



EUROPEAN COMMISSION
EUROSTAT

Directorate C: National and European Accounts
Unit C-3: Public finance



Luxembourg, 3 March 2009

– FINAL FINDINGS –

EDP dialogue visit to Ireland

17-18 November 2008

Executive Summary

The EDP dialogue visit to Ireland took place on 17-18 November 2009 with the aim to assess existing statistical capacity, to review the division of responsibilities concerning the compilation of EDP statistics and government accounts, to discuss the quality and exhaustiveness of primary data sources, to review the progress achieved in implementing ESA 95 methodology (sectorization of units, accrual principles), to assure that provisions from the ESA95 Manual on Debt and Deficit and recent Eurostat decisions are duly implemented and that specific government transactions are properly recorded in the EDP tables, and, finally, to examine the compliance with the ESA95 transmissions programme and the consistency of these data with EDP statistics (as requested by the Regulation (EC) 3605/1993, as amended).

First, Eurostat discussed with the Irish authorities the institutional arrangements and source data used for the compilation of government finance statistics. As regards data sources, Eurostat welcomed the first results of the improved accrual-based system local government reporting system. Eurostat congratulated the Irish authorities for the improvements since the last dialogue visit.

As far as the analysis of the October 2008 EDP notification is concerned, Eurostat examined a few questions concerning the tables of the EDP reporting and suggested a few changes. These were of a largely presentational nature with no impact on the government balance. Eurostat thanked the Irish authorities for providing the pilot questionnaire for the October 2008 EDP notification.

Concerning the delimitation of the government sector, Eurostat further enquired about Irish Rail, voluntary hospitals and schools, the local authority house rental account, the public television, public universities, North-South Bodies, the Irish Intervention Agency and the National Oil Reserves Agency. In some cases a reclassification was agreed, in others there is a need for further investigations, notably in the case of public universities .

The follow-up of Council Regulation 2516/2000 and recording of other transactions on an accrual basis were discussed. Eurostat concluded that the accrual principle is implemented for certain taxes (PAYE income taxes, VAT and excises) and social contributions. The accrual principle is also respected for the recording of interest. Eurostat welcomed the efforts of the Irish authorities to comply with the decision on the recording of EU flows, which, apart from Cohesion Funds, now seems to be implemented.

There was a detailed discussion on Public Private Partnerships, a form of financing which has gained importance in Ireland in recent years. The Irish authorities are fully aware of these transactions, and the CSO – with the cooperation of the responsible bodies – is able to analyse the contracts and to assess the risks borne by the government and the private partner. Some individual projects were examined during the meeting, and the CSO will also consult Eurostat in case of significant or complicated projects.

Equity injections in Ireland are negligible and there are no planned privatizations in Ireland. There were no specific issues discussed concerning guarantees, however the recent financial crisis has led to new government guarantees. The transfer of pension funds from public bodies to the government was discussed, and Eurostat gave advice for points to examine in more detail.

Eurostat took note of the current situation as far as the accounting implications of the financial turmoil are concerned, and invited the CSO to inform Eurostat on new developments.

Concerning the ESA95 transmission programme, Eurostat and the Irish authorities agreed that the CSO provides the missing series as soon as it can.

Final findings

Introduction

In accordance with article 8d of Council Regulation (EC) No 2103/2005 of 12 December 2005, amending Council Regulation (EC) No 3605/93 as regards the quality of statistical data in the context of the excessive deficit procedure, Eurostat carried out an EDP dialogue visit in Ireland on 17-18 November 2008.

Eurostat was represented by Mr. Luca Ascoli, head of unit C.3, Mr. John Verrinder and Miss Agota Krenusz. The 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.

Representatives of the Irish Central Statistics Office (CSO), the Department of Finance and the Central Bank of Ireland were present.

Eurostat carried out this EDP dialogue visit with the aim to assess the existing statistical capacity, to review the division of responsibilities concerning the compilation of EDP statistics and government accounts, to discuss the quality and exhaustiveness of primary data sources, to clarify the issues relating to EDP tables raised in the context of previous notifications, to review the progress achieved in implementing ESA 1995 methodology (sectorisation of units, accrual principles), to assure that the provisions from the ESA 1995 Manual on Debt and Deficit and recent Eurostat decisions are duly implemented, and that specific government transactions are properly recorded in the Irish EDP tables and national accounts.

In relation to procedural arrangements, Eurostat explained the procedure, in accordance with article 8 of Regulation 3605/1993 as amended, indicating that the *Main conclusions and action points* would be sent within days to the Irish statistical authorities, who may provide comments. Within weeks, the *Provisional findings* would be sent to the Irish statistical authorities in draft form for their review. After adjustments, *Final Findings* will be sent to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

The meeting was constructive and Eurostat appreciated the explanations provided by the Irish authorities during the dialogue visit. Eurostat thanked the Irish authorities for the information and for the documentation provided before and during the dialogue visit.

1. Statistical capacity issues

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

Introduction

Eurostat inquired about the institutional arrangements and division of the responsibilities in the framework of the reporting of data under the EDP and government finance statistics.

Discussion and methodological analysis

The IE authorities gave a detailed account and explanations of the institutional arrangements in place for the EDP reporting. EDP statistics for the current year n are compiled by Department of Finance (DoF), as well as data for the year $n-1$ for central government (CG) and social security funds (SSF), while the CSO compiles data for local government (LG) for the year $n-1$. Other years ($n-2$, $n-3$ etc.) are prepared in particular by the CSO with some contribution of the DoF.

The Irish authorities explained that they do not have any formal agreement of cooperation between themselves but they cooperate on a daily basis. An expert is seconded from the CSO to the Department of Finance. The EDP notifications are compiled in cooperation. The CSO will provide Eurostat with a flow chart of the arrangements. The CSO has a service level agreement with the Central Bank of Ireland for financial accounts. Eurostat recommended that statistical decisions taken by the CSO for the other authorities should be documented.

Findings and conclusions

Eurostat took note of these explanations and found that the arrangements are solid and well established. The IE authorities will provide Eurostat with a flow chart on the arrangements of compilation of EDP tables.

1.2. Data sources, EDP inventory

Introduction

Eurostat enquired about the exhaustiveness, timeliness and consistency of data sources used in the compilation of the government finance statistics.

Discussion and methodological analysis

The CSO explained that data sources for central government are on a cash basis, even though there are data available on some payables/receivables, and that there is no intention to introduce full accrual based accounting. The CSO has accrual based data for non-market agencies, while data for extra-budgetary funds are on a cash basis. Balance sheet data are available for the Social Insurance Fund.

Findings and conclusions

Eurostat took note of the explanations and noted that there is no intention to introduce accrual based accounting in public accounts.

1.2.1. Local government source data (FMS)

Introduction

Eurostat enquired about the experiences with the new Financial Management System (FMS) introduced in 2004 for reporting of local government units.

Discussion and methodological analysis

The new Financial Management System (FMS) introduced in 2004 for reporting of local government units has proved to be very useful when compiling local government accounts. The FMS is accrual based. There is a good breakdown of revenues and expenditures. However there is some need to further improve the detail in the capital accounts. The CSO therefore continues to rely on the quarterly financing data collection by the Department of Environment, Heritage and Local government, and uses its result (B.9f) for the compilation of EDP tables, until the results are fully reconciled between this and the FMS. A full reconciliation between the non-financial and financial accounts is still to be made, therefore the CSO takes B.9f as the definitive figure, also for the EDP notification. The eventual aim is to fully reconcile non-financial and financial accounts for Local Government, using the outcome of the FMS for the compilation of EDP table 2C.

Findings and conclusions

Eurostat took note of these explanations and found that the ongoing improvements are encouraging.

1.2.2. Financial accounts data

Introduction

Eurostat raised the issue of financial accounts.

Discussion and methodological analysis

Improvements were achieved in financial accounts since the last EDP visit (provision of a full set of consolidated financial accounts). It was stressed that the work needs to continue and there is some room for improvement in the reconciliation of figures, especially for loans. The Central Bank of Ireland confirmed that the results prepared by the CSO are in line with money and banking statistics counterpart information.

Findings and conclusions

Eurostat congratulated the Irish authorities for the improvements achieved since the last dialogue visit, and stressed the need for further improvement.

1.3. Revision policy

Introduction

Eurostat enquired about the CSO's revision policy.

Discussion and methodological analysis

The CSO explained that it regularly checks historical data and follows an open revision policy. Revisions to data of older periods (for instance to year n-4 figures in the EDP notification) is rare and usually involve revision of errors and/or the implementation of methodological changes, for instance the reclassification of the House Financing Agency.

Findings and conclusions

Eurostat took note of the explanations.

2. Follow-up of the October 2008 EDP reporting – analysis of EDP tables

Introduction

A few questions concerning the October 2008 EDP notification were discussed.

2.1. Coverage and timeliness

Discussion and methodological analysis

Eurostat thanked the CSO for having filled in the pilot exercise of the EDP related questionnaire and asked about its experiences. According to the CSO the pilot exercise does not impose a much greater burden than the existing questionnaires, and the guidelines are helpful. Concerning the table on PPPs, the CSO needs more time to collect information and complete the table. Concerning table 8 (Reconciliation of stocks and flows of government claims) the CSO agreed to include further information in the next sending (Action point 1).

Findings and conclusions

The Irish authorities will provide more information in tables 8 (Reconciliation of stocks and flows of government claims) and table 11 (PPP) of the Pilot questionnaire relating to notification tables in the next round of EDP notification.

2.2. Examination of EDP tables

2.2.1. EDP table 1

No specific issues were identified.

2.2.2. EDP table 2A-D

Discussion and methodological analysis

Some small issues were clarified concerning EDP tables 2A-D.

The issue of adjustments for public accounts were discussed. The CSO confirmed that there is no overlap between the items "Departmental balances" (corrections for current expenditure) and "Capital carryover system" (corrections for capital expenditure).

Military expenditure data were not yet fully reconciled and the CSO had some difficulties with obtaining balanced source data. The CSO promised to examine these figures in cooperation with the Department of Defence and to try to report reconciled figures to Eurostat in the April 2009 EDP notification.

Concerning the issue of the reconciliation of transfers between the central and local government, the CSO explained that it considers the accrual based figures from the FMS more appropriate, therefore it makes an adjustment to the figures of central government (which is shown under a separate line in EDP table 2A).

Findings and conclusions

Eurostat took note of these explanations and the CSO will provide reconciled military expenditure figures to Eurostat by the April 2009 EDP notification (Action point 2).

2.2.3. EDP table 3A-E

Discussion and methodological analysis

Eurostat enquired about EDP table 3E, as during the last dialogue visit it was said that "*The IE authorities recognized that the financial statement of the Social Insurance Fund (SIF) could be used to improve the reporting of the EDP Table 3E.*" (quoted from the Final findings of the dialogue visit of July 2006).

The CSO explained that there is no more information it could include in this table to improve it.

Findings and conclusions

Eurostat took note of the explanation.

2.2.3.1. Statistical discrepancies

Discussion and methodological analysis

During the previous dialogues visit of July 2006 the issue of the statistical discrepancies was already discussed and it was said that "*The IE authorities recognized that the statistical discrepancy was not specifically related to the transactions/stocks articulation, and that the item "Difference between financial and capital accounts (B.9f-B.9)" needs not to be zero. Eurostat recalled the ongoing work on discrepancy carried out at the European level, and suggested splitting the statistical discrepancy position to be reported.*" Eurostat also enquired about the low level of discrepancies.

Findings and conclusions

It was agreed that the CSO will allocate the existing statistical discrepancy figures on the line (B.9-B.9f) in the next notification (Action point 3). The CSO also confirmed that the relatively small size of statistical discrepancies is explained by the correct reconciliation of non-financial and financial figures.

3. Methodological issues and recording of specific government transactions

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

Introduction

Eurostat enquired about the arrangements concerning delimitation issues and the application of the 50% rule. The Department of Finance explained that it checks before each EDP notification the list of units to be included in the central government sector. It is the CSO that determines the statistical classification of units. No check is made for the local government, because the Department of Environment, Heritage and Local government sets restrictions on the creation of new units by local government and controls them regularly.

3.1.1. Public transport (railway, motorway, transportation companies, airports, ports)

Introduction

Eurostat further enquired about the classification of the Irish Rail, an issue which was raised by the Irish authorities before the previous dialogue visit. Irish Rail is a subsidiary of CIE, the Irish Transportation Company but contrary to the holding corporation its sales to cost ratio is close to 50%. The classification of holding corporations and their subsidiaries was discussed several times at the FAWG and the respective guidance note will be published soon.

Discussion and methodological analysis

The CSO indicated that, following the view of the Financial Accounts Working Party that non-market subsidiaries of public holding companies should be classified within General Government, it intends to make a reclassification of Irish Rail to General Government, once it has confirmed that the 2008 projections for the company show a ratio of costs to sale below 50%. Eurostat recommended the reclassification take place when the cost to sales ratio falls below 50% (according to the figures provided, in 2006), or at the time the decision is taken to reclassify. The CSO mentioned that it would prefer to undertake a further backward revision of data.

Findings and conclusions

The CSO will examine the 2008 figures of the Irish Rail and if appropriate, the CSO will reclassify Irish Rail inside government, for the April 2009 EDP notification (Action point 4).

3.1.2. Classification of voluntary hospitals and schools

Introduction

At the request of the Irish authorities the classification of voluntary hospitals and schools was discussed. The schools are government funded but because of the perceived lack of direct 'control' by Government, the Irish authorities have classified them outside government. Similarly, voluntary hospitals are classified outside government due to indirect control of government. Since government control increased over hospitals recently, the Irish authorities were considering the reclassification of these units inside government.

Discussion and methodological analysis

Concerning the *voluntary schools*, it was explained that Exchequer grants to secondary schools are considered Government transfer payments and included in the National Accounts as Final Consumption of Households. The Government expenditure on these schools is already captured in National Accounts calculations, and as these schools do not run a deficit, their inclusion or exclusion in Government would not make an impact on Government deficit/surplus.

Due to the parallel with the classification of public universities, it was decided that the existing sector classification of voluntary schools should be retained for the moment. Eurostat recommended that the CSO further investigate the institutional arrangements of the schools, especially concerning their independence in employment policy (e.g. hiring and dismissal of teachers).

As regards the *voluntary hospitals*, the Irish authorities explained that these are 95% government funded and that these are mainly controlled by the government. Therefore, it was agreed that since voluntary hospitals were mainly financed and controlled by government, the CSO would reclassify them to the general government sector in time for the next EDP notification. It was also concluded that these institutions should be reclassified at the time of the creation of the HSE (Health Service Executive) in 2005, which extended effective government control over these hospitals.

Findings and conclusions

As regards the voluntary schools, the CSO will further investigate the question of government control. As regards the voluntary hospitals, the CSO will reclassify these into general government, as these are mainly financed and controlled by government, from 2005, for the April 2009 EDP notification (Action point 5).

3.1.3. Classification of Local Authority house rental account

Introduction

The House Rental Accounts of Local Authorities are treated as quasi corporations (outside the general government sector). Local Authorities rent out their accommodation at subsidised prices to low-income families. In National Accounts, these rents are valued at their full economic value and the difference between the economic rents and the rents actually paid by tenants is considered to be a social benefit in kind provided by the Local Authorities to households.

According to the Final findings of the previous dialogue visit: "*The classification of those entities inside government seems supported by the fact that they might not meet the quasi-corporation criteria: autonomy of decision and a complete set of accounts. A reclassification inside government would probably have limited impact on the general government deficit, but a more noticeable one on the revenue and expenditure levels and composition.*"

Discussion and methodological analysis

The Local Authority house renting units no longer maintain a full set of accounts, which is one of the main criteria for the existence of a quasi-corporation, and the houses are purchased and owned by the local governments. The Irish authorities and Eurostat agreed that the accounts

should therefore be reclassified to local government before the next EDP notification (action point 6). The CSO explained the statistical recording of voluntary housing administered by Local Authorities. Eurostat asked the CSO to send as soon as possible an explanatory note with examples on the recording of payments to developers for affordable housing (Action point 7).

Findings and conclusions

The Irish authorities will reclassify the House Rental Accounts of Local Authorities for the April 2009 EDP notification and will provide Eurostat with an explanatory note on the recording of transactions involving affordable housing, with examples.

3.1.4. Follow-up issues from the previous dialogue visit:

3.1.4.1. RTÉ

Introduction

During the last dialogue visit the issue of the state owned television company was raised. Radio Telefis Éireann (RTÉ) currently receives a licence fee income, which is a substantial portion of its total revenue. This is currently classified as sales, pending the outcome of the Eurostat guidance. The company is classified in S.11. Most of the company's income comes from commercial activities (mainly from sales of advertising). The television channel TG4 however is almost completely government financed and controlled by government (before 1 April 2007 it was under RTÉ). Also the IE authorities confirmed that there is a need to classify TG4 within the General Government sector.

Discussion and methodological analysis

The CSO confirmed that more than 50% of the revenue of RTÉ comes from commercial activities, so even if television licence fees are not considered as sales, it should be considered as a market body as it complies with the 50% rule. Concerning TG4 it was agreed that this will be reclassified into central government (Action point 8), as its income comes mainly from government (more than 85%) and it is controlled by government. The CSO will further investigate from which date the reclassification should take place.

Findings and conclusions

The CSO will reclassify television TG4 into the general government sector, with the date of reclassification to be examined by the CSO (Action point 8).

3.1.4.2. Public Universities

Introduction

The classification of public universities was raised by the Irish statistical authorities during the last Dialogue Visit, where they provided an extensive analysis of the control issue. This issue was also discussed during the common meeting between Eurostat, the ONS and the CSO in London in January 2007. The conclusion then was "*that this topic should be further discussed with the Financial Accounts Working Party and that, for the moment, IE and UK do not need to change the classification of universities*". This issue will be discussed in the coming Financial Accounts Working Group.

The Irish authorities distributed the questionnaire on public universities sent to Eurostat. In their answer to the questionnaire sent they say that "*the universities continue to enjoy a substantial degree of statutory and practical autonomy and are therefore classified to the NPISH sector*".

Discussion and methodological analysis

According to Eurostat, the issue of financing and control has to be examined. The Irish authorities explained that they have made a further investigation of the sources of finance for universities which calls into doubt if more than 50% of university finance arises from block grants. Eurostat mentioned that it will examine the results of the questionnaire on public universities sent back by all Member States and present the results during the next Financial Accounts Working Party; it will consider how to take account of financing issues. Eurostat recommended the CSO to further investigate the financing arrangements of Irish universities and in particular the government payments in lieu of student fees and research grants.

Findings and conclusions

The Irish authorities will further investigate the financing arrangements of Irish universities, in particular the government payments in lieu of student fees and research grants (Action point 9).

3.1.4.3. North-South Bodies

Introduction

The issue of the North-South Bodies, units created by the Good Friday Agreement in 1998, was discussed shortly during the last dialogue visit and then during the common meeting between Eurostat, the ONS and the CSO in London in January 2007, as this concerns both countries.

Discussion and methodological analysis

Eurostat further enquired about the activities and financing of these bodies. The IE authorities explained that these bodies (8 altogether) carry out activities of common interest, some merely bringing together under one roof government activities previously carried out by separate bodies on both side of the border. These bodies are currently considered, both in the IE and UK national accounts, as international organizations, and government transfers funding these bodies are treated as current or capital transfers of general government (S.13) to the Rest of the World (S.2). Eurostat explained that it had a concern about the classification of such bodies in S.2, and that the bodies' expenditure might be considered for integration in the resident government accounts, in proportion to the funding. Eurostat pointed at SNA 1993 paragraph 14.27 that specifically identifies cases of ventures jointly held by governments, with a recommendation of splitting the unit or of allocating it to either of the general governments.

Having investigated the status and operations of these bodies, the CSO agreed with Eurostat that as these bodies are non-market bodies, it seemed they should be included in the general government sectors of Ireland and the United Kingdom, in proportion to their funding. The CSO intended to contact the Office of National Statistics to provide details of their findings and to agree a common approach on classification and measurement.

Findings and conclusions

It was agreed that the CSO will apply any changes in the classification of the North-South bodies in the next April 2009 EDP notification (Action point 10). The CSO will also follow-up on the recording of EU flows to these bodies and inform Eurostat as soon as possible (action point 11).

3.1.4.4. Irish Intervention Agency

Introduction

The ESA95 Manual on government deficit and debt specifies the rules for classification of the "market regulatory agencies": "*By convention these units should be classified in the sector general government if their costs incurred in market regulation compared to the total costs are less than 80%, and in the sector non financial corporation if their costs incurred in market regulation compared to the total costs are more than 80%.*"

Discussion and methodological analysis

During the last dialogue visit the Irish authorities explained that the Irish Intervention Agency was classified as a unit acting on behalf of the EU, in the S.11 sector (outside both the general government and the public sector). The agency's tasks included market interventions as well as the distribution of subsidies under EAGGF. The 80 % convention of the ESA95 Manual on government deficit and debt, which has been previously applied, has not been verified recently. By that time Eurostat suggested re-applying the "80% test" for the purpose of the sectorisation of the Irish Intervention Agency.

The CSO had been unable to check the 80% rule for the Intervention Agency, due to a lack of data. However, the CSO noted that it has to investigate a potential recording inconsistency in 2007 of EUR 450 million euro linked to EU co-financing of agricultural subsidies.

Findings and conclusions

A report will be prepared and sent to Eurostat as soon as possible on the potential recording inconsistency (Action point 12).

3.2. Implementation of accrual principle

3.2.1. Accrued taxes and social contributions

Introduction

Eurostat enquired about changes in the recording of taxes.

Discussion and methodological analysis

There are no updates to report on the methods used for the calculation of accrued taxes. The CSO explained that tax credits are not significant in Ireland.

Findings and conclusions

Eurostat reminded the CSO to inform Eurostat if any change in the recording of taxes does occur.

3.2.2. Calculation of accrued interest

Introduction

Eurostat enquired about the changes in the recording of accrued interest.

Discussion and methodological analysis

Concerning accrued interest it was confirmed that the National Treasury Management Agency (NTMA) calculates the accrued interest for central government and the social security sub-sector, while the CSO makes the calculations for the local government. Data for savings accounts held at An Post are available on an accruals basis. There are no interest consolidation problems between sub-sectors.

Findings and conclusions

Eurostat took note of the explanations.

3.3. Recording of specific government transactions

3.3.1. Public Private Partnerships

Introduction

Eurostat enquired about the institutional arrangements and current PPP projects.

Discussion and methodological analysis

The Irish authorities explained that PPPs in Ireland are supervised by the National Development Finance Agency (NDFA), which must be consulted in all cases of investments of project value of EUR 30 million or more, except for transport projects, which are supervised by the National Roads Authority and the Railway Procurement Agency. The NDFA assesses risks according to the guidelines set by the PPP unit of the Department of Finance and the methods used are consistent with the current MGDD chapter on PPPs of Eurostat. Other PPPs would probably be identified by the Irish statistical authorities through the press and other sources.

During the meeting several individual projects were briefly discussed. Eurostat enquired about the road concessions and the M50 project. Since the CSO had no detailed information on these, it promised to send more information in writing.

The government buyout of the Westlink toll bridge was discussed. The CSO explained in detail the payment arrangements (unitary payments until the end of the concession period) and the recording of the transaction. The amount paid by the government will affect the expenditure of government in 2008 (with other accounts payable recorded), and in subsequent years the cash payments will reduce the other accounts payable. Eurostat agreed with this treatment.

The transfer of risks was discussed in the case of the Criminal Court Complex and the National Conference Centre. The CSO will further investigate these and report to Eurostat.

Concerning the Cork School of Music, Eurostat appreciated the detailed analysis of the contract by the CSO. The Irish authorities will further examine the precise situation regarding the deduction of rectification costs from any government buyout operation.

The CSO mentioned that it will further consult Eurostat on the Dublin Metro project because of its significance.

Findings and conclusions

The CSO will send a note to Eurostat on toll road concessions and further details of the M50 upgrade project. The CSO will also provide Eurostat with notes on the classification of the Criminal Courts Complex and the National Conference Centre, similar to the one they provided for the Cork School of Music. Eurostat also requested copies of the contracts on the M50 upgrade, the Criminal Courts Complex and the National Conference Centre projects. In the case of the Cork School of Music project the deduction of rectification costs from any government buyout operation will be clarified and the CSO will notify Eurostat as soon as possible (Action point 13).

3.3.2. Capital injections in public corporations, dividends (interim dividends), privatization

Introduction

Eurostat enquired about the capital injections in Ireland.

Discussion and methodological analysis

Equity injections in Ireland are reported as negligible. The government capital injections into Udaras na Gaeltachta appear to be repetitive, and therefore indicative of a capital transfer and not an equity injection, therefore Eurostat asked CSO to further investigate this. Concerning local government, the CSO recognizes no capital injections. There are no planned privatisations that the Irish authorities are aware of.

Findings and conclusions

The Irish authorities will notify Eurostat about the capital injection into Udaras na Gaeltachta (Action point 14).

3.3.3. EU flows

Introduction

Concerning EU transfers, Eurostat thanked the CSO for its comprehensive note on the current arrangements and enquired about the application of the Eurostat decision for the payments from the Cohesion Fund.

Discussion and methodological analysis

Eurostat advised that the current recording of the European Regional Development Fund and the European Social Fund should be maintained and be changed only if specified by the new MGDD chapter on EU transfers. The CSO will ensure that the Eurostat Decision is also applied to Cohesion Fund receipts in the April 2009 EDP notification.

Findings and conclusions

It was concluded that Ireland complies with the Eurostat decision on EU grants.

3.3.4. Guarantees

No specific issues were raised on guarantees.

3.3.5. Transfer of pension funds from public bodies to government

Introduction

The possible transfer to government of obligations of the pension funds of five universities and of other public bodies was also discussed at the request of the Irish authorities.

Discussion and methodological analysis

There was a short discussion about the transfer of pension funds. Eurostat proposed that the CSO 1) checks whether the mentioned pension funds are recorded as autonomous or non-autonomous in the national accounts at present, and 2) reviews a copy of their accounts. Eurostat also underlined the importance of checking the respective values of the assets and liabilities of these pension funds.

Findings and conclusions

The CSO will further examine this issue.

3.3.6. Swaps

No specific issues were raised on swaps.

3.3.7. Others

Introduction

At the request of the CSO, the classification of oil levies and of the National Oil Reserves Agency was discussed.

Discussion and methodological analysis

The National Oil Reserves Agency (NORA) is responsible for the holding of national strategic oil stocks, meeting Ireland's obligation under EU law, to hold a 90-day strategic oil stock. It is funded entirely through levies that all oil importers and refiners must pay. NORA is controlled by the government.

The Irish authorities requested the help of Eurostat in order to determine whether the levy paid to this company is a tax (and unrequited payments), or it is a sale of service as the company provides a service in return. The CSO also mentioned that if it is decided that the levy is a tax, then NORA has to be classified inside government. It was noted that the impact on government balance in 2007 would be: +2.5mn, while the impact on debt would be considerable as NORA's borrowings are quite big.

Findings and conclusions

Eurostat will examine the situation of similar companies in Europe, for the statistical treatment of the levy paid to these companies and for their classification. If the levies paid to NORA are considered as taxes, the company has to be reclassified to the general government sector.

4. Other issues

4.1. ESA95 Transmission Programme (tables 2, 6, 7, 9, 11, 25, 27 and 28)

Some missing items in ESA tables were discussed. The CSO will provide the missing series as soon as it can.

Annex: List of participants

	Name	Institution	
1.	Luca Ascoli	Eurostat	Head of Unit C.3 - Public Finance
2.	John Verrinder	Eurostat	Unit C.3 - Public Finance
3.	Ágota Krénusz	Eurostat	Unit C.3 - Public Finance
4.	Janis Marzubris	DG ECFIN	
5.	Christophe Duclos	ECB	
6.	Bill Keating	CSO	Assistant Director General – Macro Economic Statistics
7.	Mick Lucey	CSO	
8.	Ciarán Judge	CSO	
9.	Margaret Kinsella	CSO	
10.	Rod O'Mahony	CSO	
11.	Ciara O'Shea	CSO	
12.	Mary Cussen	Central Bank	
13.	Ciarán Coughlan	DoF	
14.	Caren Mulcahy	DoF	

CSO – Central Statistical Office

DoF – Department of Finance