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FINAL FINDINGS

EDP dialogue visit to Ireland

30-31 August 2012

TABLE OF CONTENTS

INTRODUCTION	3
1. STATISTICAL CAPACITY	3
1.1. Institutional responsibilities	3
1.2. Data sources	4
1.2.1. <i>Financial accounts</i>	4
1.2.2. <i>Local government</i>	5
1.3. EDP inventory	6
2. FOLLOW-UP OF THE NOVEMBER 2010 VISIT	7
3. FOLLOW-UP OF THE APRIL 2012 EDP REPORTING	8
3.1. EDP tables 2 and 3	8
3.2. Statistical discrepancies	9
4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS	10
4.1. Public interventions during the financial crisis	10
4.1.1. <i>National Asset Management Agency</i>	10
4.1.2. <i>Irish Bank Resolution Corporation</i>	11
4.1.3. <i>Promissory notes</i>	12
4.1.4. <i>Capital injections into Allied Irish Banks and Irish Life & Permanent, and Allied Irish Banks' dividends paid in shares</i>	12
4.1.5. <i>Credit union sector and the Insurance Compensation Fund</i>	13
4.2. Delimitation of general government	15
4.2.1. <i>Public transport companies</i>	15
4.2.2. <i>Educational institutions</i>	15
4.2.3. <i>Irish Water</i>	17
4.2.4. <i>Other public corporations</i>	17
4.2.5. <i>Register of general government-controlled entities</i>	18
4.3. Implementation of accruals principle	19
4.3.1. <i>Taxes and social contributions</i>	19
4.3.2. <i>Interest</i>	20
4.4. Recording of specific government transactions	21
4.4.1. <i>Public Private Partnerships and concessions</i>	21
4.4.2. <i>EU flows</i>	22
4.4.3. <i>Trade credits</i>	23
4.4.4. <i>Consolidation of general government stocks and flows</i>	24
4.4.5. <i>Planned transactions with a potential impact on statistics</i>	25
5. OTHER ISSUES	26
5.1. ESA95 transmission programme	26
5.2. Any other business	27
ANNEX. LIST OF PARTICIPANTS	28

INTRODUCTION

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009 (as amended by Council Regulation (EC) No 679/2010) on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, Eurostat carried out an EDP dialogue visit to Ireland on 30-31 August 2012.

The delegation of Eurostat was headed by Mr François Lequiller, Director of Government Finance Statistics (GFS). Eurostat was also represented by Mr Luca Ascoli, Mr John Verrinder, Mr Martynas Baciulis and Mr George Papadopoulos. Representatives of the Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers.

Ireland was represented by the Central Statistics Office (CSO), the Department of Finance, the Central Bank of Ireland, the Department of Environment, Community and Local Government, the Department of Public Expenditure and Reform, the National Treasury Management Agency, the National Development Finance Agency, the National Asset Management Agency and the National Roads Authority.

Eurostat carried out the EDP dialogue visit with the main aims of (1) discussing public interventions during the financial crisis, (2) discussing delimitation of general government and recording of specific government transactions, and (3) examining the revised institutional arrangements for the EDP notification.

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

Eurostat appreciated the fact that the Irish authorities contributed to the smooth organisation of the visit with their open and constructive approach during the meeting as well as with documents provided before and during the visit.

1. STATISTICAL CAPACITY

1.1. Institutional responsibilities

Introduction

Eurostat enquired about the transfer of the institutional responsibility for EDP data activities from the Department of Finance to the CSO, about formal arrangements of cooperation between the Irish authorities, and about the role and functions of the Department of Public Expenditure and Reform.

Discussion

The Irish authorities explained that, with effect from the end-March 2013 return, the institutional responsibility for the compilation and transmission of Ireland's EDP notification tables would move from the Department of Finance to the CSO. The Department of Finance will continue to provide forecast data.

For at least the March 2013 EDP transmission, the Department of Finance will additionally continue to obtain source data on the debt and operations of certain government entities, for inclusion by the CSO in its debt and deficit compilation. This will ultimately be replaced by a new standardised CSO data collection system for all public sector bodies.

Although there is as yet no specific formal agreement of cooperation on EDP/GFS issues between the Irish statistical authorities, Eurostat noted that such agreements are currently being drafted, and are expected to be signed in the first half of 2013. Meanwhile, the statistical authorities involved in GFS/EDP compilation cooperate informally and through the Government Finance Statistics Liaison Committee (GFSLC). The latter consists of representatives of the CSO (chair), the Department of Finance, and the Central Bank of Ireland. A GFSLC sub-committee on PPPs and capital investment projects met for the first time in June 2012. Further sub-committees involving other important data suppliers, notably the Department of Public Expenditure and Reform and the National Treasury Management Agency, are expected to be added in due course, along with associated Service Level Agreements.

The Department of Public Expenditure and Reform, which manages the distribution of funds to government departments, took over the responsibility for public expenditure from the Department of Finance in March 2011.

According to the CSO, its cooperation with data suppliers is governed by the Statistics Act, 1993. As noted above, this is expected to be supplemented by Service Level Agreements in the future.

Conclusions

Action 1. Eurostat takes note of the new institutional EDP working arrangements being created by the Irish authorities, and would like to receive copies of Service Level Agreements when they are signed.

Action 2. The CSO will update Eurostat at the time of each EDP notification on progress made with regard to these new working arrangements, and also with regard to a new data collection and processing system.

1.2. Data sources

1.2.1. Financial accounts

Introduction

Eurostat and the Irish authorities discussed consistency between financial accounts and EDP reporting, and information on bank accounts of public bodies.

Discussion

The quarterly government debt return (ESA table 28) and EDP debt return are consistent. However, there remain a number of inconsistencies between EDP and QFAGG (Quarterly Financial Accounts of General Government), which are mainly related to statistical discrepancies between financial and non-financial accounts. According to the Irish authorities, these inconsistencies can be partly explained by differences between nominal and

market values. Eurostat encouraged the Irish authorities to further analyse the reasons for this at a level of individual financial instruments.

As a follow-up to action point 10 from the previous dialogue visit in November 2010, the CSO examined the data on nearly 600 bank accounts held by public bodies at the Central Bank. According to the CSO, the vast majority of these accounts are either correctly included as part of the General Government sector or are correctly classified outside.

There remain a small number of accounts that merit further investigation. The CSO queried with the relevant government departments whether other accounts should also be included as part of the General Government sector. This exercise will also include a check to see whether departments have private bank accounts (i.e. not with the Central Bank).

Conclusions

Action 3. *With regard to the consistency between financial accounts and EDP reporting, Eurostat asks the CSO to analyse the difference between market and nominal value at an instrument level, and to report the results to Eurostat by end-2012.¹*

Action 4. *The CSO will confirm to Eurostat by end-November 2012 the conclusions of its investigation into recording of the bank accounts of central government bodies.²*

1.2.2. Local government

Introduction

Eurostat enquired about the new (non-financial) quarterly survey of the incomes and expenditures of local authorities, about the timeliness of annual data produced by the Financial Management System, and about the impact of the financial crisis on local government finances.

Discussion

Until now, there were two main data sources for local government: the accrual-based annual accounts produced by the Financial Management System (FMS, used to calculate net lending/net borrowing (B.9)), and the quarterly financial survey (used to calculate net lending/net borrowing derived from financial accounts (B.9f)). FMS data are not yet available for the end-September n+1 EDP reporting, and B.9 and B.9f data are not fully consistent.

These data sources have recently been supplemented by a second quarterly data collection, covering the revenue and expenditure of all the 34 city and county councils. CSO is exploring how this may be used to improve the quality of GFS for the Local Government sub-sector.

Meanwhile, the Irish authorities confirmed that Annual Financial Statements (AFS) produced by the FMS provide balance-sheet and transaction data on an accrual basis. However, changes in balance sheets also include such items as depreciation and provisions that have to be adjusted for national accounts purposes. This should be made easier by the use of a flow of funds statement, to be introduced for the first time in the final audited accounts for 2011.

¹ The Irish authorities have since provided initial information. The issue continues to be discussed.

² The Irish authorities have since provided initial information. The issue continues to be discussed.

The Irish authorities also confirmed that consolidation of grants between central and local government is currently being achieved by replacing, in the GFS for local government, the accrual-based AFS source data supplied by the local authorities with the cash-based expenditure data on grants supplied by central government. Eurostat pointed out potential timing differences and asked the Irish authorities to investigate this issue further, notably in the context of designing the new CSO data collection system.

As a follow-up to action point 15 from the previous dialogue visit, the CSO will continue to engage with the Department of Environment, Community and Local Government in an effort to improve the use of the FMS annual accounts information that is available by September of year n+1. It is expected that all accounts for the larger local authorities can be provided within that time frame but data for smaller authorities, such as urban councils, may have to be estimated. According to the Irish authorities, the final audited FMS accounts, which replace data obtained from the quarterly survey, only become available 15 months after the end of the reference year.

Eurostat shared the experience of other EU Member States where unaudited annual data were used to replace data from quarterly surveys and recalled that local government balances would have to be provided on a quarterly basis, as part of the recent EU legislation on enhanced macroeconomic surveillance.

The Irish authorities informed Eurostat of the likelihood that a number of mergers of local authorities will take place in the coming years, as part of a major policy of reform for the sector.

Conclusions

Action 5. By end-2012 the Irish authorities will provide Eurostat with feedback of follow-up of local government data issues, notably use of flow of funds accounts, possible differences in timing of grant recording, and adjustments required to balance sheet changes for compiling the financial deficit.³

1.3. EDP inventory

Introduction

Eurostat and the Irish authorities discussed the updates to the EDP inventory made before the dialogue visit and the new EDP inventory format.

Discussion

Eurostat thanked the CSO for the updated version of the EDP inventory, provided in June 2012, and noted the main changes compared to the previous version. Notably, the publication of the revised estimates of expenditure (used for the first EDP notification at end-March) moved from the Department of Finance to the Department of Public Expenditure and Reform. Also, at the level of central government, there is a reform agenda to move departments from cash accounting to accrual-based accounting. The timeframe for the move has not yet been agreed, but the appropriation accounts for 2011 will include balance sheets.

³ The Irish authorities have since provided initial information. The issue continues to be discussed.

The Irish authorities explained that the move of government departments from cash accounting to accrual-based accounting was at a very preliminary stage, while the balance sheets in the appropriation accounts were to be used for audit purposes.

Eurostat recalled the indicative planning relating to the new EDP inventory format, notably, bilateral discussions between Eurostat desk officers and Member States until September 2013, submission of the final complete draft by November 2013 and publication of the new inventory in December 2013. Eurostat also recalled the need to update the existing inventory for any major changes in the meantime.

The CSO informed Eurostat that draft chapters 1, 2, 6 and 7 could in principle be provided by end-2012.⁴ Chapters 3-5 will be submitted after the new EDP institutional arrangements are finalised in September 2013.

Conclusions

Action 6. *The CSO will update the existing EDP inventory, as and when necessary, for any major changes in institutional arrangements and compilation methods, pending the publication of the new structure EDP inventory at end-2013.*

Action 7. *The CSO will confirm to Eurostat, as soon as possible, the role of the Comptroller and Auditor General with respect to balance sheet information prepared alongside appropriation accounts.*⁵

2. FOLLOW-UP OF THE NOVEMBER 2010 VISIT

Introduction

Eurostat and the Irish authorities discussed the progress made since the previous dialogue visit in November 2010.

Discussion

Out of 33 action points agreed during the previous visit, 23 had been entirely completed. However, in most cases the initial deadlines were not met. The outstanding actions (of which six were 'in progress' and four were 'mainly completed') were discussed under the relevant agenda points.

Eurostat thanked the Irish authorities for the completion of a large number of action points, while recalling that normally all actions were expected to be completed before the deadline.

Conclusions

Eurostat underlines the importance of timely and complete EDP reporting and follow-up of action points.

⁴ This information has not yet been provided.

⁵ The Irish authorities have since provided initial information. The issue continues to be discussed.

3. FOLLOW-UP OF THE APRIL 2012 EDP REPORTING

3.1. EDP tables 2 and 3

Introduction

Eurostat and the Irish authorities discussed progress in relation to outstanding action points from the previous dialogue visit, the availability of data on payables for voted expenditure for the end-March t+1 EDP reporting, and the reduction of residuals in EDP tables 2A and 2C.

Discussion

As regards the basis of payables and receivables data in the appropriation accounts (action point 3 from the previous dialogue visit), the Irish authorities confirmed that information on accrued expenses, prepayments, accrued income and deferred income was available in the appropriation accounts for each Vote (government department). The Irish authorities also acknowledged that the current methodology (net changes in expenditure) was inadequate and would be replaced in the new CSO data collection system.

Eurostat recalled the need to have data on payables for voted expenditure available for the end-March t+1 EDP reporting, as these involved relatively large amounts in EDP tables 2 and 3. The Irish authorities explained that they had made progress in relation to payables of the Department of Environment, Community and Local Government.

The Irish authorities confirmed that the Social Insurance Fund had payables in its accounts and provided the relevant data and the breakdown (previous action point 4). They also corrected the reported basis of the working balance in EDP table 2C from 'mixed' to 'accrual' (previous action point 16) and provided a table detailing the calculation of the UMTS licence adjustment (previous action point 12).

Draft appropriation accounts for the year t+1 are now available early enough to provide the necessary adjustment in the end-September EDP notification (previous action point 13). The Irish authorities are investigating the creation of a new data collection system for the Votes, which would provide information on the accrual adjustment in time for the end-March t+1 EDP return.

As regards the access to voluntary hospitals data in time for the end-September EDP notification of the year t+1 (previous action point 21), the Irish authorities were able to include 2010 data for all voluntary hospitals in the March 2012 return. They will continue in their efforts to obtain accounts from the voluntary hospitals for the end-September EDP notification of the year t+1.

Eurostat noted an increase in residuals resulting from separate top-down (Department of Finance) and bottom-up (CSO) calculations of net lending/net borrowing (B.9) in EDP table 2. The Irish authorities explained that this issue would be resolved when the CSO takes over all parts of the B.9 calculation.

In line with previous action point 17, the Irish authorities now provide data under the following items in EDP table 3: the split of long-term loans (increase/reduction), interest flows attributable to swaps and forward rate agreements, and other volume changes in financial liabilities.

Conclusions

Eurostat and the Irish authorities agreed that further progress was needed on the use of payables and receivables data from the appropriation accounts in the compilation of GFS, the availability of data on payables for voted expenditure for the end-March t+1 EDP reporting and the availability of voluntary hospitals data for the end-September t+1 EDP reporting.

3.2. Statistical discrepancies

Introduction

Eurostat and the Irish authorities discussed the significant observed statistical discrepancies for 2010 (+0.16% GDP) and 2011 (+0.36% GDP), as reported in end-March 2012.

All reported discrepancies relate to the difference between capital and financial accounts (B.9-B.9f), as no data are available on other statistical discrepancies. Discrepancies are mainly attributable to central government, but they are also comparatively large for local government.

Discussion

Eurostat noted that the level of statistical discrepancies for the two years remained unacceptably high and enquired about the progress made to reduce them. Eurostat also underlined that these were positive discrepancies, meaning that government deficit could be underestimated.

The CSO acknowledged the discrepancies for the years 2010 and 2011, as reported in end-March 2012, between (1) the ‘top down’ and ‘bottom up’ versions of net lending/net borrowing (B.9) of central government in EDP Table 2A, and (2) between the financing requirement implied by the reported B.9 and the net acquisition of financial assets on the one hand and the calculated change in Maastricht debt on the other hand (EDP Table 3).

After making a number of changes to both sets of figures, the CSO came to the conclusion that the source of the discrepancies was an internal problem in EDP table 3. To address this, the CSO removed valuation changes from the lines in EDP table 3 relating to the net acquisition of securities other than shares (F.3) and the net incurrence of liabilities in financial derivatives (F.34). Also, balancing items were removed from the line relating to the appreciation and depreciation of foreign currency debt.

Eurostat pointed out that the work undertaken by the CSO had not yet resulted in the reduction of the discrepancies for 2010 and 2011, and encouraged further progress in this area.

Conclusions

Action 8. Eurostat invites the CSO to provide a report by end-September 2012 on the work undertaken to resolve the unusually large statistical discrepancy reported in tables 3A and 3B of the March 2012 EDP transmission.⁶

⁶ The statistical discrepancies for 2008-2011 were reduced in Ireland’s end-September 2012 EDP transmission. The Irish authorities are working to reduce the remaining residuals.

4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS

4.1. Public interventions during the financial crisis

4.1.1. National Asset Management Agency

Introduction

Eurostat and the Irish authorities discussed the ownership of National Asset Management Agency Investment Limited (NAMA-IL), a special purpose company through which the National Asset Management Agency (NAMA) acquired problematic assets from Irish banks. The issue of dividends paid by NAMA-IL was also discussed.

Discussion

Initially, 49% of NAMA-IL shares were held by NAMA, which is statistically classified in general government (S.13). The remaining 51% of NAMA-IL's shares, or three equal stakes of 17% each, were held by private investors. Majority private ownership is a necessary condition for such a special purpose entity to be classified outside general government, pursuant to Eurostat's decision of 15 July 2009 on public interventions during the financial crisis.

One of the initial three private beneficial owners of NAMA-IL, Irish Life, entered public ownership following a capital injection by the Irish government in 2011. At the time of end-March 2012 EDP notification, Irish Life's stake in NAMA-IL was already under a process of sale to a private buyer. To avoid unnecessary confusion and short-term effects on the Irish government data, Eurostat accepted the proposal of the CSO to continue to classify NAMA-IL outside the General Government sector pending the completion of this sale process. However, Eurostat expressed a specific reservation on the reported Irish government data, to highlight a potential reclassification of NAMA-IL if its majority public ownership extended beyond a temporary situation.

The Irish authorities informed Eurostat that Irish Life had launched a process to find a buyer of its stake in NAMA-IL. They also expressed confidence that the transaction would be completed before the end-September 2012 EDP reporting. Eurostat recalled that if this was not the case, NAMA-IL would have to be reclassified to general government.

Eurostat and the Irish authorities also discussed assumptions in the NAMA strategic plan of June 2012, that was provided as a follow-up to the action point 28 from the previous dialogue visit, and dividends for the years 2010 and 2011 paid to the holders of B ordinary shares in NAMA-IL (three other investors than NAMA).

Conclusions

Eurostat took note of the assumptions in the latest version of the NAMA strategic plan and underlined that it would monitor the amount of dividends paid by NAMA-IL. If dividends are paid despite an insufficient profit, this would call into question the majority-private ownership of NAMA-IL.

Action 9. Eurostat will receive complete information on the forthcoming sale of Irish Life's NAMA-IL stake when the sale is completed, at the latest by end-September 2012.⁷

4.1.2. Irish Bank Resolution Corporation

Introduction

Eurostat and the Irish authorities discussed issues related to a possible restructuring of the Irish Bank Resolution Corporation (IBRC). The statistical implications for the potential for the European Stability Mechanism (ESM) to recapitalise Irish banks were also discussed. The Irish authorities indicated that a number of options were being considered in relation to the restructuring of IBRC but that no single option had been agreed.

Discussion

In July 2011 two Irish institutions that Eurostat considered to have the characteristics of public financial defeasance structures, Anglo Irish Bank and the Irish Nationwide Building Society, were merged into IBRC. In the view of Eurostat, IBRC has the same clear characteristics of a public financial defeasance structure, as described in the recently revised financial defeasance chapter of the ESA95 Manual on Government Deficit and Debt (MGDD). However, IBRC, as was the case with its predecessors, is on the Monetary and Financial Intermediaries (MFI) list maintained by the European Central Bank (ECB) and is therefore statistically classified in the Financial Corporations sector (S.12).

During the meeting, the Irish authorities updated Eurostat on the performance of IBRC and discussed IBRC's draft revised operating plan. The statistical implications of certain options for restructuring IBRC were also discussed. Eurostat expects that if there is a restructuring, a review is undertaken of the inclusion of IBRC on the MFI list.

The Irish authorities also informed Eurostat about the potential for using the ESM to recapitalise Irish banks.

In this context Eurostat recalled its guidance note of July 2012 on the impact of bank recapitalisations on government finance statistics during the financial crisis. Notably, a potential direct recapitalisation of banks via ESM "would have no impact on the Member States' government debt (and on the deficit for the debt servicing costs), provided that the government concerned would not incur any direct or indirect obligations towards the ESM as regards the recapitalisation operation, i.e. there would be no possible involvement of government in the recovery of any claim held by the ESM on the banks".

Conclusions

Action 10. Eurostat takes note that the options relating to the restructuring of the promissory notes in the Irish Bank Resolution Corporation (IBRC) continues to be discussed. The Irish authorities will provide Eurostat with a progress report on the restructuring issues by end-2012.⁸

⁷ The Irish authorities have since confirmed that Irish Life's stake in NAMA-IL had been sold to a private investor. Eurostat considers this action point to have been completed. The specific reservation on the reported Irish government data, relating to NAMA-IL, was lifted in the October 2012 EDP notification.

⁸ The Irish authorities have since provided initial information. The issue continues to be discussed.

4.1.3. Promissory notes

Introduction

Eurostat and the Irish authorities discussed a partial repayment of the promissory notes in March 2012 and potential options for the restructuring of the promissory notes with long-term bonds.

Discussion

In 2010, the Irish government injected almost EUR 31 billion into Anglo Irish Bank and the Irish Nationwide Building Society, the two entities that were later merged into IBRC. These capital injections were funded by promissory notes issued in lieu of cash. From a statistical point of view, it was as if the capital injections were made in cash which was then lent back to the Irish government in return for the promissory notes.

The Irish government committed to making annual repayments of at least 10 per cent of initial capital value. Taking account of capitalised interest it will be about 15 years before the promissory notes are fully repaid. The Irish Government made a cash repayment of EUR 3.1 billion in March 2011.

The Irish authorities explained that a partial repayment of promissory notes in March 2012 had been made in new Irish government bonds maturing in 2025. These bonds had a face value of some EUR 3.4 billion with a below-market rate of interest. Therefore, a EUR 3.1 billion initial market value and an adjusted interest rate to unwind the discount were recorded in the national accounts.

IBRC converted these bonds into cash by means of a repurchase agreement with the (private) Bank of Ireland. Pending an approval of that agreement by the shareholders of the Bank of Ireland in June 2012, NAMA-IL provided a bridge loan to IBRC. The Irish authorities confirmed that the shareholders of NAMA-IL had approved its involvement in this transaction.

Conclusions

Eurostat noted the explanations provided by the Irish authorities and asked to be informed about any developments relating to the potential replacement of the promissory notes.

4.1.4. Capital injections into Allied Irish Banks and Irish Life & Permanent, and Allied Irish Banks' dividends paid in shares

Introduction

Eurostat and the Irish authorities discussed the on-going restructuring of Allied Irish Banks and Irish Life & Permanent (including the banking business of what is now named Permanent TSB). The issue of Allied Irish Banks' dividends paid in shares was also discussed.

Discussion

In July 2011 the Irish state injected a total of EUR 16.5 billion into Allied Irish Banks, Bank of Ireland and Irish Life & Permanent. The injections in the form of contingent capital contributions and the injection in the form of equity and capital contribution to Bank of

Ireland were recorded as financial transactions in, respectively, securities other than shares (F.3) and shares and other equity (F.5).

The statistical recording of the injections in the form of equity and capital contribution to Allied Irish Banks and Irish Life & Permanent was not straightforward. However, Eurostat in principle accepted the CSO's approach to partition these injections into a remunerable (financial) and a non-remunerable (non-financial) component, i.e. to record the amount of equivalent valuation to a market price as a financial transaction in shares and other equity (F.5) and the amount beyond that as a capital transfer (D.9).

As, at the time of the April 2012 EDP notification, the precise amounts (financial and non-financial component) were subject to the approval of the restructuring plans of the two banks by the EU competition authorities, Eurostat expressed a specific reservation on the reported Irish government data.

The Irish authorities provided a revised restructuring plan for Permanent TSB, that had been submitted to the EU competition authorities in June 2012. The Irish authorities underlined that the capital transfer component of the July 2011 injections, based on the revised restructuring plan, was consistent with earlier estimations.

The Irish authorities also informed Eurostat that a revised restructuring plan for Allied Irish Banks would be submitted to the EU competition authorities by end-September 2012, and updated Eurostat on the financial performance of the bank.

Eurostat recalled the issue of Irish government's preference shares in Allied Irish Banks, notably the fact that annual dividend payments in 2010, 2011 and 2012 had been made in stock, with the number of nominal shares issued based on the average price of thinly traded ordinary shares. Eurostat pointed out that the capital transfer test should continue to be applied in the case of each such stock dividend payment.

Conclusions

Eurostat took note of the revised restructuring plan for Permanent TSB.

Action 11. Eurostat will receive an update on the implications of the revised Allied Irish Banks restructuring plan for the recording of the 2011 capital injection and 2012 stock coupon, when this plan is completed.⁹

4.1.5. Credit union sector and the Insurance Compensation Fund

Introduction

Discussions focused on the Credit Institutions Resolution Fund and the Credit Union Restructuring Board. The Insurance Compensation Fund was also discussed.

⁹ The Irish authorities have since provided the revised restructuring plan. The specific reservation on the reported Irish government data, relating to the estimate of the capital transfer element of these injections, was therefore lifted in the October 2012 EDP notification. The implications for the 2012 stock coupon continue to be discussed.

Discussion

As part of the efforts to strengthen the Irish financial system, in 2011 the Irish authorities established that a number of credit unions are undercapitalised. This relatively small, but locally important sector has a total balance sheet of about EUR 14 billion.

The Irish authorities explained the operation of the programme: credit unions are not being subject to review, are restructured/stabilised or are resolved, depending on their capital ratio. The Irish authorities also updated Eurostat on the programme's actual evolution, as compared to forecasts.

The Credit Institutions Resolution Fund was introduced in 2011. It is funded through loans from the Irish government, with a view to meeting the anticipated credit union resolution costs. These loans are to be recouped from contributions made to the fund by credit institutions. All licensed banks and registered credit unions in Ireland fall within the scope of the new legislation. The Irish authorities confirmed that the fund was classified inside general government.

Eurostat pointed out potential issues relating to the statistical treatment of contributions to, and payments from, the Credit Institutions Resolution Fund, and requested to be informed in due course.

The Irish authorities informed Eurostat that the Credit Union Restructuring Board had been approved and would become operational in September 2012. As the board had not yet been classified, Eurostat enquired about the planned involvement of government. The Irish authorities explained that half of the operating costs of the board would be paid by the credit union sector which would be subject to a levy.

The Insurance Compensation Fund was established in 2011 to facilitate payments to policyholders in the case of non-life insurance companies in liquidation or administration. The CSO recalled that, because the fund was under the control of the Central Bank rather than government, it had been preliminary classified in the Financial Corporations sector (S.12), and its receipts had been classified as sales of services. However, it appeared later that the amounts to be levied on insurance companies by the fund might be much higher than originally anticipated, due to a larger than expected under-provision by the Quinn Insurance Group.

Eurostat shared the experience of other EU Member States where deposit and insurance guarantee schemes were usually classified outside general government. The fact that the amounts to be levied on insurance companies by the Insurance Compensation Fund may be higher due to the larger than expected under-provision is a feature of an insurance-like service where more claims are reflected in higher premiums.

Conclusions

Action 12. The Irish authorities will update Eurostat, by end-2012, on developments with respect to the Credit Institutions Resolution Fund and the Credit Union Restructuring Board.¹⁰

¹⁰ The Irish authorities have since provided initial information. The issue continues to be discussed.

4.2. Delimitation of general government

4.2.1. Public transport companies

Introduction

Eurostat and the Irish authorities briefly discussed statistical issues relating to public transport companies, as a follow-up to discussions during previous dialogue visits.

Discussion

The main holding corporation Córas Iompair Éireann (CIÉ) has three principal operating subsidiaries: Irish Rail, Dublin Bus and Bus Éireann. CIÉ, Bus Éireann and Dublin Bus are market units and classified in the Non-financial Corporations sector (S.11). Irish Rail which did not pass the market test was reclassified to general government from 2006 onwards.

Airports in Ireland are state-owned, but they are treated as quasi-corporations and are classified in the Non-financial Corporations sector (S.11). Ports are both private and public (mainly smaller ones) and are classified, respectively, in the Non-financial Corporations sector (S.11) and in the General Government sector (S.13).

As a follow-up to action point 20 from the previous dialogue visit in November 2010, the CSO confirmed that the fare revenues of Light Rail Service were owned by the Rail Procurement Agency, which is classified in general government as a non-market public corporation (S.13).

The Irish authorities confirmed that they were not aware of any statistically-relevant changes in relation to public transport companies.

Conclusions

Eurostat noted the information provided by the Irish authorities.

4.2.2. Educational institutions

Introduction

Discussions focused on the classification of voluntary schools. The alignment of the classification of educational institutions under ESA95 and UNESCO, OECD and Eurostat (UOE) systems was also discussed.

Discussion

The Irish authorities updated Eurostat on the work undertaken as a follow-up to action point 22 on voluntary schools from the previous dialogue visit.

The CSO explained that in most cases, voluntary schools were set up and owned by religious organisations, but more recently, their ownership is being transferred to trusts (non-profit limited companies with charitable status). Voluntary schools, which still form the largest part of the Irish secondary school system, are non-fee paying (mainly financed by government grants) and fee-paying (partly financed by student fees).

Both primary and voluntary secondary schools, which are governed by the provisions of the Education Act, 1998 are classified as “public” by the Department of Education and Skills in their UOE returns. All publicly funded primary schools are already classified within government for national accounts purposes.

Following consideration of the application of the ESA control by government concept to publicly funded schools, the CSO decided to reclassify the non-fee paying voluntary secondary schools from non-profit institutions serving households (NPISH, S.15) to general government (S.13). This reclassification was first implemented in the National Income and Expenditure 2011 publication in summer 2012, with retrospective application to 1970. The reclassification would also be implemented for the September 2012 EDP return.

Eurostat endorsed CSO’s classification of the non-fee paying voluntary secondary schools.

The classification of the fee-paying secondary schools was also investigated. Eurostat concurred with CSO’s conclusion that the level of control of these schools by government is the same as the non-fee paying schools. They also receive government grants for sanctioned teachers’ salaries on the same basis as the non-fee paying schools. But they are also financed by the fees students pay to the schools. Thus it was necessary to assess how much of their income was obtained from government financing and how much from fees, in order to assess their market/non-market status.

Using estimates of teachers’ salary grants and household spending on school fees, the CSO concluded that fee-paying voluntary secondary schools were market producers and should be classified in the Non-financial Corporations sector (S.11). Eurostat underlined that the market/non-market test should be performed on an individual basis.

In addition, Eurostat was informed that the CSO and the Department of Education and Skills were in the process of aligning the classification of educational institutions under two systems: (1) ESA95 (responsibility of the CSO) and (2) UNESCO, OECD and Eurostat (UOE, responsibility of the Department of Education and Skills). Apart from changes in statistical classification relating to voluntary schools, the CSO considers a possibility to reclassify universities from NPISH (S.15) to the Non-financial Corporations sector (S.11). This depends on the review of sales figures for more recent years.

Eurostat recalled that the classification of universities had been discussed in the past, and that the key issue was whether income from the ‘free fees’ initiative (whereby government meets tuition fees of eligible students) and from government-contracted research should be treated as sales.

Conclusions

Action 13. Eurostat will check if there is any guidance on the link between UNESCO, OECD and Eurostat (UOE) and ESA classification definitions for educational establishments, and inform the CSO as soon as possible.¹¹

Action 14. The CSO will carry out a one-off exercise in respect of the year 2011 to check individual fee paying schools for their market/non-market nature and report to Eurostat by end-2012.¹²

¹¹ Eurostat has since provided this information and considers this action point to have been completed.

¹² The Irish authorities have since provided initial information. The issue continues to be discussed.

4.2.3. Irish Water

Introduction

Eurostat and the Irish authorities discussed the establishment of Irish Water and the financing of the water metering programme.

Discussion

In 2011 the Irish government decided to establish a public company, Irish Water, to take over the provision and supply of water from local authorities. This move from local authorities to Irish Water will include the introduction of domestic water charges.

The Irish authorities explained that the changes were related to the increasing need for capital expenditure and to the fact that, until now, the negative balance from the provision and supply of water had been largely state-funded.

According to the Irish authorities, Irish Water is being established as a subsidiary of Bord Gáis, an energy supplier and distributor. Irish Water would have its own board and ring-fenced funds, and there would be no cross-subsidies between water, energy and network subsidiaries of Bord Gáis. It is expected that Irish Water would be a market body.

Eurostat pointed out statistically-relevant issues that would have to be addressed after the establishment of Irish Water, notably the transfer of assets from the local authorities and the market/non-market test.

As part of the introduction of domestic water charges, Irish Water will install water metering infrastructure. The Irish authorities confirmed that it is intended to fund this programme through borrowing on commercial terms from the National Pension Reserve Fund.

Conclusions

Action 15. Eurostat takes note of the preparatory work to create Irish Water and the current projections that this will be a market body. The CSO will send a statistical analysis of the new body to Eurostat when it is created.

4.2.4. Other public corporations

Introduction

Eurostat and the Irish authorities discussed the classification of the public broadcaster, Raidió Teilifís Éireann. Action points from the previous dialogue visit and the treatment of Irish Lights revenues were also discussed.

Discussion

As a follow-up to the relevant action point from the previous visit, the CSO confirmed that the Dublin Docklands Development Authority remained classified as a non-financial corporation (previous action 19), while housing units in the individual local authorities (House Rental Account) were now treated as a market Kind of Activity Unit (KAU) within general government (previous action 23).

The CSO also confirmed that, due to a significant fall in commercial revenues, Raidió Teilifís Éireann (RTÉ) had been a non-market body from 2009 onwards. Eurostat noted the RTÉ revenue data and asked the CSO to check the depreciation model used. Eurostat also encouraged the CSO to reclassify RTÉ to general government.

Eurostat noted that a joint CSO/UK Office for National Statistics classification exercise in 2011 resulted in the reclassification of the light dues of Irish Lights as a tax on production (D.29). Irish Lights is now to be classified into the General Government sector in both Ireland and the UK with the stocks and flows divided according to the proportion of revenue generated in each jurisdiction.

Conclusions

Action 16. Raidió Teilifís Éireann (RTÉ) will be reclassified to the General Government sector from 2009 in the end-September 2012 EDP notification.¹³

Action 17. The CSO will send information to Eurostat on the recording of Irish Lights revenues by end-2012.¹⁴

4.2.5. Register of general government-controlled entities

Introduction

Eurostat and the Irish authorities discussed relevant action points from the previous dialogue visit and the new questionnaire on general government-controlled entities.

Discussion

In relation to government-controlled entities (previous action point 5), the CSO compiled a list of 450 potentially relevant entities. According to the CSO, these are now being examined in detail to check if they should be part of general government. The CSO is confident that no large entities are being excluded from the sector.

As regards non-market public corporations (previous action point 6), The CSO confirmed that it was individually examining some 700 government and government-controlled units, a number of which were already included in general government and captured in government expenditure.

Eurostat encouraged the CSO to complete the two lists as soon as possible.

Eurostat also mentioned the new questionnaire on general government-controlled entities, covering non-financial and financial public corporations controlled by government, but not included in the General Government sector. Eurostat appreciated the fact that Ireland was one of EU Member States that had completed the questionnaire on a pilot basis in March 2012. The questionnaire will have to be completed on a compulsory basis by end-December 2012, and will have to be updated annually from 2013 onwards.

¹³ The CSO has reclassified RTÉ to general government for the end-September 2012 EDP return. Eurostat considers this action point to have been completed.

¹⁴ The Irish authorities have since provided initial information. The issue continues to be discussed.

With regard to the pilot questionnaire, Eurostat noted that SWS Energy Limited, a wholly owned subsidiary of Bord Gais Éireann Group, would not pass the market test in any of the reported years if considered as a separate institutional unit, and invited the Irish authorities to investigate this.

Conclusions

Action 18. *The CSO will provide at end-2012 the list of government-controlled entities classified outside the General Government sector based on progress to date, and a finalised list by end-March 2013 (together with an updated list of general government bodies).*¹⁵

Action 19. *The CSO will send background information on the statistical classification of SWS Energy by end-November 2012.*¹⁶

4.3. Implementation of accruals principle

4.3.1. Taxes and social contributions

Introduction

Eurostat and the Irish authorities discussed relevant action points from the previous dialogue visit and the implementation of Directive 2010/45/EU.

Discussion

Eurostat thanked the CSO for the updated questionnaire on taxes and social contributions.

The Irish authorities report taxes and social contributions on a cash basis, with the exception of Value Added Tax (VAT), excise duties, Pay As You Earn (PAYE) income taxes (including the recently introduced Universal Social Charge), and Employee/Employer Pay-Related Social Insurance which are reported on a time-adjusted cash basis. For the April (n) reporting of year n-1 data, these tax receipts are on an Exchequer cash basis, while for subsequent EDP transmissions, Revenue Net Receipts figures are used.

As a follow-up to action point 24 from the previous dialogue visit, the Irish authorities compared taxation figures from the Exchequer account and the net receipts reported by the Revenue Commissioners. The Exchequer account is a cash account into which all receipts due to the state are paid (unless there is specific legislation to the contrary). The net receipts reported by the Revenue Commissioners represent matured tax liabilities and this reporting arrangement is more of an accounting concept. For the most part, tax revenues received by the Revenue Commissioners are paid into the Exchequer account and brought to account as 'net receipts' at roughly the same time. A few specific instances that lead to accounting and timing differences are accounted for by an adjustment line in EDP table 2A.

As regards the time adjustment of capital taxes (previous action point 25), the CSO confirmed that payments relating to Capital Acquisitions Tax (CAT) were previously due at T+4 months, but were now linked to the self-assessed Income Tax payment schedule, so that

¹⁵ The Irish authorities have since provided initial information. The issue continues to be discussed.

¹⁶ The Irish authorities have since provided initial information. The issue continues to be discussed.

CAT paid on the revised due date could include transactions both from the last 3 months of the previous year and from the first 9 months of the current year. It appears, therefore, that approximately three quarters of the CAT received in a particular year should be recorded as payable in that year on an accrual basis. The CSO undertook to investigate whether a time adjustment could be made in the future for this tax.

Eurostat pointed out that Directive 2010/45/EU (to be implemented by end-2012) provided a possibility for the EU Member States to apply a cash accounting scheme for the payment of VAT. Certain companies (depending on their annual turnover) would be able to pay VAT to the competent authority when they receive the payment for supply. This is an optional scheme that should have a positive effect on the cash flow of SMEs and should be limited to the period of economic and financial crisis.

As the directive could have an impact on the recording of government revenue, Eurostat enquired whether its implementation would result in any changes to the method used for recording of VAT revenue. The CSO explained that, in this context, it will check the appropriateness of the current time adjustment.

Conclusions

Eurostat noted the information provided by the Irish authorities.

4.3.2. Interest

Introduction

Discussions focused on the treatment of interest on funds received from EFSF/EFSM in 2011. Changes in the calculation of financial intermediation services indirectly measured (FISIM) were also mentioned.

The incorporation of the results of a detailed November 2011 inquiry into interest consolidation was discussed under agenda point 4.4.4. Consolidation of general government stocks and flows.

Discussion

Since the previous dialogue visit in November 2010, the CSO adjusted the accrued interest calculations to exclude the value of coupon sold (previous action point 20).

The EU Summit of July 2011 approved a retroactive reduction in the interest rate of loans granted by EFSF and EFSM to Ireland and Portugal. In April 2012 Eurostat advised Ireland that the retrospective reduction in interest rate should be recorded as a capital transfer (receivable for government) at the point of the loan agreement change, except for the case when the capital transfer is contingent on the repayment of the loan.¹⁷

For the EFSM loans, this would therefore imply recording a capital transfer in the fourth quarter of 2011, and leaving the accrued interest in the second and third quarters as in the loan agreement. For the EFSF loans, the rebate is contingent on positive programme reviews

¹⁷ Following a guidance note of 12 April 2012 on the impact on EU Governments' deficit and debt of the decisions taken in the 2011-2012 European summits, section 3.

by the EU/IMF. Therefore, a capital transfer should be recorded at maturity, when the certainty of the rebate is established, and not before.

The Irish authorities confirmed that they had followed the Eurostat's advice on the retroactive reduction in interest rates.

The Irish authorities also mentioned that there had been changes in the calculation of FISIM and agreed to provide further information.

Conclusions

Action 20. *The CSO will send to Eurostat an updated note on calculation of FISIM in government accounts as soon as possible, which will also cover the calculation of FISIM of local authorities.*¹⁸

4.4. Recording of specific government transactions

4.4.1. Public Private Partnerships and concessions

Introduction

Discussions focused on road projects, a standard termination clause in Public Private Partnership (PPP) contracts and government contribution to a project's capital cost. The new infrastructure stimulus package was also mentioned.

Discussion

Eurostat recalled the importance of PPP statistics in the context of the EU legislation on enhanced macroeconomic surveillance and its focus on contingent liabilities.

As a follow-up to action point 27 from the previous dialogue visit, the CSO confirmed that all road PPP projects (including Motorway Service Areas) undertaken to date are concession contracts, with the exception of the M50 motorway project which is an availability based PPP.

In the case of two concession projects, the Limerick Tunnel and the Clonee/Kells section of the M3 motorway, government started making direct payments to concessionaires in 2011, due to the fact that usage had been much lower than expected before the financial crisis. The Irish authorities explained that the two projects had three main on-going sources of revenue (tolls, government minimum revenue payments and government operation payments) and agreed to provide the breakdown.

Eurostat noted that the M50 upgrade PPP project is currently classified off the government's balance sheet. The Irish authorities agreed to provide contract information and a further explanatory note on the matter, addressing in particular, the applicability of section VI.5.3.4 (paragraph 54) in the 2012 edition of MGDD to the case, given that since 2008 the National Roads Authority benefits from toll revenues on the Westlink bridge which forms a short section of the M50.

¹⁸ The CSO has since provided the note. Eurostat considers this action point to have been completed.

The Irish authorities informed Eurostat that, in the case of a contractor's default where no retendering is possible, the calculation of the resulting compensation payment (if any) under the standard compensation on termination mechanism in current PPP contracts is designed to minimise risk to government, and is based on the amount a third party would pay as the market value of the contract. However the drafting of the contract is such that mapping its provisions onto the "exact market value of the asset" test in the 2012 edition of MGDD is complex.

Eurostat explained that the "exact market value of the asset" test in the 2012 edition of MGDD was intended to avoid a situation where a defaulting contractor would be paid the amount of the highest bid, without adjustment to exclude future profits and service costs. The CSO undertook to provide further information on the issue.

The Irish authorities enquired whether various payments (to cover planning, land acquisition and other costs) should be considered as government contributions to capital cost in the context of the 50 per cent rule. Eurostat suggested discussing this issue bilaterally after the dialogue visit.

Eurostat enquired about statistical implications of the new infrastructure stimulus package that the Irish government announced in July 2012. The Irish authorities explained that availability-based schemes were being envisaged and agreed to provide more information in due course.

Conclusions

Action 21. The Irish authorities will provide Eurostat as soon as possible with a breakdown of revenues of the Limerick tunnel and Clonee/Kells concession projects in past years, between tolls from users, government minimum revenue payments and government operation payments.¹⁹

Action 22. The Irish authorities will provide Eurostat with a copy of the contract for the M50 PPP, together with an explanatory note, by end November 2012.²⁰

4.4.2. EU flows

Introduction

Discussions focused on the time of recording of government revenue from the EU.

Discussion

With respect to the recording of agricultural disallowances in government accounts (action point 23 from the previous dialogue visit), the CSO confirmed that there could be up to two months delay between the time a disallowance is notified by the European Commission and the time the Department of Agriculture makes a payment. However, expenditure returns are not detailed enough to identify the agricultural disallowances paid monthly.

¹⁹ The Irish authorities have since provided initial information. The issue continues to be discussed.

²⁰ The Irish authorities have since provided initial information. The issue continues to be discussed.

Eurostat accepted a CSO proposal to get figures each March and to correctly accrue expenditure, if the amounts become significant.

In addition, Eurostat wanted to clarify the basis for recording Irish EU flows. According to a CSO note provided before the visit and the EDP inventory, the time of recording of government revenue from the EU is the same as the time of government expenditure. However, during the clarification of the end-September 2011 EDP reporting, the CSO indicated that EU flows were recorded on a claims basis.

Conclusions

Action 23. The CSO will confirm to Eurostat as soon as possible if a claims or expenditure basis is being used for Irish EU flows.²¹

4.4.3. Trade credits

Introduction

Discussions focused on the availability of data on trade credits.

Discussion

Eurostat thanked the CSO for the completed questionnaire on the recording of trade credits and noted that data were mostly not applicable, with the exception of ‘vanilla trade credits’, for which data were not available.

Eurostat underlined the importance of this area, having in mind the forthcoming revision of Regulation 479/2009 (definition of Maastricht debt) and the fact that the stocks of trade credits payable had a substantial impact on government liabilities in a number of EU Member States. Eurostat also informed the Irish authorities of its intention to publish data on the stocks of trade credits payable in October 2012 and recalled that Ireland did not currently provide these data in EDP table 4.

The CSO confirmed its intention to report these data as part of the next EDP return due in end-September 2012. In the context of this initial reporting of AF.71 the CSO acknowledged that there might be cases where some trade credits (AF.71) are recorded under other accounts receivable/payable, excluding trade credits and advances (AF.79), and undertook to make further improvements in this area.

Conclusions

Eurostat welcomes the intention of the Irish authorities to report data on the stock of trade credits, and asks that this is accomplished in the end-September EDP notification tables.

²¹ The CSO has since confirmed that these flows were accounted for on an expenditure basis. Eurostat considers this action point to have been completed.

4.4.4. Consolidation of general government stocks and flows

Introduction

Eurostat and the Irish authorities discussed the progress made since November 2011 when a consolidation error resulted in the overstatement of the reported Irish government debt. New debt instruments such as amortising bonds and index-linked bonds as well as foreign exchange swaps were also mentioned.

Discussion

In November 2011 the Irish authorities informed Eurostat of a consolidation error which resulted in an overstatement of end-2010 Irish government debt, as notified to Eurostat in September 2011. This overstatement of Irish government debt by EUR 3.585 billion or 2.3% of GDP related to a loan between two parts of central government – the Housing Finance Agency (HFA) and the National Treasury Management Agency (NTMA) – which should have been consolidated (removed) from government debt data.

In response, Eurostat requested the Irish authorities to verify all consolidation adjustments, both for debt and for interest. The Irish authorities made the necessary corrections to government debt and also made minor changes to gross interest flows. However, since the adjustments to interest incomes and expenditures were identical, the levels of Irish government deficit remained unchanged from those notified to Eurostat in September 2011.

The Irish authorities informed Eurostat about two reports on the error: an internal report by the Department of Finance and an external report by Deloitte. Following the publication of these reports in June 2012, a General Government Debt Group has been set up to oversee the implementation of the recommendations of both reports. The Department of Finance, CSO and NTMA are represented on the group which has an interim status, pending the transfer of responsibility for EDP compilation and reporting to the CSO. The Irish authorities confirmed that borrowing by other government bodies was very limited.

As a follow-up to the two reports and action point 7 from the previous dialogue visit, the Irish authorities looked at intra-government flows at unit level and the accounts of non-market public corporations.²² The CSO is in the process of upgrading its Government Accounts compilation system, that should allow direct calculation of net lending/net borrowing (B.9) for each unit, the identification of the counterpart for each flow, and the automated production from within the CSO system of EDP Tables 2A to 2D.

Eurostat agreed that this would improve the calculation of net lending/net borrowing (B.9). As regards debt instruments, Eurostat underlined the need to improve their coding and obtain counterparty information, and requested to be informed about progress.

In relation to new instruments, Eurostat recalled that the issue of amortising bonds had been discussed bilaterally and asked to be informed about new developments (such as index-linked bonds) in due course.

The Irish authorities also informed Eurostat that NTMA was engaging in a series of short term foreign exchange swaps for currency and interest rate hedging purposes and discussed

²² Please also refer to section [4.2.5. Register of general government controlled entities](#).

their impact for EDP reporting. Eurostat requested an explanatory note from the CSO on the recording of these foreign exchange swaps in government accounts.

A query was raised on the treatment of debt buy-back and cancellation and Eurostat agreed to provide guidance on treatment of above or below par cancellations in the case of bonds buy-back.

Conclusions

Action 24. The CSO will send to Eurostat a report on developments on consolidation practices by end-May 2013.

Action 25. The CSO will provide to Eurostat by end-November 2012 a note on short term swaps on debt and their recording in government accounts.²³

Action 26. Eurostat will provide to the Irish authorities, as soon as possible, information on the recording of discounts in the case of debt buy-back.²⁴

4.4.5. Planned transactions with a potential impact on statistics

Introduction

Discussions focussed on the sale of licences and a new microfinance fund. The sale of state assets (privatisation) was also discussed.

Discussion

Eurostat and the Irish authorities shared a preliminary view that the sale of a licence would be treated as a sale an intangible non-produced non-financial asset (AN.22), with the upfront payment treated in the same way as in the case of UMTS licences, and any good causes payment treated as a tax. Eurostat shared the experience of other EU Member States.

The Irish authorities also informed Eurostat about the proposed microfinance fund. This government-controlled entity, Microfinance Ireland, is expected to lend small amounts (up to 25,000 euros) to social enterprises at a below-market rate. Microfinance Ireland would not bear either the borrowing risk (it would borrow from commercial banks through the Social Finance Fund, a government-owned financial intermediary) or the lending risk (expected losses would be covered by government). Therefore, Eurostat and the Irish authorities agreed that Microfinance Ireland should be classified in general government.

In this context, the Irish authorities enquired about the classification of similar bodies in other EU Member States. Eurostat agreed to provide this information and recalled a related case of JEREMIE and JESSICA initiatives.

As part of the EU/IMF programme, the Irish government is considering the sale of a number of assets. Eurostat requested to be informed about these transactions in due course and recalled that standard rules on direct and indirect sales of government assets would be applied.

²³ This action point has not yet been completed.

²⁴ Eurostat has since provided this information and considers this action point to have been completed.

Conclusions

Action 27. Eurostat will confirm if other EU Member States have microfinance bodies classified outside general government, and report back to the Irish authorities by end-November 2012.²⁵

5. OTHER ISSUES

5.1. ESA95 transmission programme

Introduction

Discussions focused on the issues raised by Eurostat's government finance statistics (GFS) team. The CSO also mentioned its intention to start publishing quarterly non-financial GFS data.

Discussion

As regards general issues relating to the ESA95 transmission programme, Eurostat recalled the importance of timeliness, which, according to its GFS team, was not always the case. In addition, Eurostat underlined the need for a CSO correspondent to be available to answer queries on the ESA95 transmission.

Eurostat also mentioned a number of specific technical issues relating to the latest ESA95 transmission, notably consistency and consolidation in ESA table 2 (annual non-financial accounts of general government), statistical discrepancies and adjusted estimates of intermediate consumption (P.2) in ESA table 25 (quarterly non-financial accounts of general government), identical amounts for some taxes in ESA table, and negative values in ESA table 11 (expenditure of general government by COFOG functions).

As regards quarterly non-financial data, the CSO has not yet been able to develop the reporting system for central government that would include detail by economic category (action point 18 from the previous dialogue visit). The CSO explained that this issue would be addressed with the introduction of the new CSO data collection system.

The CSO also informed Eurostat of its intention to publish annual and quarterly GFS data, and a press release on the EDP notification, from April 2013. Eurostat shared its plans to publish data on quarterly deficit, alongside data on quarterly debt that is already being published.

Conclusions

Eurostat welcomes the intention of the CSO to publish quarterly non-financial GFS data, and a press release on the EDP notification, from April 2013.

Action 28. The CSO will address timeliness and other issues in ESA GFS tables bilaterally with the Eurostat's GFS data team.²⁶

²⁵ Eurostat has since provided this information and considers this action point to have been completed.

5.2. Any other business

During the April 2012 EDP notification, Eurostat noted an increase in the impact of swaps, i.e. the difference between ESA and EDP definitions of accrued interest (D.41). The CSO explained that this was straightforwardly caused by the switch in government debt financing from euro-denominated Irish government bonds to bailout programme loans in a variety of currencies. The CSO also confirmed that no off-market derivative deals were used by the Irish government, and that all financial derivative contracts entered into were priced at market rates.

As a follow-up to action point 33 from the previous dialogue visit, the CSO confirmed that the Housing Finance Agency did not engage in swaps, although it had a facility to do so if required. The gains and losses in relation to financial derivatives are included in the agency's balance sheet.

²⁶ The Irish authorities have since provided initial information. The issue continues to be discussed.

ANNEX. LIST OF PARTICIPANTS

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