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EUROSTAT

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

Luxembourg, 25 November 2016

FINAL FINDINGS

EDP standard dialogue visit to Slovenia

7- 8 September 2015

Executive summary

Eurostat carried out a standard EDP dialogue visit to Slovenia on 7-8 September 2015. The purpose of the visit was to review the existing institutional responsibilities for compiling EDP statistics, the implementation of ESA 2010 methodology, especially the sector classification of certain units, the accrual principle mainly for the recording of the EU funds and the recording of specific government transactions and to clarify some issues relating to the EDP notification tables.

The institutional arrangements currently in place were reviewed. The discussion focussed on the Memorandum of Understanding between the main institutions involved in EDP reporting in place since 2009, to be renewed until the end of 2015, and on the draft ESA2010 EDP Inventory including especially the progress made and further developments to be done in integrating data sources for non-financial and financial accounts mainly by using the Whole Government Accounts (WGA). In this respect, Eurostat welcomed the good cooperation between the Slovenian statistical authorities and encouraged to continue the work done in the reconciliation between EDP tables 2 and EDP tables 3 which has already materialised in a decrease of the statistical discrepancies in the April 2015 EDP notification.

Regarding the analysis of the EDP notification tables, the Slovenian statistical authorities agreed to provide to Eurostat additional data in the next notifications on the net lending/net borrowing for individual entities included in other government bodies, as well as on data on other accounts receivable/other accounts payable for each separate group of units.

The progress made by the Slovenian statistical authorities on the open action points from the EDP dialogue visits that took place in 2013 was discussed, as well as some open issues from the April 2015 EDP notification.

Special attention was given to the EU funds recording in Slovenia. Experts directly involved in the EU funds mechanism explained the flows at the central level and the related recording in the government accounts, including the neutralisation of their impact. Eurostat took note that the EU funds were recorded and neutralised on a net basis and only at the central level and asked the Slovenian statistical authorities to investigate the possibilities to record them on a gross basis, applying the related ESA2010/MGGD rules for recording EU funds. Eurostat furthermore stressed the rules for recording of financial corrections and recalled that the recording of EU grants on a cash basis for local government is not in line with the rules. Eurostat asked for a reconciliation table between EDP tables 3 and EDP tables 2 for EU grants data.

The discussion continued on the application of the ESA2010 sector classification rules. Eurostat recalled that data in relation to reclassification of units should be revised backwards for the whole time series. Eurostat invited the Slovenian statistical authorities to monitor continuously the public corporations not included in S.13, reported in the questionnaire on government controlled units classified outside general government and particularly the entities having the results of the market/non-market test close to the 50% threshold, or above an abnormally high threshold, the cases with a sharp fall in the market/

non-market test results, the entities having zero or very few employees, in order to reclassify the companies where necessary.

Eurostat and the Slovenian Statistical Authorities agreed that the current statistical sector classification of DSU (Družba za Svetovanje in Upravljanje) in S.13 is correct. The sector classification of the public infrastructure companies DARS was discussed and it was agreed to monitor planned future legal changes in order to reanalyse the sector classification further on.

In the context of government interventions into financial institutions, the recording in national accounts of some specific operations (the purchase of non-performing loans, the conversion of claims into real estate by using collaterals and conversion into equity) of the Slovenian bad bank, the Bank Asset Management Company, were discussed. It was agreed to follow up on the operations for which only partial information was available in the meeting and which, in addition, were statistically very complex.

Regarding the implementation of the accrual principle, Eurostat verified the accrual adjustments for interest and asked the Slovenian statistical authorities to update the ad-hoc questionnaire on interest and to compile the related data in EDP tables 2 and 3 accordingly. Regarding the 2014 court decision on Ljubljanska banka deposit holders, Eurostat invited the Slovenian Statistical Authorities to monitor the related future interest payments and to report to Eurostat the amounts and year of recording.

Regarding the accrual recording of taxes, Eurostat provisionally agreed with the proposed recording in relation to cash penalties and other non-tax revenues by replacing the current calculation using WGA related stocks data with the time-adjusted cash using the cash budgets reports.

As regards the recording of specific government transactions, the Slovenian statistical authorities were asked to investigate if the government claims data were duly reported in the questionnaire table 9.1 and particularly the figures for calls on guarantees of local government. Eurostat recalled the importance of monitoring non-performing loans in order to make sure that debt cancellations are correctly reported. The issue of recording of capital injections and dividends in national accounts was also discussed and Eurostat invited the Slovenian Statistical Authorities to take steps in establishing a monitoring system at local government level. As for the Public-Private Partnerships (PPP), the Slovenian Ministry of Finance, together with the Slovenian NSI, will collaborate to update and analyse the existing PPPs list.

Eurostat appreciates the information provided by the Slovenian statistical authorities prior and during the EDP standard dialogue visit. Eurostat also thanks the Slovenian statistical authorities for their cooperation during the EDP visit and considers that the discussions were open and constructive.

Introduction

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009, as amended, on the application of the Protocol on the excessive deficit procedure annexed to the Treaty on the functioning of the EU, Eurostat carried out an EDP standard dialogue visit (SDV) to Slovenia on 7-8 September 2015.

The delegation of Eurostat was headed by Ms Lena Frej Ohlsson, Head of Unit D-2 Excessive Deficit Procedure (EDP) I. Eurostat was also represented by Mr Denis Besnard, Ms Rasa Jurkonienė and Ms Nicoleta Savu. Representatives of the European Central Bank (ECB) and DG ECFIN also participated in the meeting as observers. The Slovenian Statistical Authorities were represented by the Statistical Office of the Republic of Slovenia (SORS), the Ministry of Finance (MoF) and the Bank of Slovenia (BS).

The previous Eurostat EDP dialogue visit to Slovenia took place on 12-13 September 2013. Eurostat has also conducted an upstream dialogue visit on 27-29 November 2013.

Eurostat carried out the September 2015 EDP dialogue visit in order to analyse the recording of EU Funds and follow up on the related action points resulting from the 2013 dialogue visit, to review the implementation of ESA 2010 methodology, especially as regards the sector classification of units, the implementation of accrual principle and to clarify the recording of some specific government transactions.

With regard to procedural arrangements, the Main conclusions and action points will be sent to Slovenia for review soon. Then, within months, the Provisional findings will be sent to Slovenia for review. After this, the Final Findings will be sent to Slovenia and the Economic and Financial Committee and published on the website of Eurostat.

Eurostat appreciated the timely information provided by the Slovenian statistical authorities prior to the EDP dialogue visit. Eurostat also thanked the Slovenian statistical authorities for the co-operation during the visit and considered that the discussions were transparent and constructive.

1. STATISTICAL CAPACITY ISSUES

1.1. Review of institutional responsibilities in the framework of the reporting of the EDP data and government finance statistics compilations

Introduction

The EDP tables are reported to Eurostat by the SORS.

In 2004, a “*Memorandum of Understanding in the field of macroeconomic and financial statistics*” (MoU) has been established between the SORS, the MoF and the BS. In 2007 and 2009, the Memorandum was amended.

According to the 2009 MOU, the EDP report is prepared jointly by SORS, MoF and BS and forecasts or estimates, as well as debt data for the current year, are fully prepared by the MoF. General government non-financial accounts are compiled, published and transmitted to Eurostat by SORS using data provided by the MoF. Financial accounts are prepared by BS in line with ESA methodology.

Discussion

Eurostat enquired about the cooperation between the institutions involved in EDP and any changes since the 2013 EDP dialogue visit, with relation to division of responsibilities and organisational structure, taking into consideration that the related description in the MoU is not fully consistent with the EDP Inventory.

SORS confirmed that there have been no changes in the institutional arrangements since the last EDP dialogue visit and being aware of the delay in updating the MoU, SORS informed Eurostat that the MoU will be updated before the end of 2015 including the responsibilities of each institution concerning the compilation and notification of each EDP table, as recommended also by the action point no. 1 of the 2013 UDV. Moreover, it will include references to the new data source used by the Bank of Slovenia, the "*Whole Government Accounts*" (WGA), representing the balance sheet of the General Government. The obligations raised by the Directive no. 85/2011 will also be specified.

Eurostat asked SORS to harmonize the MOU and the Inventory based on the actual working arrangements.

SORS pointed out that timeliness improved considerably this year and that the statistical discrepancies decreased in EDP tables due to the good cooperation with the BS and the MoF. The experts of the permanent Working Group (WG) meet regularly and there is also constant communication not only during the notification period (daily exchange of e-mails and telephone conferences), but also during ad-hoc meetings on methodological improvements and future work plans (weekly).

Eurostat recalled that the roles of the three institutions within this WG should be formalised, as well as rules and procedures and that the leadership of SORS should be recognised, including its role as the authority responsible for implementation of the ESA and for EDP reporting, as recommended also by the action point no. 1 of the 2013 UDV.

Findings and conclusions

- (1) The Slovenian Statistical Authorities will send to Eurostat the revised "*Memorandum of Understanding in the field of macroeconomic and financial statistics*" (MoU), expected to be signed before the end of the year,

Deadline: When signed.

- (2) The Slovenian Statistical Authorities will update the information on institutional responsibilities for all EDP tables and ensure consistent information in the EDP Inventory and the forthcoming MoU.

Deadline: Inventory → Mid October 2015. ¹ MoU → When signed.

¹ The Slovenian statistical authorities provided to Eurostat for publication the EDP Inventory on December 2015.

1.2. Data sources and revision policy, EDP inventory

a) Data sources

Introduction

The use of the data sources as described in the EDP Inventory and the MoU, as well as the newly available *Whole Government Accounts* (WGA) data source were discussed under this point of the agenda.

Discussion

According to the MoU and the Inventory, the main data sources used by SORS for compiling the EDP tables are the cash budgets provided in excel format by the MoF (t+1/t+2 months) for each subsector working balance calculation (central budget, municipality budgets and the budgets of the Health and the Pension and Social Security Fund), the Whole Government Accounts (t+6 months) also provided by MoF (the balance sheet on accrual basis of all GG units, except corporations) and the annual financial statements on accrual basis (t+4 months) of public units and corporations provided by the Agency for Public Records and Related Services (AJPES).

The WGA is a new source introduced in 2005 by the MoF and this source is available in June/July, and can be used only for the October EDP notification. The source is detailed by instruments and is exhaustive, and it is an important data source for the annual financial accounts compilation by the Bank of Slovenia, supplementing their direct reporting system used for quarterly financial accounts compilation. The source shows approximately one hundred items, including fixed assets and inventories, components of financial assets and liabilities, interest flows and intra-government transactions. In the 2012 EDP notification (for the period 2008-2011), the source was for the first time used also for the compilation of non-financial accounts and particularly for B.9 adjustments from a cash basis, for all groups of units within the subsectors of general government.

For calculating gross fixed capital formation (GFCF), the primary source is the survey on GFCF (available at t+12 months) and, because of the late availability of these GFCF data in the first and in the second EDP reporting, a one month time-lag is used for GFCF accrual adjustment.

SORS confirmed that there were no important changes concerning the EDP data sources and flows between the institutions involved since the last dialogue visits in 2013, but due to the introduction of ESA2010, in the April 2015 EDP notification, 22 units were reclassified into the General Government sector from 2010 onwards. This had a rather small impact in B.9 (-0.1% of GDP) and an increase in debt (+0.3% of GDP) mainly related to the Stock Management Unit (“*Zavod Republike Slovenije za blagovne rezerve*”), company reclassified already in the October 2014 EDP notification.

Eurostat stressed the importance of having consistent time series and asked the SORS to implement backward revisions for the years before 2010. The SORS expressed some concerns as, in their view, the units in question do not have material impact on the net

lending/net borrowing and, in addition, such revisions would not be in line with the national GDP revision policy of SORS.

Further, SORS explained that, due to the fact that almost all basic data sources are only available for the second EDP notification, the data for the first EDP notification (data for the year n in April of the year $n+1$), including data for major units, are collected mostly by the MoF and partly by SORS, directly from those units.

Eurostat asked the MoF about the approval of the new accounting law mentioned in the 2013 EDP dialogue visit and of its consequences for the EDP reporting, especially as regards the availability of data for April notification. The MoF replied that the draft is still under discussion. It is expected that the Law will be approved by the end of 2015 and will be implemented for the data of 2017 in the context of the April 2018 EDP notification. However, as noted by the SORS, the statistical surveys undertaken by the Bank of Slovenia are used as an alternative data source in the first notification.

Eurostat recommended the Slovenian statistical authorities to work together in order to have WGA available for the April EDP notification report, so that it could be used for the compilation of non-financial and financial accounts.

SORS explained that, in 2015, the WGA has been available earlier than usual, by the end of May, via the BS and therefore these data are now for the first time consistently used in GDP as well as in the general government accounts and in the EDP tables for the previous years.

The availability of the WGA already at end of May has opened the possibility to concentrate also on the other data quality aspects, for example, to solve the reconciliation problems regarding F.8 Other accounts receivable/Other accounts payable and other statistical discrepancies. Using the WGA in the second EDP notification allows for reconciliation of the F.8 instruments in EDP tables 3 and in financial accounts, with EDP tables 2. In addition, the WGA allowed improving calculations in EDP tables 3 and particularly in reducing the statistical discrepancy in EDP tables 3B.

The WGA as a data source has altogether six categories of other accounts receivable and seven categories of other accounts payable (an additional account is “*payables to employees*”). With this data base, SORS has less difficulty in calculation F.8 instruments for all other groups of units (other central government units and other local government units) as well as for other direct budgetary units at local and at central government level (public funds and local communities). For these groups of units, cash budgets are available and therefore the B.9 is calculated using cash data and the accounts receivable and accounts payable from the WGA data.

However, SORS explained that for the budgetary units included in the WB (central budget, local budgets and social security funds) the use of WGA is problematic because it includes taxes and social security contributions recorded under short and long term other receivables. Adjustments for all taxes and social security contributions are estimated separately and cannot be taken from WGA. Concerning the social security funds, in the statistical survey of the Bank of Slovenia, all accounts receivable due to social security contributions are identified and can be excluded from other receivables calculated using the WGA data. In the

case of the central and local budgets, this can be done only partly and therefore, several small categories cannot be identified and excluded. SORS also proposed the use of time adjusted cash for some other revenues in order to solve discrepancies coming from this (discussed further in the agenda: action point 34).

As an overall result of using WGA data in the compilation of the EDP notification, the statistical discrepancy in EDP table 3B in the April 2015 notification was much smaller than in the October 2014 notification.

Eurostat welcomed the improvement of the quality of the F.8 Other accounts receivable/Other accounts payable (including data source) and the consequent decrease of statistical discrepancies due to the use of the WGA data source. At the same time, Eurostat took note of the difficulties in extracting other receivables for the central and local direct government units from the use of WGA, because of insufficient level of detail in the structure of these balance sheets and because time adjusted cash are used for the social contribution and taxes. Therefore, Eurostat recommended discussing in the permanent Slovenian WG, the possibility to develop the structure of the WGA for the EDP and GFS needs.

Findings and conclusions

- (3) Eurostat recalled that, as a general rule, data in relation to reclassification of units should be revised backwards for the whole time series and not only for the last four years covered by the EDP reporting. Eurostat invites the Slovenian Statistical Authorities to investigate the possibility to include missing backward data in the next GDP benchmark revision.

Deadline: October 2016 EDP notification.

- (4) The Slovenian Statistical Authorities will send to Eurostat the new law on public accounting, expected to be adopted before the end of the year.

Deadline: When adopted.

- (5) Eurostat invited the Slovenian Statistical Authorities to investigate the possibility of inclusion of further details on receivables in the Whole Government Accounts (WGA) and to send to Eurostat a note on the result.

Deadline: October 2016 EDP notification.

b) Revision policy between the April and October EDP reporting

Introduction

For each EDP reporting, data for the last four years are open to revision. Major revisions with an impact on B.9 and B.9f are made in September, because some data sources are available only for the second EDP notification.

September revisions include possible methodological changes, improvements in data sources, reclassification of units and correction of errors found. As general government

gross debt data are completely available already in the first EDP notification, later revisions are not necessary.

In the April EDP notifications, preliminary data are available for all budgetary units. For other units in central and local government, estimations are being used instead (based on preliminary outturns, information on recent developments and data from previous years) and mainly undertaken for the big units (such as hospitals, universities), while for small units (such as local communities), no estimations are done because the impact on net borrowing / net lending for these units is almost negligible. In the October EDP notifications, the preliminary outturn data for the year n-1 used in the April EDP notification, are revised with final data for the budgetary units. For all other units in the central and local government, estimates for the year n-1, used in the April EDP notification, are revised in October with data from financial statements.

Discussion

SORS explained that there are several basic principles to be followed on the revisions of government accounts and EDP tables. The first principle is simple: EDP data and ESA2010 tables of government accounts must be consistent, published and publicly available before being transmitted to Eurostat. The second principle is related to the reclassification of units which is done only in the second notification (October) because this affects the GDP level and is in the EDP and ESA2010 tables included together with the GDP revision, which is always published for the last four years in August of each year.

Regarding the main revisions in the April 2015 EDP notification, SORS clarified that the deficit figures for 2011-2013 were revised (by -0.4 pp for 2011 and by -0.3 pp for 2012 and 2013), mainly due to the neutralisation of EU Funds, the reclassification of new units into the Government sector and the rerouting of the Government Funds managed by SID Bank into the Central Government sub-sector. The figures on debt were revised for 2011 and 2012 (by +0.3 pp) due to the inclusion in the Central Government accounts of the Stock Management Unit (“*Zavod Republike Slovenije za blagovne rezerve*”) starting from 2010 (this unit has been reclassified already in October 2014, however the debt had been impacted only for the year 2013).

Eurostat welcomed the work done concerning the recording of the EU funds and particularly the corrections for neutralising the EU funds impact on the government deficit starting from the year 2004.

Findings and conclusions

Eurostat took note about these clarifications and recalled that in April not only the deficit and debt data for all the Member States are published on Eurostat website, but also their revenue and expenditure levels, which have to be consistent with the reported B.9.

c) EDP inventory

Introduction

The previous version of the EDP inventory was last updated in October 2013, and is published on the SORS website. The new current version of the EDP inventory was provided to Eurostat on 28 August 2015, as a first draft.

The following indicative planning was proposed by Eurostat:

- Availability of the first draft: before September 2015 mission (28 August 2015);
- Bilateral discussions between Eurostat desk officer and Member State from 9 September 2015 to 19 November 2015;
- Final complete draft: 20 November 2015;
- Publication: December 2015.

Discussion

Eurostat thanked SORS for sending the first draft of the new EDP Inventory according to ESA2010 on 28 August 2015, one week before the EDP mission.

SORS mentioned that the new Inventory is foreseen to be published nationally at the end of 2015 and that the changes concerned mainly the implementation of ESA2010, the use of the WGA and the update of EU funds neutralisation. Concerning the EDP data flows, SORS asked Eurostat to provide a template which could be used as a basis for drawing a flowchart.

Regarding the draft text of the EDP Inventory, Eurostat considered that SORS could be more precise in some of the descriptions and more consistency could be ensured across sections of the Inventory, as well as with other documents elaborated for the same purpose. Eurostat asked the Slovenian statistical authorities to take into consideration the comments expressed by Eurostat during the EDP mission and therefore to update the text of the EDP Inventory and the annex 1 which includes the list of GG units and the total number of units by subsectors. Also all the other Inventory annexes for internal use should be provided to Eurostat: the new MoU, the data flowchart for the use of the WGA, the bridge table between public accounts and national accounts, the Questionnaire on taxes and social contribution, the Survey on EU flows as well as the Questionnaire on the recording of interest flows in the EDP tables.

Eurostat agreed to send to SORS some examples of flowcharts provided by the other Member States, which summarise the process of compiling the EDP notification, including data sources, data providers, institutions involved and flows between them.

Eurostat also recalled that the Inventory should be updated for any major changes in the future.

Findings and conclusions

- (6) The Slovenian Statistical Authorities will send an updated version of the EDP inventory, including the points raised during the meeting, with the objective to publish the new version in December 2015. The Slovenian Statistical Authorities will also send the updated bridge tables in line with ESA2010, the questionnaire on EU funds and the flow charts.

Deadline: Mid October 2015.²

- (7) Eurostat will send to the Slovenian Statistical Authorities examples of flowcharts included in the EDP Inventory prepared by other Member States.

Deadline: End September 2015.³

1.3. Compliance with Council Directive no. 85/2011

Introduction

The national collection and the publication of data requested by the Council Directive 2011/85/ of 8 November 2011, *on requirements for budgetary frameworks of the Member States*, were discussed under this point of the agenda.

Discussion

Eurostat took note that in Slovenia the MoF is responsible for the implementation of Council Directive 85/2011 and publishes the fiscal data for each government subsector. However, only data for central government direct budgetary units, municipalities, the Health Insurance Institute and the Pension and Disability Insurance Institute are available. The compulsory indicators (revenue, expenditure, balance and totals) are being published on a monthly basis, starting with January 2014.

Eurostat noticed that the methodological reconciliation table was missing. The Slovenian statistical authorities have published a bridge table between the national budgetary classification and the profit and loss accounts and the ESA categories. However, the table is not comprehensive and does not provide detailed explanations of the accrual adjustments applied to fiscal data on cash basis for all general government subsectors. Therefore, Eurostat asked the Slovenian statistical authorities to publish a more extensive cash-accrual reconciliation table.

Eurostat took note that SORS is responsible for the publication of data on contingent liabilities. The last publication on the SORS website dated 30 January 2015, marginally later than requested by the Directive. The published data included: data on central government guarantees for the period 2010-2013 (the local government sector data were missing), non-performing loans data of GG for 2013 and outstanding liabilities related to PPPs recorded off-balance sheet of government in 2013 (zeroes). The SORS explained that local government contingent liabilities will be included in the next release, most probably by the end of September 2015. The SORS also clarified that, for local government, the stock of the non-performing loans is very low, around 10 mill euro, and this is the reason why zeros are reported as percentage of GDP.

² Eurostat received on December 2015 the final version of the EDP Inventory according to ESA2010 and on the 30 October 2015 the annexes including the EU funds questionnaire, the bridge tables and the flow charts.

³ Eurostat sent on September 2015 to SORS some examples of flowcharts.

Eurostat noted that in the framework of Directive No. 85/2011 data published nationally by the Slovenian statistical authorities are consistent with the information provided to Eurostat.

Eurostat suggested that, for transparency reasons, SORS could report the contingent liabilities in the dedicated government finance subsection of the SORS website, so that it would be easier to find the data on contingent liabilities. SORS explained that, with the new MoU, maybe this responsibility will be transferred to the MoF which already publish the fiscal data in a dedicated page on its website. However, if this responsibility will remain with SORS, a new subsection will indeed be created.

Findings and conclusions

Eurostat welcomed the initiative to include in the MoU a section related to the SORS and MoF responsibilities in the framework of Council Directive 85/2011.

- (8) In the context of Directive 85/2011, SORS will provide the requested methodological reconciliation tables as well as data for local government guarantees.⁴

Deadline: December 2015.

2. FOLLOW-UP OF THE PREVIOUS EDP DIALOGUE VISITS

Introduction

In the final findings of EDP standard dialogue visit to Slovenia, undertaken on 12-13 September 2013, 27 action points were included. Most action points have now been closed. Progress on the few open action points were discussed under this point.

Discussion

Eurostat informed the Slovenian statistical authorities that the pending action points (AP 15, AP 19 and AP 20) would be discussed later under relevant items of the agenda. Such action points were:

AP 15: *"The Slovenian statistical authorities will provide Eurostat with a note on the accounting consequences of government interventions into financial institutions, once they have taken place";*

AP 19: *"The Slovenian statistical authorities will investigate on the amounts and time of recording of EU flows transferred from central government to local government, in order to ensure a correct recording in the EDP tables";*

⁴ Eurostat received, on 7 January 2016 from SORS, the reconciliation table. Data for local government guarantees were incorporated in the data regarding contingent liabilities published on 16 October 2015 in the SORS website and included also in the October 2015 EDP questionnaire.

AP 20: *"The Slovenian statistical authorities will investigate and report to Eurostat on any decisions by the EU on corrections for EU grants, when applicable, in order to ensure a correct recording in the EDP tables"*.

Regarding the 2013 upstream dialogue visit action points⁵, SORS reconfirmed the actions undertaken/to be followed as reported in the note sent to Eurostat before the mission. Eurostat took note about the partial implementation of the recommendations.

SORS considered that AP1 would be covered with the update of the MoU which was foreseen to be signed at the end of 2015.

Eurostat mentioned that the AP 2 and AP 3 needed to be solved and the flow charts needed to be sent to Eurostat, as SORS mentioned that they were now able to trace the data deliveries (ESA table 2 to EDP tables).

AP 4 related to staff issues could be closed taking into consideration the general restrictions on staffing because of the fiscal rule restrictions (5 years) and the overall staff cuts in SORS (no more new employees, only for replacement of retired people).

AP 5, AP 6 and AP 9 could be also considered closed seeing the AJPES cooperation and involvement in the EDP process and the actual extensive use of WGA in compiling financial and non-financial accounts.

AP 7 and AP 8 were closed as SORS assured that internal procedures were established at the AJPES and MoF levels in line with the European Statistics Code of Practice.

AP 10 will be followed up and SORS will provide to Eurostat an explanatory note regarding the EDP internal control and audit.

AP 11 will be closed with the formalisation of the cooperation between SORS and the National Court of Audit which is envisaged to take place at the end of 2015. At present, the state budget (at the end of July), the BAMC financial statement (the Slovenian bad bank), the Health Fund and the Pension Fund are audited every year. Local communities cannot however be audited every year. Nevertheless, their revenues are only 25% if compared with the central government revenues. So far no big issues were identified. SORS mentioned that EDP table 2 is being sent also to the Court of Audit of Slovenia.

Findings and conclusions

- (9) Eurostat recalled that, as a follow-up from the 2013 Upstream Dialogue Visit (UDV), the Slovenian Statistical Authorities will provide a chart describing the flow of data, a note on traceability of data as well as a document describing internal control and audit (corresponding to the UDV recommendations 2, 3 and 10).

Deadline: End December 2015⁶.

⁵ Please see the action points of the 2013 upstream dialogue visit in Slovenia published on Eurostat website: <http://ec.europa.eu/eurostat/documents/1015035/3991223/Final-findings-UDV-SI-27-29-Nov-2013.pdf>

- (10) Eurostat welcomed the forthcoming cooperation agreement between Slovenian Statistical Authorities and the Republic of Slovenia Court of Audit. A copy of the signed agreement will be sent to Eurostat.

*Deadline: As soon as it is signed.*⁷

3. ANALYSIS OF EDP TABLES – FOLLOW UP OF THE APRIL 2015 EDP NOTIFICATION

Introduction

The closing remarks of the April 2015 EDP notification included three main issues to be followed up: the recording of the EU funds, the recording of the court decision on the "wage reform" and the consistency between EDP tables and ESA tables. These are discussed under the special sub-sections below.

Tables 2A-D include a number of separate adjustments explained in the EDP inventory for each government subsector. The working balances (state budget/municipalities/Health Insurance Fund and Pension Fund) are published in the Balance of revenues and expenditure of each government budget, together with the balance of Financing and lending and the balance of Borrowing. Monthly budgetary cash data are collected by the MoF, the budgets are in line with the IMF standards and available at 15 days/60 days/30 days respectively after the end of the period (year, month) for each government subsector (central/local/social security) and are finalised until the end of February. The budgets are regularly audited by the Court of Audit and approved by the Parliament/council of the local government/council of the unit until the end of September each year. Regarding the central budget and social security budgets/local budgets, there are no significant differences between the April and the October EDP notifications. Neither loans nor equities are included in the working balance, therefore there is no entry for these items.

Net borrowing/net lending of other government bodies includes: public funds, local communes, public service providers and public agencies and non-market public corporations. The B.9 of the Slovenian Restitution Fund and the B.9 of the public corporations are reported on an accrual basis. For public service providers and public agencies at central level, the calculation of B.9 is mixed on a cash or accrual basis according to data source available. Public funds and local communes have the same type of accounts as the other direct budgetary units included in the working balance. Annual accounting data for the Capital Fund (the only unit in other government bodies included in the social security subsector) are on an accrual basis according to corporation law and are available approximately 4 months after the end of the year.

⁶ Eurostat received on 30 September 2016 a note on action point 9.

⁷ Eurostat received on 22 March 2016 the document in Slovenian and on 25 April 2016 an unofficial English version.

Data on trade credits and advances cover all general government units. For direct and indirect budgetary units the source is the WGA which shows two relevant accounts: short term liabilities for received advances and securities (1) and short term liabilities to suppliers (2). The other data source is the balance sheet for non-market public corporations included in the general government which also shows the referred accounts (this source is relevant also for the Capital Fund and the Slovenian Restitution Fund): short term (1) and long term liabilities to suppliers (2). For compilation of the “net incurrence of other liabilities” in EDP T3, the same source is used and, according to SORS, data are consistent between the tables 3 and the tables 2.

Discussion

Eurostat appreciated the work done in order to decrease discrepancy and recommended to the SSA further investigation for the remaining inconsistency.

Eurostat asked about revisions of EDP tables in the October 2015 EDP notification, including expected revisions as part of the transition to ESA 2010. SORS informed that small revisions, up to 0.1% of GDP, will be done for all the notified years as part of the routine revision and a printed paper including the new B.9 of general government was circulated during the discussion. No further revisions are expected as part of the transition to ESA2010. Nevertheless, the issue related to equity injections in relation to the BAMC (the bad bank) is still open and this could lead to further revisions.

Eurostat asked about completeness of the EDP Questionnaire tables and, in particular, for more details in table 3 as in the EDP tables 2A and 2C the B.9 of other government bodies is grouped and not individually presented. SORS agreed to provide in the future individual B.9 for the groups of public corporations and public funds and also to split the group of universities and hospitals now presented in a unique figure/line in EDP tables 2A and 2C and in the EDP questionnaire table 3.

Findings and conclusions

- (11) The Slovenian Statistical Authorities will provide a more detailed split of *Other Government Bodies* and report them in the Questionnaire table 3 or in EDP tables 2A and 2C.

*Deadline: Individual public corporations and public funds units to be included in the October 2015 EDP Notification and groups of units such as hospitals and universities to be included in October 2016 EDP notification.*⁸

⁸ Implemented

3.1. EU Funds

Introduction

As mentioned in the previous sections (follow-up of the 2013 dialogue visit and follow up of the April 2015 EDP notification), Eurostat planned to verify during this meeting the recording of EU funds, especially the neutralisation calculation for the period 2004-2014 (to ensure the neutrality of the EU Flows), the consolidation of EU Funds when calculating the neutralisation and the implementation of action points 19 and 20 of the 2013 EDP dialogue visit. AP19 (consolidation of EU flows transfers from CG to LG) is still work-in-progress (it is remaining open issue in the April 2015 EDP notification and part of the closing remarks). Regarding AP20⁹ related to some correction for EU funds already booked in the accounts (EU decision to not reimburse some amounts), Eurostat wanted to clarify if new cases appeared since the last 2013 mission.

Discussion

In the April 2015 EDP notification, SORS started to publish EU funds neutralisation for central government (central budget) and, in agreement with the Ministry of Finance, showed all expenditures by type which are financed with EU funds from the central budget. With these data, it was possible to neutralise the use of EU funds at the level of B.9 and this new component was included in EDP table 2A (as well as in EDP table 3B, EU funds advances) showing this neutralisation of B.9 as a cash balance adjustment. The use of the new data allowed excluding from government accounts all EU funds to other institutional units transiting via central budget. As the Ministry of Finance prepared data for the whole period from 2004 on (quarterly) this neutralisation was calculated and included in all government accounts and tables (also in EDP historical tables from 2004 on) with a B.9 revision in 2015.

All flows receivable from the EU are first recorded in a special bank account (there are two accounts: central budget account and account of the Regional Fund for Development). In the central budget, EU flows as revenue are recorded when complete relevant documentation is available for each project and all transactions related to EU flows can be identified in detail: EU flows receivable by type and by final beneficiary and EU payments to the EU budget (traditional own resources, VAT payments and GNI contribution). In EDP table 3, the adjustment is at the level of F.8 to offset changes in F.2 due to the effect of receivables from the EU less payables from the special bank account of BS to central budget as well as advances (+, -) due to neutralisation revenue and expenditure of EU funds differences in time.

Before the mission, Eurostat requested SORS to provide a note with the description of the recording of EU flows in national accounts, government accounts by subsectors and in the

⁹ The Slovenian statistical authorities will investigate and report to Eurostat on any decisions by the EU on corrections for EU grants, when applicable, in order to ensure a correct recording in the EDP tables.

EDP tables, respectively, including EDP questionnaire tables, with the aim to check whether EU Funds recordings impacted B9. SORS was asked also to update the excel file "EU flows neutralisation 2004-2014" sent to Eurostat in April 2015, which contains all data related to the explanatory note.

During the discussions, SORS explained the data in the table provided to Eurostat before the mission. All relevant quarterly data were received from the Ministry of finance for the period from 2004. Onwards these data show EU flows and recording in the central budget by main components, as recorded in ESA table 2 and in the EDP questionnaire table 6. The data received from the MoF are split by type of expenditure financed with EU funds. Expenditures to other sectors are excluded from the general government accounts. The main expenditures to other sectors are subsidies (mostly agricultural subsidies) and capital transfers, while almost 85% of expenditure within government is central and local government gross fixed capital formation. In order to neutralise EU flows on government B.9, the impact of EU funds is estimated and this calculation showed that, in the period until 2010, advances financed by the central budget were significant and that at the end of 2010 they amounted to 407 mill euro and were successively reduced in the period 2011-2013 to 21 mill euro. At the end of 2015 it is forecasted that the amount of advances will increase to 235 mill euro, which should be paid in 2016 and 2017. Data of EU funds expenditure and relevant advances at the level of local budgets are not available and therefore EU funds at local level are not neutralised. However, due to the small number of local budgets (211 units), advances are not significant and projects are finished within the year in which the advance is received.

Eurostat observed, analysing the April 2015 EDP notification and the additional EU Funds data, that SORS is recording on a net basis the EU flows in EDP table 2A and include the related amount in the line Other accounts receivable. Eurostat stressed that EU flows (receivables and payables) in the EDP table 2A have to be recorded on gross basis, with separate transactions for Other accounts receivable and Other accounts payable. Therefore, in the EDP questionnaire table 6, transactions and stocks in assets and liabilities have to be recorded as a receivable on the assets side and as a payable on the liabilities side.

As a consequence, Eurostat asked to the Slovenian Statistical Authorities to work together and to investigate the possibility to record on a gross basis the EU Funds and to send by April 2016 a progress report. SORS confirmed that, in the excel file "EU Flows neutralisation 2004-2014", the last row "Stocks of EU flows receivable (+), payable (-) at the end of the year" represents the net stock and that the Slovenian Statistical Authorities are aware of the problem related to the recording on a net basis.

Eurostat asked SORS to explain the changes in the EDP Inventory regarding EU Funds, because the previous version (2013 EDP Inventory) stipulated that "In the central budget EU flows as revenue are recorded in a year when funds are used" and the new draft of the EDP Inventory (2015) said that "In the central budget EU flows as revenue are recorded when complete relevant documentation is available for each project". SORS replied that this change was made after the investigation at the level of some units on how EU funds are spent.

Eurostat asked if SORS has managed to undertake the neutralisation for all sectors. SORS explained that the time lag between the claim and the payment is of one month and, in the actual calculation, it was supposed that only for the Central Government there are differences in time while for local government the EU funds revenue and expenditure are recorded at the time of the cash payments.

Eurostat noticed that the questionnaire table 6 is not sufficiently and consistently compiled and invited the SSA to provide corrected data in the October 2015 EDP notification in line with the Eurostat clarifications during the discussions. Eurostat asked the Slovenian statistical authorities to explain what is included in the Questionnaire table 6 lines 27-32 for 2 financial accounts items: F.2 relating to the EU and the adjustments in other accounts receivable/payable relating to the EU. SORS was also asked to explain the method of their calculation so that the link between the EDP table 2A and EDP table 3B in the recording EU funds could be clarified. In this context, Eurostat asked SORS to provide details on the special bank account that is being used as a data source for compiling the F.2 and F.8 relating to the EU funds in the financial accounts. The information should include an explanatory note containing the institution responsible for elaborating this account, the relation between the debit and credit of this account and the central budget, the working balance and the EDP table 2A and EDP table 3B. SORS agreed on the action points proposed by Eurostat and informed Eurostat that in the October 2015 EDP notification no revisions will be made regarding the neutralisation of EU flows.

Eurostat asked if SORS had taken into account, in the recording of EU funds, the financial corrections and other court decision for the adjustment in the EU funds reimbursements which impacted the B.9 of the government sector. SORS mentioned that they were aware of the existence of some financial corrections to be made, but that until now such data were not available. The MoF informed Eurostat that it will provide to SORS the figures which resulted into financial corrections for the next EDP reporting, as these data were in fact available at the ministry level. Eurostat invited the two institutions to cooperate in this respect and to revise the EU funds recording in the next EDP notification accordingly.

The issue of EU funds was discussed also in the second day of the dialogue visit and benefitted from the presence of an expert from the EU funds department in the MoF, who explained each step of the process. This indicated the following steps:

- signature of the contract;
- implementation of the project (the expenditure made);
- transmission of the invoice;
- receipt of the documents at the ministry;
- payments made by the ministry from the national budget (if it is the case of a local entity, the ministry transfers the money on the day when the local government entity makes the payment to the contractors);
- transmission of the claim request;

- transfer of the money from the special bank account of the central bank (the inflows/outflows in the special bank account are not reflected in the central budget).

It was also explained that in the special bank account there is not only cash coming from repayments from the EU budget but also advances from the EU Budget representing 1% of the working capital allocated to Slovenia which are not registered in the central budget, but only in this bank account (prepayment) and in financial accounts.

Findings and conclusions

- (12) In relation to the recording of EU funds, Eurostat took note that the EU funds are currently neutralized on a net basis at central government level and invites the Slovenian Statistical Authorities to investigate the possibilities to record them on a gross basis.

Deadline: Progress report April 2016 EDP notification¹⁰.

- (13) Eurostat took note that EU grants are currently recorded on a cash basis at local government level and invites the Slovenian Statistical Authorities to investigate the possibilities to make the accrual correction in line with the rules on the recording of EU grants in the Manual on Government Deficit and Debt.

Deadline: Progress report April 2016 EDP notification¹⁰.

- (14) Eurostat invites the Slovenian Statistical Authorities to clarify the data sources for the EU grants reported in EDP tables 3 and to provide a reconciliation table for EU grants data as reported in EDP tables 2A and 3A.

Deadline: October 2015 EDP notification¹⁰.

- (15) Eurostat recalled that in the case of reimbursement of funds to the EU, the financial correction should be recorded at the time of the decisions agreed by the Commission.

Deadline: October 2015 EDP notification¹¹.

3.2. Wage reform

Introduction

The issue of the court decision on "wage reform" had been discussed with the Slovenian statistical authorities in the 2014 and in the 2015 EDP notifications. The issue was clarified further under this action point.

Discussion

¹⁰ Not yet implemented. Postponed to the April 2017 EDP notification.

¹¹ Implemented for year 2015. Postponed to the April 2017 EDP notification for previous years.

At the end of September 2013, the Supreme Court of the Republic of Slovenia decided that the government had to pay to the government employees the unpaid increase in salaries due to the third (last) part of wage reform in public sector. The court decision was applicable to unpaid government gross wage liabilities for the period from October 2010 to the end of May 2012, as since May 2012 this part of the wage reform was already included in the current wage bill and paid out. In 2010, an agreement was reached between government and the social partners that the unpaid amounts due for this period would be paid out starting from June 2012. Some government employees took government to court claiming payments of the unpaid difference in wages. The total amount of government liabilities due to wage reform for the period mentioned above was 195 mill euro, of which gross wages (together with employers' social contributions on gross wages) amounted to 176 mill euro and interest for delayed payments to 19 mill euro (of which 7.4 mill euro in 2013).

In October 2013, SORS asked for Eurostat's opinion on the recording of the 2013 Supreme Court's decision on the third instalment of the public sector wages increase which was to be paid by government for the period October 2010 – May 2012.

Eurostat considered that that government liability should be recorded in the year when there was a sufficient certainty on the existence of the liability and of its size. Eurostat recalled the MGDD rule that the time of recording these claims is the year when the final court decision occurs or the year when the precise amounts to be paid are known as a result of that decision. In this case, it was the court decision which established the final obligation for the government to pay the third instalment of the public sector wage increase, including interest, for the period of October 2010 until May 2012. Therefore Eurostat view' was that the government liability should be fully recorded as expenditure in the Slovenian national accounts in the year of the Supreme Court decision, i.e. in 2013. Consequently any subsequent related cash flows (inflows relating to taxes and social contributions and outflows – wages) had to be recorded as a financial transaction. To ensure that the cash flows observable in the working balance for the years 2014 and 2015 would be neutralized, an appropriate adjustment line should be added in the EDP table 2A.

During the April 2015 EDP notification, SORS explained on this issue, that there would be in the future in the 2015 October EDP notification further revisions of the 2013, 2014 and 2015 figures for all the subsectors of government, including also revisions for the consolidating amounts for all groups of units inside each subsector and between the subsectors. These revisions would be using the WGA which will be available in May-June 2015.

Before the EDP dialogue visit, SORS had been asked for updated information on "wage reform".

In this framework, SORS explained the calculation of the updated figures provided to Eurostat before the mission. The Slovenian statistical authorities explained that these revisions would take place in the October 2015 EDP notification. The total amount of compensation of employees of the third part of the wage reform in the public sector due in 2013 was 195 mill euro, of which 192 mill euro for units within the general government sector. This amount was split by subsectors and relevant groups of units for EDP reporting.

Of the total 192 mill euro, 21 mill euro was paid in 2013 and the rest, 171 mill euro, was imputed in the fourth quarter of 2013: 50% of this amount was paid in the first quarter of 2014 and 50% in the first quarter of 2015. SORS explained that the “wage reform” was reflected in the compensation of employees, income tax and social security contributions and not anymore as transfers. Therefore, in the EDP tables 2A, 2C and 2D it affected the lines working balance, other accounts receivable/other accounts payable and other government bodies.

Eurostat took note of the new data and clarifications provided by SORS concerning the "wage reform" and asked SORS to provide the final data in the October 2015 EDP notification.

Findings and conclusions

(16) The Slovenian Statistical Authorities will compile separate EDP tables 2A, 2C and 2D including all figures related to the so called wage reform.

Deadline: October 2015 EDP notification.¹²

3.3. Other issues related to the April 2015 EDP notification (F.8, D.75, D.29)

3.3.1. Other accounts receivable/Other accounts payable

The use of WGA in calculating F.8 was discussed under 1.2.a. Data sources.

3.3.2. Reconciliation table of F.8 between EDP tables 2 and 3

Introduction

Eurostat requested before the EDP mission a reconciliation table of F.8 between EDP tables 2 and 3 for the period 2011-2014. The questionnaire table 4 was provided by SORS with data compiled only for the tables 4.1.1 and 4.1.2.

Discussion

As regards the reconciliation table, Eurostat asked SORS to compile all the subsections (4.1. and 4.2.) in the EDP questionnaire table 4 and to include the split of F.81 by group of units for all the government subsectors. SORS explained each category included in the tables 4.1.1 and 4.1.2, including the trade credits and advances and agreed to look for possible options of showing F.81 and F.89 by group of units in the next EDP notifications.

Furthermore, SORS explained that as WGA data for the last year were available to SORS only for the October notification, in the April notification this complete reconciliation was not possible. Eurostat recommended to SORS to estimate the figures in the April notification and not to report zeroes as it was currently the case.

¹² The Slovenian statistical authorities provided the "wage reform" data in the October 2015 EDP notification.

Findings and conclusions

- (17) The Slovenian Statistical Authorities will provide, in Questionnaire tables 4.1.1 and 4.1.2., a split of the amounts currently reported under "advances" for both receivables and payables of Central government, Local government and Social security budgetary units as well as for units/groups of units included in Other Government Bodies.

*Deadline: April 2016 EDP notification.*¹³

3.3.3. Other taxes (D.75 and D.29): WGA and time lag approach

Introduction

SORS provided a table including two set of data for D.75 and D.29 for the period 2009-2014, comparing WGA data with the result of the time lag approach.

Discussion

SORS explained that due to the problems mentioned under 1.2.a. Data sources, WGA accounts concerning short and long term other receivables were very difficult to use. For national accounts compilation, WGA was used and corrected with information received from the statistical survey for financial accounts compiled by the Bank of Slovenia. At the central government level, these data are divided into a non-financial and a financial part. The non-financial part is further divided at central level into P.131 by time lag approach and D.75 as residual. At local level, the non-financial part is divided into D.29 by a two month time lag approach and D.75 as residual. SORS mentioned that to improve this calculation, information was requested from several local government units and this exercise was found too time consuming as each data request had to be repeated every year. The SORS thought that to use the WGA use for these categories was not useful and that the results were questionable.

SORS proposed the following solution for the October 2015 notification at central as well as at local level: for the whole period, instead of using the short and long term other accounts receivable from WGA, D.75 would be estimated through a time lag approach for two main components at central and at local budgets: cash penalties and other non-tax revenue. This calculation could be done already in the April notification considering that the WGA calculation for this component in the past was usually prudent and in the October notification the deficit was always decreased by 0.1% of GDP since the WGA introduction.

The issue was discussed later in the agenda (action point 34).

Findings and conclusions

Eurostat provisionally agreed on the SORS proposal (see action point 34).

¹³ Partially implemented in the April 2016 EDP notification.

4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS

4.1. Delimitation of general government, application of the 50% rule in NA

4.1.1. Changes in sector classification due to ESA 2010

4.1.1.1. List of units included in the General Government

Introduction

The sectorization practices, as well as the information made available in the draft EDP Inventory, were discussed under this point of the agenda.

Discussion

According to the EDP Inventory, the delimitation of the general government sector is regularly updated. In 2004, SORS set up an official expert group composed of representatives of SORS, MoF, BS and AJPES with the purpose of maintaining the institutional sector classification of all units in the Business Register of Slovenia (records of all business units) in line with ESA.

The classification of new units is assigned by AJPES (by a desk officer at the time of registration) and is based on the legal organisational form, the main activity code, the type of ownership as well as other variables. For the newly established units, the market/non-market test is carried out when accounting statements are available; they are then classified using one year information only, if necessary.

The calculation of the 50% rule is performed by SORS. The shares of production cost covered by sales are calculated for each indirect budgetary unit and each public corporation once a year, using annual accounting statements. Decisions on reclassification of units, for which the calculation for three consecutive years indicate that their institutional sector classification is not correct, considering also qualitative information, are taken by an expert group named "*commission for solving controversial cases*".

SORS confirmed that the Inventory description regarding the cooperation between AJPES and SORS/MoF/BS as regards the sector classification of units is correct. About AJPES, it was clarified that the unit is included in the European Business Registers, collects all the data on all the units in Slovenia and provides a number of statistical surveys.

Eurostat asked how did the cooperation/communication between AJPES and SORS/MOF/BS regarding the sector classification work. SORS clarified that there were two steps in the classification decision. When a unit is included in the business register, it is AJPES that determines the sector classification. This is later on checked by SORS and discussions between institutions follow, including consultations with the "Commission for solving controversial cases". In the latter, SORS acts as the chairman and takes the final decision.

The 50% test is carried out every year for the units for which information is available. The units who are not providing their statements are fined. There are cases when the unit is not

operational or under liquidation, for which therefore financial statements are not available. SORS provided before the EDP mission the list of general government units by subsectors at the end of 2014 and at the end of 2012 and the list of removed/new units from S13 between 2012 and 2014, by subsectors. The total number of units in S.13 at the end of 2014 was 2539, 8 units more than at the end of 2012.

Regarding the list of units reclassified during 2012-2014, Eurostat asked for clarifications, in particular, on some units removed/ new units created. The SORS explained that the list included also an important number of units that have been reorganised or for which simply their name was changed, and therefore the same unit appeared in both lists of removed units and of new units. This explained the considerable number of unit removed and new during the 2012-2014 period. Eurostat asked SORS, in the future, to include in the lists of removed/new units only the real cases of reclassification into/outside the government sector.

Eurostat asked about the update of the S.13 list of units in the light of ESA2010 and if the units where there were very few employees or for which the test results were very big (400-600%), have been verified in detail.

SORS replied that according to the ESA2010 criteria, in April 2015, 22 units were reclassified starting from 2010 in the general government sector, of which 18 units in the central government sub-sector and four in the local government sub-sector. Eurostat stressed that all entities need to be reanalysed in the light of the changes implied by ESA2010 and concluded that this work had not been undertaken in Slovenia so far.

Eurostat asked about the inclusion of the Unemployment Fund in the central government subsector. SORS explained that the reasons to include this fund in S.1311 and not in S.1314 were that the Unemployment Agency was financed from the state budget (the income collected from the insured covers only 10% of the total payments), and its main activity is rather social assistance than social insurance, taking into consideration that the total spending on unemployment benefits was around 200 mill euro per year and the active labour policy measures amounted to approximately 60 mill euro. Eurostat took note of this explanation.

Findings and conclusions

(18) Eurostat asked the Slovenian Statistical Authorities to monitor continuously the public corporations not included in S.13, reported in the Questionnaire on government controlled units classified outside general government. A special focus is requested on the entities having the result of the market/non-market test close to the 50% threshold, for entities having the market/non-market test results above 200%, as well as the cases where there had been a sharp fall in the market/non-market test result. Eurostat furthermore asked the Slovenian Statistical Authorities to investigate entities having zero employees with the aim to decide whether these were real institutional units or, could possibly be classified as holding companies.

*Deadline: October 2015 EDP notification.*¹⁴

4.1.1.2. Sector classification of DARS

Introduction

The sector classification of DARS, a public Motorway Company, classified in the non-financial corporation sector (S.11), had been discussed with the Slovenian statistical authorities in the past EDP dialogue visits. Due to the adoption of the new company statute and in the light of the implementation of the ESA2010 sectorization rules, the sector classification of this company was re-discussed.

Discussion

DARS operates through a concession contract, and its main revenues are vignettes and tolls, which in national accounts are treated as sales. Since the 2010 amendments to the DARS law, the company constructs motorways in its own name and on its own account within the scope of the concession. The concession contract for the construction of a motorway section is concluded for a term that enables the repayment of all obligations arising from loans or debt securities, raised or issued for the construction of the specified motorway section, for a maximum of 50 years.

It has been agreed in the 2011 EDP visit, that DARS seemed to be a real economic owner of the infrastructure. Eurostat however recommended to the Slovenian statistical authorities to monitor DARS, in particular if any of the guarantees would be called, and to monitor the compliance with the 50 % rule.

Before the mission, the SORS provided an updated note on the main changes related to the new DARS statute, dated 27 August 2014, as well as the company's financial statements, and the annual report. The result of 50% test was made available as part of the questionnaire on government controlled units classified outside general government.

According to the short note concerning the main changes of the Statute:

1. Based on the Slovenian Sovereign holding Act, the Slovenian Sovereign Holding is carrying out shareholders rights in exercising the rights from shares and is acting as the representative of the Republic of Slovenia and is the General assembly of DARS.
2. The general assembly decides (among others) on the following: appointing and dismissing members of the supervisory board, discharging management and supervisory board, reorganizing the company, increasing capital / decreasing capital (using also reserves), liquidation of the company, appointing and releasing supervisors, adopting and

¹⁴ The deadline was postponed to December 2016 in order to be aligned with the deadline for the questionnaire on government controlled units classified outside general government.

changing the statute of the company, deciding on any major change on the nature of the company's business.

3. DARS is managed by the management board of the company independently and at its own risk, in line with the restrictions made by the supervisory board and the General assembly in line with legal acts and this statute.
4. The supervisory board appoints the chairman of the management board and the other members of the management board. The president of the management board may also propose other board members; however the supervisory board is not obliged to follow this proposal.
5. The management board president, the managing board members and the director of workers are appointed by the supervisory board for a mandate of maximum five years.
6. The management board has to obtain prior consent by the supervisory board for any business exceeding the value of 1.5 mill euro (VAT not included). The management board has to obtain prior consent of the supervisory board when setting up or shutting down subsidiary or a branch company, buying equity or shares in other companies.
7. The supervisory board is composed of six members, two of which representing the workers and four as experts in the field. All supervisory board members exercise the same rights, obligations and restrictions, unless the statute states differently.

Eurostat invited the Slovenian statistical authorities to clarify whether there have been any changes in the way the company operates, its governance structure and composition, the tasks of the supervisory board, and whether the company had faced any difficulties to redeem its debt.

The MoF explained that the new statute changes referred mainly to the Slovenian Sovereign Holding (SSH), established to manage some of the public entities owned by government therefore including DARS. The MoF further added that Government has no influence on DARS, as it has been transferred to SSH, which is an independent body which statute specifies that there is no need to follow government directives. SSH members of the supervisory board are appointed by the Parliament by way of international public tender. The final decision is taken by the Parliament on suggestion by government. None of the supervisory board members are government officials.

Eurostat asked if DARS planned some new investments and, if that was the case, how this would be financed and how much would the debt increase and whether there were some new government guarantees envisaged.

During the discussions on DARS, it was mentioned that new debt will probably need to be raised in future years in the context of the new investment plan, mainly related to modernisation, electronic tolls collection, fluidity, decreased pollution and road safety.

Eurostat asked about any call on guarantees given to DARS since the last EDP mission and if any guarantee call was expected in the near future. The SORS confirmed that no guarantees have been called until now. The stock of government guarantees amounted to about 2.5 billion euro at the end of 2014.

Eurostat asked if DARS' sector classification has been analysed by SORS in the light of the ESA2010, also considering the new DARS statute coming with significant changes.

SORS ensured Eurostat that, according to them, there had been no substantial changes since the last EDP dialogue visit in 2013 regarding DARS other than a new statute which did not affect the actual sector classification in S.11 according to the ESA2010. DARS is profitable and complies with the 50% rule in order to be classified as a market producer.

Findings and conclusions

Eurostat took note about SORS clarifications and invited the SSA to monitor continuously the sector classification of DARS especially in the light of ESA2010 changes and in the context of any changes to its activities, governance, government guarantees and borrowing¹⁵.

(21) The Slovenian Statistical Authorities will send to Eurostat an English translation of the new act of the Slovenian Sovereign Holding.

*Deadline: End September 2015.*¹⁶

4.1.2. Government controlled entities classified outside the general government

Introduction

An updated questionnaire on government controlled entities classified outside government for 2011 – 2014 was provided before the EDP dialogue visit.

Discussion

The questionnaire on government controlled entities classified outside government relates to 2014 and includes 593 units in total, 564 entities classified in S.11 and 29 units classified in S.12.

Eurostat asked about the companies reported in the questionnaire, in particular about the companies reported as not complying with the 50% test, companies showing unusual results or the ones where no information was reported.

The SORS noted that, in the questionnaire, there were also lines concerning entities which were not institutional units, according to ESA2010, and that these will be merged with the controlling unit and not shown here in separate lines anymore.

Another case explained was the one of the company *Argolina* (part of *Abanca group*) which failed the 50% test. The Slovenian statistical authorities explained that *Abanca*, and not general government, was the direct owner. The company is involved in selling buildings, the

¹⁵ In 2016 SORS has consulted Eurostat on the implications of a proposed new law relating to the amount of government guarantees and to some amendments from 2015 to the concession contract. Eurostat and SORS are currently discussing these changes.

¹⁶ Implemented on 9 September 2015.

50% test failed for just 2 years and the forecast showed that, in the future, this company will regain profitability and will pass the 50% test.

Findings and conclusions

(19) Eurostat asked the SORS to reclassify the company Hotel Grad Podvin (entity number 263 in the Questionnaire on government controlled units, classified outside general government) due to the results of the market/non-market test.

*Deadline: October 2015 EDP notification.*¹⁷

4.1.3. DSU sector classification

Introduction

The sector classification of the DSU (*Družba za Svetovanje in Upravljanje*) was discussed under this point of the agenda. The Slovenian statistical authorities had provided to Eurostat an analysis based on national accounts concepts, the company statute, financial statements for the period 2011-2014 and data on separated activities (revenues, expenditures, deficit/surplus, assets and liabilities) by clients (public/private), values and share of output.

Discussion

Before the mission, Eurostat had asked SORS for a note on any pending classification cases. SORS replied that the only pending case was related to DSU.

The Slovenian statistical authorities initially confirmed their view expressed in the 5th May 2015 letter, regarding the present sector classification of DSU where SORS proposed to reclassify the unit from the government sector into the sector S.11001 *non-financial corporations*.

Eurostat expressed again the view that this company have the characteristics to remain included in S13 sector. The unit is a government controlled unit, fully owned by government. The Supervisory Board comprises three members – one representative of the employees and two members which are appointed by the Government. A prior agreement of the supervisory board is needed in case of sale of shares and financing of projects which involve amounts bigger than 1 mill EUR. More than 92% of the company's activities (in terms of revenues) are with government. In Eurostat's view this unit should be seen as a kind of ancillary unit ("captive rental company"): borrowing on the market, but constructing buildings to be rented to the government.

After analysing all the sector classification aspects, the Slovenian statistical authorities agreed with the Eurostat view regarding the classification of DSU in S.13. Given that there was a new company statute which was not yet signed, it was been agreed that the SORS would consult Eurostat on any further new element.

¹⁷ SORS further investigation concluded that no reclassification has to be done.

Findings and conclusions

- (20) Eurostat and the Slovenian Statistical Authorities agreed that the current statistical sector classification of DSU (*Družba za Svetovanje in Upravljanje*) in S.13 is correct. Eurostat invited the Slovenian Statistical Authorities to send a formal request for ex-ante advice in line of the forthcoming changes to the statute and activities of the company.

4.2. Implementation of accrual principle

4.2.1. Taxes and social contributions

Introduction

The general recording of taxes and social contributions, as described in the EDP Inventory, was clarified under this point of the agenda, as well as the classification of the four new taxes, introduced within the ESA2010 revision.

Discussion

The Slovenian statistical authorities confirmed that there were no changes in the recording of taxes and social contributions since the last EDP visit. The SORS explained the four new taxes introduced in 2010 and their proposed recording in national accounts.

Findings and conclusions

Eurostat took note about the new taxes in Slovenia.¹⁸

4.2.2. Interest

Introduction

Before the mission, Eurostat requested SORS to update the questionnaire on cash and on accrual flows of interest expenditure and revenue by instrument for the period 2011-2014. This document represented the basis for discussion.

Discussion

Eurostat took note that the MoF is compiling the figures on accrued interest (D.41), for both the EDP tables 2 and EDP tables 3. The Slovenian statistical authorities confirmed that the interest related flows in the units reported under the other central government bodies in EDP table 2A are negligible. Eurostat stressed that, in principle, the accrual interest as reported in EDP tables 2A and 3B should not differ.

Eurostat asked why interest related flows were included in separate lines in the EDP tables. For example, cash interest flows were entering the WB and after all the adjustments in the EDP table 2A, the accrued interest was part of B.9. Thus, regarding the compiled

¹⁸ The classification was agreed with the GFS team of Eurostat after the meeting.

questionnaire on interest, Eurostat explained that the columns WB, and B.9 should be filled in. The same logic applied for the table 3, where the accrued interest is to be reported in the WB (starting line of table 3), cash flows are to be included in the column F.2 and relative amounts are then to be reported under the issuances above/below par and difference for interest accrued and paid.

SORS and MoF recognised there were some problems in the interest and discount/premium recording in the EDP tables and agreed to further investigate the issue and to resend the questionnaire and to update the EDP tables, if necessary.

Findings and conclusions

(24) The Slovenian Statistical Authorities will update the ad-hoc questionnaire on interest, sent before the mission, for the year 2014.

*Deadline: October 2015 EDP notification.*¹⁹

(25) The Slovenian Statistical Authorities will investigate the recording of the repayments of discounts in the EDP tables 2 and 3, and send a note on their findings to Eurostat.

*Deadline: December 2015.*²⁰

4.2.3. EU flows (see point 3.1.)

4.2.4. Military expenditure

Introduction

Data source issues and some aspects of the recording of military expenditure were clarified under this point of the agenda.

Discussion

SORS explained that military expenditure had been decreasing in recent years due to the financial and fiscal crisis. Currently, the time of recording of military expenditure is the date of payment (cash data). The Slovenian statistical authorities explained that, following an agreement with the Ministry of defence, starting from the year 2015, data will be also available according to deliveries.

Eurostat asked the SORS to confirm the information available in the EDP Inventory, that the date of payment is still close to the time of delivery and that the payment time lag is still one month. SORS confirmed this and clarified that this time lag has no impact on the deficit.

¹⁹ SORS provided the data on December 2015.

²⁰ SORS provided the data on 6 January 2016 and on 25 March 2016.

Eurostat enquired about the impact in the context of new ESA 2010. SORS confirmed the recording of military expenditure under GFCF and explained that there were discussions with the ministry in order to include the adjustments in the WGA data source.

Findings and conclusions

Eurostat took note of the clarification provided and added that, as a rule, these data should be included in the WGA.

4.2.5. Court decisions

Introduction

The statistical implications of the 2014 court decision case on the repayment of Ljubljana Bank deposit holders were discussed under this point of the agenda.

The recording in the government accounts of the Court decision to compensate the deposit holders of the Ljubljana Bank (LB) was agreed with the Slovenian statistical authorities on March 2015. In the April 2015 EDP notification, an amount of 257 million euro was included as government expenditure (as D.9) in the year 2014. As regards the related interest flows, it has been agreed to record it as government expenditure in the year it is paid (cash). The Slovenian statistical authorities were asked to follow closely the interest payments in the coming years.

Discussion

Eurostat asked about updated information regarding the implementation of the court decision from 2014 related to repayments of LB depositors. According to the MoF, the repayments of LB depositors will start in 2016 and Eurostat will be informed of these repayments and of the amounts of interests paid.

The MoF confirmed that, under the approved law, the people have to introduce their claims in the next two years.

Findings and conclusions

(26) Eurostat invited the Slovenian Statistical Authorities to monitor the future interest payments in relation to the 2014 court decision on Ljubljanska banka deposit holders and report to Eurostat the amounts and the year of recording.

4.3. Recording of specific government transactions

4.3.1. Government operations relating to the financial crisis

Introduction

The Bank Asset Management Company - BAMC ("Druzba za upravljanje terjatev bank") is a public non-market corporation, 100% state owned, and included in the government sector (S.1311) since its creation in 2013. This company was set up for the reconstruction of banks due to the financial crisis through management of bank claims.

In order to finance the purchases of “bad claims” from banks, the BAMC may issue bonds or other financial instruments which are guaranteed by the State and take over loans with guarantees of the state.

BAMC had, at the end of 2013, taken over bad loans from two banks; NLB and NKBM for a transaction value/market value of 1011.6 mill euro and a nominal value of 3290.2 million euro. BAMC paid for these bad loans by issuing bonds with government guarantee for an amount of 1011.6 million euro.

In the last quarter of 2014, BAMC has taken over also bad loans from four other banks (Probanka, Faktor banka, Banka Celje and Abanka), the nominal value being 1716.5 million euro. The transaction value/market value for loans was 584.4 million euro. Also in this case, SORS has reported in the financial accounts (balance sheet and transactions) only the transaction value.

Eurostat asked SORS to provide to Eurostat before the meeting an updated note on the Bank Asset Management Company (updated data, information) and SORS provided an excel file including non-financial transactions and B.9 for BAMC in 2013 and 2014. SORS explained that the figures were prepared according to regular annual accounting data, the annual reports of 2013 and 2014 and taking into consideration clarifications at several meetings with the representatives of the BAMC. SORS' calculations did however significantly differ from official accounting data. In interest revenue, only regular payments of interest due to deposits, securities and loans were included. Conversions of claims into equity of loss making companies were recorded as D.99 Other capital transfers. SORS explained also that the gross fixed capital formation included all "purchases and receivable assets for sale later on".

SORS provided before the mission also an excel file including the main transactions in the context of the financial crisis for the period 2009-2014 including other capital transfers (D.99) by banks, the nominal value of claims transferred to BAMC (bonds) by banks, erased subordinated financial instruments by banks, the guarantee called by the central bank on the loans to Probanka and Factor bank and current repayments and the stocks of guarantees due to financial crisis.

Discussion

Eurostat asked if the BAMC data will be revised in the October 2015 EDP notification. SORS mentioned that the revision will affect 2014, it will be smaller and would concern only the recording of the real estate "purchases and receivable assets for sale later on", which are in fact the collaterals of the claims converted. SORS mentioned that the collateral could be repossessed and in this case valued by the bad bank itself or, respectively, sold. This second case would be very simple to treat from an accounting point of view because the proceedings would be transferred and then the reduction of claim recorded accordingly. SORS explained that bad claims were transferred in 2013 at a transaction value of 917 mill euro. The stock of non-performing loans was recorded in the balance sheet at the transaction value. SORS asked for Eurostat view on this recording.

Eurostat mentioned that in the case nothing happened from the point of view of the debtors, which would mean no agreement of write off/down of the claim with the creditor, SORS should have to record the redemption or nominal value of the loan in the balance sheet of the government. SORS agreed to revise the recording of the non-performing loans stock using the nominal value at the moment of their transfer to the BAMC.

Eurostat asked SORS to revise accordingly also the questionnaire table 8.1.

Regarding the conversion of claims into the equity of loss making corporation, a capital transfer should be recorded. Furthermore SORS asked how to value the size of the capital transfer and whether it could be at the transaction value, that is the value which BAMC paid for the loan. Eurostat explained that, in order to determine the capital transfer D.9, the company has to be valued taking into consideration past losses and future expectation of profit.

SORS informed Eurostat that BAMC operations of conversions also took place in 2015 and the involved amounts were much higher than in 2014.

Regarding other related issue which would happen in 2015, the participant from BAMC informed Eurostat that a new law will be adopted prolonging the life of BAMC to 2025. It was added that, possibly, Faktor bank and Probanka will be merged and included in the BAMC in 2016.

Eurostat asked SORS to update also the questionnaire table 9.1 regarding the state guarantees and the repayment concerning the guarantee called by the central bank on the loan to Probanka and Faktor Banka.

As the 2014 and 2015 operations were discussed for the first time and involved very complex transactions, it was agreed to follow-up on the issues after the meeting.

Findings and conclusions

- (22) Eurostat confirmed that the loans, which were taken over by the bad bank BAMC, should be recorded in the government balance sheet at nominal value.²¹
- (23) Eurostat confirmed that, in the case of cancellation of a loan and the use of collateral, a capital transfer for the difference between the nominal value of the loan and the value of the collateral should be recorded.²²

²¹ SORS revised the data in the October 2015 EDP notification.

²² This conclusion refers to a normal situation. Looking into the issue in detail it became clear that this case/conclusions is not directly applicable to the BAMC operations which are very specific. Eurostat and SORS entered into discussions in order to clarify all details and amounts involved related to the BAMC operations. In fact, the requested final data were only available in April 2016. This led to a revision of BAMC related operations for 2014-2015. Eurostat's final view on the issue was communicated to the Slovenian authorities before the April 2016 notification and the extensive advice letter on the issue was published as a Eurostat advice letter on 3 May 2016 <http://ec.europa.eu/eurostat/documents/1015035/7142247/Advice-2016-SI-Statistical-treatment-BAMC-and-its-operations.pdf>

4.3.2. Guarantees

Introduction

The Slovenian statistical authorities provided a list of guarantees by beneficiary for the period 2011-2014. This information was used as an input for the discussion.

Discussion

From the list of government guarantees by beneficiary, it seems that during the period 2011-2014 the biggest recipients were DARS, the railway company (*Slovenske železnice*) and the SID bank.

SORS confirmed that the guarantees called due to financial crisis always include all guaranteed debt (in one call) and that these calls started in 2009.

In the last years, only guarantees called due to financial crisis were sizeable. Guarantees called were booked as capital transfer expenditure. Repayments by debtors are booked as capital transfer revenue. Guarantees being systematically called three years in a row led to a debt assumption in national accounts.

Eurostat asked SORS to compile in the EDP questionnaire also the data on repayments of assumed debt related to guarantees and SORS agreed to include them in the next EDP notification, as MoF confirmed the availability of data.

Eurostat asked about the availability of data on guarantees at the local government level as the related figures were missing in the questionnaire table 9.1. SORS explained that there was information on calls but not on the stocks of guarantees at the local level.

Eurostat recommended to SORS to update and provide to Eurostat the data on contingent liabilities under the Directive 85/2011, consistent with the data reported in the EDP tables, including the questionnaire.

Findings and conclusions

(27) The Slovenian Statistical Authorities will update the Questionnaire table 9.1 so that government claims on guarantees called, as well as repayments related to assumed debt, are duly reported.

*Deadline: October 2015 EDP notification.*²³

(28) Eurostat invites the Slovenian Statistical Authorities to investigate the figures for calls on guarantees at the level of local government.

*Deadline: April 2016 EDP notification.*²⁴

²³ SORS included the related data in the April 2016 EDP notification.

²⁴ Partially implemented, however the figures are negligible (less than 0.2 mill euro annually).

4.3.3. Debt assumptions, debt cancellations, debt write-offs and government claims

Introduction

Before the mission, SORS provided an updated list of government claims, stocks and transactions for the period 2011-2014.

Discussion

Eurostat asked SORS to confirm that there were no debt cancellations, write-offs and sale of claims.

SORS explained that, in 2010, government recognised claims to SR Passenger transport for an amount of 43 mill euro (non-financial transaction D.99) and this was paid off in 4 years (2012-2015) for an amount of 10.8 mill euro each year. In 2011, government recognised claims for a total amount of 134 mill euro, of which 119 mill euro to SR Cargo transport (S.11) and 15 mill euro to SR Passenger transport (S.1311). Repayments started in 2014 and claims will be paid off in ten years.

SORS mentioned that the data published under non-performing loans included BAMC and the residual referred to some other non-performing loans. This information was collected for the first time and, thus, in some years a debt cancellation would be recorded. SORS will update also the EDP Inventory description on this issue.

SORS informed that there are some old NPLs which were not written off by any of the parties involved, and therefore not recorded in the government accounts expenditures. Eurostat recalled the ESA2010 rules in the case of NPLs with a very low probability to be recovered and recommended to SORS to monitor these loans. Should no repayment occur, a capital transfer should be imputed, impacting B.9.

Findings and conclusions

(29) Eurostat recalled the importance of monitoring non-performing loans in order to make sure that debt cancellations are correctly reported.

Deadline: continuously.

4.3.4. Capital injections in public corporations

Introduction

Before the EDP dialogue visit an updated information on capital injections by subsectors, the beneficiary and the treatment in national accounts for the period 2011-2014, was provided to Eurostat.

Discussion

During the discussions, SORS explained that in the period analysed, the last capital injections recorded as D.99 was in 2011. In this year, the central budget showed altogether three capital injections for a total amount of 65.5 mill euro: Nafta Lendava for 10 mill euro (S.11), Adria Airways for 49.5 mill euro (S.11) and PEKO Tržič for 6 mill euro (S.11). The central budget additionally capitalised two extra budgetary funds within general government: the Slovenian Restitution Fund for 60 mill euro (S.1311) and the Capital fund for 90 mill euro (S.1314). DSU injected money (D.99) into Unior Zreče (S.11) for an amount of 0.5 mill euro. At local government level, the capital injections were very small (only 2 mill euro).

SORS confirmed that the capital injection test was applied on a case by case basis for the central government. Regarding the questionnaire table 10 on capital injections, SORS informed that some companies in the list were already privatized, but the Telecom privatization has failed.

Eurostat asked SORS to describe how the companies at the local level are monitored. SORS informed that, for the moment, this was not possible. It was agreed that effort was needed to analyse the capital injections at the level of the biggest municipalities.

SORS informed that the questionnaire table 10.1 will be revised for the October 2015 notification because SORS discovered that, by mistake, EU funds were also included here.

Findings and conclusions

(30) Eurostat invited the Slovenian Statistical Authorities to take steps in establishing a system of monitoring capital injections and dividends at local government level and to send to Eurostat the progress report.

*Deadline: April 2016 EDP notification.*²⁵

(31) The Slovenian Statistical Authorities will send to Eurostat a revised Questionnaire table 10.1 in order to eliminate data relating to EU funds currently included under D.92 (investment grants).

*Deadline: October 2015 EDP notification.*²⁶

²⁵ SORS provided a progress report during the April 2016 EDP request for clarification.

²⁶ SORS confirmed revision in the October 2015 EDP notification.

4.3.5. Dividends, super dividend

Introduction

Before the EDP visit, the Slovenian statistical authorities provided to Eurostat the list of dividends paid to government by individual company and their profit for 2011-2014, accompanied by a note on treatment of super dividends.

Discussion

Eurostat recalled the general rules to be applied in the case of dividends and asked SORS to confirm whether these rules were regularly being followed.

SORS confirmed the application of the super dividend test at the central government level, including the case of the central bank. Concerning the local level, the table provided by SORS did not include any data. SORS agreed to start collecting the data and to apply the super dividend test also at local level.

Findings and conclusions

See subsection above (action point 30).

4.3.6. PPPs (and concessions)

Introduction

By legislation, all PPPs operations must be registered at the MoF. A special department was established in the MOF in order to monitor and report on the PPPs. The list of PPPs projects is available at the SORS. In the EDP related questionnaire, two cases of PPPs are reported which are both recorded on-balance sheet.

Discussion

Before the mission, Eurostat asked the list of the Slovenian PPPs and SORS' analysis on their classification. SORS replied that there had been no information on new PPP projects in recent years.

Eurostat asked SORS to describe the collaboration with the MoF regarding the PPPs and enquired on the last updated list of PPPs was received from the MoF. SORS informed that, in fact, the MoF did not provide any updated list of PPPs and that information was only available from the press. The MoF commented that, at the ministry level, for the moment, the list was not updated because no new information was received.

Eurostat asked the Slovenian statistical authorities whether there were new PPPs in the pipeline.

Eurostat also asked about the list of concessions, particularly in the transport and infrastructure domains. SORS and MoF did not have such a list.

Findings and conclusions

- (32) The MOF will investigate whether an updated list of Public Private Partnerships (PPPs) in Slovenia is available and will assess, in cooperation with SORS, whether some of the projects meet the national accounts definition of PPPs and whether they are correctly classified.

*Deadline: End December 2015.*²⁷

4.3.7. Financial derivatives

Introduction

The use of financial derivatives and their recording in national accounts were briefly discussed under this point.

Discussion

Eurostat had discussed in 2015 with SORS issues concerning the case of "cash collateral held by Slovenia" which has been provided in the form of cash by the foreign banks in the context of a cross currency swap. As the recording issue was solved by e-mail and it was related to 2015, Eurostat asked SORS about the recording of other possible swap operations.

SORS confirmed that the only type of swap in use was the currency swaps for small amounts (7 or 8 mill euro according to the debt valuation rule).

Findings and conclusions

Eurostat took note about clarifications.

4.3.8. Others: emission trading permits, privatisation, sale and leaseback operations, UMTS, tax credits, securitisation

Introduction

Eurostat asked before the mission a note on the other current (2011-2014) and future (if any) specific government transactions: emission trading permits, privatization, sale and leaseback operations, UMTS, tax credits and securitisations.

Discussion

Trading with emission permits via general government (central budget) did not exist until 2012 in Slovenia, but only started in 2013. According to law, payments are collected by SID Bank and transferred monthly to the central budget. 50% of the total payments are used by the Fund of Climate Changes. SORS confirmed the recording in national accounts from 2013 onwards in the working balance of the central budget under the revenue D.29 F (taxes on pollution) and explained that the Ministry of Environment is responsible for using these funds which can be used only for environmental projects.

²⁷ Partially implemented

Eurostat explained that in other Member States, government will organize auctions and in the country the proceeds will be recorded as F.8, until the permit is surrendered. The recording must take place not when they are created but when they are used. SORS agreed to verify the involvement of Slovenia in this kind of operations and to record it accordingly.

Regarding the sale of UMTS licenses in Slovenia, licenses were sold in 2001 (124 mill euro), in 2002 (2 mill euro) and in 2006 (13 mill euro). These transactions were shown in national accounts as sales of non-produced non-financial assets (K2). In 2014, central government sold radio frequencies for providing mobile communication services (149 mill euro, of which 57 mill euro applicable in the first quarter of 2016 and recorded as financial transaction included in the working balance of 2014). SORS confirmed that this licence is transferable under the approval of the Agency for communication networks and services of the Republic of Slovenia.

According to the Slovenian statistical authorities, no operations relating to sale and leaseback, tax credits and securitisations have taken place in Slovenia.

Findings and conclusions

- (33) The Slovenian Statistical Authorities will investigate whether national permits have been auctioned in Slovenia by Government and recorded according to the MGDD rules (government revenue recognised when the permits are used and not when the sale took place).

*Deadline: April 2016 EDP notification*²⁸.

5. ANY OTHER BUSINESS

5.1. ESA 2010 Transmission Programme, transmission of GFS data

The issue regarding the calculation of D.75 was discussed and Eurostat agreed with the proposal of SORS concerning the implementation of a time lag approach for D.75 in the October 2015 EDP notification (see also item 3.3.3.).

- (34) Eurostat provisionally agreed with the proposed recording in relation to cash penalties and other non-tax revenues, by replacing current WGA data with time-adjusted cash. The Slovenian Statistical Authorities will monitor the amounts and send to Eurostat a note on the results.

*Deadline: October 2016 EDP notification.*²⁹

²⁸ SORS sent the calculation to Eurostat on 9 September 2016 and Eurostat agreed with SORS proposal to follow up the issue after the October 2016 EDP notification and to implement this action point in the April 2017, considering the small impact on the B.9 of the General Government, as calculated in the file provided.

²⁹ SORS revised figures in the October 2015 EDP notification.

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Eurostat EDP dialogue visit to Slovenia
7-8 September 2015
Agenda

- 1. STATISTICAL CAPACITY ISSUES**
 - 1.1. Review of institutional responsibilities in the framework of the reporting of the EDP data reporting and government finance statistics compilation**
 - 1.2. Data sources and revision policy, EDP inventory**
 - 1.3. Compliance with Council Directive 2011/85**
- 2. FOLLOW-UP OF THE PREVIOUS EDP DIALOGUE VISITS**
- 3. ANALYSIS OF EDP TABLES – FOLLOW UP OF THE APRIL 2015 EDP NOTIFICATION**
- 4. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS**
 - 4.1. Delimitation of general government, application of the 50% rule in national accounts**
 - 4.1.1. Changes in sector classification due to ESA 2010
 - 4.1.2. Government controlled entities classified outside the general government
 - 4.1.3. DSU sector classification
 - 4.2. Implementation of accrual principle**
 - 4.2.1. Taxes and social contributions
 - 4.2.2. Interest
 - 4.2.3. EU flows
 - 4.2.4. Military expenditure
 - 4.2.5. Court decisions
 - 4.3. Recording of specific government transactions**
 - 4.3.1. Government operations relating to the financial crisis
 - 4.3.2. Guarantees
 - 4.3.3. Debt assumptions, debt cancellations, debt write-offs and government claims

- 4.3.4. Capital injections in public corporations
- 4.3.5. Dividends, super dividend
- 4.3.6. PPPs (and concessions)
- 4.3.7. Financial derivatives
- 4.3.8. Others: emission trading permits, privatisation, sale and leaseback operations, UMTS, tax credits, securitisation

5. ANY OTHER BUSINESS

5.1. ESA 2010 Transmission Programme, transmission of GFS data

5.2. Any other business