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FINAL FINDINGS
EDP dialogue visit to Sweden
4-5 June 2013

Executive summary

Eurostat conducted an EDP dialogue visit to Sweden on 4-5 June 2013 with the aim to review statistical organisation issues, to analyse the EDP notification tables and to examine methodological issues relating to the recording of specific government transactions.

Eurostat was informed that the Swedish National Financial Management Authority continues working on taking over the compilation of financial accounts for central government. The integrated data sources for central government non-financial and financial accounts will be used starting from the April 2014 EDP notification. The ESV has for several years been the responsible authority for compilation of data for central government for the non-financial accounts. As a result of the development work with the EDP organisation in Sweden, one of the changes is that ESV will assume responsibility for compiling data for central government for the financial accounts as well. This will enable verification of consistency between non-financial and financial accounts, in a better way and contribute to a further reduction in discrepancies. The SCB will, as for the non-financial accounts, also in the future be the responsible authority for the financial accounts and will perform final reconciliation (e.g. between non-financial and financial accounts as well as relating to the other institutional sectors and adjustments, if any).

In terms of data sources for the local government subsector, the SCB will update the existing questionnaire, adding the questions on specific local government transactions such as capital injections, debt assumptions, debt cancellations write offs, etc.

Discussions between Eurostat and the Swedish statistical authorities covered a wide range of issues relating to the April 2013 notification with a special focus on the EDP tables and the analysis of the reported government transaction. On the EDP notification tables, for clarity and consistency reasons, Eurostat asked to precise a few names of the adjustment lines and update the descriptions in the EDP Inventory texts. Eurostat took note of the foreseen improvement in the completeness of EDP Tables 3: gross figures on *shares and other equity* will be reported in EDP table 3E in the October 2013 EDP notification, the still remaining “L” in EDP Table 3D are expected to disappear in the April 2014 EDP notification, once gross figures are collected from municipalities.

Regarding the delimitation of general government, Eurostat noted the progress since the last EDP dialogue visit, the creation of a separate register for national accounts/EDP purposes and the work undertaken in applying the so called 50% test to the biggest public corporations.

Eurostat takes notes that a number of units will be reclassified inside the central government or the local government sub-sectors in the context of the implementation of ESA2010. It was agreed that, in case of holding corporations, the Swedish statistical authorities will analyse subsidiaries separately and test individually for the market/non-market test.

As regards the recording of taxes, it was agreed that the method used for taxes and social contributions is not time adjusted cash, but assessments and declarations. The Swedish statistical authorities will update the description in the EDP Inventory and the Questionnaire on taxes and social contributions accordingly, to make sure that the information is correct and consistent. On the recording in national accounts of non-payable tax credits, it has been agreed that there should

be no negative tax revenue recorded on any level of government. The SCB will come up with a proposal for a solution for the recording of tax credits in the Swedish national accounts.

On the recording of the accrued interest, Eurostat welcomed the undertaken reconciliation exercise of the interest flows reported in EDP Table 2A and 3B. The SCB found the exercise useful and allowing identifying and correcting mistakes. The intention is to continue the work further.

On some specific government transactions, Eurostat took note that more information will be available for the local government sub-sector, once the updated questionnaire becomes operational. The Swedish statistical authorities were invited to continue their efforts on the issues of government claims and local government dividends. Eurostat proposed that the loans (given and foreseen) to the NCB from the NDO to be closely monitored in terms of their nature and the repayments. Eurostat also invited the Swedish statistical authorities to analyse the financing provided by government to the company SVEDAB and to investigate the classification of the company.

On the ESA2010 implementation, Eurostat took note that, as foreseen, the Swedish statistical authorities will provide the new data for the EDP notification of October 2014.

Final findings

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 (EDP), Eurostat carried out an EDP dialogue visit to Sweden on 4-5 June 2013.

The delegation of Eurostat was headed by Ms Lena Frej Ohlsson, Head of Eurostat Unit D2 Statistics for Excessive Deficit Procedure I. The Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers. The Swedish authorities were represented by Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the National Debt Office (NDO), the Swedish Central Bank (NCB) and the Ministry of Finance (MoF).

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

In detail, the main aims of the dialogue visit were: to assess the progress made since the last EDP dialogue visit in the project of moving towards integrated data sources for central government financial and non-financial accounts, as well as to improve the data sources for local government; to analyse the existing sectorisation practices and to review the treatment of specific government transactions.

1. Statistical organisational issues

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

Introduction

Eurostat enquired about the functioning of the cooperation between institutions and staffing issues.

Discussion

It was confirmed that the work on the integration of central government sub-sector's data sources used for non-financial and financial accounts continues. The ESV is putting resources into this new responsibility and the necessary IT system has been developed. It is expected, and partly confirmed, that the use of the same data source for financial and non-financial accounts allows to decrease discrepancies. The first results will be visible in April 2014, when basic data for the annual and quarterly financial accounts of central government will come only from the ESV.

As a national accounting standard setter, the ESV is also actively participating in Eurostat's task force on EPSAS.

As for staffing issues, the Swedish statistical authorities explained that the SCB has undergone a generation shift, and suffered a recent staff turnover was due to personal circumstances. The area

of national accounts is, by nature, specifically requiring specialised knowledge, on the job training in this area is usually lengthy and it is not possible to hire experienced people from outside.

The EDP related activities are split between the Financial and Sector Accounts unit and the Public Finance and Microsimulations unit.

Currently, 5 persons work part time on EDP matters at the ESV and 5 persons at the SCB. The EDP related tasks are split between Stockholm and Örebro offices. The non-financial accounts compilation is under the responsibility of Örebro office. The system with the different physical location causes no problems.

The Swedish statistical authorities explained that there are some changes foreseen in respect of the data sources for municipalities, as more data will be available from the extended/new questionnaire. It has been decided that overall compilation of financial accounts will be the responsibility of the SCB and this decision is supported also by the fact that these statistics are financed from the fees from financial institutions. The SCB has continued their quality work. Calculation files are secured and there are procedures established, as well as the description of the activities elaborated.

Eurostat asked how the cooperation on the EDP tables between the ESV and SCB is functioning in practice. The Swedish statistical authorities explained that EDP Table 2A is filled in by the ESV, with the SCB just crosschecking the figures. The ESV collects information from the budget and through the S-codes and compiles all the figures that are needed at the SCB. The data is fed by the ESV into the database at the SCB and the SCB makes some adjustments to the data, e.g. some reclassifications from one national accounts category into another. The SCB is compiling the ESA transmission programme tables. The B.9 as reported in EDP Table 2A is compiled by SCB. As regards EDP Table 3B, the SCB will have overall responsibility on the compilation of financial accounts in the future, while the ESV will feed the data base with the source data. However, the SCB will fill in EDP Table 3B.

In general, cooperation between the two institutions is functioning well, there is constant dialogue and, before each notification, there is a pre-meeting; separate meetings are organised on the action points from the dialogue visits.

The ESV has been compiling the financial and non-financial accounts for five quarters. The S-coded data is received from 230 agencies. Practice has showed that the balance sheet data is of a lesser quality than data from the income statements. The ambition is to be able to reconcile B.9 and B.9f for each government agency. While converting the S-codes into appropriate ESA financial instruments, there were problems encountered with the valuation of bonds (in balance sheets they are at market value, while national accounts require nominal value recording). Another difficulty is, for the NDO, to reconcile the chart of accounts into S-codes. The ESV informed Eurostat that all the identified mistakes so far were in the financial accounts.

Findings and conclusions

1. Eurostat welcomes the use of integrated data sources for non-financial and financial accounts from the April 2014 EDP notification onwards, and takes note that according to preliminary

calculations the statistical discrepancies for central government sub-sector will decrease significantly.

2. Eurostat takes note of the recent organisational changes in relation to EDP-reporting and in particular, of the future change in responsibilities for the compilation of central government

1.2. Data sources, EDP Inventory

Introduction

The project of the new EDP Inventory was described by Eurostat. The descriptions as provided by the Swedish statistical authorities in the EDP Inventory, were touched upon under the relevant parts of the agenda.

Discussion

The draft EDP Inventory was provided by the Swedish statistical authorities prior to the EDP dialogue visit. Eurostat expressed its intention to discuss the available descriptions under different points of the agenda.

On the EDP Inventory update project, Eurostat recalled that a new EDP inventory format had been approved by the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) in June 2012. Soon after, Eurostat sent a note to Member States, with instructions for completion of the new inventory. According to the indicative planning, during the period between September 2012 – September 2013, bilateral discussions between Eurostat and the Member States should take place. The final complete draft of the Inventory is to be delivered in November; the publication date will be December 2013. The Swedish statistical authorities undertook to update the parts where the need is identified during discussions. Eurostat is committed to providing its comments on the draft of the Swedish EDP Inventory by the end of June 2013.

Findings and conclusions

3. Eurostat welcomes the draft version of EDP Inventory and will send detailed comments to the first draft and agree on the work plan in order to have a final version ready by mid- November 2013. Deadline: end June 2013 (Eurostat feedback)¹.

2. Actual data April 2013 EDP reporting – analysis of EDP tables

EDP Table 2A

Introduction

The discussion focused on descriptions of the table as provided in the EDP inventory as well as on the adjustments reported in the table.

¹ Eurostat provided comments on 20 June 2013. The final version of the Swedish EDP Inventory was submitted to Eurostat on 15 November 2013.

Discussion

Working balance description in EDP Inventory

The description of the working balance in the EDP Inventory was discussed. The working balance in EDP Table 2A is the net borrowing requirement for central government as calculated by the Swedish National Debt Office (SNDO) as part of the managing of the National Debt. The total balance is cash based. The description provided in the Inventory was more focused on the process on how the NDO cash figure are reconciled with the budget figures coming from the ESV. It was agreed in the meeting that, as the Inventory includes the starting line of Table 2A, the description had to be updated.

“L” entries in the EDP Table 2A

Eurostat enquired on the current status of the Action point 7 from the 2011 EDP dialogue visit. The Swedish statistical authorities were to investigate the two lines marked with L – “not available” in EDP Table 2A: adjustment for “*non-financial transaction not included in the working balance*” and the “*working balance of entities not part of central government*”. The Swedish statistical authorities have investigated these issues and provided a note on their progress; nevertheless, the reporting in the table remained the same. The SCB explained that the issue could be reopened at some later stage. Currently, no cases have been identified when some financial transactions relevant for central government were not included in the working balance. There is no information that there could be entities included in the working balance that do not belong to the general government sector².

Other accounts receivable/payable

As for trade credits reported under other accounts receivable/payable in EDP Table 2A, the SCB confirmed the information provided in the April 2013 EDP notification that the figures refer only to trade credits and advance (F.71) and does not include *other accounts receivable/payable, excluding trade credits and advances* (F.79). Eurostat suggested renaming the title of the line so that it would show the exact definition used in ESA 1995 – “trade credits and advances”.

Net lending/net borrowing of other central government bodies

Prior to the visit, the SCB provided details on revenue and expenditure of units reported under the line *Net lending/net borrowing of other central government bodies* in EDP Table 2A. The data was provided on a unit by unit basis. During the discussion, it became clear that the amounts that are reported in the adjustment line “*Net borrowing (-) or net lending (+) of other CG bodies*” in EDP Table 2A do not in fact refer to the B.9 of these bodies, but instead show the difference between B.9 and the flows that are included in the working balance. For transparency reasons, Eurostat invited the Swedish statistical authorities to update the description in the EDP Inventory accordingly, and to add a comment in EDP Table 2A.

Other adjustments

Eurostat enquired whether there was a difference between the item “other adjustment/other” and the item labelled “discrepancy” in EDP Table 2A. The ESV explained that the full split of the

² Zeros were reported under these lines in EDP Table 2A in October 2013 EDP notification; the AP7 from 2011 EDP visit is considered closed.

other adjustments was available and that due to non-significance of the amounts, some items were included here and not shown explicitly. The split was made available to Eurostat during the EDP visit. Eurostat took note that the biggest categories included into “other adjustment/other” referred to deposits and futures by the NDO and other income and swaps not included in the working balance.

Findings and conclusions

4. Eurostat invites ESV to update the part of the EDP Inventory relating to the working balance in Table 2A (page 24 of the Inventory version of June 2013) and to B9 of other central government bodies (page 40). Deadline: before mid-November 2013³.

5. Eurostat invites the Swedish statistical authorities to rename the adjustment item in the EDP Table 2A “trade credits” into “trade credits and advances” and to add an additional comment under line “*Net lending/net borrowing of other central government bodies*” explaining the nature of these adjustments. Deadline: October 2013 EDP notification⁴.

EDP table 3B

Introduction

The foreseen changes in the data sources for financial accounts and the possible impact on EDP table 3B were discussed under this point.

Discussion

The Swedish statistical authorities confirmed that the financial accounts for central government reported in the April 2014 EDP notification will be compiled fully by the ESV. The integrated data source will be used for both financial and non-financial accounts. It is believed that this will result in better quality of the B.9f. Eurostat welcomed the fact that B.9 and B.9f on a unit by unit basis could be compiled and compared.

The SCB clarified that EDP table 3B will be filled in by the NSI on the basis of the data from the ESV.

Trade credits

Eurostat asked what steps had been undertaken and/or foreseen to obtain the information needed for the implementation of the *Eurostat decision on refinancing of trade credit via factoring operations without recourse and the restructuring of a trade credit*. The SCB answered that, to their knowledge, these operations had not taken place at the central government level. The data on these operations were not collected separately and thus were not available for the SCB. The plans are to contact the local government bodies on this issue. Eurostat noted that the other Member State’s practices were to use money and banking statistics or capture this information in

³ The updated inventory was provided to Eurostat on 11 October 2013. The Final version of the Swedish EDP Inventory was submitted to Eurostat on 15 November 2013.

⁴ The Action point was implemented in the October 2013 EDP notification.

questionnaires. The Swedish statistical authorities were invited to investigate this issue further and inform Eurostat on their findings.

Findings and conclusions

6. The Swedish statistical authorities will investigate further whether there have been any cases of factoring without recourse agreements involving government and renegotiations, including whether this data is available in money and banking statistics or in other sources. Deadline: before October 2013 EDP notification.

EDP tables 2C and 3D

Introduction

The foreseen changes to local government sub-sector data sources were discussed under this point.

Discussion

The revisions in local government sub-sector data were discussed with the SCB. In the 2011 dialogue visit, it was agreed that one of the reasons for revisions, was the use of the annual data source only in the third notification (April t+2). Following up on this action point, the SCB used the annual statements of the County councils in October 2012. The SCB confirmed that the annual source for municipalities will be used in the October 2013 EDP notification, thus in the future there will be no revisions due to the change in the data source (quarterly to annual) between October t+1 and April t+2. The revisions that will be observable between these two notifications will relate to taxes as, for local government data sources for taxes are the same as for central government.

The SCB foresees more cross checks between annual and quarterly questionnaires, as experience showed that some data was not always correctly reported on a quarterly basis. Another action to be undertaken is to improve the instructions to the quarterly survey. The consistency checks and more cooperation with the respondents will allow for improved quality of the data.

As for the financial accounts of the local government sub-sector, the SCB informed Eurostat about their plans to update the quarterly questionnaire by inclusion of additional questions on specific local government transactions, such as debt assumptions, debt cancellations and capital injections. The SCB will ask gross figures for loans and equities (currently only net figures are available and thus "L" – not available – is filled in in EDP Table 3D). The plans are to start using the updated questionnaire from the 4th quarter 2013. The SCB foresees that the data could be used in the April 2014 EDP notification.

The SCB confirmed that as far as data on local government trade credits F.71 L is concerned, it is identifiable in the annual source for municipalities and county councils. Thus, the information reported to Eurostat is of good quality.

Findings and conclusions

Eurostat took note of and welcomed these developments.

EDP table 3E

Introduction

The planned developments in this EDP table were discussed.

Discussion

The SCB informed Eurostat on their plans to start reporting gross figures (increase and reduction) for shares. Currently, only total figures for Shares and other equity (F.5) are reported in EDP table 3E. The lines “*Portfolio investments*” and “*Shares and other equity other than portfolio investments*” are filled in with “L”- not available. The SCB explained that it was possible to provide the split due to the new data available, but the reported split would not be too meaningful. To a large extent, the investments made by the pension funds were portfolio investments, so the figures referring to the direct purchase of shares would be small. Eurostat expressed the view that the split in the EDP table was compulsory and that the move towards better completeness of the table was always welcome.

Findings and conclusions

7. The SCB will investigate on the possibility in EDP table 3E to split the investments by the pension funds into portfolio investments and shares and other equity. Deadline: October 2013 EDP notification⁵.

3. Methodological issues and recording of specific government transactions

3.1. Delimitation of general government, application of market / non-market rule in NA

Introduction

Eurostat and the Swedish authorities discussed the progress made since the last EDP dialogue visit in the area of the implementation of the market/non-market test.

Discussion

Prior to the EDP dialogue visit, the Swedish statistical authorities provided to Eurostat an updated list of general government units. Eurostat took note that, since the last EDP dialogue visit, no reclassifications took place and all the observed changes were due to the creation of new units or disappearance of units, by way of merging or closing down.

The Swedish statistical authorities explained that the work in the area of sector classification was carried out primarily with the view to meeting the requirements of the *Questionnaire of the general government controlled entities*. As a first step, a separate register for national accounts/EDP purposes was created. The register includes all public corporations, classified in sectors S.11 and S.12, as well as units classified in sector S.15. The Swedish statistical authorities plan that, once the register is available, the work would continue further to ensure exhaustiveness

⁵ Action point implemented in the October 2013 EDP notification.

and quality of data. The last step would be to analyse non-profit institutions, currently classified in the sector S.15.

The so called 50% test has been applied for the biggest public corporations and no reclassifications are due. The Swedish statistical authorities are analysing further the public corporations, focusing on the companies with complex structure, such as holding corporations.

The results showed that a number of subsidiaries did not pass the so called 50% test, nevertheless the approach taken by the Swedish statistical authorities was to look into the matter at the group level; and, if within the holding structure, one or few subsidiaries were failing the test but the group as the whole met the criterion, no reclassification were done. The SCB explained that, in their view, the negative 50% test for some subsidiaries could indicate the distribution of funds within the group. Eurostat reminded that, in case of holding companies, the MGDD chapter I.7 was applicable, where it was stated that, in case subsidiaries were institutional units, they should be assessed on their own and tested individually for the market/non-market criteria for sector classification purposes. Non-market subsidiaries were to be classified inside the general government sub-sector.

In their analysis of the possible changes in sector classification due to the implementation of the new ESA2010, the SCB identified a number of units, both corporations and non-profit institutions that would be reclassified as appropriate into central government or local government sub-sectors. Among those, four public hospitals will be reclassified into local government subsector starting from September 2014.

Findings and conclusions

8. Eurostat takes notes that a number of units will be reclassified inside the central government or the local government sub-sectors in the context of the implementation of ESA2010. The foreseen impact on the B.9 and government debt is small. Deadline: October 2014 EDP notification.

9. Eurostat takes note that a number of subsidiaries do not pass the so called 50% test and thus should be re-classified inside government at the latest in the context of the implementation of ESA 2010. Deadline: October 2014 EDP notification.

Questionnaire of general government controlled units

Introduction

Under this point, some practical issues relating to the *Questionnaire of general government controlled units* were discussed.

Discussion

Eurostat took note that the latest Questionnaire submitted to Eurostat in December 2012 was rather empty in terms of required details on company data and the 50% test. The questionnaire required detailed information in cases where the liabilities amounted to more than 0.01% of GDP. The SCB confirmed that all the data, including the 50% results were indeed available and agreed to resend the updated questionnaire with the requested data.

The Swedish statistical authorities assured Eurostat that the 50% test will be conducted on a yearly basis and that the appropriate reclassifications would be undertaken once the 50% criterion was not met over a few years.

Findings and conclusions

10. The SCB will complete the *Questionnaire on government controlled entities classified outside government* for units having liabilities higher than 0.01% of GDP. Deadline: end June 2013⁶.

11. Eurostat takes note that from now on, the market/non-market test will be done annually and included in the questionnaire on government controlled entities classified outside government. Deadline: continuous.

3.2. Implementation of accrual principle

3.2.1. Accrual taxes and social contributions

Introduction

The recording of taxes and social contributions, as described in the draft EDP Inventory and the annual Questionnaire on tax, was discussed.

Discussion

The recording of taxes, as well as tax data revision patterns, were discussed with the Swedish authorities in the previous EDP dialogue visits. However, Eurostat noted that the description available in the EDP Inventory as well as in the current version of the Questionnaire on taxes and social contributions did not seem to provide a complete description of the methods used to record tax revenue in national accounts. The data on taxes is revised up till the fourth EDP notification (data for year 't', reported in October t+2 EDP notification). Eurostat encouraged the Swedish statistical authorities to provide detailed descriptions on tax data sources and revision patterns in the new version of the EDP Inventory. During the discussion, it became clear that the method used for taxes and social contributions was not time adjusted cash, but based on assessments and declarations.

The Swedish statistical authorities will update accordingly the description in the EDP Inventory and the Questionnaire on taxes and social contributions.

Recording of non-payable tax credits

The recording of non-payable tax credits was discussed with the Swedish statistical authorities in the previous (2011) EDP dialogue visit. At that time the solution on how to avoid negative tax revenue, resulting from non-payable tax credits in the central government sub-sector, was agreed. In national accounts, the central government income tax revenue was shown as zero, and for the remaining amount of tax credits, local government income tax revenue was decreased. A compensating current transfer from central government to local government was recorded at the same time. By doing this, the recording of the tax revenue for general government and the B.9 of each subsector were not affected.

⁶ Implemented, the updated Questionnaire was sent to Eurostat on 17 June 2013.

The Swedish statistical authorities raised the question whether this solution would be in line with ESA 2010 rules. During the meeting Eurostat confirmed that neither SNA 2008 nor ESA 2010 were explicit on tax credit distribution between the subsectors. Nevertheless, negative D.51 reported for the central government is not considered an appropriate practice by Eurostat and would be very difficult to interpret by the end-users of the data. One of the suggestions to the Swedish statistical authorities was to continue with the current recording (zero central government income tax revenue, decreased local government tax revenue for the remaining part and a compensating capital transfer recorded from one sub-sector to another). The option to impute the tax credit together with the tax liability and thus allocate a tax credit at the LG sub-sector was not acceptable by the Swedish side. A third option was briefly discussed in the meeting – to split the tax credits into two parts. One was to be recorded for central government, another for local government. The split could be based on the proportion of income tax collected by each sub-sector.

It has been agreed that this issue needed some further investigation and thus the Swedish statistical authorities will present their proposed solution to Eurostat after internal discussion.

Findings and conclusions

12. Eurostat takes note that all taxes are currently recorded on an assessment and declaration basis, and not on a time-adjusted cash basis. The Swedish statistical authorities will amend the EDP Inventory and the Questionnaire on taxes and social contributions in order to correctly reflect this information. Deadline: end-August 2013.

13. The Swedish statistical authorities and Eurostat agreed that in case of non-payable tax credits, there should be no negative tax revenue recorded on any level of government. The SCB is invited to propose and to agree with Eurostat on a solution for the recording of tax credits in the Swedish national accounts. Deadline: end-August 2013.

3.2.2. Accrued interest

Introduction

The table on the reconciliation of interest flows as reported in EDP Tables 2 and 3 was discussed under this point of the agenda.

Discussion

As a follow up from the 2011 EDP dialogue visit, the Swedish statistical authorities reconciled accrual adjustments for interest, as reported in EDP Tables 2A and 3B for the year 2010. The results showed that the differences were due to the reporting arrangements: in EDP Table 2A the line “*Difference between interest paid (+) and accrued (EDP D.41)(-)*” included also the interest receivable, whereas in EDP Table 3B, interest receivable is reported under instruments; in EDP Table 3B the item “*Difference between interest (EDP D.41) accrued(-) and paid(+)*” included swap related interest flows, while this was not the case in EDP Table 2A, as cash interest flows from swaps were entering the working balance. A different reporting of discounts/premiums under

the accrued interest line was also observed. Other minor differences relating to accrued interest on instruments F.2, F.3 and F.4 were explained by the different coverage of units.

The Swedish statistical authorities confirmed that the reconciliation exercises were very useful and helped to identify mistakes. Their intention is to continue the work further.

Recording of discounts and premiums

The data source for cash discounts/premiums, as well as for accrual adjustments, is the NDO report for debt instruments. The NDO is providing the figures for accrued premiums/discounts and the SCB does not make any adjustments.

In the April 2013 EDP notification, the Swedish statistical authorities revised the reporting of discounts and premiums in EDP Table 3B. The SCB confirmed their explanation given in the bilateral clarification, that the revision was implemented due to the fact that amounts reported under D.41 accrual adjustment in EDP Table 3B included not only accrued premiums/discounts but also cash figures. The revision resulted in the decrease of the statistical discrepancies and the same effect on the B.9 and B.9f was ensured. In connection with this revision, the reporting of discounts/premiums in EDP tables was discussed. The Swedish statistical authorities proposed to explicitly show a correction for cash premiums under the item “*other financial transactions included in the working balance*” and include amounts referring to accrued discounts and premiums under the item “*Difference between interest paid (+) and accrued (-)*”. Eurostat welcomed the proposal as this reporting would allow for better reconciliation of the D.41 between Tables 2A and 3B.

Findings and conclusions

14. The ESV will analyse the possibility to report an accrual adjustment for interest receivable in a separate line in EDP table 2A, as well as to introduce the adjustment for discounts/premiums under the item “*financial transaction included in the working balance*”. Deadline: October 2013 EDP notification⁷.

3.2.3 EU

Introduction

Eurostat and the Swedish statistical authorities discussed the recording of EU flows as described in the new EDP inventory.

Discussion

Following the provisions of the Swedish budgetary law, the EU funds are recorded as revenue on a cash basis. Under the EDP reporting, the impact of EU flows is eliminated by the relevant adjustment line in EDP Table 2A.

During the discussion, it was clarified that the net cash adjustment is reported under “other accounts receivable” item “EU-flows difference in timing (net transaction)”, whereas the EU flow

⁷ Discounts/premiums were reported in a separate line of EDP Table 2A in the October 2013 EDP notification

related adjustment line, as reported under “other accounts receivable”, represents in fact the timing differences of payments to the EU budget. Eurostat asked the Swedish statistical authorities to label it correctly in the EDP table 2A.

The figures reported under adjustment of “other accounts receivable” in EDP Table 2A (and in the questionnaire Table 6) are in fact non-significant. The inflows from the EU are largely matching the outflows and this is explained by the fact that most EU funds are used for transfers and grants.

Findings and conclusions

15. The Swedish statistical authorities agreed that in EDP Table 2A the adjustment line for EU flows payable, should be renamed into “*contributions to the EU budget*”. Deadline: October 2013 EDP notification⁸.

3.3 Recording of specific government transactions

3.3.1 Guarantees

Introduction

The part of the EDP Inventory on guarantees and the figures on government guarantees as reported in the Questionnaire relating to the EDP notification tables and in other reporting to Eurostat, were discussed under this point.

Discussion

The data on central government guarantees, as reported in Questionnaire Table 9.1 is exhaustive. The information on stocks and transactions is available and reported for the whole period. Guarantees are being provided by four institutions: the NDO, the Export Credit Board (export credit insurance guarantees), the National Housing Credit Board (guarantees for housing construction and renovation loans) and the Swedish International Development Cooperation Agency. The main data source provider is the NDO. Prior to the EDP dialogue visit, the NSI provided to Eurostat a detailed table showing guarantees on scheme or company basis. The total stocks of central government guarantees were decreasing in the period of 2009-2012, and in 2012 amounted to around 7.3% of GDP. The main reason of the observed decrease in stocks is the expiration of guarantees given to the financial institutions in the context of the financial turmoil. The main recipient of guarantees is the public company *Öresundsbrokonsortiet*.

Eurostat enquired about the progress made in obtaining the data on guarantees issued by the local authorities. These figures were currently not reported in the *Questionnaire relating to the notification tables* but were included in the pilot exercise reporting on government guarantees. The Swedish statistical authorities explained that, currently, the data on local government guarantees (*Borgensföbindelsen*) is derived from the annual source for local government and covers not only guarantees as understood in the MGDD, but also other obligations of municipalities and county councils (e.g. the obligation as a shareholder). Consequently, the figures provided to Eurostat are a bit inflated. The Swedish statistical authorities informed Eurostat that, in connection with data

⁸ Implemented in the October 2013 EDP notification.

requirements under Council Directive 2011/85 on the collection and dissemination of fiscal data, work has already started. Some local government units were contacted so that an agreement on the definitions in the future questionnaire could be reached. The Swedish statistical authorities confirmed that they would be in the position to publish the data on guarantees, as requested in the above directive and as agreed in the Eurostat task force.

Findings and conclusions

Eurostat took note of the explanations.

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

Introduction

The data availability on central government claims, as reported in Questionnaire Table 8.1, as well as data availability for local government entities, was discussed under this point.

Discussion

The issue of data availability on government claims, as reported in Questionnaire Table 8.1, was discussed with the Swedish statistical authorities in the 2011 EDP dialogue visit. As a follow up action, Table 8.1 on central government claims was compiled for the year 2010 identifying separately student loans and other loans, company by company. Prior to the EDP dialogue visit, Table 8.1 was provided for the years 2010-2012. It seems that around 64% of total central government claims refer to student loans. Loans given by the central government to individual companies, in general, are not sizeable.

The analysis undertaken revealed some inconsistencies in the figures on AF.4 assets, as reported in the April 2013 EDP notification. The Swedish statistical authorities informed Eurostat about the plans to use direct data instead of counterpart information (a practice used in financial accounts), so that the data on loans to Riksbanken would be collected from the NDO, and the data on student loans from ESV, instead of CSN (The Swedish Board for Study Support). The SCB is committed to undertaking a similar exercise for the year 2011-2012 data and to including the newly available data and correction in the questionnaire Table 8.1 in the October 2013 EDP reporting.

Eurostat welcomed the progress on this issue.

The issue of the loans given by the NDO to the NCB (Sveriges Riksbank) was discussed briefly in the visit. The Swedish statistical authorities informed Eurostat that a new loan of about 100 billion SEK is foreseen to the NCB in 2013. Previously, a loan was given in 2009 and amounted to 97 billion SEK. The purpose of this loan was to restore the foreign exchange reserve. The Swedish statistical authorities explained that, according to their view, the loan meets the ESA definition of a loan, interest being paid on it. These loans are revolving loans. Eurostat expressed the view that a more detailed analysis could be needed on this issue, loan repayments should be monitored as well as the nature of the loans ascertained; in fact, the constantly revolving loans could be seen as government equity in the NCB.

The government loans to SVEDAB were discussed in more detail. The details, as provided in the detailed table on government claims, showed that SVEDAB received loans on a yearly basis and the yearly repayments constituted about 70-80% of the new loans. The Swedish statistical authorities explained that SVEDAB (Svensk-Danska Broförbindelsen) was a public corporation which manages 50 % of the bridge corporation Öresundsbrokonsortiet. All the needed infrastructure relating to the Öresund bridge, constructed by SVEDAB, was financed from the NDO loans. The stock of SVEDAB debt to government amounted to 5 billion SEK at the end of 2012. In fact, the only source of SVEDAB revenue is railways fees. It is foreseen that, in the future (around the year 2021), the company would receive dividends from Öresundsbrokonsortiet, while until then, the debt would steadily increase every year. Eurostat expressed a view that the sector classification of SVEDAB was to be looked into; especially taking into account the ESA2010 rules that requires interest cost inclusion in the so called 50% test. Eurostat invited the Swedish statistical authorities to discuss this issue with their Danish colleagues.

Local government data

Eurostat noted that, as suggested by the reporting in EDP Table 3D, the local government units had increased their lending activities in the recent years. The net figures for transaction in loans undertaken by the local government were higher than by central government for the years 2011 and 2012. The question of the recoverability of the claims was discussed with the Swedish authorities in the 2011 EDP dialogue visit. One of the action points was to collect information on local government debt cancellations/ assumptions.

Prior to the visit, the Swedish statistical authorities provided a table illustrating the 15 companies benefiting from the largest local government loans. The data source was the annual reports of local government owned public corporations. The 15 companies constituted less than 1% of the number of municipal owned companies. The stock of local government claims on these 15 companies constituted about 30% of total local government claims at the end of the year 2011. The Swedish statistical authorities confirmed that the beneficiaries of municipal loans were housing and energy sector companies, water supply companies, real estate companies and others.

The SCB explained that, at this stage, there were no changes in data availability on local government debt cancellations and debt assumptions. However, the SCB has been working on the update of the existing local government quarterly questionnaire. The new questionnaire will be introduced as from the 4th quarter of 2013 and the data on the local government operations, such as new lending, debt assumption, debt cancellation, repayments and write offs will be systematically collected. The questionnaire will cover one year (2013) and it should be returned to the SCB in February 2014. Thus, the newly available data will be included in the April 2014 EDP notification.

Findings and conclusions

16. Eurostat takes note of the total of 200 billion SEK of loans (given and foreseen) to the NCB from the NDO and invites the statistical office to monitor closely the nature and the repayments of these loans. Deadline: continuous.

17. Eurostat invites the Swedish statistical authorities to continue work in analysing government claims so that, the detailed data on new lending and repayments would be filled in Table 8.1 of the

Questionnaire relating to the notification tables, covering the years 2010-2013. Deadline: April 2014 EDP notification.

18. Eurostat takes note that the SCB will amend the Local government questionnaire and send it out for completion in the fourth quarter of 2013. The updated questionnaire will include questions on debt cancellations/assumptions, capital injections, non-performing loans, and it would also ask for the gross reporting of loans and equity. Deadline: progress report to Eurostat April 2014.

19. Eurostat invites the SCB to investigate the classification of the company SVEDAB, taking contact on this issue with the Danish statistical authorities and providing a note on the rationale for the recording. Deadline: October 2013 EDP notification.

3.3.3. Capital injections in public corporations, dividends, privatization

Introduction

The discussion mainly focused on the data availability issues.

Discussion

Capital injections

Eurostat noted that, from the reporting in EDP Table 3B, it seemed that the capital injections undertaken by the central government were not sizeable for the period 2009-2012. The situation was different for the local government sub-sector, as over the period 2009-2012 the total transactions in shares reached 23 billion SEK. The Swedish statistical authorities explained that currently only net figures were shown in EDP Table 3D under Shares and other equity (F.5). In fact, at least half of the 23 Billion SEK accounted for transactions in mutual funds shares. Eurostat noted that data, as provided in April 2013 bilateral clarification, showed increase in unquoted shares of about 10 billion SEK. The Swedish statistical authorities were asked to analyse what was behind this increase and whether the statistical treatment of the operations (as financial transactions) was correct. The Swedish statistical authorities noted that the situation could be as follows some loans were converted into equity and thus transactions in F.5 showed an increase. Eurostat explained that an analysis was to be undertaken in order to decide whether the operations in question did not constitute debt cancellations.

The SCB confirmed that data on gross capital injections would be requested in the new quarterly local government questionnaire, thus as explained above, under point 3.3.2. The new information will be available in April 2014.

Dividends

The Swedish statistical authorities confirmed that the data on dividends, received by the central government entities was available, and allowed the performing of the so called super-dividend test on a regular basis.

The situation is however different for the local government sub-sector. The total figures of dividends received were available in the annual data source. Nevertheless, the split of dividends by corporations was not available. The SCB explained that they were trying to find a reliable data source on local government dividends. It appeared that the information available in the business register was not consistent with the financial statements of the corporations. The SCB considers

using data from the Euroclear system. The collection started in June 2012; the reliability of this source has not been tested yet. Eurostat stressed the importance of applying the super dividends test on a regular basis for all public corporations. The Swedish statistical authorities are committed to continuing their investigation of the issue.

Findings and conclusions

20. The SCB will monitor the possible conversion of loans into equity at local government level in order to record debt cancellations where applicable. Deadline: October 2013 EDP notification⁹.

21. The SCB will investigate the large increase in unquoted shares in 2011, in order to confirm that the injections are correctly classified as equity injections. Deadline: October 2013 EDP notification¹⁰.

3.3.4 Government operations relating to the financial turmoil

Introduction

The Swedish statistical authorities informed Eurostat on the issue.

Discussion

The Swedish statistical authorities explained that since the last EDP dialogue visit there had been no government support measures undertaken. The bank guarantee programme expired in 2011 and since then no new guarantees had been provided. The last guarantee will expire completely in 2015.

One financial institution - Nordea Bank – benefited from *the capital infusion scheme*. This operation is duly reported in the tables for the financial turmoil.

Findings and conclusions

Eurostat took note of this information

3.3.5. Any other business

Eurostat recalled that following the discussions in the FAWG meetings, the Member States were expected to transmit their first EDP notification based on ESA2010 in September 2014. All data transmitted before this point should be on ESA95 basis. The Swedish statistical authorities explained that they do not foresee an earlier move towards ESA2010 on a national level and that they will be in a position to transmit ESA 2010 based data in September 2014.

⁹ Action point implemented in the October 2013 EDP notification.

¹⁰ Action point implemented in the October 2013 EDP notification.

Annex I

List of participants

Monica Nelson Edberg	NSI	Director of National Accounts Department
Mattias Björling	NSI	Head of Unit, Financial and Sector Accounts
Katarina Wizell	NSI	Head of Unit, Public Finance and Microsimulations
Michael Wolf	NSI	Senior Advisor
Johan Norberg	NSI	Statistician
Johan Wikström	NSI	Statistician
Marcus Otterström	NSI	Statistician
Melita Paripovic	NSI	Statistician
Lana Omanovic	NSI	Statistician
Pia Heyman	ESV	Head of Central Government Accounting and Finance Department
Kikki Johansson	ESV	Head of Central Government Accounting Division
Hans Åhlander	ESV	Senior Advisor
Eva Engberg	ESV	Senior Advisor
Mikael Marelius	ESV	Senior Advisor
Camilla Kullander-Berglund	NDO	Guarantee Department
Peter Mårtensson	NDO	Guarantee Department
Erik Andersson	NDO	Economic Department
Thomas Pettersson	MOF	Deputy Director of Economic Affairs Department
Klas-Göran Larsson	MOF	Senior Economic Adviser
Katarina Johansson	MOF	Desk Officer at Economic Affairs Department
Hwan Willén	MOF	Desk Officer at Economic Affairs Department
Lena Frej Ohlsson	Eurostat	Head of Unit D.2 Statistics for Excessive Deficit Procedure I
Luca Ascoli	Eurostat	Head of Unit D.1 GFS methodology, data collection and dissemination
Rasa Jurkonienė	Eurostat	Desk Officer, Unit D.2 Statistics for Excessive Deficit Procedure I
Hanna Aspegren	DG ECFIN	
Hans Olsson	ECB	