European system of national and regional accounts in the European Union (ESA 2010)

2010/0374(COD) - 30/06/2015 - Follow-up document

The Commission presented a report on implicit liabilities with potential impact on public budgets.

In accordance with Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union (ESA 2010), the report contains information on **public-private partnerships (PPPs) and other implicit liabilities**, including contingent liabilities, outside government.

The liabilities are called contingent in the sense that they are by nature only potential and not actual liabilities.

This report provides an overview of the information available to Eurostat. It mainly focuses on the data on contingent liabilities collected by Eurostat in the context of the reinforcement of the EU economic governance which took place in 2011 (the 'six-pack'), and in particular of Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

Indicators: all indicators are to be reported to Eurostat in millions of national currency at the level of individual general government subsectors. The metadata clarifying the completeness, definitions, use of estimations or timeliness of the data are to be provided to Eurostat alongside the data.

The report presents the agreed concepts and definitions for publication of data on contingent liabilities.

- ***Government guarantees***: Eurostat collects information on the outstanding amount of the guarantees granted by general government. Data cover both one-off and standardised guarantees;
- ***Off-balance PPPs***: PPPs recorded off the balance sheet of government means that the assets are not considered as economically owned by government and the gross-fixed capital formation is not recorded as an expenditure of government at the moment it is incurred. Eurostat collects data on the total outstanding liabilities recorded off-balance;
- ***Non-performing loans of General Government***: information is collected on the stock of non-performing loans (government assets) provided by general government;
- ***Liabilities of government controlled entities classified outside general government (public corporations)***: liabilities of government controlled entities classified outside general government (public corporations) are defined as the stock of liabilities at the end of the year, based on the business accounts of corporations. Member States can choose which concept to use for the reporting, either business accounts (including all the liabilities from the financial statements of the company) or national accounts concept (excluding other accounts payable). If available, data on liabilities for Maastricht debt items could also be reported.

Eurostat data collection: in December 2014, Eurostat collected for the first time data on contingent liabilities. The main results of the first Eurostat data collection show that:

- major efforts had been already undertaken by the Member States. For most countries, **complete and good coverage data are available** for most of the indicators;
- some countries still have to **make progress in relation to completeness of the data and coverage**, in order to include all the units in the general government. The data show significant differences between countries including exhaustively the liabilities of the financial institutions (such as

Germany, Ireland, the Netherlands, Slovenia) and countries which only provided partial data or no data at all (Belgium, Greece, Spain, Cyprus and Luxembourg);

- in particular, the coverage of data reported as a basis for calculation of the total liabilities of government controlled entities classified outside general government **needs to be improved**;
- in general, the **comparability for government guarantees**, non-performing loans and off-balance PPPs is satisfactory whereas it is limited for the liabilities of public corporations. For this indicator, as described above, some Member States data are not exhaustive, not including the liabilities of financial institutions and/or the liabilities of units controlled by local government;
- the **availability of the accompanying metadata** could be further improved in order to better inform users about the national characteristics and limitations of the data. Eurostat will carry out a discussion with the Member States on the next steps to be undertaken in this respect.

The **need to improve the coverage and the completeness** for the next data collection in December 2015 will be emphasised. The possibility of the harmonised collection of the metadata will be investigated.

Nevertheless, already at this stage, the new data collection represents a step forward toward further transparency of public finances in the European Union, by giving a more comprehensive picture of the EU Member States' financial positions by showing potential impact on public budgets.