Economic governance: requirements for budgetary frameworks of the Member States. 'Six pack'

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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.

The data collection on contingent liabilities in the context of Council Directive 2011/85/EU aims to **increase the availability of information on the implicit liabilities of general government**. Prior to the implementation of the Directive, only partial and mainly non-public data on guarantees and off-balance PPPs were collected by Eurostat.

In order to assist Member States in the implementation of the new statistical requirements of the Directive, Eurostat conducted a Task Force in co-operation with Member States and DG ECFIN. Following the Task Force report, Member States should publish relevant information in a harmonised and comprehensive way.

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.