revision in P.52. From the explanation provided in the October 2014 EDP notification, it seemed that the Czech statistical authorities recorded shortages and damages in inventories under other volume changes. This approach seems to contradict the ESA 2010 paragraph 3.147, which foresees that any recurrent losses of goods are included in the changes in inventories and not as other volume changes. The Czech statistical authorities explained that the revision was implemented due to more detailed information from the AAO used for the years 2012 and 2013. This allowed identifying the other economic flows in inventories which was reflected in the national accounts.

³ A note was sent Eurostat on 27.02.2015

⁴ The Decree was sent to Eurostat on 27.02.2015

On the EDP tables 3, Eurostat asked why the other statistical discrepancies are shown as zero. The Czech statistical authorities explained that this is due to the fact that the integrated data sources are used for national accounts compilation, and the number of units is identical for non-financial and financial accounts. For EDP purposes, all the differences in non-financial and financial accounts are quantified and reported under the appropriate line of the EDP table 3. Eurostat noted that the item “other statistical discrepancies” might relate to the stock/flow reconciliation, and that there could be also issues with valuation or consolidation. The NSI explained that there is no practice to allocate discrepancies under other lines of the EDP table 3. The EDP tables are strictly linked with the national accounts; the adjustments are done item by item, so there are no “other statistical discrepancies”.

Findings and conclusions

- (4) The CZSO will provide a note explaining the rationale for considering all statistical discrepancy as a difference between B.9 and B.9f.

Deadline: end February 2015⁵.

4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS

4.1. Delimitation of general government sector

4.1.1. Changes in sector classification due to ESA 2010

Introduction

The application of the sector classification rules were discussed under this point of the agenda on the basis of the updated part of the EDP inventory “Sector classification of units”.

Discussion

Eurostat started the discussion by asking what are the units defined as semi-budgetary organisations (SBOs) and how their sector classification is established. The Czech statistical authorities explained that the difference between the budgetary units and the semi-budgetary units is that the former are fully financed from the budget, but the latter are created for specific functions by the budgetary units and are partly financed by their founders. Semi-budgetary units have their own revenue stemming from their activities but legally they are not corporations. The sector classification of the semi-budgetary units is determined by the 50% test. Eurostat asked about the qualitative criteria applied to SBOs. The Czech statistical authorities answered that the qualitative criteria are not really relevant for the majority of the SBOs. Eurostat invited the Czech statistical authorities to consider applying the qualitative analysis, as specified in ESA2010, as it might be relevant for units providing services as part of government policy.

⁵ A note on the issue was sent to Eurostat on 27.02.2015; Action point is closed.

The Czech statistical authorities explained that, starting from the year 2010, the 50% test is applied to all the semi-budgetary organisations on a yearly basis. SBOs exist in both central and local government sub-sectors, their numbers are around 152 in the central government and around 9800 in local government. The majority of semi-budgetary institutions are classified inside the general government sector, there are about 600 SBOs classified in sector S.11. As a general rule, a new SBO is classified in sector S.13 and only after the 50% test results are available, the sector classification is reconsidered. Prior to the visit the Czech statistical authorities provided to Eurostat a list of SBOs that, on the basis of the 50% test, will be reclassified outside general government. The reclassification will be implemented in 2016 and will impact the data from January 2015. The reclassification will be done on the basis of the 50% test results over the four last years.

Eurostat asked what could be the reasons for the improved 50% test results. The Czech statistical authorities provided an example of so called care homes; both the central budget and the local governments have decreased their subsidies. Consequently the prices for services were increased and the sale revenue increased due to the fact that the contributions from the residents increased. Also foreign residents have started to use Czech care home services, which resulted in increased revenues and improved 50% test results.

After analysing the results of the 50% of the SBOs, pending reclassification outside the general government, Eurostat made an observation that, for the vast majority of the pending reclassification cases, the test results fall within the interval from just above 50% to 60%, except for some of the units where the ratio sales versus costs show results of just below 50% for the year 2014. Eurostat asked the Czech statistical authorities to review the list of the SBOs to be reclassified and to take a prudent approach – the reclassification could be undertaken only for those entities that showed results above the 50% for the last three years. The cases where the results are very close to the 50% threshold should be analysed separately, to make sure that only those entities with sound economic prospects, when there are reasons to believe that they will not go under the threshold in the next few years, are reclassified.

Eurostat said that the Czech statistical authorities should also analyse how the SBOs record the consumption of fixed capital. In case SBOs are using assets that are recorded on government balance sheet, the consumption of fixed capital should be imputed. As this aspect might have an impact on the 50% test, Eurostat asked the Czech statistical authorities to finalise their analysis before the foreseen reclassification of some SBOs outside government sector takes place.

During the discussion, the Czech statistical authorities explained that for the sector classification of the SBOs, the reclassifications are foreseen to be undertaken every five years. Eurostat was of the opinion that, as a general principle, reclassifications should be undertaken on a yearly basis. However, in some specific cases when the impact on B.9 and debt is negligible, some exceptions could be made. The Czech statistical authorities explained that SBOs by law are not allowed to incur debt, the impact on the deficit is negligible and therefore the approach to undertake the reclassification every five years allows stabilising data sources and procedures. Eurostat stressed the importance to monitor regularly and closely the public corporations classified in S.11, having a legal status other than SBOs. For such corporations, the Czech statistical authorities should ensure that the qualitative indicators are regularly checked.

As for the NPIs, the Czech statistical authorities explained that the number of the NPIs is considerable; therefore a 50% test is conducted on the basis of the results of sample surveys. Those NPIs that are controlled by government and fail the so called 50% test are reclassified inside the general government sector. As illustrated in the documents provided prior to the EDP visit, around 24 NPIs will be reclassified inside general government from the year 2015.

Findings and conclusions

- (5) The CZSO will confirm whether the depreciation of assets in the semi-budgetary organisations foreseen to be classified outside government, is consistent with the definition of the consumption of fixed capital in ESA2010.

Deadline: end June 2015.

- (6) The CZSO is requested to analyse whether the qualitative criteria could be applied to the semi-budgetary organisations as they provide some services in the framework of government policies.

Deadline: end February 2015⁶.

- (7) Eurostat invites the Czech statistical authorities to take a prudent approach in reclassifying the semi-budgetary organisations outside government: the reclassification should take place only for those semi-budgetary organisations which have been over the 50% criteria for the last 3 years; for the cases where the SBOs are very close to the 50% threshold, the CZSO should ensure that, only those entities for which there are reasons to believe that they will not go under the threshold in the next few years, are reclassified.

Deadline: end February 2015⁷.

- (8) The CZSO will inform Eurostat whether government control indicators are checked for all public corporations classified outside general government.

Deadline: end February 2015⁸.

- (9) Eurostat recalls that, as a general principle, entities should be reclassified on a yearly basis, unless the impact on deficit and debt would be negligible.

Deposit Insurance fund

Introduction

The sector classification of the Deposit insurance fund (*Fond pojisteni vkladu*) was discussed with the Czech statistical authorities.

⁶ A note was provided to Eurostat on 27.02.2015

⁷ A note was provided to Eurostat on 27.02.2015

⁸ A note was provided to Eurostat on 27.02.2015

Discussion

Eurostat recalled that the ESA2010 MGDD Part I.5 “*Units engaged in financial activities: general issues*” describes the specific sector classification rules for protection funds. The Czech statistical authorities provided an analysis of the sector classification of DIF prior to the EDP visit and the information from this note was used as an input for the discussion.

Currently the DIF is classified in sector S.12. The Czech statistical authorities explained that the DIF is a legal entity that is governed by the Act on banks and in the legislation it is clearly stated that the entity is not a government fund. The Board of DIF consists of five members, who are responsible for operational management of the fund. Eurostat stressed that, for national accounts analysis, the legal form is not a crucial factor, but what is to be considered is the independence from government. Eurostat thought that some aspects of the decision making and autonomy of DIF were not fully addressed in the CZSO note and therefore need further clarification. Eurostat took note that the level of contributions is established by Law, therefore DIF does not seem to have the power to increase/decrease the level of contributions. The Czech statistical authorities explained that, by Law, DIF can issue bonds and this ensures the needed financing, however no bonds have been issued so far. In case of occurrence of an insured event and the arisen need for DIF to intervene, there is an option to address government for emergency funding. Eurostat thought that questions on how the activation of the DIF is triggered and whether it is automatic, as well as what room for manoeuvre the DIF has in activating and paying out the accumulated funds, are important for the establishment of the proper sector classification of the DIF. To be able to answer the latter and other questions relevant for the statistical analysis, Eurostat asked the Czech statistical authorities to provide to Eurostat copies of the Law, Statute and financial statements of the Deposit Insurance Fund.

Findings and conclusions

- (10) The CZSO will provide a copy of the Law, Statute and financial statements of the Deposit Insurance Fund with the aim to establish the correct sector classification⁹.

Deadline: end November 2014.

4.1.2. Sector classification of hospitals

Introduction

The sector classification of hospitals in the light of the ESA2010 rules was discussed under this point.

Discussion

Public hospitals in the Czech Republic mainly operate under the legal status of the SBOs, nevertheless some public hospitals have legal status of joint stock companies, limited companies or an NPI. Public hospitals are owned by the State and by local government units. The Czech statistical authorities explained that there is no difference in the system

⁹ The documents were sent to Eurostat 09.01.2015. The DIF was reclassified inside general government sector in April 2015 EDP notification. .

for compensation of services provided by private and public hospitals. The patients have a right to choose the hospital. It is up to the regional authorities to ensure the adequate network of the health care providers. The CZSO confirmed that, for the majority of cases public hospitals comply with the 50% test. Eurostat explained that the ESA2010 MGDD put more emphasis to the qualitative criteria in deciding on the sector classification of public hospitals.

One of the aspects to consider is the existence of real competition between the private and public providers of health services. Eurostat pointed out that, following the discussions of this issue with the other Member States, it is not uncommon that the private hospitals choose areas of activities having good economic prospects whereas public hospitals have to provide universal services and include also resource intensive and rather loss making services. Eurostat considered that, in the hypothetical situation of perfect competition where market prices are charged, there should not be any long term losses. On the other hand, when public hospitals have to undertake some services that would not be done by the private providers, this becomes the cause for the losses.

The Czech statistical authorities noted that not all public health care providers are loss making and some of the hospitals are making profits. On the pricing of hospitals, Eurostat took note that there is a negotiation procedure foreseen and in the case there is no agreement, the prices as specified in the government decree are applied. Eurostat made an observation that a number of public hospitals are receiving capital injections from government and asked about the nature of these. Eurostat considered that in case hospitals would have an sound financial situation, there would be no need to receive injections from government. The Czech statistical authorities explained that some of the injections are in fact investment grants (D.92) and are treated as such in national accounts. Eurostat noted that quite a number of hospitals have losses, and asked how such losses are covered.

Another aspect raised by Eurostat was the hospital's ability to decide itself without having to ask for government approval. The Czech statistical authorities answered that it is rather common that the investment policy has to be approved by the founding body; this practice is the same for hospitals as for the other public units.

The Czech statistical authorities agreed to analyse further the situation of public hospitals and inform Eurostat on their findings, so that the proper sector classification could be achieved.

Findings and conclusions

- (11) As far as the classification of public hospitals is concerned, the CZSO will provide to Eurostat with the view to agree on final sector classification of hospitals:
 - A. the B.9 (profit/loss) of all public hospitals
 - B. an explanation on how the losses of the loss making public hospitals are covered
 - C. clarification of the nature of the government capital injections into public hospitals

- D. liquidation procedures of hospitals and a clarification whether the creditors can get the assets of hospitals in case of liquidation
- E. as well as other relevant aspects.

Deadline: end February 2015¹⁰.

4.1.3. Sector classification of specific units (public infrastructure companies, public holdings, units engaged in financial activities)

Czech railways and public transportation companies

Introduction

The discussion focused on the calculation of the 50% test for the company Czech railways (*Ceske drahy*) and public transportation companies.

Discussion

Eurostat explained the issue of what is to be included in sales while performing the so called 50% test for public transport companies and railways. The key issue is how to classify the subsidies received from government, whether they constitute subsidies on products or subsidies on production. The Czech statistical authorities explained that in the case of Czech railways, the ESA2010 para 4.35c) is applied and government subsidies are treated as *other subsidies on products* (D.319). The Czech statistical authorities consider that the obligation to charge a lower price for the tickets is part of government policy. Eurostat replied that the ESA2010 para 3.33 is very specific that government payments aimed at covering deficits are not included in sales when performing 50% test. This is also confirmed in the MGDD footnote 22 of the Part I. 2.4.3.

Eurostat asked about the composition of sales figures in case of public transportation companies. The Czech statistical authorities thought that the model of financing should be somehow the same as the railway company. It was agreed that more information on these issues was needed. The Czech statistical authorities were invited to re-analyse the nature of the subsidies given to the railway company and the public transportation companies and to re-do the 50% test.

Findings and conclusions

- (12) The CZSO should analyse the nature of the subsidies given to the railway company and the public transportation companies in the light of the MGDD rules. Furthermore, the CZSO should undertake the so called 50% test for the above mentioned companies excluding the subsidies defined in the footnote No 22 of the MGDD, and inform Eurostat on the results.

Deadline: end February 2015¹¹.

¹⁰ The CZSO note was provided to Eurostat on 27.02.2015. The public hospitals will be reclassified inside general government sector in the October 2015 EDP notification.

¹¹ A note was provided to Eurostat on 02.03.2015

Public holdings

Introduction

The Sector classification of public holdings in the light of the ESA2010 rules was discussed under this point.

Discussion

After analysing the information provided by the Czech statistical authorities prior to the dialogue visit, and the Questionnaire on public corporations, Eurostat noted that there are two public holdings classified in sector S.12, whereas one public holding was reclassified to general government. The Czech statistical authorities explained that, before the implementation of the ESA2010, holding companies were analysed on a case by case basis. The two entities remain outside the general government due to the fact that they are only 51% owned by government, the remaining part is under the ownership of foreign entities. The foreign nationals constitute half of the board members. The Czech statistical authorities concluded that the shareholders from abroad have substantial influence in the holdings and that it could not be concluded that the holdings are controlled by government. The Czech statistical authorities explained further that, in the case of the reclassified holding company, it was 100% owned by local government and there were no doubts in relation to government control. Eurostat agreed that the key decision is to determine who controls the holding. In cases when government has no veto power, minority participation is high and foreign owners have real influence over the company, the decision might not be straightforward.

Findings and conclusions

- (13) Eurostat and the CZSO will reflect on the classification of the two holding companies classified in S.12, in order to see whether such entities should be considered as public holdings controlled by government.

Deadline: end February 2015¹².

Czech-Moravian Guarantee and Development Bank and Export Guarantee and Insurance Corporation

Introduction

The sector classification following the ESA2010 rules of the Czech-Moravian Guarantee and Development Bank (CMZRB) and the Export Guarantee and Insurance Corporation (EGAP) were discussed in this part of the agenda. The notes on the CMZRB and EGAP activities provided by the Czech statistical authorities prior to the EDP visit were used as an input for discussion.

CMZRB (“*Českomoravská záruční a rozvojová banka*”) is a public bank and it is classified in the subsector 12201. EGAP (“*Exportní garanční a pojišťovací společnost*”) is a government owned Insurance Corporation, classified in sector S.12801.

¹² A note was provided to Eurostat on 27.02.2015. The two holding companies remain classified in sector S.12. Action point is closed.

Discussion

Czech-Moravian Guarantee and Development Bank

The Czech statistical authorities summarised the results of their analysis by pointing out the fact that, on one hand, the entity indeed fulfils some of the MGDD criterion applicable to the entities having features of captive financial institutions: the CMZRB operates within the limited framework where activities are clearly specified by government – its primary focus is on providing assistance to small and medium-sized enterprises. The entity acts as development bank and the main aim is the implementation of government economic and regional policy. The CMZRB is not borrowing on the financial markets, and a majority of its liabilities are deposits of government units. There is no request for the assurance of the market rate of return. On the other hand, the Czech statistical authorities pointed out that due to the specific financing arrangement, there is no government guarantee on liabilities. Also there is no clear indication that in case the company bears losses, those will be covered from the State budget. In addition, the bank was profitable in the recent years and was paying dividends.

Eurostat added that as regards guarantees on assets/liabilities, this argument is not really relevant, as the majority of the liabilities are deposits of government institutions and, to a lesser extent, EIB loans. As for the assets, the majority are kept in the form of government bonds and repos. Eurostat concluded that, summing up the Czech statistical analysis, it seems that the CMZRB is a captive financial institution controlled by government.

The Czech statistical authorities agreed with Eurostat conclusions, but indicated that there could be some practical problems relating to the units' reclassification. The CMZRB will still be involved in banking operations, and the requirements for reserves and other regulatory requirements will be applicable. There will be inconsistencies between the national accounts and the money and banking statistics. Eurostat answered that the discussion is focused on the proper unit classification for national accounts purposes, and following the interpretation of the ESA2010 rules, entities having features of captive financial institution under government control should be included in the government sector.

Export Guarantee and Insurance Corporation

The Czech statistical authorities introduced the results of the sector classification analysis of EGAP. The entity is among the entities implementing government general economic policy. There is a close link with the Czech Export Bank (CEB), as EGAP insures against risks that are not covered by the commercial insurance. Government control is exercised in a similar manner as in CEB. Government guarantees the obligations arising from concluded insurance contracts unconditionally and irrevocably. EGAP was loss bearing for the last couple of years. In case there is a need to cover an outstanding commitments and ensure the adequate (8%) commitment/funds ration, EGAP can address government. Government will be obliged to intervene in case of distress. Government is establishing a so called "insurance capacity" – upper limit of insurance commitments and via it government has the possibility to influence exports. The Czech statistical authorities concluded that EGAP is a captive financial institution controlled by government and Eurostat agreed with this conclusion.

Findings and conclusions

- (14) Eurostat, alongside with the Czech statistical authorities, agree that both the Czech Moravian Guarantee and Development Bank and the Export Guarantee and Insurance Corporation have, according to national accounts rules, the nature of captive financial corporations, controlled by government and, as such, should be classified in the general government sector

Deadline: April 2015 EDP notification¹³.

4.1.4. Government controlled entities classified outside general government (public corporations)

Introduction

The Czech statistical authorities provided prior to the EDP visit an updated Questionnaire on public corporations, which reflected all the sector classification changes undertaken due to ESA2010. In the Czech Republic there were around 900 units reported in the Public corporation Questionnaire.

Discussion

Eurostat took note that the current version of the questionnaire neither included units having the status of a Semi-budgetary organisation nor the units classified in the sector S.12. The Czech statistical authorities explained that there are around 580 SBOs classified in the sector S.11 and agreed to send an updated Questionnaire. Eurostat recalled that the year's n-1 (in this case the year 2013) data is normally requested. The Czech statistical authorities clarified that this delay is due to the non-availability of the data sources. The 2013 data is readily available for the entities classified in the sector S.12 and for all the SBOs, whereas the 2013 data on Limited companies, State enterprises, Joint stock companies and other public corporation legal forms will become available in February 2015.

Eurostat, together with the CZSO, reviewed the list of government controlled entities and asked some additional questions about specific cases. It was pointed out that the data are missing for some entities for some years. The Czech statistical authorities thought that this might be due to the fact that those entities are undergoing liquidation/bankruptcy process. In addition, Eurostat identified at least three units where incomplete information seemed to be available: *Česká televize*, *Institute of Organic Chemistry and Biochemistry* and *Český rozhlas*; The Czech statistical authorities were invited to analyse those and any other cases when data for some or all the years are missing and to include the information in the updated Questionnaire.

Eurostat also had questions on the figures reported as liabilities towards government. The Czech statistical authorities agreed to look into this issue and correct the reporting in the next transmission of the Questionnaire.

¹³ A note was received on 27.02.2015; the entities have been reclassified in the April 2015 EDP notification.

Findings and conclusions

- (15) The Czech statistical authorities will provide a new version of the Questionnaire on government controlled units classified outside general government including the 2013 data, the S.12 entities and the Semi-budgetary organisations. The Czech statistical authorities will also analyse the nature and size of liabilities as reported in columns 6 and 7 of the same Questionnaire.

Deadline: end February 2015¹⁴.

- (16) In relation to the data reported in the Questionnaire on government controlled units classified outside general government, the Czech statistical authorities will investigate the cases of Česká televize, Institute of Organic Chemistry and Biochemistry and Český rozhlas, and amend the data where applicable.

Deadline: end February 2015¹⁵.

4.2. Implementation of accrual principle

4.2.1. Taxes and social contributions

Introduction

The recording of tax credits following the ESA2010 rules was reviewed under this point of the agenda.

Discussion

Eurostat recalled that one of the changes introduced with ESA2010, relates to the recording of payable or non-payable tax credits. While non-payable tax credits are to be recorded as a reduction of tax revenue, payable tax credits have to be recorded as expenditure, in the appropriate expenditure category, for their full amount.

The Czech statistical authorities confirmed the information provided in the Questionnaire on taxes and social contributions, that there exists payable tax credits linked to the income tax, the so called *child tax credit*. The Czech statistical authorities explained that in case the tax liability is lower than the *child tax credit*, the excess amounts are paid out to the tax payer. Eurostat asked about the time of recording of the amounts paid out. Eurostat recalled that the MGDD Part II.2 foresees that the time of recording of payable tax credits is the when the liability is recognized by the tax authority. The Czech statistical authorities explained that, in national accounts, payable *child tax credits* are recorded as social benefits. As the *child tax credit* relates to the income tax, it is calculated and paid out every month together with the salary. A different system is applied for the self-employed tax payers, as for them the payable tax credits are calculated and paid out once the tax declarations are submitted.

¹⁴ The Questionnaire on government controlled entities was provided to Eurostat on 01.02.2015

¹⁵ Implemented in the Questionnaire on government controlled entities provided on 01.02.2015

Findings and conclusions

- (17) The CZSO will inform Eurostat on whether the recording of payable tax credits is fully consistent with ESA2010 (as specified in the MGDD), as far as the time of recording is concerned.

Deadline: end February 2015¹⁶.

4.2.2. Interest

Introduction

The discussion focused on the reporting of interest flows in EDP table 3B, as well on the data availability for the local government interest flows.

Discussion

Eurostat took note that, starting from the October 2014 EDP notification, the Czech statistical authorities report accrued adjustment for interest receivable under “*other adjustments*” in EDP table 2A, and that it is no longer included in the line “*Difference between interest paid (+) and accrued (-)*”.

On the basis of the questionnaire on interest, as provided by the Czech statistical authorities together with the EDP Inventory, the reconciliation of the accrual adjustment for interest, as reported in EDP tables 2A and 3B, were discussed. Eurostat took note that the main difference between the two is due to the cash discounts/premiums reporting. The accrual D.41 adjustment in the EDP table 2A includes the difference between cash and accrued premium/discount, whereas the item D.41 in EDP table 3B includes only accrued discounts/premiums. The cash amounts are reported under item “issuance above/below par”.

Eurostat noted that, in the case of loans, the difference between the interest paid and accrued is very small. Eurostat asked whether the Czech statistical authorities have made an assumption that the accrued interest is equal to cash. The NSI explained that the figures in the questionnaire do not include the loans of CEB, as it refers to the main unit the “State”. Therefore the accrued interest figures for the whole sector S.1311 are higher.

Eurostat noted that the accrual adjustment for interest payable, as reported in the EDP table 2C, is negligible, especially when compared to the stock of local government loans of 100 billion CZK. The Czech statistical authorities explained that following up on the earlier EDP dialogue visits, the accrual adjustment for interest at the local government level were introduced for the years 2012 and 2013. The basic data source is the AAO, which is available for selected accounting units. Balance sheet information is available for all the entities, but the allocation of interest under instrument is done on the basis of AAO. Eurostat pointed out that additional effort should be made in analysing the issue of negligible accrued interest for local government and asked the Czech statistical authorities to provide an updated Questionnaire on interest for the year 2013, separately for central and local government sub-sectors.

¹⁶ A note was provided to Eurostat on 27.02.2015

Findings and conclusions

- (18) The Czech statistical authorities will fill in the specific Questionnaire on interest for the year 2013 (for local and central government) and will analyse the data on cash and accrued interest on local government loans.

Deadline: end February 2015¹⁷.

4.2.3. EU flows

Introduction

The discussion focused on the revision of the EU flows figures undertaken in the October 2014 EDP notification.

Discussion

Eurostat recalled that the issue concerned the so called “removed projects” and the revision negatively impacted B.9 for the years 2010 and 2013. The Czech statistical authorities explained that, previously, the EU financed projects were B.9 neutral. After the revision government expenditure was recorded for the projects in question, and as a counterpart a decrease in F.8 receivable against the EU was recorded.

Eurostat recalled the rule established in the MGDD chapter on the EU flows, where paragraph 49 defines the time of recording of financial corrections linked to past expenditures: it is either at the time of Commission decision or at the time of “*the acceptance by the EU Member State of a financial correction proposed by the EU*”.

The Czech statistical authorities clarified that the so called “removed projects” were taken out from the EU financing programs after consultation with the EC. This happened for various reasons, in some cases the projects were not following the objectives of the operational programme, or some irregularities were identified by the EU auditors. The Czech Republic did not have to give the money back to the EU, instead, the amounts are netted against future reimbursements from the EU. As for the time of recording, the Czech statistical authorities explained that the EU corrections were done at the time when the decisions were taken. The audits were taking place during the course of the years 2010-2013. The revision of back data occurred due to the non-availability of data. The MoF has just started collecting the data on “removed projects” via a special questionnaire, and the data was received by the NSI all in 2013. This resulted in backward revisions, as they refer to the decisions taken at that time. The Czech statistical authorities clarified that the data source is well established and that in the future the information on the “removed projects” will be available to the NSI in due time.

Findings and conclusions

- (19) On EU funds, Eurostat takes note that from 2014 the Ministry of Finance will have timely information on the so called “removed projects” and other corrections relating to EU projects, which will allow the provision of full and timely information to the CZSO in this context.

¹⁷ The updated Questionnaire on interest was provided to Eurostat on 27.02.2015. Action point is closed.

4.2.4. Military expenditure

Introduction

The prolongation of the Gripen's lease contract was discussed under this point of the agenda.

Discussion

Eurostat recalled that the acquisition of the Gripen aircrafts is treated as a financial lease in national accounts. The imputed interest payments on the lease and the lease payments are reported in the specific line under "*Other adjustments*" in the EDP table 2A.

The Czech statistical authorities informed Eurostat that the initial 10 year lease contract will be prolonged for another 12 years. In national accounts, the prolongation of the existing contract will be reflected as if the a new contract is signed, and the acquisition of Gripens fully impacting B.9 will be recorded in the 4th quarter of 2015. The appropriate adjustments will be reported in the EDP table 2A.

Findings and conclusions

Eurostat took note of the explanations.

4.3. Recording of specific government transactions

4.3.1. Guarantees

Introduction

Prior to the visit, the Czech statistical authorities provided a detailed list of guarantee calls for the period 2010-2013. The data availability for local government guarantees, and the existence of the standardised guarantees were discussed under this point.

Discussion

Eurostat took note that, in the vast majority of guarantee calls, the debt has been assumed by government already, thus in national accounts the guarantee calls were treated as repayment of debt. The appropriate adjustment in EDP table 2A is reported under the line "*other financial transactions/ State guarantees*".

The stock of government guarantees as reported in Questionnaire table 9.1 has decreased due to consolidation, after the reclassification of the CEB inside general government.

The Czech statistical authorities confirmed their recent analysis which concluded that there are no standardized guarantee schemes that are meeting the ESA2010 definition. In addition, the Czech statistical authorities confirmed the fact that in the Czech Republic there are no student loans or mortgage loans guarantee schemes.

Eurostat recalled that the issue of data availability for local government guarantees was discussed in the last EDP visit. The Czech statistical authorities explained that, starting from January 2014, the information on guarantees is collected from all the institutions reporting according to the decree No 410/2009 Coll, as amended, where the specific annex K requesting data on guarantees was introduced.

Findings and conclusions

Eurostat took note of the explanation.

4.3.2. Debt assumptions, debt cancellations and debt write-offs

Introduction

The existing procedures for the monitoring of the recoverability of government claims were discussed under this point of the agenda.

Discussion

Eurostat noted that, for central government claims, as reported in the Questionnaire table, the stocks of foreign claims at the end of 2013 amounted to 0.6% of GDP whereas “other claims” reached 2.3% of GDP. The fact that other claims almost doubled as compared with the April 2014 EDP notification is due to the recent reclassification of the CEB inside general government. The Czech statistical authorities confirmed that the zeroes reported for claims towards public corporations in Questionnaire table 8.1 are correct, as the government is not lending to public corporations or semi budgetary organisations.

The Czech EDP inventory on sources and methods mentions that debt cancellations, in case of foreign claims, are undertaken on the basis of a government decision or on the basis of the international agreement between the countries. The Czech statistical authorities confirmed that the same procedure is applied for claims against mediators.

Eurostat asked what the procedure to monitor the claims of “*other central government bodies*” was. The Czech statistical authorities explained that the CEB reclassification is very recent and no specific procedures were defined. Nevertheless, some bad claims within the CEB were identified, and this has to be reflected duly in the accounts. The Czech statistical authorities foresee that the procedure for the monitoring of the recoverability of CEB claims should be in place before the April 2015 EDP notification.

Findings and conclusions

- (20) The Czech statistical authorities will establish procedures and ensure the data sources to monitor the recoverability of claims of the recently reclassified Czech Export Bank.

Deadline: end February 2015¹⁸.

4.3.3. Capital injections in public corporations

Introduction

Capital injections as reported in the Questionnaire table 10.2 were discussed under this point of the agenda.

¹⁸ A note was provided to Eurostat on 27.02.2015

Discussion

Eurostat noted that Questionnaire table 10.2 provides a very detailed list of all the capital injections undertaken at central and local government levels; all capital injections in the Czech Republic are treated as capital transfers.

Eurostat asked why, in the Questionnaire table 10.2, for certain entities capital injections for the year 2013 were reported as “L”- not available in October 2014 EDP notification. The Czech statistical authorities explained that at this stage, data sources provide just the total figure and did not allow for the allocation on a company by company basis.

Findings and conclusions

Eurostat took note of this.

4.3.4. Dividends, super dividends

Introduction

The recent change towards gross recording of dividends was discussed under this point of the agenda.

Discussion

The Czech statistical authorities explained that, starting from the October 2014 EDP notification, dividends were reported on a gross basis, that is, the figure includes income tax (15%). Tax on dividends is reported under D.51 pay. The revision was implemented in October 2014 EDP notification and impacted the central government sub-sector. The Czech statistical authorities confirmed that this change did not impact the B.9, but allowed harmonising the recording of dividends in sectors S.13 and S.11. As dividends by companies were recorded gross and only government units were recording them on the net basis.

Eurostat noted that the change was visible in the Questionnaire table 10.2 where distributions figures were revised accordingly for the years 2010-2012. Eurostat asked why the revision was not implemented for the 2013 figures. The Czech statistical authorities explained that dividends for the year 2013 were already reported gross.

Dividends at local government sub-sector

Eurostat recalled that the issue of data availability for local government dividends has already been discussed with the Czech authorities in the EDP dialogue visits. Eurostat took note that data on local government dividends on a unit by unit basis was provided by the Czech statistical authorities before the visit and asked what the data source was and whether the coverage is full. The Czech statistical authorities explained that the main data source is the questionnaire on specific local government transactions, which, among others, requests information on dividends paid and the associated profits. The coverage of units is not complete; the questionnaire is filled in by all the regional offices and by the three largest towns. The Czech statistical authorities consider that the majority of dividends is captured by it.

Findings and conclusions

Eurostat took note of the explanations.

4.3.5. Financial derivatives

Introduction

The recent rules on swap restructuring and the existence of any recent cases in the Czech Republic were discussed.

Discussion

Eurostat recalled the rules of swap restructuring as described in the MGDD part VIII: swap restructuring should be seen as similar to the cancellation of an existing swap and the origination of a new swap. Differently from a swap cancellation, when settlement is conducted immediately or spread over time, in a swap restructuring the compensation related to this early termination is “embedded” in the new swap. The key point is that there is a new swap arrangement which, deliberately, does not start with a nil value; consequently the rules applicable to the off-market swaps should be applied.

The Czech statistical authorities recalled that the two cases that have occurred in 2009, when embedded options were exercised, resulted in some changes in the swap parameters (interest rate). The Czech statistical authorities informed Eurostat that, in these cases the footnote 210 of the MGDD is applicable. Eurostat recalled that, indeed, the aforementioned MGDD footnote foresees that in cases when swaps are cancelled or reset by executing the embedded option, there is no need for a specific treatment.

Findings and conclusions

Eurostat took note of the situation.

4.3.6. PPPs

Introduction

The availability of information on PPP projects was discussed under this point.

Discussion

Eurostat noted that the table 11 of the Questionnaire related to the EDP notification tables is empty for the Czech Republic. The Czech statistical authorities confirmed that currently there are no PPP projects. The entity “PPP centrum”, focusing on the promotion of PPP development ceased to exist in 2012. The reason for this was that all the pilot projects that were planned and developed were changed or abandoned and there are no further plans to explore PPPs at the central government level. As for the data availability on PPPs at the local government level, the Czech statistical authorities explained that data on all PPP projects implemented by the central and local government entities are asked in the annex N of the Decree 410 and are collected since January 2014. So far no PPP projects were identified, and all the reported projects were concessions. Eurostat recalled that the MGDD chapter VI.3 is dealing with concessions and asked whether there were any concession projects involving the construction of a fixed asset. Eurostat also asked whether the law defines which entities can enter into concession

contracts. The Czech statistical authorities explained that the legislation does not discriminate between the private and public entities. As for the types of concessions, so far there were no contracts where the concessionary would be a public corporation, the vast majority of the contracts involving provision of services.

Findings and conclusions

Eurostat took note of the situation.

5. OTHER ISSUES

Introduction

The proper recording in national accounts of the cross border sales of the emission trading permits and the UMTS licences were discussed under this point.

Discussion

Emission trading permits

On the emission trading, Eurostat recalled that the MGDD part VI.5 *Emission trading allowances* should be applied for the “new stage” of emission permits starting from the year 2013. Previously emission permits were allocated free of charge, but currently some part will be sold abroad. Eurostat explained that cash payments received from the sale of permits are to be recorded as a financial transaction (counterpart in F.8). The revenue for government (D.29) should be recorded only when permits are actually being used, that is they are surrendered. Taking into account the unavailability of data on individual permits crossing the border, a model described in the MGDD should be used in order to determine the amount of the tax revenue (D.29) which is to be recorded in the year of surrender.

UMTS

In relation to the sale of UMTS licences, the Czech statistical authorities explained that revenue from sales of UMTS was recorded in 2014 on the basis of the results of an auction that took place in December 2013. Eurostat pointed out that the MGDD Box1 on the *Allocation of mobile phone licences* foresees that for the condition to be able to recognise a licence as an asset, the licence must be transferable to a third party. The Czech statistical authorities were asked to assess the transferability of the licences. As for the time of recording of the proceeds of the sale, Eurostat thought that the revenue should be recognised in national accounts when the actual transfer of ownership occurred. The Czech statistical authorities agreed to clarify this.

Findings and conclusions

- (21) In relation to the sale of UMTS licences, the Czech statistical authorities will check whether the license is transferable or not, following the MGDD rules (box 1). The CZSO will also check whether the frequencies attributed by auction in December 2013 were immediately available during this year.

Deadline: end February 2015¹⁹.

- (22) The CZSO will examine the possibility to record the D29 tax on emission allowance at the time of the use of the permit, and not at the time of their allocation, in consistency with the treatment in the MGDD applied for permits from 2013 onwards.

Deadline: end February 2015²⁰.

¹⁹ A note on this issue was provided to Eurostat on 27.02.2015. The action point closed.

²⁰ A note on this issue was provided to Eurostat on 27.02.2015.

List of Participants

Czech Statistical Office (CZSO):

Marek Rojíček

Jaroslav Sixta

Václav Rybáček

Antonín Buš

Marie Trejbalová

Jana Koderová

Marie Laštovková

Ilona Ptáčková

Veronika Šťastná

Ludmila Vebrová

Ministry of Finance (MOF):

Marie Frýdmanová

Tereza Havelková

Vojtěch Čížík

Kateřina Helikarová

Zdenka Růžičková

Jan Mesršmíd

Jana Fuchsová

Jan Alexa

Milan Kerber

Jana Stavjaňová

Vladislav Rezek

Nikola Kortanová

Jaroslova Svobodová

Michal Týfa

David Prušvic

Lenka Galušková

Petr Hovorka

Tomáš Joch

Zbyšek Pospíšil

Czech National Bank (CNB):

Ivan Matalík

Milan Belloň

Supreme Audit Office:

Zdeňka Drápalová

Luboš Rokos

Deposit Insurance Fund:

Roman Kahánek

Eurostat:

Lena Frej Ohlsson

Luca Ascoli

Denis Besnard

Rasa Jurkonienė

DG ECFIN:

Renata Hrůzová

ECB:

Robert Gatsby

EDP dialogue visit to the Czech Republic, 19-20 November 2014
Starting on 19 November 2014, at 9.00

Draft Agenda

1. STATISTICAL INSTITUTIONAL ISSUES

1.1. Review of institutional responsibilities in the framework of the EDP data reporting and government finance statistics compilation

1.2. Data sources and revision policy in the context of ESA 2010 implementation, EDP inventory

1.2.1. Availability and use of data sources, revision policy

1.2.2. Compliance with Council Directive 2011/85

1.2.3. EDP Inventory

2. FOLLOW-UP OF THE PREVIOUS EDP VISITS

2.1. EDP upstream dialogue visit of 22-24 May 2012

2.2. EDP standard dialogue visit of 13-14 November 2012

3. ANALYSIS OF EDP TABLES – FOLLOW UP OF THE OCTOBER 2014 EDP NOTIFICATION

4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS

4.1. Delimitation of general government sector

4.1.1. Changes in sector classification due to ESA 2010

4.1.2. Sector classification of hospitals

4.1.3. Sector classification of specific units (public infrastructure companies, public holdings, units engaged in financial activities)

4.1.4. Government controlled entities classified outside general government (public corporations)

4.2. Implementation of accrual principle

4.2.1. Taxes and social contributions

4.2.2. Interest and consolidated interest

4.2.3. EU flows

4.2.4. Military expenditure

4.3. Recording of specific government transactions

4.3.1. Guarantees

- 4.3.2. Debt assumptions, debt cancellations and debt write-offs
- 4.3.3. Capital injections in public corporations
- 4.3.4. Dividends, super dividends
- 4.3.5. Financial derivatives
- 4.3.6. PPPs
- 4.3.7. Government operations relating to the financial crisis
- 4.3.8. Others: emission trading permits, privatization, sale and leaseback operations, UMTS, securitisation

5. OTHER ISSUES

5.1. ESA 2010 Transmission Programme relating to the GFS tables

5.2. Any other business