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EUROSTAT

Directorate D: Government Finance Statistics
Unit D-2: Excessive Deficit Procedure (EDP) I



Luxembourg, 9 March 2012

FINAL FINDINGS

EDP dialogue visit to the Czech Republic

16-17 May 2011

Executive summary

An EDP dialogue visit to the Czech Republic took place on 16-17 May 2011.

Eurostat carried out this EDP dialogue visit with the aim to analyse the April 2011 EDP notification, to review the sector classification procedures, to ensure that the provisions from the ESA95 Manual on government deficit and debt (MGDD) and recent Eurostat decisions are implemented and that specific government transactions are appropriately recorded in the Czech EDP notifications and national accounts.

First, Eurostat enquired about the institutional arrangements and division of responsibilities with respect to the reporting of data under EDP. Eurostat encouraged the Czech statistical authorities to continue a high level of cooperation between NSI, MoF and NCB to ensure the provision of reliable EDP data.

Second, Eurostat was interested in the new centralised accounting system, in particular its advantages and which shortcomings are still to be eliminated in order to provide sound source data. Eurostat considered that the MoF should take overall responsibility for ensuring the quality of primary data sources and should provide integrated, consistent and reliable primary data to the NSI for GFS compilation.. Further, Eurostat asked the Czech statistical authorities to provide a note specifying the existing shortcomings of this new system relating to the availability of information on specific government transactions and technical compilation issues for GFS and to indicate how and when these shortcomings will be solved.

Concerning the classification of units, Eurostat concluded that the so called 50 percent market / nonmarket test is to be applied on a regular basis, not exceeding a period of 3-4 years. Eurostat stressed that the current frequency of testing units is not sufficient.

As a follow-up of the previous visit, transactions in currency and deposits (F.2) and other accounts receivable and payable (F.7) were discussed. With respect to the transactions in F.2, Eurostat accepted that the transactions in F.2 reported in financial accounts will be based on data from Money and banking statistics for the years up to 2010. The Czech statistical authorities will use administrative data sources from 2010 onwards. As for the discussion on transactions in F.7, the Czech statistical authorities will examine one by one the nature of the items reported under other accounts receivable / payable reported in the Questionnaire relating to the EDP notification tables, based on balance sheets by subsector, to see whether these reflect the correct time of recording of non-financial transactions and therefore should be taken into account for the calculation of B.9 in EDP table 2. This analysis will also be used in order to determine the quality of balance sheet information for the calculation of other accounts receivable / payable in financial accounts as well as in nonfinancial accounts, which should be consistent.

Regarding the estimates of the final settlement for corporate income tax and personal income tax for the year T-1, Eurostat found the current method of estimation inappropriate. Eurostat asked the Czech statistical authorities to make a simulation for estimates of final settlements of income taxes using additional data on profitability of corporations and to compare it with actual data for final settlement for the years 2006 – 2010. Based on the results of this simulation, Eurostat will decide whether or not to accept the new approach.

With respect to specific government transactions¹ Eurostat took note of the existing practice of recording these operations at the central government level, while the unavailability of data at the local government level was rather preoccupying.

Eurostat thanked the Czech statistical authorities for their cooperation during this EDP dialogue visit, for the transparency demonstrated and for the information provided before and during the visit.

¹ EU flows; Military equipment; Guarantees; Debt assumptions, debt cancellations, debt write-offs; Capital injections in public corporations; Dividends and superdividends; Privatisations; Public private partnership and Other (UMTS licences; Carbon trading rights,...)

Final findings

Introduction

In accordance with article 11(1) of Council Regulation (EC) No 479/2009 as amended, as regards the quality of statistical data in the context of the Excessive Deficit Procedure, Eurostat carried out an EDP dialogue visit to the Czech Republic on 16 – 17 May 2011.

The delegation of Eurostat was headed by Mr. Luca Ascoli, Head of Eurostat Unit C-3 Statistics for Excessive Deficit Procedure I. The Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers. The Czech statistical authorities were represented by the Statistical Office (NSI), the Ministry of Finance (MoF) and the National Central Bank (NCB).

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

In detail, the main aims of the dialogue visit were:

- 1) to analyse the results achieved with respect to sources and methods used for the compilation of transactions in currency and deposits (F.2) and other accounts receivable and other accounts payable (F.7) reported in EDP tables;
- 2) to discuss the method used for calculation of other accounts receivable relating to taxes of year t (notably for estimates of final settlement for income taxes) for the April T+1 EDP notification;
- 3) to discuss sector classification issues, to verify the recording of specific government transactions and their impact on the government accounts and to review the progress made at the local government level in this respect.

In relation to procedural arrangements, Eurostat explained the procedure, in accordance with article 13 of Regulation No 479/2009, as amended, that within days the Main conclusions and action points would be sent to the Czech statistical authorities, who may provide comments. Within weeks, the Provisional findings would be sent to the Czech statistical authorities in draft form for their review. After amendments, Final findings will be sent to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

1. Review of institutional issues

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

Introduction

Eurostat enquired about the co-operation and division of responsibilities between the statistical authorities (NSI, MoF and NCB), as well as whether there have been any changes in this respect since the last EDP dialogue visit.

Discussion and methodological analysis

The Czech statistical authorities confirmed that the cooperation between the NSI, MoF and NCB is good. The NSI compiles and reports EDP Tables for the years T-4, T-3, T-2 and T-1. The MoF compiles data for planned deficit and debt. The NSI is also in charge of compilation of other government finance statistics data (ESA95 Transmission program and quarterly financial accounts for general government). The CNB provides government finance statistics to the ECB. The NSI uses Money and banking statistics for calculation of currency and deposits (F.2).

Formal meetings between the NSI and MoF are organised (CNB is also invited) and reports of these meetings are presented to their hierarchies.

Findings and conclusions

1. Eurostat encouraged the Czech statistical authorities to continue a high level of cooperation between NSI, MoF and NCB in view of the provision of reliable EDP data.

1.2. Data sources, compilation practices

Introduction

Eurostat invited the Czech statistical authorities to present the new centralised accounting system ("Integrated information system of the treasury") which had been under preparation and discussed during the previous EDP dialogue visit. The Czech statistical authorities had imagined that the new system would eliminate shortcomings in data sources when compiling EDP tables (e.g. consolidation items, other accounts receivables / payables,...).

Discussion and methodological analysis

Data sources

The Czech statistical authorities explained that this new system was built, and it is owned, by the MoF. The source data is collected electronically directly from the units. The NSI has direct access to this system. This system covers units of central government and local government, however, not all research institutions, public corporations or public universities are covered. All these units use the same system of accounting, based on their national accounting rules.

The April 2011 EDP data for year 2010 was compiled based on this new system, but the results were compared with other data sources. This comparison showed some differences and forced the compilers to use additional sources in order to obtain satisfactory results. For example some units reported their figures in different units than requested, some units did not report at all, and some technical errors were spotted. As these problems were revealed during the compilation phase, Eurostat invited the MoF, as the owner of the system, to take overall responsibility for the quality of data submitted to the system by units and to undertake basic quality checks.

The NSI indicated that it does not intend to completely abolish data from statistical surveys for compilation of government finance statistics. Eurostat strongly recommended the use of integrated primary data sources instead of surveys.

The Czech statistical authorities explained that a new law on this centralised system should come in force starting from January 2012, covering also budgetary and semibudgetary units. The MoF representatives informed that starting from January 2012 a consolidated general government budget will also be prepared.

EDP Inventory

Eurostat reminded to the Czech statistical authorities that the change of data sources should be reflected in EDP inventory and therefore an update should be sent to Eurostat.

Findings and conclusions

2. Eurostat considered that the MoF should take overall responsibility for ensuring the quality of primary data sources (including basic consistency checks) and should provide integrated and consistent and reliable primary data for the GFS compilation to the NSI.
3. Eurostat asked the Czech statistical authorities to provide a note specifying: a) the problems encountered and the way they have already been solved thanks to the introduction of a new accounting system (as compared to the previous system) and b) the existing shortcomings of this new system relating to the availability of information on specific government transactions and technical compilation issues for GFS. The note will also indicate how and when the shortcomings will be resolved.
*Deadline: October 2011 EDP notification*²
4. Eurostat considered that the existing EDP Inventory should be updated in line with the recent changes in data sources. *Deadline: 31 December 2011*³

2. Follow-up of the visit of 24-26 August 2009

Eurostat noted that most of the Action points of the 24-26 August 2009 visit were completed, and the remaining ones (notably relating to the sector classification issues as well as to the

² The Action point was completed for the October 2011 EDP notification.

³ This Action point was completed on 28 December 2011.

environmental guarantees and swaps) were to be discussed under the corresponding points of agenda (see further).

Transactions in currency and deposits (F.2) and Other accounts receivable and payable (F.7)

Discussion and methodological analysis

This point covered mostly discussions on recording of transactions in F.2 (currency and deposits) and F.7 (other accounts receivable / payable) which were a problem in past years. The main issue was that the data on F.2 from Money and banking statistics (produced by NCB) and from public accounts (balance sheets) used by the NSI for the compilation of financial accounts significantly differed, therefore the NSI used to make artificial modifications in the F.7 compilation, combining the two data sources. After the 2009 visit, Eurostat asked to reconcile these data and to present the results to Eurostat. This was not completed.

Currency and deposits (F.2)

The CNB representative presented the results of the working group (including NSI, MoF and CNB) dealing with the issue of reconciliation of figures for F.2. Step by step, major differences between Money and banking statistics and the NSI administrative sources for central government were explained for the years 2006 – 2010. The NCB representative concluded that the F.2 data (coming from money and banking statistics) as reported in EDP Table 3B for 2006-2010 are correct. For reporting starting from 2010, administrative data sources will be used for central government. However, the figures will still be compared with the CNB data.

The problem still exists for the local government data, as the comparison is more difficult due to unavailability of F.2 data to the CNB.

In the case of social security funds, only some differences occur between the CNB and the administrative data used by the NSI; these can be explained as timing differences.

The unexplained differences in F.2 figures between data from Money and banking statistics and administrative data used to be included in F.7 (other accounts receivable and payable) in financial accounts and EDP Table 3A. Table 4.1. of the Questionnaire relating to the EDP notification tables shows these under item "Adjustments, if any" (Impact due to rebalancing / balancing adjustments), which should not appear anymore.

Eurostat pointed out at the development of F.2 reported in EDP Table 3B, when a substantial amount of currency and deposits was acquired in 2007 but not spent in following years. The MoF suggested that this concerned expenditures which were not spent in the current year and transferred into a reserve fund (and not budgeted in following years).

5. Eurostat accepted that the transactions in F.2 (currency and deposits) reported in financial accounts will be based on data from Money and banking statistics for the years up to 2010. The Czech statistical authorities will use administrative data sources from 2010 onwards. *Deadline: October 2011 EDP notification*⁴

⁴ This Action point was completed for the October 2011 EDP notification.

6. With respect to the previous point, the balancing item (resulting from the adjustments of Money and Banking statistics) reported at present in other accounts receivable in table 4⁵ of the Questionnaire relating to the EDP notifications, will be eliminated. *Deadline: October 2011 EDP notification.*⁶

Other accounts receivable / Other accounts payable (F.7)

The issue of reporting F.7 is rather complex as for the compilation of non-financial accounts (and B.9), administrative sources and results of surveys have been used, while for the financial accounts (and B.9f) compilation administrative sources (balance sheets), amended by Money and banking statistics have been used. This might be the reason for high discrepancies reported in EDP Tables 3. During the previous EDP dialogue visit, the Czech authorities had explained that the new accounting system should solve this issue.

Eurostat asked what was the data source for calculating accrual adjustments in EDP Tables 2 and EDP Tables 3. The NSI representatives claimed that the results of statistical surveys were used for some revenues and expenditures items, as in many cases there was not a direct link between the balance sheet data and revenue / expenditure reports.

Eurostat further reviewed F.7 items as reported in Tables 4.1.1 and 4.1.2. of the Questionnaire related to the EDP notification Tables. It appeared that some items of the part "Receivables (or Payables) relating to financial instruments" did not really relate to financial operations (e.g. Advance payments for fixed assets, ...) and so these should also be reflected in nonfinancial accounts. All the reported items should therefore be reviewed (and corrected if necessary) and crosschecked with the items reported in Table 4.2.1 and 4.2.2. of the Questionnaire, as their incorrect reporting might have an impact on the level of the net lending / net borrowing. Eurostat requested to make this exercise for all subsectors. Eurostat also requested the MoF to take overall responsibility for providing harmonised accrual data in financial statements.

7. The Czech statistical authorities will examine one by one the nature of the items reported under other accounts receivable / payable (Table 4.1 of Questionnaire relating to the EDP notification tables) based on balance sheets by subsector to see whether those reflect time of recording of non-financial transactions and therefore should be taken into account for the calculation of B.9 in EDP table 2. This analysis will also be used in order to determine the quality of balance sheet information for the calculation of other accounts receivable / payable in financial accounts as well as in nonfinancial accounts, which should be consistent. *Deadline: 30 July 2011*⁷
8. Following the proposed treatment of other accounts receivable / other accounts payable (F.7) as described in point 6, a draft set of EDP tables (including EDP Table 3B1) and Table 4 of the Questionnaire relating to the EDP tables by subsector will be provided to Eurostat. *Deadline: 30 July 2011*⁸

Specific operations at local government level

⁵ Other accounts receivable reported in EDP table 3A.

⁶ This Action point was completed for the October 2011 EDP notification.

⁷ This Action point was completed on 1 August 2011.

⁸ This Action point was completed on 1 August 2011.

During the 2009 visit, the issue of unavailability of data on specific operations undertaken by government at the local level was also raised. The NSI had informed Eurostat that the situation would improve once the new centralised accounting system is introduced. This is still not the case and Eurostat asked about the reasons and solutions to change this situation since it may have a material impact on the deficit and debt figures for local government. The MoF stated that the availability of data in this respect should improve starting from 2012. For the moment some other measures should be taken. The NSI had contacted municipalities directly, but this step failed as municipalities refused to provide the requested data. The data provided in the balance sheets and in the survey of local government units is not satisfactory for these purposes. The MoF offered the help of its Local government department in order to contact municipalities in writing with the aim to collect the necessary information. Eurostat stressed that this should be, however, an interim solution and that the situation has to improve in a very short term.

9. Eurostat pointed out that the quality of information available for specific operations undertaken by local authorities is still not acceptable and stressed that this problem needs to be solved as soon as possible as a matter of priority. In this context Eurostat regrets that the introduction of analytical statements has already been postponed twice, jeopardising the quality of information. Eurostat considered that the present situation with respect to the data sources is not sustainable for the future and needs to be solved as soon as possible in view of future validation of the data reported by the Czech statistical authorities. In the meanwhile, as a provisional measure, the MoF, based on input from the NSI, will ask regional and local authorities to provide them with the data necessary for EDP compilation. *Deadline: 30 July 2011*⁹

3. Methodological issues and recording of specific government transactions

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

Semi-budgetary organisations

Introduction

The NSI is the holder of the statistical register and is responsible for sector classification issues. Any newly established unit asks the NSI for an identification number and indicates its shareholders and type of its economic activity. In general, the NSI considers the results of the 50% market / nonmarket test and the legal form of the unit when deciding about its classification. In some cases the NSI also looks at who is the establisher of the unit in question.

Discussion and methodological analysis

Eurostat asked how often units are tested for their market / nonmarket character. The NSI informed that it has been done twice before (data for 1995 and 1996 and 2002-2003) for semibudgetary organisations and after the EDP dialogue visit of 2009, some public corporations were tested using data for 2007 and 2008.

⁹ This Action point was completed within the October 2011 EDP notification assessment.

Eurostat was surprised that the 50% test is undertaken so infrequently. Eurostat stressed that this is almost a unique case and requested to change this practice and test units more frequently.

The NSI also presented the results of the 50% test in ESA2010 terms (e.g. taking into account also interest costs) and quantified the number of units to be reclassified.

Hospitals

Introduction

There are 105 public hospitals in the Czech Republic and all are classified outside the general government sector. The hospitals were tested for the 50% rule before the 2009 EDP dialogue visit. In addition to the discussion of the previous EDP dialogue visit, the NSI repeated that all hospitals (public or private) having a contract with an insurance company, apply the same price list for their procedures. This list is issued by the Ministry of Health.

Discussion and methodological analysis

Eurostat pointed out that in the document on classification of hospitals provided to Eurostat prior to the visit, some hospitals were reporting losses. The NSI confirmed that and indicated that despite this, according to the 50% rule, these hospitals should remain classified outside the government sector.

Eurostat reminded that subsidies on production should not be included in the calculation of the 50% test. The Czech statistical authorities confirmed that the reporting units are guided not to include such subsidies in sales.

Findings and conclusions

10. Eurostat asked the Czech statistical authorities to undertake the 50% test for sector classification of units on a regular basis, not exceeding a span of 3-4 years. As the last test took place in 2004 (using data for the years 2002 and 2003), Eurostat invited the Czech statistical authorities to perform an immediate analysis of the 50% rule on all public corporations and semi-budgetary organisations in view of a possible reclassification of units in the context of the October 2011 EDP notification. The Czech authorities will inform Eurostat of the results of the test and of the impact on net lending / net borrowing and on debt of general government. *Deadline: 31 August 2011*¹⁰
11. The Czech authorities will send to Eurostat profit and loss accounts as well as balance sheets of the 5 biggest loss making corporations (as reported in the Questionnaire relating to the EDP notification tables; table 10.2¹¹) for 2007 – 2010. At the same time, the Czech statistical authorities will undertake the 50% test for years 2007-2010 for all units listed in table 10.2. *Deadline: 31 August 2011*¹²

¹⁰ This Action point was completed on 1 August 2011.

¹¹ Capital injections, superdividends and privatizations (detail of S.13); VII Largest losses (public accounts)

¹² This Action point was completed on 1 August 2011.

3.2 Implementation of accrual principle

3.2.1. Accrual taxes and social contributions

Introduction

The issue of regular and significant revision of tax receivables has been raised several times (either during the visits or during the EDP notification assessment). The Czech statistical authorities use a time adjusted cash method for calculation of accrual taxes and social contributions, with a time lag of 1-2 months (depending on the type of tax). For corporate income tax, the amount of final settlement is known in January of the year T+2. For the April EDP notifications, only rough estimates for the final settlement for year T-1 are known.

Following a request of Eurostat, the Czech statistical authorities provided a note describing two methods of estimating the financial settlement in order to avoid substantial revisions: one suggesting recording the financial settlement on a cash basis; the second one shifting the period of the accrual recording of the final settlement just before the dates of the second EDP notification.

Discussion and methodological analysis

The MoF representative shortly described the method currently used for estimating the final settlement of income tax, when the tax settlement for year T-1 is adjusted by a growth coefficient (based on the GDP growth). Eurostat repeated that, as this method has been resulting in data significantly revised in two consequent notifications after their first reporting, it cannot be accepted anymore.

The MoF representative then introduced the two new above mentioned proposals for final settlement. However, in his view, returning back to cash recording would not be a good idea as this would not reflect the economic reality. At a first glance, in Eurostat's view, the approach of using the final settlement data from January till August and cash data for September – December of the year T+1 might bring acceptable results.

The Czech statistical authorities also proposed to use data from a survey on corporations in order to estimate the final settlement for corporate income taxes. This survey is undertaken quarterly and covers the 2000 largest corporations. The results of the survey for the year T-1 are available in February of the year T.

Eurostat encouraged the Czech statistical authorities to try to use this indicator and make a simulation of calculations for the years 2006-2009.

Findings and conclusions

12. Eurostat considered the current practice used for estimation of the final settlement for income taxes, which has led to substantial revisions in the past, inappropriate. The Czech statistical authorities will make a simulation for estimates of final settlements of income taxes using additional data on profitability of corporations and will compare it with actual data for final settlement for years 2006 – 2010. Based on

results of this simulation, Eurostat will decide whether or not to accept the new approach. *Deadline: 1 August 2011*¹³

3.2.2. Calculation of accrual interest

Introduction

Interest is calculated on an accrual basis for central government and social security funds, but not for local government. The Czech authorities provided documents prior to the visit, showing how interest is calculated. At this point the issue of swaps was also discussed.

Discussion and methodological analysis

Eurostat wanted to know when interest will also start to be calculated on an accrual basis also for local government. The Czech statistical authorities informed that the plan is to provide accrual data on interest in 2013 (data for the year 2012). They also indicated that the debt of local government consists only of loans.

According to the Czech authorities, the revenue from the coupon sold on tranches is included in the working balance and the appropriate adjustment is made in the line "Difference between interest paid and accrued" in both EDP table 2A and EDP Tables 3 (A and B).

Eurostat was also interested in why interest on swaps was always reported as negative. The Czech statistical authorities needed to search further for an explanation. Eurostat also wanted to know what kind of swap operations are undertaken by local government.

Findings and conclusions

13. The Czech statistical authorities will provide to Eurostat a note listing all swaps contracted and detailing a) their nature (interest, currency or other swaps), b) their notional amount, c) their maturity and d) their market value. This list will be provided both for central and for local government, indicating which municipalities currently use this instrument. *Deadline: 31 August 2011*¹⁴
14. The Czech statistical authorities will verify the amounts of cash interest under swaps which have been indicated and will also investigate the reasons why net streams of interest under swaps are always negative. *Deadline: 15 September 2011*¹⁵

3.3. Recording of specific government transactions

a) EU flows

Introduction

The NSI provided prior to the visit a note on the recording of EU flows on both the central as well as on the local government level.

¹³ This action point was completed on 1 August 2011.

¹⁴ This Action point was completed on 31 August 2011.

¹⁵ This Action point was completed on 31 August 2011.

Discussion and methodological analysis

According to the information provided by the Czech statistical authorities, the EU transfers received and spent are correctly neutralised in order not to impact the B.9. Eurostat was interested in whether there might be a risk of double counting in cases when the funds are transferred to the local government. The NSI confirmed that such flows are well monitored and this kind of risk is eliminated.

Findings and conclusions

15. Eurostat took note of these arrangements.

b) Military equipment

Introduction

According to the Questionnaire relating to the EDP notification tables, the basis for recording of such acquisitions in national accounts are cash or deliveries. It seems that no noticeable prepayments or late payments occur. One case of a lease (Gripens) was reported, which was treated as a financial lease in national accounts. There seem to be no deliveries of military equipment built over several years. A short note on the recording of military equipment expenditure was provided by the NSI prior to the visit.

Discussion and methodological analysis

Eurostat did not raise any particular issue.

Findings and conclusions

16. Eurostat took note of the way purchases of military equipment are recorded in EDP tables and relating questionnaire.

c) Guarantees

Introduction

A note, as well as quantitative information, was provided for this point prior to the visit. The Czech statistical authorities had adopted a prudent approach for recording guarantee calls. As soon as a cash call on a guarantee occurs, a capital transfer is recorded for the whole amount of the guarantee and the relating debt is recorded as being assumed by government. Some repayments of the previously assumed debt may occur, however these cases are very rare.

Discussion and methodological analysis

The Czech statistical authorities confirmed the treatment described above.

At this point Eurostat also asked whether any guarantee of export insurance has ever been called. The Czech authorities confirmed that such guarantees exist but have not been called. A document describing the issue in general was provided prior to the visit.

Environmental guarantees

This issue was discussed during the 2009 EDP dialogue visit. Environmental guarantees do not relate to guarantees on borrowing, but they were provided for possible ecological damages to privatized companies by government. Payments are set up by a law and are recorded in the national accounts every year as a government other capital transfer payable, and at the time when the payment for incurred damage is approved.

A call for tender had been launched in order to choose a private company to remove the remaining environmental damages in individual localities. According to the Czech statistical authorities, this tender has not been closed yet.

Findings and conclusions

17. The Czech statistical authorities will send a note to Eurostat on the treatment of export credit insurance guarantees from the ESA95 point of view. *Deadline: 31 December 2011*¹⁶

d) Debt assumptions, debt cancellations and debt write offs

Introduction

A short note on debt assumptions, cancellations and write-offs and foreign claims was provided prior to the visit. The Czech statistical authorities confirmed that there has not been any debt assumption since 2004.

Discussion and methodological analysis

Table 8¹⁷ of the Questionnaire relating to the EDP notification tables shows a stock figure (4566 mill CZK) of claims against public corporations. This figure has not changed lasting recent years, as the repayments have never been reported. The Czech statistical authorities explained that this claim has existed since before 1990 and relates to the construction of gas facilities by the former USSR in the former Czechoslovak Republic. The Czech authorities underlined that this claim is against a public corporation called Transgas and not against the former USSR republics (the Russian Federation, Ukraine and Kazakhstan).

Transgas is a public corporation 100% owned by the Czech government, according to the MoF representatives. Therefore it is correctly reported in the line "Claims against public corporations" in the Questionnaire. It should be noted that no interest on this claim is paid, nor accrued. On the other hand, Transgas keeps in its books this claim against the three former USSR republics. According to the information provided by the MoF representatives, the Russian Federation recognises this claim and had been repaying it partly in gas and partly in cash. Ukraine also recognises this claim, but does not pay, while Kazakhstan does not recognize it. The MoF representatives stated that it is assumed that the claim will be repaid in the near future.

¹⁶ This Action point was completed on 28 December 2011.

¹⁷ Central government claims, debt cancellation.

Eurostat pointed out that there is no figure reported for “Other claims” in the Questionnaire and that the sum of the subitems does not give the total of the reported government claims. The NSI will report the claims of the State fund for dwelling (and also other identified claims) in this item. In addition the NSI will investigate whether any write-offs relating to these claims could have appeared.

Findings and conclusions

18. The Czech statistical authorities will identify and send the list of debtors for loans granted by central government reported under EDP Table 3. *Deadline: 30 July 2011*¹⁸
19. The Czech statistical authorities will complete Table 8 of the Questionnaire for the items which have been left empty (notably "other claims"; new lending and repayments). *Deadline: October 2011 EDP notification*¹⁹
20. The Czech statistical authorities will inform Eurostat about provisions made on loans granted by the State Fund for dwellings for 2010. *Deadline: 31 August 2011*²⁰

e) Capital injections in public corporations

Introduction

The note of the NSI provided prior to the visit stated that all capital injections are treated as nonfinancial transactions.

No information is available for capital injections provided at the local government level.

Discussion and methodological analysis

The NSI informed Eurostat that when deciding on the statistical treatment, each capital injection is investigated separately and that the beneficiary unit is checked for profitability. Eurostat pointed out that in the list of capital injections to public corporations (Table 10 of the Questionnaire), they all were treated as nonfinancial transactions.

Findings and conclusions

21. Eurostat took note of this prudent approach to capital injections recording.

f) Dividends, superdividends

Introduction

The Czech statistical authorities undertake regular tests for super dividends. According to the note provided by the NSI, detailed information on dividends by payers is obtained from the MoF.

¹⁸ This Action point was completed on 1 August 2011.

¹⁹ This Action point was completed within the October 2011 EDP notification assessment.

²⁰ This Action point was completed on 31 August 2011.

Discussion and methodological analysis

Due to lack of time, a discussion on this point did not take place.

g) Privatisation

Introduction

After the National Property Fund ended its task, the MoF is in charge of privatisation. A short note and a table showing privatisation receipts were provided prior to this visit

Discussion and methodological analysis

Due to lack of time, a discussion on this point did not take place.

h) Public private partnership (PPP)

Introduction

According to the note provided prior to this visit, there are no ongoing PPP projects at central or local government level.

Discussion and methodological analysis

Eurostat asked for confirmation of this information. The NSI informed that there are concessions for about 50bn CZK at the local government level. The NSI also indicated that a PPP for the construction of the D3 motorway is under preparation, however not agreed yet.

Findings and conclusions

22. The Czech statistical authorities will send to Eurostat a draft PPP contract for the construction of the D3 motorway for examination, even if not definitively approved by the contracted parties. *Deadline: 18 July 2011*²¹
23. The Czech statistical authorities will start reporting on PPPs in Table 11²² of the Questionnaire relating to the EDP notifications as soon as a PPP contract is agreed. *Deadline: ongoing*

j) Other government transactions: notably Sale and lease back operations, Securitisations, UMTS, Carbon trading rights

Introduction

According to the short note provided for this visit, the NSI has no information on Sale and leaseback operations. Information will start to be collected from 2011 by the way of a questionnaire conducted by the MoF.

The MoF reports no occurrence of Securitisation operations, nor new UMTS licences.

²¹ This Action point was completed on 18 July 2011.

²² Financial data and national accounts information on PPPs.

There have been sales of emission rights in 2009 and 2010 according to the document provided prior to this visit.

Discussion and methodological analysis

Due to lack of time, a discussion on this point did not take place.

Annex I: List of participants

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Dagmar Sojková	Ministry of Finance
Věra Balounová	Ministry of Finance
Lubomír Chaloupka	Ministry of Finance
Petr Hovorka	Ministry of Finance
Tereza Havelková	Ministry of Finance
Vojtěch Čížík	Ministry of Finance
Michael Rech	Ministry of Finance
Pavel Křeček	Ministry of Finance
Pavel Šabata	Ministry of Finance
Petr Kusý	Ministry of Finance
Petr Plesnivý	Ministry of Finance
David Bauer	Ministry of Finance
Michal Svoboda	Ministry of Finance
Jan Áčko	Ministry of Finance
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Alena Kochová	Ministry of Finance
Vladimír Veselý	Ministry of Finance
Petr Plášil	Ministry of Finance
Freantišek Fojt	Ministry of Finance
Bohdan Rajčinec	Ministry of Finance
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Milan Belloň	Czech National Bank
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