



EUROPEAN COMMISSION
EUROSTAT

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

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FINAL FINDINGS

EDP dialogue visit to Denmark

29-30 November 2012

Executive summary

Eurostat undertook an EDP dialogue visit to Denmark on 29-30 November 2012 as part of its regular visits to Member States and with the aim to analyse information on data sources provided in the EDP inventory, to clarify issues relating to EDP tables raised in the context of previous notifications, to clarify the sector delimitation of general government, to analyse the application of the accrual principle in national accounts and EDP and to ensure that provisions from the ESA95 Manual on Government Deficit and Debt are implemented and that specific government transactions are appropriately recorded in the Danish EDP notification and national accounts.

All the action points agreed during this EDP dialogue visit have been implemented by the Danish statistical authorities, in time, and some of them well in advance of the deadlines.

First, Eurostat reviewed the **institutional responsibilities** with respect to the reporting of data under government finance statistics and EDP. EDP tables are officially reported to Eurostat by Statistics Denmark. Statistics Denmark (SD) compiles all EDP tables, except the planned (forecast) data which are prepared and reported by the Ministry of Finance (MoF). The Danish Central Bank (NCB) is not involved in the EDP reporting. Eurostat took note of the existing institutional responsibilities and of the good cooperation between Statistics Denmark, the Ministry of Finance and the Danish Central Bank in the field of GFS and EDP and of the preparation of a written Memorandum of Understanding (MoU) with the Danish Court of Auditors. Eurostat encouraged SD to establish MoU with the other institutions involved in preparation of government finance data.

Eurostat discussed with the Danish statistical authorities the characteristics and availability of the **source data** for each of the sub-sectors of general government. The differences in the **revision policy** for national accounts and the EDP deadlines create some consistency problems and Eurostat wondered if the timetable of revisions in March, June and November/December could not be changed. Eurostat welcomed the intention of SD to work on the revision policy of data with a view of aligning it progressively with the GFS reporting. This work will take into account Denmark's participation in developing a common revision policy for national accounts data across all member states.

As a **follow-up to the EDP dialogue visit of 31 January–1 February 2011**, Eurostat welcomed the implementation of all action points from the previous EDP dialogue visit. However, it has been agreed to complement the note relating to balancing and consolidation issues between sub-sectors of general government, by introducing an estimate of the impact on the deficit due to the introduction of the new method of consolidation and balancing, to be fully implemented in September 2014.

On the **actual data of the October 2012 EDP reporting**, the discussions concentrated on the adjustments in the EDP tables and in the Questionnaire related to the EDP tables, as compared to the April 2012 EDP notification.

Eurostat invited Statistics Denmark to closely cooperate with Moderniseringsstyrelsen and further analyse the specific accounts used at the level of central government in order to decide if some transactions are correctly recorded (as sales or depreciation of assets).

It has been confirmed that the data on the financial side for the April notifications is preliminary and therefore, normally, revisions occur in the October notifications.

However, it has been agreed that the significant revision in the EDP of October 2012, of “currency and deposits” for the year 2011, was exceptional.

Concerning table 4 of the Questionnaire related to the EDP notification, the discussion focussed on both receivables and payables (F.7), especially in connection with EDP table 3A. SD proposed a new presentation of the table, which suits better the content of the Danish source data and the methods of balancing the accounts. A significant revision of payables for the year 2009 has been explained by some errors of non-consolidated data in the balance sheet of government accounts, and it has been agreed that SD and Moderniseringsstyrelsen will look into the issue in order to obtain better quality assets and liabilities data for central government, by counterpart entities.

On the **statistical discrepancies**, Eurostat took note of the continuous work undertaken by SD to reduce them as much as possible. Moreover, SD confirmed that they analyse the receivables and payables permanently, with a view to ensure that no hidden statistical discrepancies are reported.

The discussions of the methodological issues focussed mainly on the delimitation of the government sector, the implementation of the accrual principle, as well as on the recording of specific government transactions.

On the **delimitation of the general government sector**, Eurostat enquired about the practical application of the 50% criterion and discussed specific entities which could possibly be reclassified, if their income from sales would fall under 50% of the production cost. Eurostat took note of the rules applied by the statistical authorities for sector classification and discussed the classification outside government of some entities like: Dong Energy A/S and its subsidiaries, A/S Øresund, Metroselskabet I/S and Denmark Radio. The reclassification of Denmark Radio, due to legal changes concerning the TV licence (multimedia tax), has been agreed, according to the analysis done by SD, in 2014, for the whole period concerned.

Concerning the units involved in rental activities, Eurostat accepted their current classification in the central government sub-sector, due to the fact that, according to SD, their activity is non-market.

Eurostat has been informed that some units involved in education activities will be reclassified from the government sector into the non-profit institutions sector, in the context of the implementation of ESA2010.

Eurostat and the Danish statistical authorities reviewed the **implementation of the accrual principle** concerning taxes and gross fixed capital formation.

Eurostat took note of the explanations given by Statistics Denmark that taxes are recorded in the year when they accrue by the tax authorities. The impact of the amounts unlikely to be collected is shown as a capital transfer from the general government to other sectors. However, the weakness of the method comes from the fact that the final settlements for taxes are only known in year t+3. Eurostat took note that SD is working to improve the calculation for preliminary data in order to reduce the revisions between the April and the October notifications.

Eurostat has been informed about the estimations anticipating the effect of the financial crisis on the collectable taxes. Eurostat encouraged SD to continue developing the estimation methods in order to fully take into account the taxes unlikely to be collected, due to the financial crisis.

Eurostat invited SD to update the new EDP Inventory, especially as far as taxes unlikely to be collected, and the description of estimations, are concerned.

On the calculation of gross fixed capital formation on an accrual basis, while SD pointed out that this is recorded on a commitment basis, which is close to deliveries, Eurostat enquired on the existence of milestone payments and/or anticipation of deliveries.

Concerning the recording of **military equipment**, Eurostat took note of the explanations relating to research and development expenditure and the recording of the work in progress, which will have no impact on the deficit when ESA2010 will be implemented.

For the **capital injections in public corporations**, Eurostat took note of the explanations provided by SD on the capital injections for the local government sub-sector, capital injections in kind and those related to quasi-corporations. Eurostat agreed to receive the result of the super-dividend test for the year 2011, in January 2013 due to the fact that the data were not available prior to the EDP dialogue visit.

On the recording of **trade credits**, it has been agreed that the issues of consolidation at the level of central government and of the amounts, which are possibly recorded as “other accounts payable” and should be rather recorded as “trade credits and advances”, will be further analysed and that Eurostat will be informed about the outcome.

Eurostat requested that local government **guarantees** are monitored and the amounts included in tables 9 of the Questionnaire related to the EDP notification. On the **government claims**, it was agreed that the loan to Iceland is moved from “other claims” to “foreign claims”, in table 8.1 of the Questionnaire related to the EDP notification.

Eurostat took note that there were no **debt assumptions or debt cancellations** in recent years. Moreover, Eurostat agreed that the guaranteed loans for urban renewal are not to be reported as debt assumption, because they have already been recorded as government debt, through a reclassification, since their inception.

The **PPP contract** relating to P-hus Aarhus should be analysed by SD as soon as it is available, and the conclusions will be reported to Eurostat for the April 2013 EDP notification.

Due to the fact that in Denmark the central government is largely involved in **financial derivatives** operations, the proper recording in EDP tables and in financial accounts was discussed. Eurostat pointed out the inconsistencies still observed for the reporting period. Statistics Denmark explained that an analysis is done in the context of the implementation of ESA2010, and that the correction can only be done in 2014, when the new ESA will be implemented.

The **government intervention in the context of the financial crisis** was discussed, including the involvement and sector classification of Finansielt Stabilitet (FS), and the recording for the year 2011 of government revenue from guarantees issued by the Danish state in relation to Roskilde Bank. SD agreed to closely monitor FS and its subsidiaries and inform Eurostat on any relevant changes.

Eurostat was informed that there were no **pension reforms** foreseen for the coming years. However, Eurostat was informed about a tax reform on capital pensions which would increase the tax revenue for government for the year 2013 and it was agreed that SD will send a note describing in detail the issue and seeking advice on the time of recording.

SD pointed out that there might be sales of **carbon trading rights** in 2013 for about 1 billion DKK and committed itself to inform Eurostat as soon as the operation takes place.

Eurostat accepted that the correction of D.995 in **ESA table 2** is done only for the September 2014 transmission, due to technical difficulties.

Finally, the timetable for the completion of the **EDP Inventory** was agreed, with a view of its publication in December 2013.

The meeting was appreciated as constructive and Eurostat welcomed the explanations given by the Danish statistical authorities. Eurostat also thanked the Danish statistical authorities for the documentation provided prior to the dialogue visit.

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, Eurostat carried out an EDP dialogue visit in Denmark on 29-30 November 2012. The delegation of Eurostat was headed by Ms Lena Frej Ohlsson, Head of Unit D-2 (Statistics for the Excessive Deficit Procedure I). Eurostat was also represented by Mr Luca Ascoli, Ms Cecilia Pop and Mr Denis Besnard. Two representatives of the Directorate General for Economic and Financial Affairs (DG ECFIN) participated in the meeting as observers. The Danish statistical authorities were represented by Statistics Denmark (SD), the Ministry of Finance (MOF) and the Danish Central Bank (NCB).

The previous Eurostat mission to Denmark took place on 31 January-1 February 2011.

The aim of this EDP dialogue visit was to review institutional responsibilities in the field of government finance statistics (GFS) including EDP reporting, to discuss the revision policy for national accounts and GFS, to analyse information on data sources provided in the EDP inventory, to clarify issues relating to EDP tables raised in the context of previous notifications, to clarify the sector classification of some units and assess the application of the accrual principle in the general government sector and to ensure that provisions from the ESA95 Manual on Government Deficit and Debt and recent Eurostat decisions are implemented and that specific government transactions are appropriately recorded in the Danish EDP notification and national accounts.

Eurostat highly appreciated the amount and quality of the information provided by the Danish statistical authorities prior to the mission. Eurostat also thanked the Danish authorities for the explanations given and considered that the discussions were transparent and constructive.

1. Review of statistical capacity issues

1.1. Institutional responsibilities for the reporting of data under the ESA95, EDP and other government statistics

Introduction

Prior to the visit, Statistics Denmark (SD) sent a note on the institutional responsibilities and updated the part of the New EDP inventory related to this issue.

Discussions and methodological analysis

SD confirmed that there were no changes in institutional responsibilities in Denmark since the last EDP dialogue visit in 2011.

Eurostat was informed that the compilation and quality of the EDP statistics, for the four years reported, is only the responsibility of SD. The MoF is responsible for planned/forecast data. However, the MoF and the NCB receive the draft EDP notification, before it is sent to Eurostat.

Eurostat asked for explanations about the cooperation with the MoF and the NCB and enquired on what would happen if the two other institutions would not agree with the data.

It was clarified that there is no formal working group, however SD, MoF and NCB meet to discuss specific technical issues, e.g. the issue of the recording of transactions in the context of financial crisis, and that SD prepares a note about the outcome. However the final decisions are taken by SD.

Eurostat enquired about the existence of any signed Memorandum of Understanding (MoU) on statistics, and especially for EDP reporting with the MoF and with the NCB for the source data for financial accounts. SD explained that there was no written MoU between SD and MoF related to EDP statistics, but that the cooperation is very good. There is an old agreement on all national statistics with the NCB, which might be reviewed.

SD informed Eurostat about its plans to sign, in the near future, a first MoU with the Court of Auditors.

Findings and conclusions

Action point 1: Eurostat welcomed the preparation of a written Memorandum of Understanding (MoU) with the Danish Court of Auditors and encouraged SD also to establish a written MoU between the institutions involved in EDP in order to formalise the cooperation¹.

1.2. Source data characteristics and revision policy

1.2.1. Data sources for central government (incl. extra budgetary units), local government and social security funds

Introduction

Prior to the visit, SD sent an updated description of the data sources by sub-sectors, using the template of the new EDP Inventory.

Discussions and methodological analysis

It has been explained that, for the main part of the central government sector (the State), the data on current expenditure and revenue and financial transactions used to compile the working balance (WB), the deficit from the non-financial side (B.9) and the deficit from the financial side (B.9f) are on an accruals basis. The first results are available at t+70 days and the final results at t+7 months.

At the request of Eurostat, SD clarified that, for the other central government units, the data is also on an accruals basis, and the first results are available at t+5 months, and the final results at t+9 months.

¹ A MoU between SD and the Danish Court of Auditors has been signed recently. Also a MoU with data suppliers and MoF have been signed in 2013.

For the main units of local government (Municipalities and regions), the data on current expenditure and revenue and financial transactions are on an accrual basis (except taxes and some interest flows) and are used to compile the WB, the B.9 and the B.9f. The first results are available at t+75 days and the final results at t+5 months (mid-May). The balance sheets data on an accruals basis (except for taxes and some interest flows) is used for B.9f too, and is available at t+6 months. In addition, profit and loss accounts and balance sheets are available with the same time lag as above.

For the other local government units, business like accounts (on an accrual basis) are collected for non-integrated institutions, at t+5 months.

For the main unit of the social security funds (the Unemployment fund), the profit and loss accounts, on an accruals basis, are used to compile the data on (WB), the B.9 and the B.9f. The balance sheets data on an accruals basis are used for B.9f too. The first results are available at t+70 days and the final results at t+5 months.

For the other social security funds, the profit and loss accounts, on an accruals basis, are used to compile the data on the WB, the B.9 and the B.9f. The balance sheets data on an accruals basis are used for B.9f too. The first results are available at t+70 days and the final results at t+5 months.

Supplementary data sources, used for the compilation of financial accounts, are the securities statistics provided by NCB (providing information on mutual funds shares in municipalities and regions) and KommuneKredit (a unit classified as mortgage institution in sector - S.12, which provides information on loans related to municipalities and regions).

Findings and conclusions

Eurostat took note of the explanations on data sources used for compilation of national accounts for the general government sector, including EDP.

1.2.2. Revision policy

Introduction

Prior to the visit, SD provided an updated description of the revision policy for annual government finance data.

Discussions and methodological analysis

SD confirmed that the process of production for annual non-financial and financial accounts, under ESA95, is organised in such a way to provide three versions of data each year, in March, in June and in November. This is due to the availability of source data for the preliminary and half-final/final figures. For non-financial accounts, the data are provided by Moderniseringsstyrelsen (the agency responsible for the central government book-keeping) and SKAT (the agency responsible for general government book-keeping concerning taxes).

SD explained that the revision policy is part of a broader process. Changes in methodology for the calculation of deficit and debt are only made as part of major revisions in order to keep consistent time series for the national accounts. However, minor methodological changes due to recommendations from Eurostat in connection to the EDP clarification process or EDP dialogue visits, which only have limited effects on the deficit and debt, are implemented as part of more frequent limited revisions.

Eurostat pointed out that the current revision and publication policy creates problems of consistency in the Eurostat data and the EU aggregates, due to the fact that only in November of each year, quarterly and annual data for national accounts, including GDP, are consistent, and wondered how SD is solving the problem of the deficit and debt data, including the ratios for the national users.

SD specified that, for the national users, this is explained in a very transparent way, however SD recognised the difficulties for Eurostat. SD expressed its intention to reflect on the issue and possibly change the revision policy in the future (however not before 2014, due to the heavy workload for the implementation of ESA2010).

Findings and conclusions

Action point 2: Eurostat welcomed the intended review by SD on the current revision policy for national accounts, using a step by step approach, in order to progressively align the calendar of revisions with the GFS reporting.

2. Follow up of the EDP dialogue visit of 31 January-1 February 2011

Introduction

The previous EDP dialogue visit took place on 31 January-1 February 2011. There were no outstanding issues related to the action points. However, Eurostat and SD agreed to re-discuss the consolidation of non-financial transactions between sub-sectors of general government, based on the note related to the implementation in the light of the 2014 major revision.

Discussions and methodological analysis

SD explained that, at the same time with the changes due to the introduction of ESA2010, a major revision of national accounts data and methods to improve the quality of the statistics is performed. It was explained that, among others, the payment flows (mainly purchase of goods and services related to hospitals and social services) between sub-sectors of general government were analysed. These are balanced and consolidated on several levels in general government accounts.

SD explained that the new method of consolidation takes into account that the central government data are accurate and that the difference between the data in central government and the data of local government is assumed to relate to other sectors than general government (private sector). SD also pointed out that the use of the new method will ensure no impact on the net lending/net borrowing, as the counterpart entry to the balancing item is a non-financial entry, contrary to the old method of consolidation, where the balancing item was a financial transaction.

Eurostat pointed out that the implementation of the new method for consolidation will result in a change in the net lending/net borrowing figure and asked SD to quantify the impact and send an updated note on the issue.

Moreover, since SD explained that the new method will be fully implemented in 2014, at the occasion of the major revision in national accounts, Eurostat asked for the reasons of not changing the method immediately. SD pointed out that the change in the method will imply a change in the software used and this cannot be done before 2014.

Findings and conclusions

Action point 3: SD will complement the note on consolidation of non-financial transactions, sent to Eurostat prior to the visit, to include estimations of the impact on B.9 related to the implementation of the new method. Due to technical constraints, Eurostat took note that the new method for consolidation of transactions between sub-sectors and within sub-sectors of the general government sector will be fully implemented in 2014. Deadline: April 2013 notification².

3. Actual data – October 2012 EDP reporting

3.1. Examination of the EDP tables and the relation with the Questionnaire relating to EDP tables of the October 2012 notification

Introduction

In addition to the EDP tables and questionnaires of the EDP notification of October 2013, two other documents were analysed under this item of the agenda: “Status of the improvements of the “balancing adjustments” on F79 in the 2011/2012 EDP notifications” and “Depreciations classified as sales”.

Discussions and methodological analysis

3.1.1. EDP Table 1

There was no specific issue to be discussed on EDP Table 1.

3.1.2. EDP Tables 2A-D

Eurostat recalled the discussions in the assessment of data in October 2012, related to the item “depreciation of assets posted as sales”, which is an adjustment in EDP table 2A, as “other financial transactions”. SD explained that the issue has been analysed together with Moderniseringsstyrelsen (agency responsible for central government bookkeeping). The common understanding of the accounts investigated was that some of the institutions using a specific account, among them the Ministry of Defence, do not provide the proper codes to some transactions. As a result, the amount in question has been classified as “revenue” in the government finance statistics and not as “depreciation”. SD also specified that the correction will be implemented in the coming ordinary revision of the government finance statistics in March 2013. The deficit will be improved by 1002 mill. DKK for the year 2011 and the previous years will be affected to a lesser extent.

² An updated note on balancing and consolidation of non-financial transactions, including estimations on the impact on the deficit has been sent by SD in January 2013. As agreed, the new method will be fully implemented in 2014.

Eurostat requested that the analysis is done for the reporting period and that the outcome is reported in a note to be sent prior to the EDP notification of April 2013.

3.1.3. EDP Tables 3A-E

Eurostat enquired about the significant revision of the item “currency and deposits” F.2, in EDP tables 3A and 3B, especially for the year 2011, between the notification of April and October 2012, which seemed compensated by the opposite revision of F.79. Eurostat pointed out that normally this item should be well known by the NCB.

SD explained that most of the data used to compile the EDP tables are coming from the MoF and Moderniseringsstyrelsen and very few from the NCB, and that data available for the April notification are preliminary. Moreover, in the Danish national accounts the non-financial side is considered of better quality than the financial side. Moreover, the item “currency and deposits” is only an estimation in April as there is no data available. SD confirmed that any changes made to F.2 are mirrored in the changes made to F.7, on the assets side, and this is also the case of all the other changes to financial transactions. However, SD pointed out that the significant revision pointed out by Eurostat was exceptional.

Then, Eurostat and SD analysed table 4 of the Questionnaire related to the EDP notification. As it was considered that the presentation of the transactions relating to receivables and payables in the set of tables 4 of the Questionnaire was not the most appropriate, SD provided a revised table, and suggested to use it for the April 2013 EDP notification.

When comparing the EDP table 3A of the October 2012 EDP notification with the data in the new table 4 of the Questionnaire related to EDP, Eurostat pointed out a significant revision of the accounts payable for the year 2009. SD explained that this was due to an error of the non-consolidated data in the balance sheet of the government accounts, both on the assets side and on the liabilities side. To avoid similar errors in the future, SD promised to cooperate with Moderniseringsstyrelsen in order to obtain data on assets and liabilities, by counterpart entities.

SD pointed out that the item F.79 in the questionnaire related to EDP as well as in the EDP tables, is carefully checked to make sure that it does not contain any hidden statistical discrepancy. Also, the quality of trade credits will improve, so that in April 2013 trade credits reported in table 4 of the Questionnaire related to EDP notification will be correct for the whole period.

Action point 4: SD will investigate whether the amounts included in some specific accounts at the level of central government have the nature of sales or depreciation of assets, in particular for the Ministry of Defence. Deadline: April 2013 notification³

Action point 5: Eurostat took note that the revision of assets of currency and deposits (F.2) by about 14.8 billion euro for the year 2011 in the October 2012 EDP notification is to be considered as exceptional.

³ In a note sent at the end of January 2013, SD confirmed the treatment of the amounts in some specific accounts as revenue for central government and the revision of the deficit for the period 2008-2011.

Action point 6: SD will provide an extended table 4.1, of the Questionnaire related to EDP notification tables, as discussed during the meeting, to show in more detail the receivables and payables in the Danish national accounts. Deadline: April 2013 notification⁴

Action point 7: SD will cooperate with Moderniseringstyrelsen in order to get improved unconsolidated data on assets and liabilities for central government, by counterpart entities. Deadline: Continuous⁵

3.2. Statistical discrepancies in EDP tables

Introduction

Prior to the EDP dialogue visit SD provided, as additional documentation, the “Note on statistical discrepancies in the EDP tables 2 and 3”. SD described that the non-financial accounts compilation system (DIOR) is the only source for tables 2A-2D, which ensures a complete transition between WB and EDP B.9, with no discrepancies. DIOR and the financial accounts compilation system (FAC) are the main sources for tables 3A-3E, which ensure an almost complete transition between EDP B.9 and variation in the government debt level, with insignificant discrepancies.

Discussions and methodological analysis

Eurostat recalled that this issue is always a matter of concern. However, it recognised that the average statistical discrepancies in EDP table 3B over the period 2008-2011 is not significant (about 0.04% of GDP), due to the fact that positive statistical discrepancies in one year compensate with negative statistical discrepancies in other years (s). SD explained that the small discrepancies in EDP table 3B are due to the fact that final data have not yet been available for all years. SD also explained the work to improve the data quality and decrease discrepancies, for instance as part of regular and limited “data and methodological revisions”. Further progress is expected as part of the next major revision, due to the implementation of the ESA2010 in 2014.

At the request of Eurostat, SD committed itself to analyse, together with the NCB, the amounts reported as issuance below and above par, in order to clarify if the year 2008 data should be revised or not.

Eurostat enquired on the possible risk that F.7 contains also statistical discrepancies. SD pointed out that receivables and payables are checked on a regular basis, and confirmed that in the item F.7, there are no statistical discrepancies recorded.

⁴ Action point implemented according to the deadline.

⁵ SD confirmed that this is done continuously, as part of the working process.

Findings and conclusions

Action point 8: Eurostat took note of the work undertaken by SD in order to reduce the statistical discrepancies and encourages further efforts. Moreover, Eurostat took note that SD analyses continuously the receivables and payables (F.7) in order to eliminate the risk that F.7 would include statistical discrepancies. Deadline: Continuous

4. Methodological issues and recording of specific government transactions

4.1. Delimitation of general government sector: classification of institutional units according to ESA95

Introduction

Extensive documentation has been sent by SD prior to the visit, describing the delimitation of the general government sector, the procedures for updating the register of government controlled units, as well as the list of units classified as public corporations and meeting the 50% criterion (between 50% and 75%) and the list of entities included in the central, local and social security subsectors, including the change since the last EDP dialogue visit.

Discussions and methodological analysis

SD confirmed that the sectorisation is done by the Government Finance Division of SD taking into account the criteria described in MGDD. Non-market units controlled and mainly financed by government are included in the government sector. Market entities which are not institutional units are also classified inside the government sector if the controlling unit belongs to government sector. Market entities integrated in the government budget and which are institutional units are reclassified into the corporation sector. Some government controlled entities included in the general government sector could be considered, however, close to quasi-market entities.

SD gave as an example the entities involved in rental activities. These units let buildings to a price which should reflect the market price, but they are limited in their business options since they can only let their properties to government institutions. At the request of Eurostat about their classification in central government sub-sector, SD explained that, according to their analysis, the activity can be considered as an auxiliary activity of the central government, as it is not performed at market price and the central government decides on the level.

SD explained the practical application of the market/ non-market test: entities with market activities (income from sales of goods or services) are checked to see if the income from sales covers 50% or more of the production cost.

At the request of Eurostat, SD explained that entities are checked regularly, this means every year for public corporations and quasi-corporations (energy, water). If the ratio changes from over 50% to under or vice versa, the entity is reclassified if the change holds for a number of years. Eurostat pointed out that the checks and reclassifications, where necessary, should be done in a forward looking way.

Eurostat asked about the status of preparation of the questionnaire on government controlled entities, which is due in December. SD pointed out that the questionnaire, including the data for the year 2010, will be provided to Eurostat in December 2012, according to the deadline. However, the data for the year 2011 will only be available in February 2013. Moreover, for some corporations (e.g. Dong Energy) having subsidiaries in other countries, for the December transmission there will be no data on S.2 (Rest of the World). Concerning non-profit institutions sector (S.15), because all non-profit institutions controlled by government are classified in government sector (in S.13), nothing will be reported.

Eurostat enquired about the updating of the business register. SD explained that some entities entering the business register are coded automatically, while for others a quality validation is performed, namely in the cases like: new entities in some industries, public entities which should be reclassified, etc. The codes in the business register contain besides the NACE code also the ESA sector classification code.

Eurostat asked how the list of Monetary and Financial institutions is established. SD explained that the list is established monthly in the statistical business register and contains information on NACE code and ESA sector codes. The information is used to compile the MFI statistics and other statistics from the central bank and ensures that entities are classified to the same sector in the MFI statistics and in national accounts. SD drew the attention about some entities, which are branches of financial corporations based abroad. These are considered financial intermediaries because they have a banking license, however they do not perform financial intermediation activities in Denmark. It was agreed that this issue will be discussed at a later stage based on more detailed information which will be provided by SD.

Eurostat enquired about a number of public corporations, being close to 50% for the years 2009 and 2010. SD explained that Dong Energy is the parent corporation and pointed out that if the accounts of the subsidiaries would be taken into account, the result could differ, but will probably not be under 50%. Eurostat asked about the debt of Midtjyske Jernbaner Drift A/S. SD explained that, from the analysis done, it was found out that this entity does not have a significant amount of interest, and concluded that the debt might not be significant.

SD explained that Metroselskabet I/S is a company building a metro and that the investment is not taken into account when performing the 50% test; however the company is close to 50%.

SD requested Eurostat's advice on the classification of A/S Øresund. A/S Øresund is classified as a public entity, in the non-financial corporation sector (S.11). It is owned by the Danish central government through a public holding corporation. The debt of A/S Øresund is guaranteed by the Danish central government while the rest is government relending. For the period 2006-2010 A/S Øresund fulfills the criteria for being a market producer when applying the 50% criterion as defined in ESA95. However, in the same period A/S Øresund's net interest was significant, and therefore, when applying the 50% criterion as defined in ESA2010 (where net interest is included in the production cost) the ratio falls well under 50% and the entity becomes a non-market producer.

Eurostat agreed that SD reclassifies Øresund in the sector S.13 for all years in question, when implementing ESA2010 in September 2014. Until then, the unit remains classified in S.11.

SD informed Eurostat that, in the context of the implementation of ESA2010, some entities involved in education activities will be reclassified from general government to the non-profit institutions sector.

Findings and conclusions

Action point 9: Eurostat agreed that, due to the nature of their activities, the units involved in rental activities should remain classified inside government. Deadline: Continuous

Action point 13: Eurostat took note that SD will reclassify into the sector S.15, in the context of the implementation of ESA2010, some units involved in education activities, currently classified in government. Deadline: September 2014

Action point 15: Eurostat encouraged SD to consult the Danish Central Bank in order to review the sector classification of some entities currently considered as MFIs, because they are included in the so called MFI list, but which do not seem to have the nature of financial intermediaries, according to ESA95 provisions, as indicated by SD. A note asking for advice will be sent to Eurostat by SD. Deadline: January 2013⁶

Action point 16: For the sector classification of public corporations inside or outside general government sector, Eurostat advised SD to undertake the 50% test in a forward looking way. Deadline: Continuous

Action point 17: SD will analyse the accounts of DONG Energy A/S and check if its subsidiaries should not be reclassified inside general government and will inform Eurostat on their conclusions. Deadline: February 2013⁷

Action point 18: Eurostat agreed with the classification of A/S Øresund inside the government sector, S.13 in 2014, for all historical years. Deadline: September 2014

Action point 19: SD will analyse the accounts of Metroselskabet I/S and will send to Eurostat a note on its sector classification. Deadline: February 2013⁸

⁶ SD sent a note explaining the classification as financial intermediaries of a number of entities which are branches of foreign financial intermediaries, have a banking license in their home countries, but the main activities of the Danish branches are spread over areas like financial lease, credit card and consumer credit.

⁷ SD sent to Eurostat a note in February 2013 concluding that DONG is owned both by public and private shareholders and acts according to market conditions. According to the analysis done by SD, all subsidiaries satisfy the market/non-market test.

⁸ SD has concluded that Metroselskabet belongs to the non-financial corporation sector (S.11) as a public corporation, given Metroselskabet's business plan, Metroselskabet's kind of activity and Metroselskabet's long-term budget.

4.2. Implementation of the accrual principle

4.2.1. Accrual taxes and social contributions

Introduction

Prior to the visit, SD sent a note on the recording of taxes and social contributions on an accrual basis, using the new format of the EDP Inventory and provided explanations on transactions in receivables, payables, and consolidation.

Discussions and methodological analysis

Eurostat enquired about the recording of write-offs for taxes. SD explained that all taxes are recorded in the year in which they accrue to the tax authorities (SKAT). The value of taxes that are never paid is recorded as a capital transfer from the general government sector to the sectors of households or companies. The estimated unpaid taxes are, in practice, calculated as the average write offs in the central government accounts over three years.

Moreover, SD explained that the amount recorded as revenue from taxes and not yet paid is recorded in the accounts of the central government as an F.79.

Eurostat insisted on the revision policy for taxes and pointed out that the fact that final data for taxes is only available in November t+3, implying that the data can be revised until 3 years later, is an issue of concern. SD informed Eurostat that starting from the year 2012 new data sources (preliminary accounts for municipalities and regions, published for the first time in 2012) are used which allow more reliable early estimates closer to final data. This would reduce the revision of data in November t+3. However more work should still be done especially for the March estimates.

It was agreed that the description in the EDP Inventory should be made clearer concerning the recording of taxes on an accrual basis, including the calculation of taxes unlikely to be collected.

Eurostat requested clarifications about the level of taxes which has been estimated by SD in connection to the unpaid taxes due to the financial crisis. It was explained that SD calculates the level of taxes, taking into account various data sources, in addition to SKAT data. Using as main source the statistics on tax arrears, SD were in a position to anticipate partially the effect of the financial crisis. It was agreed that SD will continue its work on this in order to take into account fully the impact on taxes due to the financial and economic crisis.

Prior to the visit, SD provided an updated note on the multimedia tax and media licence in Denmark and possible consequences for the classification of Danmarks Radio. This issue has already been mentioned during the last EDP dialogue visit. SD informed Eurostat that detailed data about the tax income is not available and therefore the tax will be recorded as an integrated part of taxes on income. Since the economic nature of TV licences moves from payment for a service to payment of a tax, Danmarks Radio will be reclassified in the government sector, starting with 2007. Eurostat agreed that, since the impact will not be significant, the reclassification of Danmarks Radio can be done in September 2014, when the implementation of ESA2010 will take place.

Findings and conclusions

Action point 10: Eurostat invited SD to include a revised description of the treatment of taxes unlikely to be collected in national accounts in the new EDP Inventory. Deadline: February 2013⁹

Action point 11: Eurostat took note that SD is working on improving the estimates of taxes (especially for the April notification) and encourages SD to continue this work in order to reduce revisions between the April and the October notifications. The description of estimations done for taxes should be updated in the new EDP Inventory. Deadline: Continuous

Action point 12: Eurostat took note that SD has recently done estimations, in order to partially anticipate the effect of the financial crisis, on the amounts of taxes unlikely to be collected. Eurostat asks SD to undertake further work in order to take fully into account the effect of the financial crisis in this respect. Deadline: Continuous

Action point 14: Eurostat agreed that Danmarks Radio should be reclassified inside the government sector starting from the year 2007. Eurostat accepts the proposal of SD to undertake this reclassification in 2014, taking into account that the impact on deficit and debt will be negligible. However, in case the impact on EDP aggregates is not negligible, there will be an earlier EDP correction. Deadline: September 2014

4.2.2. Accrued interest

There has been no change in the recording of accrued interest since the last EDP dialogue visit. Therefore there has been no specific discussion on the recording of accrual interest in EDP tables.

4.2.3. Gross fixed capital formation

Introduction

A note describing the recording of GFCF by sub-sectors has been provided by SD, prior to the EDP dialogue visit.

Discussions and methodological analysis

SD recalled that P.51 is recorded on a commitment basis, which is the delivery, very close to the accrual.

Eurostat enquired if there were any milestone payments and/or anticipated recording of deliveries. SD explained that the information available in the accounts of the central government provides the amounts of the payments in several instalments and a lump sum at the end of the project.

⁹ Action point implemented according to the deadline. The updates have been implemented in the new EDP Inventory in December 2013.

Findings and conclusions

Eurostat took note of the explanations concerning the accrual recording of investment expenditure.

4.3. Recording of EU flows

There has been no change in the recording of EU flows since the last EDP dialogue visit, when the issue has been discussed. SD reports, in EDP tables and in table 6 of the Questionnaire related to EDP, the net figures for EU flows. This issue has not been discussed again.

4.4. Recording of military equipment

Introduction

Issues related to military equipment under ESA2010 were shortly discussed under this item of the agenda.

Discussions and methodological analysis

At the request of Eurostat, SD explained that the provisions of ESA2010 are being analysed, including any possible impact on the recording of expenditure on military equipment. According to the analysis, there should be no change in the military expenditure, due to the fact that the work in progress is paid gradually over time and that there is no research and development expenditure related to military equipment.

Findings and conclusions

Eurostat took note of the explanations concerning the recording of recording of military equipment.

4.5. Recording of capital injections in public corporations, dividends and privatisations

Introduction

Prior to the EDP dialogue visit, SD provided a note on practical implementation of the capital injection test, a list of capital injections for the period 2008-2011 by beneficiary and treatment in national accounts and a list of loss making public corporations including amounts for the years 2010 and 2011.

Discussions and methodological analysis

A. Capital injections in public corporations

Eurostat asked if SD is able to identify any capital injections at local government level. SD explained that the data sources used are the accounts for each level of government, which provide the needed information (the account number) allowing identifying any capital injection, including at level of local government.

At the request of Eurostat about capital injections in kind, SD explained that the central government has transferred buildings to Statens Ejendomssalg A/S, and this has been recorded as a financial transaction, acquisition of equity.

Eurostat enquired on the capital injections in quasi-corporations. SD explained that, according to what has already been agreed with Eurostat in previous discussions, these are recorded depending if a quasi-corporation is deficit or profit-making. For deficit-making quasi corporations, with positive net investments, the capital injections is recorded as a capital transfer; for the deficit-making quasi corporation with negative net investments as well as for profit-making quasi-corporations, the capital injection is recorded as a financial transaction (equity injection, with positive or negative value).

Eurostat enquired about three quasi-corporations with losses, under the central government: Skov-og Naturstyrelsen, IT og Telestyrelsen and Banedanmark. SD mentioned that two of them will be reclassified from non-financial corporations (S.11) to the general government sector in 2014 and one ceased to exist in 2012. SD also drew the attention of Eurostat that with the implementation of ESA2010 there will be no quasi-corporations at the level of central government, however at the level of local government some quasi-corporations will still exist.

B. Super dividends

SD recalled that the test is performed on a regular basis.

On the super dividend test for the year 2011, SD explained that the data for the public corporations was not available before the EDP dialogue visit, and therefore the test could not be performed. SD committed itself to transmit the data as soon as available from all public corporations, probably in January 2013.

Findings and conclusions

Eurostat took note about the explanations provided by SD on the capital injections for local government sub-sector, capital injections in kind and those related to quasi-corporations.

Action point 22: Due to the fact that the data were not available prior to the EDP dialogue visit, Eurostat agreed that SD will provide the result of the super-dividend test for the year 2011, in January 2013. Deadline: January 2013¹⁰

4.6. Recording of trade credits

Introduction

SD provided, prior to the EDP dialogue visit, a note describing the recording of trade credits, including the figures for the period 2008-2011, separately for central government, local government and social security sub-sectors.

¹⁰ SD provided to Eurostat in January 2013, as soon as the needed data was available, the result of the super-dividend test for the year 2011. It was concluded that no public corporation has paid dividends that exceeded its operating profit.

Discussions and methodological analysis

SD pointed out that the trade credits data are solely derived from the central government accounts and that the data are provided on a monthly basis by Moderniseringsstyrelsen. The analysis of the trade credits reported in October 2012 showed that some of the amounts should be recorded as F.79 (other accounts payable) instead of F.71 (trade credits and advances). Moreover, some consolidation issues have been pointed out, which would change the data in April 2013, as compared to what has already been reported, because both assets and liabilities for F.71 have been overestimated.

Eurostat enquired about the trade credits at the level of local government and social security funds. SD explained that for local government there were some late payments during the past years and for the social security funds the amounts should not be significant.

At the request of Eurostat, SD confirmed that there have been no restructuring without recourse, and therefore no amounts recorded as trade credits should be reclassified as loans, following Eurostat's Decision of July 2012.

Findings and conclusions

Action point 20: SD will analyse the consolidation of trade credits for central government and will continue the work on identifying the amounts which are currently recorded as other accounts payable for local government, but should be rather recorded as F.71. Deadline: April 2013 notification¹¹

Action point 21: Eurostat took note that the Eurostat decision of 31 July 2012, on the recording of trade credits, will not have any impact in Denmark.

4.7. Government guarantees, claims, etc.

Introduction

Prior to the EDP dialogue visit, SD provided an updated list of guarantees called, their repayments and stocks for the period 2008-2011 (separate tables for central government and for local government sub-sectors). Moreover, SD provided a list of government claims (stocks and transactions) for the period 2008-2011.

Discussions and methodological analysis

Eurostat explained that the amount of loans to Iceland should be rather reported as "foreign claims" in table 8.1 of the Questionnaire related to EDP and asked SD to send a corrected table in April 2013. SD agreed and pointed out that, normally, the Danish government should not incur any loss from those loans.

Eurostat enquired about an amount of guarantees called for the Finansiell Stabilitet A/S for the year 2011. SD explained that the most significant amount represented guarantee called related to the individual state guarantee scheme on banks and other credit

¹¹ Action point implemented according to the deadline. The adjusted data for trade credits and advances were reported in the April 2013 notification.

institutions whose original debtor was Finansiel Stabilitet. These have been recorded as government expenditure.

SD also pointed out that the guarantee calls for local government and social security funds, will be provided in future reportings.

Eurostat asked for explanations about the implications in government accounts of the operations related to Export Credit Funds. SD explained that the Export Credit Fond (ECF) insures against the risk of financing export projects in uncertain markets and is classified as a financial corporation. ECF operates under commercial terms and conditions and is covered by an unspecified guarantee by the Danish State. In the state account, the guarantee is assumed to be zero. However, the government receives fees/interest for the guarantee provided.

Based on the list of government guarantees to other than public corporations, by counterpart, provided by the Danish statistical authorities prior to the visit, Eurostat enquired about some of the amounts for 2010 and 2011. The Danish statistical authorities explained the recording of the Danish government guarantee to EFSM, of about 6 bill. DKK. Eurostat pointed out that, if the guarantees will be called, there will be an impact on the Danish government accounts. SD also explained that the guarantees provided by the Ministry of Social affairs relate to social and cultural buildings and that some of those are in fact guaranteed by local government.

SD pointed out about the need to discuss the standardised guarantees, which for Denmark mainly relate to student loans, in the light of the implementation of ESA2010. SD explained that the information about the amounts of student loans come from the central government accounts and that a capital transfer is recorded when the amounts of losses appear in the accounts.

Findings and conclusions

Action point 23: Eurostat requested that the loan given to Iceland is reported as "foreign claims" instead of "other claims" in table 8.1 of the Questionnaire related to EDP notification tables. Deadline April 2013 notification¹²

Action point 25: SD will undertake efforts in order to monitor government guarantees given at the local government level and will include them in tables 9 of the Questionnaire related to EDP notification tables. Deadline: Continuous¹³

4.8. Debt assumptions, debt cancellations and debt write-off

Introduction

SD sent, prior to the EDP dialogue visit, the list of debt assumptions, debt cancellations and debt write-offs for the period 2008-2011, by title and amount.

¹² Action point implemented according to the deadline.

¹³ In January 2013 Eurostat was informed that, thanks to an agreement with the Ministry of Finance and the Ministry of Interior, SD will be in a position to collect supplementary information about local government guarantees in connection with local government final accounts for the year 2013.

Discussions and methodological analysis

SD confirmed that the only debt cancellation was in year 2008, and concerns a loan to Liberia.

Eurostat enquired about the guarantee of a loan for urban renewal, which is reported by SD as a debt assumption in table 9.2 of the questionnaire related to EDP. SD explained that the urban renewal loan guarantee, amounting to about 9 billion DKK, has been recorded from the beginning as government debt, because the government is effectively servicing the debt, both interest and repayments of principal. This kind of guarantee schemes has been stopped in 2003. It was agreed that, in fact this is not an assumption of the debt, but rather a reclassification of a guarantee as a government loan from its inception.

Findings and conclusions

Action point 24: Eurostat agreed that the guaranteed loan for urban renewal should not be reported in table 9.2 of the Questionnaire related to EDP notification tables, as this was not a debt assumption in the past, but a reclassification as government debt of the loan since its inception. Deadline: April 2013 notification¹⁴

4.9. Private-Public Partnerships (PPP) and concessions

Introduction

Prior to the EDP dialogue visit, SD provided a note describing new PPP contracts and treatment in national accounts.

Discussions and methodological analysis

SD confirmed that there have been no changes to the existing PPP projects.

For the project of construction of a school and a swimming arena in the city of Helsingør (Helsingør skole project in table 11 of the questionnaire related to EDP notification), SD explained that the private partner is responsible for both the construction and the maintenance for a period of 25 years. The local government pays to the private partner the cost during the construction period, with the last payment at the time the buildings are finished. The buildings are already included in the budget of the local government. Eurostat agreed that this project should not be regarded as a PPP, and should be removed from table 11 of the Questionnaire related to EDP notification.

Eurostat enquired about the project P-hus in Aarhus. According to SD knowledge, the project is a multi-store car park at Aarhus Hospital, having similar characteristics as the above project, with the assets included in the local government budget. SD asked the local government Region Midtjylland (the public partner) to provide the contract, however for the time being SD has not received it. Eurostat requested to receive the analysis of the project as soon as possible in order to decide if it is a PPP and if it should be recorded on-balance sheet.

¹⁴ Action point implemented according to the deadline.

Findings and conclusions

Action point 26: SD will take out from table 11 of the Questionnaire related to EDP tables the project related to Helsingørskøle, as this is not a real Public-Private Partnership (PPP). Deadline: April 2013 notification¹⁵

Action point 27: SD will analyse the PPP relating to P-hus Aarhus (Parking house) in order to decide on its classification and will inform Eurostat on their conclusions. Deadline: April 2013 notification¹⁶

4.10. Financial derivatives

Introduction

Under this item of the agenda the discussion focused on the recording of financial derivatives in EDP tables.

Discussions and methodological analysis

Eurostat pointed out that there are some discrepancies in financial derivatives (F.34) between the financial accounts and EDP tables 3. This issue has already been pointed out during the last EDP dialogue visit to Denmark. Eurostat also recalled that, as a general principle, EDP tables 3 should be consistent with the financial accounts, therefore the financial derivatives should be recorded both on the assets and on the liabilities sides.

SD agreed with Eurostat, however explained that an analysis is done in the context of the implementation of ESA2010 with a view of gross recording, but it needs more detailed information. Eurostat pointed out that it could agree that, for practical reasons, for the time being the recording is net and recommended to use counterpart information, like for example BOP statistics, where normally the recording is gross.

Findings and conclusions

Eurostat took note of the explanation provided by SD and of the fact that the revision could only be implemented in September 2014.

4.11. Government operations relating to the financial crisis

Introduction

Prior to the EDP dialogue visit, SD provided a note on the rescue operations in the context of the financial crisis, including an updated status of the operations undertaken by Finansiel Stabilitet (a financial stability company established in 2008 as part of an

¹⁵ Action point implemented according to the deadline.

¹⁶ At the occasion of the data assessment in April 2013, SD provided its analysis of the P-hus i Århus PPP project. The private partner bears the full construction risk and the availability risk. The demand risk is shared equally between the public and the private partners. There is no government financing of the asset and no government guarantees have been given.

agreement between the Danish government and the Danish financial sector, with the objective to ensure financial stability, including winding-up of distressed banks).

Discussions and methodological analysis

SD recalled that Finansiell Stabilitet is classified as a financial holding corporation sector in S.123. In 2011 it was decided that Finansiell Stabilitet will administrate the winding up (under the third banking package - exitpakken) of both Amagerbanken and Fjordbank Mors and in late 2011 Max Bank was included under the Finansiell Stabilitet Group. (Indskydergarantifonden financed by the private banks bears the financial risks from the winding up of these banks). In 2012 Finansiell Stabilitet has overtaken some activities from FIH Erhvervsbank and from Sparekassen Østjylland. Furthermore Finansiell Stabilitet has been involved in the transfer of Tønder Bank's assets and liabilities to Sydbank A/S.

SD explained that in March 2012, Finansiell Stabilitet agreed to buy a newly established entity with real estate properties from FIH Bank in order to strengthen FIH Bank's solvency. Finansiell Stabilitet will not incur any losses since FIH has given a guarantee. Possible profits will be split between FIH and Finansiell Stabilitet. Eurostat was wondering how it could be possible that FS will not occur any loss.

Eurostat enquired about dividends of about 4,6 bill DKK reported as revenue by government for the year 2011. SD explained that these are indeed revenue of the Danish government related to the FS¹⁷, in relation to the guarantee issued by the Danish state for Roskilde bank. However, Eurostat asked for explanations about this operation and the inconsistency which seem to appear between the Report for 2011 of FS and the accounts of the government. SD explained that the amount recorded as revenue is recognised in the government accounts. At the same time, there is a call due to the loss on guarantees, which is recorded as expenditure, thus, there is no effect on the deficit.

Eurostat questioned the classification of FS and its subsidiaries in the sector financial corporations (S.12). SD explained that the entities have banking licences, perform banking activities, take deposits and issue loans, and therefore concluded that the sector classification is correct. However, Eurostat pointed out that these entities have only few costumers, they do not accept new costumers, the parent seems having the typical function of a defeasance structure and the final risk is with the government. SD stressed that although they do not accept new costumers, they produce financial intermediation services (FISIM). Moreover, FS has a surplus in 2011, the probability for government to incur losses due to FS is rather small and, most important criteria, it performs banking activities. The parent is a holding and has sufficient autonomy to be an institutional unit.

However, it was agreed that FS and its subsidiaries will be closely monitored by SD and NCB and that Eurostat will be informed as soon as any change occurs.

¹⁷ However, after analysing more in detail on the issue, SD decided to reclassify the amounts from "dividends" to "other revenue", namely capital transfer, in April 2013.

Findings and conclusions

Action point 28: MoF will send a short note explaining the difference between the recording of the imputation of dividends on the guarantee given to Roskilde Bank in the central government account and the recording of the same transaction in the Financial Report published by Financial Stabilitet A/S. Deadline: April 2013 notification¹⁸

Action point 29: SD will continue to monitor closely, in cooperation with the Danish Central Bank, the activity and classification of the parent and subsidiaries in Financial Stabilitet A/S and inform Eurostat on any changes as compared to the present situation. Deadline: Continuous

4.12. Pension reform

Introduction

At the request of Eurostat, SD sent a description of the pension system in Denmark and the recording in national accounts.

Discussions and methodological analysis

Eurostat enquired about any plans to reform the pension system in DK. SD explained that, as far as they are aware, there will be no future reform. However, a tax reform will be introduced in relation to pensions, which would increase tax revenue of government for the year 2013. It was agreed that SD will collect the information needed to decide if the revenue from the capital tax would impact the year 2013 or not.

Findings and conclusions

Action point 30: SD will, in cooperation with the MoF, prepare a note on the introduction of the capital tax in relation to pensions, to be implemented in 2013, and ask for Eurostat's advice on the time of recording of the related tax revenue. Deadline: end February 2013¹⁹

4.13. Sale and leaseback operation, carbon trading rights, UMTS, securitization operations

Discussions and methodological analysis

Eurostat enquired about the existence of sales of carbon trading rights for the year 2012. SD pointed out that there have been no sales of carbon trading rights, however, according to their knowledge, there might be some in 2013 and committed itself to inform Eurostat as soon as the event takes place.

¹⁸ In January 2013, SD sent a note explaining the difference between the recording of the government revenue in 2011 counterbalanced by the loss due to the guarantee in connection to Roskilde Bank, recorded as government expenditure, and the Finansiel Stabilitet A/S' annual report for 2011.

¹⁹ The Danish statistical authorities sent a note in January 2013 explaining the Danish government's tax reform, including on capital pensions held by households with commercial banks. Taking into account the explanations provided, Eurostat agreed with the recording of extra revenue from these taxes to be recorded as accrued in 2013.

Findings and conclusions

Action point 31: Eurostat took note that there might be sales of carbon trading rights in 2013 for about 1 billion DKK. SD will inform Eurostat on the recording, as soon as the sale takes place.

5. Other issues including ESA95 transmission tables

A. ESA95 transmission tables

Discussions and methodological analysis

Eurostat underlined the good cooperation concerning the quality and regularity of data delivery of ESA tables related to government. Eurostat recalled that, during recent contacts with SD, the recording of D995 as a positive amount in D9PAY instead of as negative revenue in D9REC was discussed. SD agreed that this should be corrected, however, explained that, due to technical difficulties, it will only be in a position to do so in September 2014, at the occasion of the major revision of national accounts.

Findings and conclusions

Action point 32: Eurostat took note that ESA table 2 will be revised in order to record D.995 as negative revenue, instead of expenditure, as currently is the case. Due to technical difficulties to change the recording, Eurostat agrees that this revision is to be done with the implementation of ESA 2010. Deadline: September 2014

A. Timetable for the Danish transmission of the draft of the new EDP inventory

Introduction

Prior to the EDP dialogue visit, SD sent an additional note and a timetable for the transmission to Eurostat of the draft of the new EDP Inventory.

Discussions and methodological

It was agreed that the first draft of the new EDP inventory is produced using a step by step approach, in order to accommodate this work to other statistical work, such as the major revision in 2014 following the ESA 2010.

The description of the methods and the recording in national accounts, in the new EDP Inventory, will follow ESA2010, and whenever these will differ from ESA95, the differences will be mentioned.

Eurostat appreciated that SD already provided parts of the EDP Inventory at the occasion of the pilot project, as well as a preparatory work for the EDP dialogue visit. SD committed itself to deliver the final version in time for the publication planned for December 2013.

SD pointed out that the new EDP Inventory will be published on its website in English too.

Findings and conclusions

Action point 33: Eurostat agreed on the timetable for the completion of the new EDP Inventory and took note that SD will have completed the EDP Inventory for publication by December 2013²⁰.

²⁰ SD provided the EDP Inventory according to the agreed timetable.

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