

**Inventory of the methods, procedures and sources  
used for the compilation of deficit and debt data and  
the underlying government sector accounts  
according to ESA2010**

***Sweden***

**September 2017**

## Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: *“The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95.... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording.”*

In line with the provisions of the Regulation set up in Article 9, *“Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data”*.

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments statistics in June 2012 and are followed by all EU Member States. This version introduces references to the ESA2010 as well as some updates of the relevant topics mirroring the changes introduced by the ESA2010.

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**Annex I – SE\_EDP Inventory ESA2010\_2015\_Annex I\_List GG units**  
**Annex II – SE\_EDP Inventory ESA2010\_2015\_AnnexII\_BridgeSCodeToNA**  
**Annex III – SE\_EDP Inventory ESA2010\_2015\_AnnexIII\_Bridge table\_WB\_B9**  
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**Annex V – SE\_EDP Inventory ESA2010\_2015\_AnnexV\_SCB\_Organisation\_Chart**

## **A. Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data**

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

### **1. General Government**

This section describes the coverage of the General Government sector and the sub-sectors for Sweden.

The general government sector for Sweden is composed by three sub-sectors: S.1311 central government, S.1313 local government containing municipalities and county councils and S.1314 social security funds. It includes:

#### **1.1. Central government subsector (S.1311)**

Central government comprises departments of government administration and other central government agencies, authorities and institutions whose jurisdiction covers the entire economic territory, apart from the administration of the social security funds sector. It also includes non-profit institutions and non-market public corporations that are controlled and chiefly financed by the central government. Concerning education, the central government is responsible for the so called special needs schools in Sweden; The Swedish Sami Schools; and the major part of the universities. In addition, two universities with private principals are classified as central government units, e.g. Chalmers tekniska högskola and Högskolan i Jönköping.

Central government public service undertakings are classified as market producers and are therefore included in the non-financial corporation sector. Medical care and hospitals are not included in the central government, instead they are included in the local government.

In Sweden, there are about 240 units included in the central government in national accounts.

For a complete list of units in general government, please see Annex I.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.

#### **1.2. State government subsector (S.1312)**

The state government subsector is not applicable for Sweden.

### **1.3. Local government subsector (S.1313)**

The local government subsector comprises of primary municipalities, county councils and municipal associations plus the Swedish Association of Local Authorities and Regions (SALAR). Included in the local government sector are also non-profit institutions and corporations controlled and chiefly financed by local authorities.

In Sweden, there are 290 municipalities, 198 municipal associations and 20 county councils.

For a complete list of units in general government, please see Annex I.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.

### **1.4. Social security funds subsector (S.1314)**

The social security funds sector includes all public sector institutional units whose main activity consists of administrating funded social insurance systems. The institutions included in the subsector are the Swedish National Pension funds (AP-funds, in total there are 5 entities) and the Swedish Pensions Agency. The Swedish Pensions Agency is the unit administering the funded social insurance systems. The National Pension funds (AP-funds) are responsible of managing funded assets and creating a return of these funded means. The major part of the Premium Pension scheme is, due to a European Union decision, classified in the financial corporation sector. Though, the traditional insurance plan in the Premium Pension scheme is classified in the social security funds subsector.

For a complete list of units in general government, please see Annex I.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.

## **2. Institutional arrangements**

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA2010 Transmission Programme;
- institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;
- general overview about bookkeeping system used by public units, internal quality checks and external auditing;
- communication between individual national authorities involved in EDP;
- publishing of deficit and debt statistics.

## Legal basis for the compilation of GFS and EDP data

In Sweden there is a law SFS 2001:99, amended SFS 2013:945 (in Swedish *Lag 2001:99 om den officiella statistiken*) relating to public statistics. This law specifies the liability to supply information for different units/operators. It also specifies what falls within this liability.

Complementary to the law relating to public statistics, there is an ordinance, also amended SFS 2013:945 (in Swedish *Förordning 2011:100 om den officiella statistiken*) relating to public statistics. This ordinance stipulates the authorities responsible for different types of public statistics.

For more information on accounting rules for subsectors, please, see section 2.2.1 below.

## 2.1. Institutional responsibilities for the compilation of general government deficit and debt data

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in section 2.3 Communication.

National accounts data for general government are transmitted to Eurostat<sup>1</sup> via the following tables (see the related EU legislation)<sup>2</sup> :

Table 2 – Main aggregates of general government (annual data)

Table 6 – Financial accounts by sector (annual data)

Table 7 – Balance Sheets for financial assets and liabilities (annual data)

Table 801 – Non-financial accounts by sector (quarterly)

Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector (annual data) including National Tax List

Table 11 – Expenditure of General Government by function (annual data)

Table 25 - Quarterly Non-financial Accounts of General Government

Table 26 – Balance sheets for non-financial assets (annual data)

Table 27 – Quarterly Financial Accounts of General Government

Table 28 – Quarterly Government Debt (Maastricht Debt) for General Government

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables<sup>3</sup>.

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<sup>1</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

<sup>2</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:174:0001:0727:EN:PDF>

<sup>3</sup>

[http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/excessive\\_deficit/edp\\_notification\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/excessive_deficit/edp_notification_tables)

**Table 1. - Institutional responsibilities for the compilation of general government national accounts and EDP tables**

Institutional responsibilities <i>(the appropriate cells are crossed)</i>		NSI	MOF	NCB	Other
<b>Compilation of national accounts for General Government:</b>					
	annual	X			
	quarterly	X			
	annual	X			
	quarterly	X			
<b>Maastricht debt</b>	quarterly	X			
<b>Compilation of EDP Tables:</b>					
		deficit/surplus	X		
		Debt	X		
		other variables	X		
		deficit/surplus		X	
		Debt		X	
		other variables		X	
	2A central government				ESV
	2B state government				
	2C local government	X			
	2D social security funds	X			
	3A general government	X			
	3B central government	X			
	3C state government				
	3D local government	X			
	3E social security funds	X			
<b>EDP table 4</b>		X actual	X planned		

NSI - National statistical institute including units subordinated to the NSI (the latter is to be specified in comments)

MOF – Ministry of Finance/Economy including units subordinated to the MOF (to be specified in comments)

NCB – National Central Bank

Other – other national body, to be specified in comments

There is no separate EDP unit in Sweden. Several agencies and units are involved.

Institutions involved in the compilation of the EDP tables are the NSI (Statistics Sweden, in Swedish: *Statistiska centralbyrån* (SCB)), the Swedish National Financial Management Authority (in Swedish: *Ekonomistyrningsverket* (ESV)) and the Ministry of Finance (in Swedish: *Finansdepartementet* (MOF)). (Please, see Table 1 above.)

Besides the above mentioned institutions, the Swedish National Debt Office (in Swedish: *Riksgälden* (SNDO)) collaborates in the compiling of Questionnaire tables 9 and the Supplementary table for the financial crisis.

At SCB, two different units, one in Stockholm and one in Örebro, within the National Accounts Department, are involved in the compilation of the EDP tables and GFS. In Stockholm, the Financial and Sector Accounts (FSR) unit are responsible for the financial accounts (for all institutional sectors) and the Maastricht debt, as well as, EDP tables related to the financial accounts and Maastricht. The co-ordination responsibility for the EDP work in Sweden also lies within this unit. In Örebro, the Public Finances and Microsimulations (OEM) unit, are responsible for the non-financial accounts for general government, as well as, EDP tables related to the non-financial accounts. Within this unit lies also the responsibility for coordinating and publishing data in relation to Council Directive 2011/85/EU. The two units FSR and OEM both perform annual and quarterly calculations for general government.

The ESV is a central administrative agency under the Ministry of Finance. The agency develops efficient financial management for all central government agencies, and analyses and makes forecasts of central government finances. All central government authorities report, both annually and quarterly, profit and loss and balance sheet data to the ESV.

For many years the ESV has supplied the OEM unit at SCB with almost all data needed in order to produce non-financial accounts for central government. Development work for the ESV compilation of *financial accounts data* for central government has been in progress since 2011. The development work includes construction of a new/expanded IT system, changes in the reporting codes and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and education referring to financial accounts and ESA, increased knowledge of the operations of the complex authorities and developing a work process enabling ESV to produce all necessary data for not only the non-financial accounts (as has been the case for many years) but also for the financial accounts.

ESV today produces both non-financial accounts data and financial accounts data for central government and delivers the data to SCB, on a quarterly basis. For transactions in deposits, repos, loans, shares and other accounts receivable/payable, the ESV now constitutes the source for the SCB financial accounts. This is a major improvement of the SCB financial accounts since this is direct information from the central government bodies, via ESV, and not counterpart information. However, ESV are still not fully able to produce reconciled financial accounts, mainly due to remaining discrepancies regarding the ESV cash holdings item (referring to cash holdings between central government authorities and their relation to the SNDO), the SNDO transactions and stocks and some other remaining issues, e.g. consolidation. Nevertheless, the adjusted results are deemed very reliable.

For a full description of the development work relating to ESV and the production of the financial accounts for central government, see section 3.2.1.1, Data sources used for the compilation of national accounts, “The development work relating to the ESV production of data for the financial accounts – history and present day”.

For more information on the responsibility for different tables, please see Annex IV (Memorandum of understanding).

Statistics Sweden (SCB) has the coordinating responsibility for the work on EDP. With this, SCB is responsible for ensuring that a specific person is responsible for the ongoing EDP work, i.e. an EDP Co-ordinator. The EDP Co-ordinator is responsible for coordinating contacts between SCB and other agencies in connection with the EDP reporting. Coordination responsibility covers time schedules, meetings, reconciliation, publishing and reporting in connection with the EDP reporting. There are meetings between the staff involved in the EDP work (SCB, ESV, SNDO, MOF), at least before and after each notification period. SCB initiates these meetings and is responsible for the minutes of the meetings.

SCB, ESV, SNDO, and MOF each take responsibility for their respective parts of the report concerning content and also that delivery takes place in accordance with the specified time schedule. The ESV, the SNDO and the MOF send their tables to SCB which then finalises them in accordance with the applicable reporting requirements. The ESV are responsible for EDP Table 2A, Questionnaire tables 2.1, 7 and parts of questionnaire tables 3, 4, 6 and 8. The SNDO are responsible for part of Questionnaire table 9 and the Supplementary table for the financial crisis. The MOF are responsible for the forecasts in EDP Table 1, 2A, 2C and 4. A full list for the responsibility for different tables is found in Annex IV (Memorandum of understanding).

The EDP Co-ordinator at Statistics Sweden is responsible for both ensuring the internal consistency of the EDP tables and that the tables are sent to Eurostat in accordance with the specified time schedule. SCB delivers the EDP tables to Eurostat through EDAMIS/eWA (as well as by email if requested). A formal letter signed by the head of the department responsible for EDP at SCB is attached. Final approval of EDP data is performed by SCB, by the NA units FSR and OEM jointly.

### **2.1.1 Existence of an EDP unit/department**

There is no separate EDP unit in Sweden. Several agencies and units are involved. Please see sections 2.1, 2.1.2 and 2.3.1.1 for a full description of the organisation of the EDP work in Sweden.

### **2.1.2 Availability of resources for the compilation of GFS data**

Please see also sections 2.1, 2.1.1 and 2.3.1.1.

There is no separate EDP unit in Sweden. Several agencies and units are involved. As mentioned above, at SCB, two different units, one in Stockholm and one in Örebro, within the National Accounts Department, are involved in the compilation of the EDP tables and GFS. In Stockholm, the Financial and Sector Accounts (FSR) unit are responsible for the financial accounts (for all institutional sectors) and the Maastricht debt as well as EDP tables related to the financial accounts and Maastricht. The Co-ordination responsibility for the EDP work in Sweden also lies within this unit. In Örebro, the Public Finances and Microsimulations (OEM) unit, are responsible for the non-financial accounts for general government, as well as, EDP tables related to the non-financial accounts. Within this unit lies also the responsibility for coordinating and publishing data in relation to Council Directive 2011/85/EU.

An organisation chart for SCB is attached in Annex V.

The number of staff working in GFS amounts to just over 8 full time equivalents. Delimitation of GFS vs non-GFS is not always completely straightforward.

The staff involved in GFS compilation are also involved in developing questionnaires and checks and analysis of data sources, as well as, providing data upon requests of other international and national organisations, e.g. IMF, OECD, the Riksbank (the Swedish Central Bank) etc.

## 2.2. Institutional arrangements relating to public accounts

Generally, “public accounts” are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and relating accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

### 2.2.1 Legal / institutional framework

In Sweden there are several laws and legal acts referring to general government budget, accounting and auditing.

For Central government, **The Swedish Budget Act** (*SFS 2011:203, Budgetlag, Chapter 10, amended 2014:866*) stipulates accounting and auditing for the central government including consolidated financial statements. There are also two ordinances stipulating budget and accounting, i.e. **Ordinance concerning the Annual Reports and Budget Documentation** (*SFS 2000:605, Förordning om årsredovisning och budgetunderlag, amended SFS 2014:1433*) and **The Bookkeeping Ordinance** (*SFS 2000:606, Förordning om myndigheters bokföring, amended SFS 2014:99*).

For Local Government, **The Swedish law on local government** (*SFS 1991:900, Kommunallag, Chapter 8, amended SFS 2014:573*) stipulates the budget. There is also the **Law on accounting in local government in Sweden** (*SFS 1997:614, Lag om kommunal redovisning, amended 2014:568*) stipulating local government accounting.

For Social security funds there is the **Law on special treatments of the Premium pension in Sweden** (*SFS 1998:710, Lag med vissa bestämmelser om Pensionsmyndighetens premiepensionsverksamhet, amended SFS 2010:2061*), where rules for accounting are stated in 5§. Accounting for the General pension funds are stipulated in **The National Pension Insurance Funds (AP Funds) Act** (*SFS 200:192, Lag om allmänna pensionsfonder (AP-fonder), amended 2014:979*).

Public corporations are subject to the **Law on bookkeeping in Sweden** (*SFS 1999:1078, Bokföringslag, amended SFS 2014:1387*) and the **Law on annual accounts in Sweden** (*SFS 1995:1554, Årsredovisningslag, amended 2014:1386*).

In 2010, the Government submitted a Government Communication, “Fiscal Policy Framework” (Skr. 2010/11:79), to the Riksdag (the Swedish parliament). The Communication describes a code of conduct for fiscal policy. The purpose of the Communication is to enhance fiscal policy sustainability and transparency by institutionalising important principles used by the Government. The Communication serves to present and summarise the fiscal policy framework, the Communication can be found here:

<http://www.government.se/contentassets/fa45b4f60d424c149a8ce26cf6835de8/the-swedish-fiscal-policy-framework><sup>4</sup>.

## 2.2.2 Auditing of public accounts

### 2.2.2.1 General government units

The audits of general government authorities are annual and take place in connection to the annual accounts.

#### The Swedish National Audit Office

The Swedish National Audit Office (the Swedish NAO) is an authority under the Riksdag (the Swedish parliament) and is tasked with auditing the activities run in the central government. The audit is carried out through financial and performance audits.

In a performance audit, the government authorities' efficiency is audited. The starting point is how well the subject of the audit is achieving its goals and the appropriateness of the organization, operations, process, or function for the purpose. The goal of the audit is to ensure that the state, with regards to the interests of the general public, is getting good results for its efforts. For example, a topic for scrutiny could be how road and rail investments are being planned and organized. A common factor for all performance audits is that they are based on problem indicators and risk and materiality evaluations. This means that the audit is directed at operations that risk not fulfilling its purpose. It can relate to that the operations of the authority are not cost effective, that they have an inefficient organisation or that they are not observing rules and ordinances.

The financial audit involves the auditing of annual reports where the financial statements of the government authorities are audited and evaluated whether credible and correct. An assessment of the risk of material misstatements in an annual report lies at the heart of the financial audit. The risk determines the focus and scope of the audit. Within national audits, the concept of materiality refers not only to significant sums, but also to important issues of principle for governmental administration that should be highlighted in the annual financial report. From 2011 the Swedish NAO applies the international standards on auditing supplemented with the guidelines for public sector audit; International Standards of Supreme Audit Institutions (ISSAI). The scope of the financial audit is governed by Section 3 of the Act on the Audit of State Activities (SFS 2002:1022, amended SFS 2010:1430). This states that the Swedish NAO shall audit the annual reports of:

- the State
- the Government Offices and, with the exception of the National Swedish Pension Funds, the agencies under the Government
- the Riksdag (the Swedish Parliament), the Parliamentary Ombudsmen, the Riksbank (the Swedish Central Bank), Stiftelsen Riksbankens Jubileumsfond (Bank of Sweden Tercentenary Foundation) and
- the Palace Administration and the Royal Djurgården Administration.

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<sup>4</sup>Paragraph from the Government Communication

<http://www.government.se/contentassets/fa45b4f60d424c149a8ce26cf6835de8/the-swedish-fiscal-policy-framework>

Under section 2, points 4 and 5 of the Act on the Audit of State Activities, the Swedish NAO may appoint auditors to limited companies and foundations if any of the following conditions are met:

- The activities that are conducted by the state are governed by law or other statute.
- The state is the owner.
- Contributions are made to the activities in the form of government appropriations.
- The state has a controlling interest in the activities through a contract or otherwise (the state owns at least 50 per cent of the company or in some other way has a controlling influence).
- A foundation has been formed by or jointly with the state or is administrated by a state agency.

Furthermore, the Swedish NAO audits the government's annual report for state operations, the State Annual Report. They also give a limited assurance on interim financial statements.

Every year, the Swedish NAO audits about 250 financial statements and these are completed in mid-March. The Swedish NAO also audits the Annual Report for Central Government, in late March and at the beginning of April. However, the formal report on the audit is made at the latest one month after the day The Annual Report for Central Government is presented to the Swedish Parliament, i.e. in mid-May. The audit may continue until then.

The audit reports are published at the homepage of the Swedish NAO (Riksrevisionen)

<http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Myndighet> (authorities)

<http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Bolag> (companies and foundations)

<http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Departement> (departments).

The main findings, risks etc. of the performance audit and the financial audit are documented in an annual report. The annual report is submitted to the parliament.

#### Internal control in government authorities

All agencies comply with Government agencies ordinance (SFS 2007:515, Myndighetsförordningen). According to paragraph 3, the management is responsible to the Government for running an efficient business in accordance with applicable law, is reported in a reliable and fair manner, and that the agency economizes well with state funds. In 2015, 66 agencies also complies with the ordinance of internal audit (SFS 2006:1228, amended SFS 2009:1321). According to the ordinance of internal audit (2006:1228), paragraph 4, shall the internal audit be based on an analysis of operational risks and independently review whether management's internal control is designed to allow, with a reasonable certainty, that the requirements stated in paragraph 3 in ordinance SFS 2007:515 are met. The Swedish National Financial Management Authority (ESV) are responsible for development, management and coordination of the government internal audit. ESV has a normative role by issuing/provisions of regulations.

### The Swedish National Pension Funds

The Swedish National Pension Funds (AP-fund) are not audited by the Swedish NAO like the Swedish Pension Agency. The pension funds are instead audited by an auditor assigned by the Government Office of Sweden (Regeringen). The annual accounts for the pension funds are to be reported before mid-February. The auditors must deliver an audit report within two weeks after the reporting of the annual accounts. The committee deliver the annual accounts and the audit report to the Government Office of Sweden, which must make a decision before the 1<sup>st</sup> June, whether they approve the annual accounts or not. The AP-funds are publishing the annual reports and auditors comments on their homepage. The Government's annual evaluation of the AP funds is published on the government website [www.regeringen.se](http://www.regeringen.se), evaluation 2013 <http://www.regeringen.se/contentassets/5bb78ccb2d284918baebcc81822834e2/redovisning-av-ap-fondernas-verksamhet-t.o.m.-2014>.

### Local government

In every local government authority, the municipal assembly commissions auditors to audit the annual accounts. There shall be auditors to inspect the activities conducted within the sphere of a committee and by an assembly drafting committee. The audit is stipulated in The Swedish Local Government Act (*in Swedish: Kommunallagen*) and follows The Generally Accepted Auditing Standards (*in Swedish: God revisionssed i kommunal verksamhet*) issued from the Swedish Association of Local Authorities and Regions (SALAR). SALAR also monitors national and international developments in the field of auditing and provides support and advices to local authorities.

The auditors review the effectiveness, accounting and internal control. The auditors comment the annual accounts in the audit report, delivered to the municipal assembly on a specific date entered by the municipal assembly. However, the municipal assembly must make a decision at the very latest on the last day of June, whether they approve the annual accounts or not.

The annual report is to be kept available to the general public as from the announcement of the assembly meeting at which the annual report is to be approved. The place where the annual report is kept available should be indicated in the announcement. The local governments are usually publishing the auditors comment and the annual reports on their homepage. Below are links to the annual reports for the three major cities/municipalities.

Annual report, city of Stockholm:

<http://www.stockholm.se/OmStockholm/Budget/Arsredovisning/>

Annual report, city of Gothenburg : [http://goteborg.se/wps/portal/invanare/kommun-o-politik/kommunfakta/ekonomi/arsredovisningar!/ut/p/b1/04\\_SjzQ2MjQ1MTUwNtCP0I\\_KSy zLTE8syczPS8wB8aPM4gMMvQItnAwdDfzdLd0MPEO8A9z8vH38zUINgAoigQoMcAB HA0L6\\_Tzyc1P1c6NyLADb9xri/dl4/d5/L2dBISEvZ0FBIS9nQSEh/](http://goteborg.se/wps/portal/invanare/kommun-o-politik/kommunfakta/ekonomi/arsredovisningar!/ut/p/b1/04_SjzQ2MjQ1MTUwNtCP0I_KSy zLTE8syczPS8wB8aPM4gMMvQItnAwdDfzdLd0MPEO8A9z8vH38zUINgAoigQoMcAB HA0L6_Tzyc1P1c6NyLADb9xri/dl4/d5/L2dBISEvZ0FBIS9nQSEh/)

Annual report, city of Malmö: <http://redovisningar.malmo.se/arkiv/>

#### 2.2.2.2 *Public units, not part of general government*

Accounts of all units, included in the public corporation sector according to ESA 2010 are audited annually. Public corporations are subject to the same laws that apply to private corporations. In addition, public corporations are subject to additional regulations. Public corporations are subject to the **Law on bookkeeping in Sweden** (*SFS 1999:1078*,

*Bokföringslag, amended SFS 2010:1514 and SFS 2011:1399*) and the **Law on annual accounts in Sweden** (*SFS 1995:1554, Årsredovisningslag, amended SFS 2009:573, SFS 2011:1554 and SFS 2014:1386*). The annual statements are audited. In addition, corporations can be subject to interim revisions in case of suspected irregularities in its operations (by the Swedish Tax Authority and Swedish Financial Supervisory Authority).

In the general case, annual statements of accounts are due to the Swedish Companies Registration Office (Bolagsverket) final day of July year t+1 referring to year t. Depending on source and unit, the results are available to GFS compilers at different time periods.

Audit reports are available at the Swedish Companies Registration Office. These are not published but are available to order. All major corporations publish their annual statements at their own website. The financial audit involves the auditing of annual reports where the financial statements of the government authorities are audited and evaluated whether credible and correct. An assessment of the risk of material misstatements in an annual report lies at the heart of the financial audit. The risk determines the focus and scope of the audit. Within national audits, the concept of materiality refers not only to significant sums, but also to important issues of principle that should be highlighted in the annual financial report.

## **2.3. Communication**

### **2.3.1 Communication between actors involved in EDP**

#### *2.3.1.1 Agreement on co-operation*

For a description on the co-operation between actors involved in the EDP, please see also sections 2.1, 2.1.1 and 2.1.2 above.

According to Government Decision 16 December 2010 (Fi2010/5690), authorities involved in the EDP reporting must set up a memorandum of understanding that, in detail, regulates the responsibilities for the EDP reporting to the Commission (Eurostat) according to Council regulation (EC) No 479/2009, as amended.

The memorandum of understanding is signed by the authorities involved in the EDP work in Sweden: the Director-General of Statistics Sweden (*SCB*), the Director-General of The Swedish Financial Supervisory Authority (*Finansinspektionen, FI*), the Director-General of The Legal, Financial and Administrative Services Agency (*Kammarkollegiet*), the Director of the Swedish National Debt Office (*SNDO, Riksgälden*) and the Director-General of the Swedish National Financial Management Authority (*Ekonomistyrningsverket, ESV*). Significant updates of the memorandum are to be decided by the Director-Generals. Minor updates of the memorandum of understanding can be decided by the steering group for EDP, which consists of the Directors from each authority.

The most recent update of the memorandum is from early 2015, when references to Council regulation (EC) No 220/2014 and changes to the Notification and Questionnaire tables were added. In addition, a minor clarification of the responsibilities of the Legal, Financial and Administrative Services Agency was made.

The steering group for EDP was formed in 2010, at the initiative of the SCB, as part of SCB's co-ordination responsibility for the EDP reporting. The group meets about 5 to 6 times per year and its role is e.g. follow-up and work to ensure resources for necessary development work.

FI is formally responsible for all official statistics referring to the financial markets area, and therefore, for the financial accounts. The authority has commissioned SCB to produce the financial accounts. The authority has no active role in the EDP work. The role of the authority is to finance the financial accounts production. The Legal, Financial and Administrative Services Agency have no active role in the EDP work but data from the agency are an important source for the financial accounts.

During the last years, much development work has been carried out regarding improvements of data sources for the financial accounts, in particular regarding central government. For many years the ESV has supplied the OEM unit at SCB with almost all data needed in order to produce non-financial accounts for central government. Development work for the ESV compilation of *financial accounts data* for central government has been in progress since 2011. The development work includes construction of a new/expanded IT system, changes in the reporting codes and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and education referring to financial accounts and ESA, increased knowledge of the operations of the complex authorities and developing a work process enabling ESV to produce all necessary data for not only the non-financial accounts (as has been the case for many years) but also for the financial accounts.

ESV today produces both non-financial accounts data and financial accounts data for central government and delivers the data to SCB, on a quarterly basis. For transactions in deposits, repos, loans, shares and other accounts receivable/payable, the ESV now constitutes the source for the SCB financial accounts. This is a major improvement of the SCB financial accounts since this is direct information from the central government bodies, via ESV, and not counterpart information. However, ESV are still not fully able to produce reconciled financial accounts, mainly due to remaining discrepancies regarding the ESV cash holdings item (referring to cash holdings between central government authorities and their relation to the SNDO), the SNDO transactions and stocks and some other remaining issues, e.g. consolidation. Nevertheless, the adjusted results are deemed very reliable.

For a full description of the development work relating to ESV and the production of the financial accounts for central government, see section 3.2.1.1, Data sources used for the compilation of national accounts, "The development work relating to the ESV production of data for the financial accounts – history and present day".

Please, see Annex IV Memorandum of understanding.

### 2.3.1.2 *Access to data sources based on public accounts*

As a result of the complexity of national accounts, both for non-financial and financial accounts, neither a single nor a standardized data source is available. Data are collected from a large variety of sources. Some of them through large, official, transmissions, from data suppliers, electronically, directly into databases at SCB. Others, also in a standardized way, by receiving data in excel by e-mail or by receiving single figures from the data supplier based on a mutual agreement by phone, publication etc. All major data sources are adapted for national accounts needs and the main part of all figures are collected and received by an electronic transmission

directly into databases at SCB (except for financial accounts for central government for which data is received via excel/FTPserver via ESV, see e.g. 2.3.1.1).

There is no significant difference between collecting figures for compiling national accounts and for compiling EDP. But, additional figures requested in EDP, and not included in national accounts are more often collected directly from the data supplier via excel-files. Compilers at SCB do not have access to databases at ESV, Ministry of Finance or SNDO and therefore have to ask assistance to verify data if relevant. The working process of calculating and compiling national accounts and EDP is based on a standardized working process and a considerable cooperation and collaboration with data suppliers. In cooperation with data suppliers, delivery time schedules are produced annually and cover year t+1.

## **2.3.2 Publication of deficit and debt statistics**

### *2.3.2.1 Publication of EDP data*

At national level, the EDP Notification tables and a press release are published by Statistics Sweden concurrently with the EDP reporting to Eurostat, i.e. at the latest by 31 March and 30 September.

If there are any revisions during the Notification period, new EDP Notification tables are published at national level the same day as the EDP press release from Eurostat. When Eurostat publishes the results for all member states, SCB also publishes the Historical EDP Notification Table 1.

EDP related information, as well as, EDP tables and press releases can be found at: <http://www.scb.se/nr0108-en> .

## 2.3.2.2

## Publication of underlying government ESA2010accounts

As requested in the ESA 2010 Transmission Programme, the following ESA 2010 tables are transmitted to Eurostat regarding underlying government ESA 2010 accounts. The published tables refer mainly to general government sector:

ESA 2010 table	Deadline	Updated in connection with EDP reporting	Transmissions
0200, Main aggregates general government, Annual	Year t-1, deadline 90 days.	Yes.	First transmission by the end of February. Possible update by the end of March. Update by the end of May, Mid-September and a possible update in the end of September and an update in late November.
0900, Detailed tax and social contribution receipts by type of tax or social contribution and receiving subsector for General Government, Annual	Year t-1, deadline 9 months.	Yes.	The same as table 0200.
0999 (NTL), National tax list, Annual	Year t-1, deadline 9 months.	Yes.	The same as table 0200.
1100, Expenditure of general government by function	Year t-1, deadline 12 months.	Yes.	A first transmission in late November or in the beginning of December referring to previous year. Then updates/revisions corresponding to transmissions of table 0200.
25*, Quarterly Non-Financial Accounts of General Government	Quarterly t-1, deadline 90 days.	Yes.	The same as table 0200.
2700, Quarterly financial account of general government	Quarterly t-1, deadline 90 days	Yes.	Transmitted end of March, end of June, end of September, end of December.
2800, Quarterly government debt	Quarterly t-1, deadline 90 days	Yes.	Transmitted end of March, end of June, end of September, end of December.

\*Table 25 is not part of ESA 2010 Transmission Program but is delivered to Eurostat based on a general agreement. Also a seasonally adjusted version of table 25 is sent to Eurostat upon request on a regular basis.

The tables can be found at SCB's website<sup>5</sup>. Tables 2700 and 2800 are currently not published.

<sup>5</sup> <http://www.scb.se/sv/Hitta-statistik/Statistik-efter-amne/Nationalrakenskaper/Nationalrakenskaper/Nationalrakenskaper-kvartals--och-arsberakningar/Aktuell-Pong/22918/Rapportering-till-Eurostat/389109/>

### 3. EDP tables and data sources

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA2010based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP table 2 and 3.

#### 3.1. EDP table 1

EDP table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation<sup>6</sup>: net borrowing(-)/net lending(+)(B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (D.41) .

This section focuses on Maastricht debt only. A detailed description of B.9 calculation and data sources for individual subsectors is covered under section 3.2.

##### 3.1.1 Compilation of Maastricht debt

###### 3.1.1.1 *Specification of debt instruments*

The data sources for the Swedish Maastricht debt are the same as for the financial accounts (FA) for the different government sectors (S.1311, S.1313 and S.1314). However, currently, the main source for the central government debt data is data directly from the Swedish National Debt Office (SNDO). And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the debt data regarding the central government.

Statistics Sweden compiles the Maastricht debt (except for forecasts). A table is found below, for general government (S.13), presented by debt instrument, issuer, type of instrument and valuation. S.1314 is not allowed to issue debt. Maturities and interest rates for central government (S.1311) are found at the SNDO website<sup>7</sup>. Creditor information is available by using counterpart information in FA (FACPI).

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<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:069:0101:0101:EN:PDF>

<sup>7</sup> <https://www.riksdagen.se/en/aboutsndo/Central-government-debt-and-finances/Statistics-new/Government-debt/>

**Maastricht debt instrument:**

<i>Debt instrument</i>	<i>Issuer</i>	<i>Type of instrument</i>	<i>Valuation</i>	<i>Maturities and interest rates</i>	<i>Creditors</i>
AF.2	S1311	National debt savings, inflation-linked and nominal	Nominal and inflation included	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.2	S1311	Collateral, Credit Support Annex	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.2	S1311	Deposits from Premium pension scheme S1295 & S1314	Deposits		<a href="#">FACPI</a>
AF.2	S1311	Deposits from S11	Market value		<a href="#">FACPI</a>
AF.31	S1311	T-bills	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.31	S1311	Commercial papers	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Government bonds	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Lottery bonds	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Zero coupon bonds	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Inflation-linked bonds	Nominal including inflation	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Assigned, inflation-linked bonds	Nominal including inflation	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Public bonds in foreign currencies	Nominal including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Public bonds, foreign currencies smaller size	Nominal including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.32	S1311	Swaps between SEK and foreign currencies, revaluation debt	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.41	S1311	Repos, Government bonds	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.41	S1311	Repos, inflation-linked bonds	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.41	S1311	Repos, T-bills	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.41	S1311	Bank loans, foreign currencies	Nominal including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.41	S1311	Bank loans, etc (overnight)	Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>
AF.42	S1311	Long term loan over one year	Book value		<a href="#">FACPI</a>
AF.2	S1313	Not applicable			
AF.31	S1313	Local Government Certificates	Nominal		<a href="#">FACPI</a>
AF.32	S1313	Local Government Bonds	Nominal		<a href="#">FACPI</a>
AF.41	S1313	Short term loan less than one year	Book value		<a href="#">FACPI</a>
AF.42	S1313	Long term loan over one year	Book value		<a href="#">FACPI</a>
AF.2	S1314	Not applicable			
AF.31	S1314	Not applicable			
AF.32	S1314	Not applicable			
AF.41	S1314	Collateral with right of disposition	Book value		<a href="#">FACPI</a>
AF.42	S1314	Long term loan over one year			

**3.1.1.2 Data sources used for the compilation of Maastricht debt****Central government subsector (S.1311):**

The Swedish National Debt Office (SNDO) provides Statistics Sweden (SCB) with almost all components of quarterly Maastricht debt at nominal value. A small part of the debt (debt not related to the SNDO) is provided by ESV. ESV provides SCB with AF.2, deposits from S1295 & S1314 and also AF.42 long-term loans. The data from SNDO are available about 45 days after end of quarter. The data from ESV is available about 60 days after end of quarter. For S.1311 all source data of Maastricht debt is finalized and included in April notification. Usually there are no revisions in October unless errors are detected and corrected. And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the debt data regarding the central government.

**Local government subsector (S.1313):**

The Quarterly survey on financial assets and liabilities for municipalities and county councils, provide a specification of the Maastricht debt, nominal value for AF.31 and AF.32 and book

value for AF.41 and AF.42. AF.2 is not applicable for S.1313. The survey is a total survey for the fourth quarter of every year. These are preliminary figures used for the first notification in April.

The Annual accounts for municipalities and county councils, provides completely audited profit and loss and balance sheet data used for the second notification in October, and for all years. All liabilities are valued at book value. Nominal values for AF.31 and AF.32 are only specified in the quarterly source, but amended if book value differs between sources. The annual and the quarterly source are always reconciled and the quarterly source is revised if not consistent with the annual accounts. (The quarterly source provides more detail on an instrument level than the annual source.) Usually the debt liabilities AF.31 and AF.32 do not need to be revised when quarterly and annual sources are reconciled. But the debt liabilities AF.41 and AF.42 are often revised when the annual accounts are available, since the quarterly source is preliminary and the books are not closed at this time.

Both surveys are carried out by SCB. For the annual accounts, data is available about 180 days after end of year. Data from the quarterly survey on financial assets and liabilities for municipalities and county councils is available 60 days after end of quarter and used for the April EDP notification. SCB is responsible for all estimations. The quarterly survey is used as an indicator for how much the debt has increased or decreased. Since the annual data is prepared when books are closed and audited, the total level of debt might be corrected in the October notification.

For Other local government bodies (OLGB), only annual stock data is available. The main source, for the municipal associations, is the Annual accounts for municipal associations, which are compiled and produced annually by the division of public finance at Statistics Sweden. The statement of accounts is completed approximately six months after the end of the year. The statement of accounts consists of: income statement, balance sheet, operating account and investment account. It is a total survey covering all municipal associations but on an aggregated level of detail as regards financial instruments. Therefore, annual statements for the municipal associations with the largest debts have been analysed in order to identify counterpart, assets and debt (AF.42) on a more detailed level, but the totals from the Annual accounts for municipal associations are kept. The main source for the local government corporations are the annual statements for each unit. Counterpart and debt (AF.41 and AF.42) has been identified. The main source for the hospitals is the annual statements for each unit. No Maastricht debt has been identified for the hospitals.

The balance sheet data is the main source for the financial accounts.

The SCB is responsible for the data collection regarding local government.

Social security funds subsector (S.1314):

The main source for social security sector data is the Quarterly survey on social security funds conducted by SCB, collecting data from the National pension funds (the 5 AP-funds). Data is available about 60 days after end of quarter. S1314 is not allowed to issue debt; for the AP-funds, only short term debt is reported, connected to collateral with right to disposition. Also the Swedish Pension Agency (PM) have repos, connected to the funds that are administered by Kammarkollegiet, reported as liability AF.41. PM has small liability loans, with counterpart central government. These small short and long term debts are therefore consolidated and do not impact the Maastricht debt. For S.1314 all source data of Maastricht debt is finalized and

included in April notification. Usually there are no revisions in October unless errors are detected and corrected.

The SCB is responsible for the data collection regarding social security funds subsector.

Verification, calculation of components and final reconciliation for general government as well as for the subsectors (S.1311, S.1313 and S.1314) is the responsibility of the SCB.

Regarding the revision process for S.1313, the national accounts receive the annual accounts referring to t-1, in June year t. Thereafter the quarterly calculations are corrected with the new balance items. The debt level will be revised if the annual accounts indicate other debt levels than the quarterly data source.

For S.1311 and S.1314, data is usually finalized after the April Notification, as described above.

#### *3.1.1.3 Amendments to basic data sources*

Book value is approximated to be the same amount as nominal value, since no information regarding nominal value is available in the accounts, for the following instruments and sectors:

S.1311: AF 42, book value is used.

S.1313: For AF.41 and AF.42, book value is used.

S.1314: For AF.41 and AF.42, book value is used.

The difference between the book value and nominal value are considered small.

S.1313: For AF.41 and AF.42, transactions are calculated as the change in the stock of the instrument. Market transactions include changes in interest payable, which is not included in transactions in the Maastricht debt instruments. Interest payable is only specified in the quarterly survey on local government.

S.1314: For AF.4 transactions are calculated as the change in the stock of the instrument.

S.1311: The sources, SNDO and ESV, inform SCB in case of other changes in volume. SCB also validates the source by comparing with the published monthly debt report from the SNDO.

S.1313: Information regarding other changes in volume is available from the the Quarterly survey on financial assets and liabilities for municipalities and county councils.

No amendments of data by using counterpart information are made.

No methodological adjustments are made.

For S.1311, data is collected in a special report showing the link between the change in nominal value and the transaction at transaction value. The difference between these consist of premiums, discounts, profit/losses (realized holding gains/losses) interest payable etc. These items are specified in the report from the SNDO.

#### *3.1.1.4 Consolidation of Maastricht debt*

S.1311-Central government holdings in AF.31:

**Within central government:** AF.31 bills issued by central government, held by Swedfund.  
**Holdings in other Government subsectors:** AF.31 bills issued by local governments, held by Swedfund. Valuation is at book value and reported by ESV.

S.1311-Central government holdings in AF.32:

**Within central government:** AF.32 bonds issued by central government, held by units within central government. The units are: universities, government linked foundations, the Nuclear waste fund, Deposit insurance fund. Valuation is at nominal value and reported by The Legal, Financial and Administrative Service Agency (Kammarkollegiet). Other minor holdings within the central government subsector constitutes of SNDOs holding in Lottery bonds (nominal value, SNDOs monthly report) and Swedfunds holdings in government bonds (book value, reported by ESV). And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the debt data regarding the central government.

S.1311-Central government holdings in AF.41:

**Holdings in other Government subsectors:** Holdings in AF.41 are loans to S.1314, book value and reported by S.1314. The data is reported by the Swedish pensions agency (PM).

S.1311-Central government holdings in AF.42:

**Holdings in other Government subsectors:** Holdings in AF.42 are long-term loans to S.1314, book value and reported by S.1314. The data is reported by the Swedish pensions agency (PM).

S.1313-Local government holdings in AF.31:

**Within local government:** Holdings in AF.31 issued by S.1313. Valuation is at nominal value and reported in the quarterly survey on financial assets and liabilities for municipalities and county councils. **Holdings in other Government subsectors:** Holdings in AF.31 issued by S.1311. Valuation is at nominal value and reported in the quarterly survey on financial assets and liabilities for municipalities and county councils.

S.1313-Local government holdings in AF.32:

**Within local government:** Holdings in AF.32 issued by S.1313. Valuation is at nominal value and reported in the quarterly survey on financial assets and liabilities for municipalities and county councils. **Holdings in other Government subsectors:** Holdings in AF.32 issued by S.1311. Valuation is at nominal value and reported in the quarterly survey on financial assets and liabilities for municipalities and county councils.

S.1313-Local government holdings in AF.41:

**Within local government:** Holdings in AF.41 are short-term loans from municipalities and county councils to local government owned companies and municipal associations, classified within S1313. Valuation is at book value and the figures are obtained from the companies' and associations' annual reports.

S.1313-Local government holdings in AF.42:

**Within local government:** Holdings in AF.42 are long-term loans from local governments to local governments owned companies and municipal associations, as well as loans from municipals to county councils. **Holdings in other Government subsectors:** Local government holdings in AF.42 also constitutes of long-term loans to S.1311 (Swedish Transport Administration). Valuation is at book value and reported in the ESV compilation. This loan is also reported in the quarterly survey on financial assets and liabilities for municipalities and

county councils. The figures at book value from the two sources are compared and should be the same.

**S.1314-Social security funds holdings in AF.29:**

**Holdings in other Government subsectors:** These are deposits of the traditional insurance plan (the annuity policy) within the Premium Pension Scheme (into SNDO). Valuation is at book value and reported by ESV.

**S.1314-Social security funds holdings in AF.31:**

**Holdings in other Government subsectors:** These are bills issued by S.1311 and S.1313. Valuation is at nominal value and reported by the AP-funds.

**S.1314-Social security funds holdings in AF.32:**

**Holdings in other Government subsectors:** These are bonds issued by S.1311 (the large part) and S.1313 (the smaller part). Valuation is at nominal value and reported by the AP-funds and the Legal, Financial and Administrative Service Agency (Kammarkollegiet).

All data is consolidated on an aggregated level. Inconsistencies are difficult to detect. No data from counterpart sector is used (other than S.13).

## **3.2. Central Government sub-sector, EDP table 2A and 3B**

Information provided in this section refers to data sources available for the Central Government (S.1311), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA2010.

### **3.2.1 Data sources for main Central Government unit : “The State”**

This section describes data sources available and used for compilation of national accounts and EDP tables for the main Central Government unit:

- Basic data sources
- Complementary data sources used for the purpose of special ESA2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

The starting point in EDP table 2A is the working balance of the central government (CG, S.1311) budget. The budget is approved by the parliament, and consists of revenues and expenditures. All transactions affecting the balance are defined as either part of revenues or part of expenditures of the CG. The balance is the difference between total revenue and total expenditure. The total balance is cash based and calculated by the Swedish National Debt Office (SNDO) as part of their managing of the Swedish National Debt.

The working balance is published on a monthly basis by the SNDO and is available t+6 days. The annual figures for the working balance can be revised before the annual report of SNDO is published on 22 of February every year. The annual report of SNDO is audited by the National Audit Office (the Swedish NAO) and the report of the audit is published no later than 22 of March. <http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Riksgaldskontoret/>

The working balance for CG budget is calculated by SNDO as:

Primary balance (all CG current revenues and payments)  
+ Net lending (authorities and government-owned corporations borrowing at the SNDO)  
= Primary borrowing requirement  
+ Interest (interest payments on the CG debt)  
Net borrowing requirement=working balance

Regulations of the CG budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified in the Budget Act (SFS 2011:203, amended SFS 2014:866).

The CG budget is voted by the Riksdag (the Swedish parliament) in the end of December each year. The budget balance is part of the outcome of the CG budget, which is included in the Annual Report for the Central Government. The annual report for CG, as well as, the annual reports for each individual central government authority, is audited by the Swedish NAO.

For the major part, the audit of the Annual Report for the Central Government takes place in late March and in the beginning of April. But, the audit can continue until mid-May when the Annual audit Report for CG is presented to the parliament (the Riksdag).

The report of auditing is published on the website:

<http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Arsredovisning-for-staten/>

<http://www.riksrevisionen.se/sv/rapporter/Rapporter/R/2014/Redogorelse-for-granskningen-av-Arsredovisning-for-staten-2013/>

The Swedish NAO audits the Annual Report for CG by auditing the annual accounts of central government authorities. If the auditors would discover something erroneous it could theoretically affect B.9 and B.9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the annual report. If the corrections affect B.9 or B.9f, it is taken into account in the EDP reporting in April. However, the formal report on the audit is made at the latest one month after the Annual Report for CG is presented to the parliament, i.e. in mid-May.

**Table 2 – Availability and use of basic source data for the main central government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
		Time of availability of annual results for T-1					
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				<b>Budget Reporting</b>			
<b>M</b>	<b>M/A</b>	<b>T+30</b>	<b>T+4,5</b>	(1) Current revenue and expenditure	<b>x</b>		
				(2) Current and capital revenue and expenditure			
<b>A</b>	<b>Q</b>	<b>T+60</b>	<b>T+18</b>	(3) Current and capital revenue and expenditure and financial transactions		<b>x</b>	<b>(x)</b>
<b>A</b>	<b>Q</b>	<b>T+60</b>	<b>T+18</b>	(4) Balance sheets			<b>x</b>
				<b>Financial Statements</b>			
<b>A</b>	<b>A</b>		<b>T+5</b>	(5) Profit and loss accounts			
<b>A</b>	<b>A</b>		<b>T+5</b>	(6) Balance sheets			
				(7) Cash flow statement			
				<b>Other Reporting</b>			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

All central government agencies report their outcome monthly and quarterly to the Swedish National Financial Management Authority (ESV). The reporting from the agencies is the base for both the national budget and national accounts. For compilation of national accounts the outcome from statistical reporting codes (S-codes) are used. For the compilation of the national budget agencies report figures in *another structure* which is also used by ESV. All units included in B.9 and B.9f referring to central government agencies are included in working balance. Furthermore, in B.9 and B.9f also additional units are included (other central government bodies). Supplementary information is also used which is mostly annual reports from units not included in working balance.

### 3.2.1.1 *Details of the basic data sources*

#### ***Data sources used for compilation of national accounts***

The working balance (WB) is neither adapted to ESA 2010 nor accrual. Instead information provided by the about 240 central government agencies through the statistical reporting codes (S-codes) is used for providing information to the central government accounting system; part of the government's information system Hermes. The S-codes are constructed in order to include all necessary and relevant information for the national accounts for central government as well as being designed to correspond to the requirements in ESA 2010.

The authorities do not report individual transactions to central level (central government accounting system at ESV), but aggregated information for different types of expenditure and income as well as assets and liabilities.

The national accounts are produced by using accounting information from each central government authority, reported to ESV, based on reporting through S-codes. The information obtained through the S-codes also includes counterpart information, i.e. information regarding which institutional sectors are involved in each transaction. The S-codes also provide the distinction between financial and non-financial flows.

Data for central government authorities is collected either on a monthly or on a quarterly basis depending on the type of transaction. For some small units, defined as other central government bodies in EDP table 2A, information is collected annually from annual reports.

The working balance (WB) in EDP table 2A is strictly divided into income and expenditure. Sometimes there may be doubts, in the data source for WB, about for example payments or dividends and how they correspond to the requirements in ESA 2010. It is not straight forward. But there are on-going analyses of the WB outcome to distinguish these flows in a better way and how they relate to the information received by S-codes.

In the non-financial accounts the major part of transactions are recorded gross. However, by using available S-codes it is possible to identify flows which should be eliminated for the purpose of consolidation.

Transfers to and from other sectors as ROW, non-profit institutions serving households (NPISH), non-financial corporations etc. can be found directly in the data source. The coverage of transfers is good and this information provided by ESV concerning central government income and expenditure is also used for compilation of other parts of the national accounts. There are only a few numbers of occasions when counterpart information from other sectors is used. This is done only to distinguish a more detailed level of information in a particular field, i.e. the total amount on an aggregated level is set by the central government data source at ESV, but the breakdown is based on information from, another, more detailed data source referring to that particular item.

#### **The development work relating to the ESV production of data for the financial accounts – history and present day**

Development work for the ESV compilation of financial accounts data has been in progress since 2011. The development work includes construction of a new/expanded IT system, changes in the reporting codes and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and

education referring to financial accounts and ESA, increased knowledge of the operations of the complex authorities and developing a work process enabling ESV to produce all necessary data for not only the non-financial accounts (as has been the case for many years) but also for the financial accounts.

*ESV today produces both non-financial accounts data and financial accounts data and delivers the data to SCB, on a quarterly basis.*

The starting year for the ESV financial accounts is 2012. ESV delivers data for 2012 and onwards to SCB, every quarter (due to continuous development work referring to the time series).

Ever since deliveries of 2012 data started, two independent calculations of central government assets, liabilities, transactions in assets and liabilities and therefore net lending/net borrowing (B.9f) have been performed for the quarters 2012 and onwards, one by the SCB and one by the ESV.

The work and reconciliation process has been as follows. SCB and ESV have verified and reconciled their respective calculations in a continuous dialogue, by instrument and by certain relevant authorities. Adjustments have been made in both calculations in order to reach final results. The work process has led to higher quality data for both the ESV and the SCB.

These two calculations together, increase the quality of the central government financial accounts data. Their strengths are very different. The SCB approach, using only information from few central government bodies with large holdings/transactions in assets and liabilities, has evolved for many years and the quality has, over time, improved. It includes an extensive knowledge of the complex operations of the Swedish National Debt Office (SNDO), and the few, other, more complex authorities. The SCB approach, however, does not enable reconciliation between non-financial and financial accounts since the non-financial accounts is based on information from every single central government body while the financial accounts is based on information for a few (however important) central government bodies. Herein lies the strength of the ESV approach.

The ESV approach for the non-financial and the financial accounts is the same, thus enabling a reconciliation by each individual central government body. The ESV process for the non-financial and the financial accounts is similar for the major part of the population. Every staff member involved in the calculations is responsible for one or more central government body/bodies and analyze reported figures both from an accounting point of view and also from a national accounts point of view. Any adjustment is traceable from NA value to individual authority transaction/account. However, for the most complex authorities, the process is different. This refers mainly to the operations of the SNDO and the Kammarkollegiet. Their operations are too complex to collect through established reporting systems so additional calculations are still performed manually and by using additional, customized, information.

*For transactions in deposits, repos, loans, shares and other accounts receivable/payable, the ESV now constitutes the source for the SCB financial accounts. This is a major improvement of the SCB financial accounts since this is direct information from the central government bodies, via ESV, and not counterpart information.*

ESV are able to reconcile and verify the results for all central government authorities, one by one. However, on the highest aggregated level, some inconsistencies remain. There are remaining discrepancies regarding the Swedish National Debt Office (SNDO) and some other remaining issues, e.g. cash holdings and consolidation. The adjusted results are deemed very reliable.

The development work regarding the financial accounts for central government continues. This, in close cooperation between SCB and ESV, but also with SNDO, mainly through weekly meetings driving the work forward. Calculations and knowledge is improving every quarter. The work has been, and will be, time consuming due to the massive amounts of data and the high level of experience needed to solve remaining issues, including issues regarding a technically effective system for reporting data between ESV and SNDO. The reporting from SNDO to ESV has been thoroughly analyzed, but the development work is not yet completed. There is still work remaining regarding classification and transformation of SNDO accounting data to ESV s-codes. SCB still uses data directly provided by the SNDO to ensure correct transactions and levels referring to debt figures. When the remaining classification and transformation of accounting data from the SNDO is finished, ESV and SCB will have the same debt figures, i.e. ESV will then be able to use all the extra information necessary from the SNDO when producing FA.

Much work and effort has also been done to improve the *quarterly* data in both SCB and ESV financial accounts, since the discrepancies historically have been very high. The work regarding the quarterly data has been important in order to verify that the quarterly quality issues would have no effect on annual data.

In conclusion, ESV have made much progress and the calculations of financial accounts by ESV have significantly increased the quality of the SCB financial accounts. However, ESV are still not fully able to produce reconciled financial accounts, mainly due to remaining discrepancies regarding the ESV cash holdings item (referring to cash holdings between central government authorities and their relation to the SNDO), the SNDO transactions and stocks and some other remaining issues, e.g. consolidation. Nevertheless, the adjusted results are deemed very reliable.

The basis for the calculations of the FA at SCB remains the same as in April and October 2014 reporting:

Final results for assets and liabilities, stocks and transactions, and therefore net lending/net borrowing, in the financial accounts remain the responsibility of the SCB. SCB is still, and will continue to be, as for the non-financial accounts, the responsible authority for the financial accounts and will perform final reconciliation (e.g. between non-financial and financial accounts as well as relating to the other institutional sectors and adjustments, if any). Due to the remaining development work for the ESV, parallel calculations of the financial accounts data will continue to be performed by the SCB and the ESV. The development work regarding the outstanding issues for the financial accounts for central government continues and remains a priority for the authorities involved.

#### ***Working balance (WB)***

The starting point in EDP table 2A is the working balance of the central government (CG) budget. The budget is approved by the parliament, and consists of revenue and expenditure. All transactions affecting the balance are defined as either part of revenue or part of expenditure of

the CG. The balance is the difference between total revenue and total expenditure. The total balance is cash based and calculated by the Swedish National Debt Office (SNDO) as part of their managing of the Swedish National Debt.

The Working balance is published on a monthly basis by the SNDO and is available t+6 days. The annual figures for the working balance can be revised before the annual report of SNDO is published on 22 of February every year. The annual report of SNDO is audited by the National Audit Office (the Swedish NAO) and the report of the audit is published no later than 22 of March. <http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Riksgaldskontoret/>

The working balance for CG budget is calculated by SNDO as:

Primary balance (all CG current revenues and payments)  
+ Net lending (authorities and government-owned corporations borrowing at the Debt Office)  
= Primary borrowing requirement  
+ Interest (interest payments on the CG debt)  
Net borrowing requirement=working balance

Regulations of the CG budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified in the Budget Act (SFS 2011:203, amended SFS 2014:866).

The CG budget is voted by parliament in the end of December each year. The budget balance is part of the outcome of the CG budget, which is included in the annual report for CG. The annual report for CG, as well as, the annual reports for each individual central government authority, is audited by the National Audit Office.

For the major part, the audit of The Annual Report for Central Government takes place in late March and in the beginning of April. But, the audit can continue until mid-May when the Annual audit Report for CG is presented to the Swedish Parliament.

The report of auditing is published on the website:  
<http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Arsredovisning-for-staten/>

The Swedish National Audit Office audits the Annual Report for Central Government by auditing the annual accounts of central government authorities. If the auditors would discover something erroneous it could theoretically affect the B9 and B9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the Annual Report for the Central Government. If the correction should affect B9 or B9f it would be taken into account in EDP reporting in April. However, the formal report on the audit is made at the latest one month after the *Annual Report for Central Government* is presented to the Swedish Parliament, i.e. in mid-May.

There are no possibilities to distinguish between non-financial versus financial flows in the Swedish national budget. Major events in the national budget are compared with the national accounts, item by item, in the working process for EDP table 2A. The classification in national accounts is used for distinguishing between non-financial and financial flows.

The structure of inflows and outflows are suitable for the purpose for which the budget has, i.e. to follow up the borrowing requirement. Therefore, it is difficult to identify individual economic

events affecting B.9 because B.9 is compiled based on S-codes reported by central government agencies and not based on in- and outflows in WB. There are no codes in the budget that can distinguish between different flows or consolidations. But within central government agencies the figures are consolidated.

#### 3.2.1.2 *Statistical surveys used as a basic data source*

The calculation and compilation of central government in national accounts are based on administrative records and reporting directly from all central government authorities. No statistical survey is used as a basic data source.

#### 3.2.1.3 *Supplementary data sources and analytical information*

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA2010 requirements, supplementary data could be used for e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

##### 3.2.1.3.1 *Supplementary data sources used for the compilation of non-financial accounts*

The calculation and compilation of central government in non-financial accounts are based on administrative records and reporting directly from all central government authorities.

##### 3.2.1.3.2 *Supplementary data sources used for the compilation of financial accounts*

The calculation and compilation of central government in financial accounts are based on administrative records and reporting directly from all central government authorities.

Amendment is made to basic data in the financial accounts for S.1311-Central government, in order to meet ESA 2010 and MGDD requirements, for the calculation of super dividends from S.121-Central bank to S.1311-Central government. Since Sweden compile full accounts (both non-FA and FA) for S.121-Central bank, the “super-dividend test” is performed based on non-FA data registered in the account of S.121-Central bank (which in turn is reported by the Swedish central bank, *Riksbanken*). The transaction affects both B.9 and B.9f for S.1311-Central government. The “super-dividend test” is performed annually. Super-dividends regarding other central government owned corporations, see 7.4.

SCB uses additional data when calculating the transactions in the pension liability of S.1311. The source for calculating the transactions in pension liability is the annual report of National Government Employee Pensions Board (SPV) where detailed information on the actuarial assumptions is given in the notes of the annual report. Information about employers’ contributions and pension benefits are provided by ESV. Calculations of D.614-contribution supplements, D.8-change in pension entitlements and the F.63 transaction are performed by SCB.

#### 3.2.1.4 *Extra-budgetary accounts (EBA)*

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first line of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called “extra-budgetary accounts” - EBA. In some cases, according to national legislation, transactions which are not scrutinized

by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

The section on extra-budgetary accounts (EBA) is not relevant for Sweden. There are no EBA in central government budgetary accounts.

#### *Non-financial flows recorded in EBA*

There are no EBA in central government budgetary accounts.

#### *Financial flows recorded in EBA*

There are no EBA in central government budgetary accounts.

### **3.2.2 Data sources for other Central Government units**

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP T2A).

These units are financed with at least 50 percent from the central government and they operate as central government controlled and financed foundations and funds, or are non-market public corporations and/or mainly controlled by central government.

- Riksbankens Jubileumsfond
- Norrlandsfonden
- Operan
- Dramaten
- Riksteatern
- Chalmers
- Jönköpings Högskola
- Stiftelsen för Miljöstrategisk Forskning
- Stiftelsen för kunskaps- och kompetensutveckling
- Stiftelsen för Strategisk Forskning
- Almi Företagspartner
- Swedfund International
- Östersjöstiftelsen
- Stiftelsen Industrifonden
- Svensk-Danska Broförbindelsen SVEDAB
- Förvaltningsstiftelsen
- Exportkreditnämnden, the part outside working balance
- Part of Kärnavfallsfonden, the part outside working balance

**Table 3 – Availability and use of basic source data for other central government units:**

Available source data				Source Data Accounting	Source data used for compilation of	
1	2	Time of availability of annual results for T-1			7	8
		First results	Final data			
		T + days	T+months			
				<b>Budget Reporting</b>		
				(1) Current revenue and expenditure		
				(2) Current and capital revenue and expenditure		
				(3) Current and capital revenue and expenditure and financial transactions		
				(4) Balance sheets		
				<b>Financial Statements</b>		
A	A		T+5	(5) Profit and loss accounts	x	x
A	A		T+5	(6) Balance sheets	x	x
C	A		T+5	(7) Cash flow statement	x	x
				<b>Other Reporting</b>		
				(8) Statistical surveys		
A	Q	T+60		(9) Other: Naive forecast made by ESV. We use the figures from T-1 for year 1 until we have the final data.	x	x

See notes to table 2, on the used abbreviations.

### 3.2.2.1 Details of the basic data sources

Information is collected annually from annual reports. The information in the financial statements is accrual.

Information needed to consolidate and counterpart information is provided from the notes in the annual reports. But if this information is insufficient, additional information is collected from the units.

For the quarterly figures in year T the annual report for T-1 is used until the annual reports for year T in T+4 months are available (i.e. forecasts are made for the current year quarters until outcome is available). In the EDP table 2A, reported in April, no actual figures for year T are available. Therefore revisions occur between the April and the October notification.

No such cases when financial transactions are used in non-financial accounts exist. Financial transactions are not used for B.9 compilation.

Data sources for B.9f and compilation of transactions in EDP T3B are the same.

### 3.2.2.2 *Statistical surveys used as a basic data source*

No statistical surveys are used. Annual reports are collected for each unit.

### 3.2.2.3 *Supplementary data sources and analytical information*

This section describes supplementary data sources which are used to amend basic data sources while compiling national accounts. In order to meet ESA2010 requirements, supplementary data could be used for, e.g., accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

#### 3.2.2.3.1 *Supplementary data sources used for the compilation of non-financial accounts*

Supplementary data sources for non-financial accounts are not relevant.

#### 3.2.2.3.2 *Supplementary data sources used for the compilation of financial accounts*

Supplementary data sources for financial accounts are not relevant.

## 3.2.3 **EDP table 2A**

This section provides detailed information on individual lines reported in EDP T2A.

### 3.2.3.1 *Working balance - use for the compilation of national accounts*

All agencies of central government report their outcome monthly and quarterly to the Swedish National Financial Management Authority (ESV). The reporting from the agencies is the base for both the national budget and national accounts. For compilation of national accounts the outcome from statistical reporting codes (S-codes) are used. For the compilation of the national budget agencies report figures in *another structure* which is also used by ESV. All units included in B.9 referring to central government agencies are included in the working balance (WB). Furthermore, in B.9 also additional units are included (other central government bodies). Supplementary information is also used which is mostly annual reports from units not included in working balance.

Please see more information in section 3.2.1.

### 3.2.3.2 *Legal basis of the working balance*

Please see a complete description in section 3.2.1 (data sources for main central government unit, the state).

The WB is the working balance of the central government budget. Regulations of the central government budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified the Budget Act (SFS 2011:203, amended SFS 2014:866).

The central government budget is voted by the parliament (the *Riksdag*) in the end of December each year.

The budget balance is part of the outcome of the central government budget, which is included in the central government annual report. The annual report for central government, as well as, the annual reports for each individual government authority, is audited by the National Audit Office (the Swedish NAO).

For the major part, the audit of the Annual Report for Central Government takes place in late March and in the beginning of April. But, the audit can continue until mid-May when the Annual Audit Report for CG is presented to the parliament (the *Riksdag*).

The report of auditing is published in mid-May.

<http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Arsredovisning-for-staten/>

If the auditors would discover something erroneous it could theoretically affect B.9 and B.9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the annual report for the central government. If the correction should affect B.9 or B.9f it would be taken into account in EDP reporting in April. However, the formal report on the audit is made at the latest one month after the Annual Report for Central Government is presented to the parliament (the *Riksdag*), i.e. in mid-May.

### 3.2.3.3 Coverage of units in the working balance

Two adjustment lines due to sector delimitation appear in EDP T2. The purpose of the first adjustment is to exclude flows relating to units which do not belong to the government sector (or to the particular subsector) according to ESA2010 definition. The second adjustment refers to B.9 of other units which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

#### 3.2.3.3.1 Units to be classified outside the subsector, but reported in the WB

All units reported in the WB are also part of the units included in B.9 and belong to the government sector as defined by ESA 2010.

There are no other entities reporting in WB not belonging to government.

#### 3.2.3.3.2 Units to be classified inside the subsector, but not reported in the WB

These units are financed with at least 50 percent from the central government and they operate as central government controlled and financed foundations and funds, or are non-market public corporations and/or mainly controlled by central government.

- Riksbankens Jubileumsfond
- Norrlandsfonden
- Operan
- Dramaten
- Riksteatern
- Chalmers
- Jönköpings Högskola
- Stiftelsen för Miljöstrategisk Forskning
- Stiftelsen för kunskaps- och kompetensutveckling
- Stiftelsen för Strategisk Forskning
- Almi Företagspartner
- Swedfund International
- Östersjöstiftelsen
- Stiftelsen Industrifonden

- Svensk-Danska Broförbindelsen SVEDAB
- Förvaltningsstiftelsen
- Exportkreditnämnden, the part outside working balance
- Kärnavfallsfonden, the part outside working balance

Payments from central government to other central government bodies are included in the working balance (WB) in EDP table 2A. In line net lending/net borrowing (B.9) all amounts, both total income and expenses, for each unit are included (because they are classified within general government in national accounts). The recording is accrual based on the same principle as for main central government units. The reporting referring to “net borrowing (-) or net lending (+) of other central government bodies” and the other adjustment line “OCGB appropriations in WB” are currently being reviewed and revisions will be implemented in the April 2016 reporting. (This is only a matter of presentation and only impacts the adjustment lines in EDP table 2A. It does not concern the B.9.)

Methodological imputations/reclassifications relating to these units are reflected in B.9.

There are no ESA 2010 accounts for these units but their accounts are recorded manually according to the ESA 2010 structure of the main central government units.

#### 3.2.3.4 *Accounting basis of the working balance*

The accounting basis of WB is pure cash.

To obtain the cash based budget balance there are two cash correction items and a net lending item included in the budget. One is part of the tax revenue, which of course is the main part of the budget revenue. This item “differences in payments” adjusts the accrual tax revenue to net payments. The other cash correction item is placed among expenditure items, although it is used as an adjustment from total accrual or modified accrual revenue and expenditure to net cash balance. Then we have the “net lending” which is the net sum of loans, repayments and deposits. Total balance thus is cash based, calculated by the Swedish National Debt Office (SNDO) as part of the management of the Swedish National Debt.

##### 3.2.3.4.1 Accrual adjustment relating to interest D.41, as reported in EDP T2

The accounting basis for recording of interest expenditure and revenue in the WB is cash.

Only the interest paid (cash) is registered in the WB. The accrual figure is reported in the B.9.

Data reported in row “Difference between interest paid (+) and accrued (EDP D.41) are almost entirely related to interest payable. There are, however, negligible amounts of interest receivable in this row for all years. However, it is not (yet) possible to report an exact amount concerning the adjustment for interest receivable in a separate line in EDP table 2A. Development work referring to the reporting of interest from the SNDO is still in progress This indicates e.g. that it is not possible to distinguish interest receivable from interest payable in EDP table 2A. The net flows in WB are pure cash (i.e. realized interest) and the flows in B.9 are correct.

In conclusion, it is not possible to report an accrual adjustment for interest receivable in a separate line in EDP table 2A. The amounts in “Difference between interest paid (+) and accrued (EDP D.41)(-), are, however, very small.

Discounts and premiums are included in WB, and the amounts are possible to identify. These are treated as financial transactions not to be included in B.9. However, in the line “Difference between interests paid and accrued” the total accrued interest regarding premiums and discounts are booked.

#### 3.2.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2

The taxes in WB are pure cash and the taxes in B.9 are accrual. In the line “Timing of taxes” the adjustment for the difference between cash and accrual is made. The data source for WB is accounting information from the Swedish Tax Authority. The data source for B.9 is calculations made by the ESV. The same accrual adjustments are included in financial accounts in F.89.

The grants to local government in WB is pure cash but adjusted to ESA 2010 definition in B.9. The data source for the figures is the Tax Authority. The line “Military equipment expenditure” reported in table 7.2 includes adjustment between cash and accrual for the “Military equipment expenditure” as reported in questionnaire table 7.2. The source for the adjustment is accounting information from the military authorities.

In the line “EU-flows difference in timing (net transaction)” adjustments for the EU-flows are made. The expenditures to e.g. farmers affect the WB when the farmers are paid. The income from EU might come another year. ESV makes an adjustment for these transactions while these transactions are never included in B.9. The source of the adjustment is the authorities accounting on the central government budget. The same accrual adjustments are included in financial accounts in F.89.

In the line “Trade credits and advances” there are changes in trade credit F.81 such as prepaid rent, goods and services. The source for the adjustment is from the authorities accounting. Military equipment and investments are reported under a separate line but is part of F.81. The total accrual adjustments in F.81 are also included in financial accounts.

The explanations of the adjustments for accounts receivable also applies to payables and the adjustments are collected from the authorities accounting.

Please see section 3.2.3.8 Net lending/net borrowing of central government.

No adjustments refer to replacement of cash flow by accrual one because WB is pure cash and B.9 is accrual.

Accrual adjustments in EDP table 2A and F.8 in EDP T3B are fully consistent. However, in EDP T3B, there are additional accrual adjustments referring e.g. to differences in timing payment day/business day for central government debt management.

#### 3.2.3.4.3 Other accrual adjustments in EDP T2

All accrual adjustments for table 2A and central government are reported under receivable/payable F.8.

### 3.2.3.5 *Completeness of non-financial flows covered in the working balance*

All non-financial transactions are included in both WB and B.9 and nothing is recorded under the line “Non-financial transactions not included in the working balance”.

### 3.2.3.6 *Financial transactions included in the working balance*

The WB is the result of the central government budget. Regulations of the central government budget are in the Form of Government chapter 9, 1-10§§. Additional regulations are in the Budget Act (SFS 2011:203, amended SFS 2014:866). According to the regulation some transactions in financial assets could be recorded in the WB, i.e. lending, repayments, equity sales/buying, super dividends, capital injections.

Financial transactions in WB are borrowing government debt (issue central government bonds and treasury bills).

There have not been any financial transactions above the line in public accounts.

All of these transactions are financial transactions that only affect WB and not B.9, and which explains differences between WB and B.9. The source is SNDO and other authorities own accounting reported to ESV.

#### Loans, granted (+)

Entities outside the central government borrow at SNDO. Here it is a few central government owned corporations, public corporations, the central bank and some EU countries that have received emergency loans (Iceland and Ireland).

#### Loans, repayments (-)

Repayment from central government owned corporations, public corporations, the central bank and some repayments from EU countries (Iceland and Ireland).

#### Equities, acquisition (+)

Central government purchase of shares in companies / banks and capital contributions to central government owned companies

#### Equities, sales (-)

The central government sales of shares in central government – owned companies e.g. Telia Sonera, Nordea etc.

#### Other financial transactions (+/-)

Some of the central government owned corporations' dividends are classified as extra ordinary (super dividends) and are recorded at this line. There is also the Nuclear Waste Fund change in investments in central government bonds. The Nuclear Waste Fund takes in fees from the Swedish nuclear power plants to invest in central government securities to build up a fund that will later finance the management of radioactive waste. Net settlements under swap contracts and financial transactions regarding premiums and discounts (liability side) are also specified in this line. Here we also can find the amount for “coupon sold” which is a financial transaction. Also some differences in timing are specified (e.g. Apoteket 2011).

### 3.2.3.7 *Other adjustments reported in EDP T2*

The item "Pension system" corresponds to transactions relating to the premium pension system (PPS). The SNDO administrates some of the pension money (premium pension) until it will be positioned in shares by the earners. This amount does not affect B.9 in central government but the WB is affected with the difference between new premium pension deposits and the deposits from the year before. This premium pension is placed in shares. The premium pension amount is, on average, handled by SNDO for 18 months. The correction of the line pension system can either be positive or negative depending on if the new premium pension deposit is more or less compared to previous year.

The item "Capitalized rate of interest for study loan" corresponds to transactions relating to study loans. When a former student does not have the repayment capacity to pay back the rate of interest on the loan the interest will become capitalized. B.9 is affected by the capitalization and the WB is not because it is only affected by cash transactions. That's why a correction line for the difference is recorded. As of 2014, there is a new system for financing of study loans. These items are now included in the WB (as part of the borrowing requirement). I.e. the item is 0 in 2014 and will be 0 onwards."

The item "Exchange profit/loss in bonds and equity" corresponds to transactions relating to exchange profit/loss in bonds and equity while handling the national debt. The transactions are reported by the SNDO and are only affecting the WB. However these transactions do not affect the B.9 therefore correction for this is needed. The sign for adjustment can be positive or negative depending on if it is net profit or net loss in the WB. The adjustment is on cash basis.

The item "Current exchange profit/loss" corresponds to transactions relating to current exchange profit/loss while handling the national debt. The transactions are reported by SNDO and are only affecting the WB. However these transactions do not affect the B.9 so correction for this is needed. The sign for adjustment can be positive or negative depending on if it is net profit or net loss in the WB. The adjustment is on cash basis.

The item "Carnegie Stabilitetsfonden (the bank sector)" corresponds to transactions relating to a takeover of a company related to the financial crisis. The company Carnegie has lent money in SNDO and repays money that affects the WB but not the B.9.

The item "Debt cancellations CSN" corresponds to transactions relating to study loans. When a former student dies before he/she has repaid the loan or if he/she become 65 years old the loan is handled as a debt cancellation. The debt related to study loans is not reflected in the WB. There is no cash transaction. The debt cancellation is reflected in B.9 and is recorded as capital transfer expenditure.

The item "Changes in pension liability (occupational)" corresponds to transaction D.8 in non-financial accounts. Compared to WB, this item could be divided in two parts. First, the difference between social contribution (D.611) and social benefits (D.62) is recorded in the WB, but not in the B.9 since D.8 is balancing revenues and expenditure regarding pensions. Second, the social contribution supplements (D.614 and D.442) are not recorded in the WB but in B.9. The difference between social contributions and social benefits, together with the social contribution supplements, is equal to the transaction D.8. For more information about the compilation of D.8; please see more under heading 3.2.4.1. Since D.8 is a balancing item, it could be both positive and negative.

The item "Occupational pensions, lump sum payments" corresponds to lump sum payments of pension entitlements. Lump sum payments are reflected in the WB, but are not recorded in B.9 since it is a financial transaction. Lump sum payments are recorded as a transaction in F.63 in financial accounts.

The item "OCGB appropriations in WB" are the money other central government bodies receives from the CG WB.

The item "Other adjustments" corresponds to several small other transactions that can be specified but are too small for specification in own lines in EDP table 2A. It can be transactions included in WB but not in B.9 but also the opposite.

The item "Discrepancy" corresponds to the discrepancy between WB and B.9. ESV tries to minimize the unexplained difference between WB and B.9. One hypothesis is that the difference is due to timing differences.

### 3.2.3.8 *Net lending/net borrowing of central government*

In Sweden, the government budget balance is measured cash, by the Swedish National Debt Office (SNDO). The SNDO is responsible for all central government payments made by the about 240 central government authorities. Therefore, information is available regarding day by day payments for each central government authority, as any bank would have, but the SNDO has no information regarding the purpose of neither the payment nor its components.

The non-financial accounts, on the other hand, are produced by using accounting information and reports by individual authorities. The authorities are reporting figures on so-called statistical reporting codes (S-codes) which are adapted to requirements in national accounts and ESA 2010. However, authorities do not report *each* individual transaction to central level (through the accounting system at ESV), but aggregated information for different types of revenues and expenditures.

Since the cash flow and the expenditures are measured from two different sources, the differences must be explained analytically, and not by reconciliation by transaction. Therefore, it is not possible to reach an exact identity between the cash flow and the corresponding expenditures.

For the most part, the audit of central government takes place late in March and at the beginning of April. The Swedish NAO audits the Annual Report for Central Government by auditing the annual accounts of central government authorities. However, the formal report on the audit is made at the latest one month after the day the Annual Report for Central Government is presented to the parliament (the Riksdag), i.e. in mid-May. The audit may continue until then. More information about the audit of the annual report is presented in section 2.2.2.1.

The non-financial accounts are produced by using accounting information and reports from each central government authority reported to ESV. Information is sent to ESV by an electronic system called Hermes and based on statistical reporting codes (S-codes). As a next step ESV transforms the incoming data from authorities to a dataset called *Base for central government net lending/net borrowing*. A majority of the data within the dataset is transformed to correspond to ESA 2010 definitions. The transmissions from ESV to SCB contain an electronic transmission from an ESV database to an SCB database. Upon receiving the data, SCB

transforms the remaining part of the data set according to ESA 2010 definitions. SCB carries out the succeeding calculations and compilations in accordance to requirements from both the ESA transmission program and other domestic demands. Only a minor part of the figures are adjusted by SCB compared to the primary source from ESV. For example it can be reclassifications (as subsidies to current transfers) and change from cash to accrual recording. All changes refer to ensure recording based on definitions in ESA 2010.

All central government units are covered. Data for central government authorities are collected either on a monthly basis or on a quarterly basis depending on the transaction. For some small units and central government corporations classified within central government, information is collected annually from official annual reports (profit and loss account) and not through the electronic transmission into Hermes at ESV via the S-codes. These are presented as other central government bodies in EDP table 2A. Nevertheless, also figures for other central government bodies are included in the data set sent by ESV to SCB together with information for the central government authorities. And in the compilation of B.9 for central government sub-sector, other central government bodies are included.

The Swedish Pension Agency (*Pensionsmyndigheten*, PM) is a central government authority from a legal point of view, with appropriations in the same way as other central government authorities. In national accounts PM is, however, recorded in sub-sector S.1314 Social security funds and is excluded from sub-sector S.1311 Central government. The major part of the general government pension system in Sweden are recorded and presented outside the state budget as well as outside the WB and B.9 in EDP table 2A. But due to that PM have an account in SNDO, which relates to the *premium* pension system (PPS), it indirectly affect either WB or B.9. The PPS is recorded outside central government. Flows concerning the PPS is presented as an explanatory difference between WB and B.9 in table 2A at the row "Pension system" under "Other adjustments...". The part of the pension system affecting B.9 and WB in the same way is not an explanatory item in table 2A.

The accounting basis is accrual accounting, but in reality mixed, but based on definitions in ESA 2010. The major part of B.9 is accrual and follows the basic accrual principle in ESA 2010 that the transaction should reflect the period when the activity takes place. However, ESA 2010 recommends other accounting principles, especially concerning some of the distributive transactions. If any deviations or systematic special treatment is used, bilateral discussions with Eurostat have been carried out before the decision.

Some figures in the primary dataset are cash and therefore adjusted to accrual recording and some figures are accrual annual figures but divided by four for quarterly accounts. These are replaced by a more accurate quarterly allocation that is still based on the correct annual accrued figure. In addition, some exceptions from ESA 2010 exists e.g. ad-hoc transactions constructed for a special purpose. In Sweden, one example of this was the temporary support to local government in December 2009. The support was due to the financial crisis and to be used in local government in 2010. Strictly according to ESA 2010 the amount should have been recorded in 2009 but after bilateral discussions with Eurostat, referring to the economic reality, it was agreed to record the amount in 2010.

WB is cash, B.9 is mainly accrual, see above.

There are some methodological differences that among other things relates to timing of financial transactions (accrual in EDP T3B for example) and timing of financial transactions (cash vs. transaction day) that are recorded in EDP T3B but not in EDP T2A.

The only supplementary information for central government, not based on the data from ESV, is the calculated and estimated values by SCB e.g. FISIM, own produced software, leasing, consumption of fixed capital and items referring to imputed pensions. Concerning annual calculations at the most detailed statistical level (divided by products, industry, counterpart, COFOG etc.) supplementary figures are collected from other sources both within and outside SCB. However, the total amount for each transaction is based on the overall figure in the primary source. The first published figures are preliminary and are replaced by more accurate figures in the final annual calculation. The final annual compilation concerning year T is presented and published in September T+2 and included in the EDP October notification year T+2. Especially for taxes the first estimates are based on forecasts that are later replaced by actual outcome from the Tax Authority.

Transactions referring to subsidies from EU to institutional units outside central government, internal flows, financial transactions etc. are excluded from B.9.

Flows that should not be included in B.9 are already excluded in the source. Before receiving the dataset from ESV these flows are either excluded from or separated in the dataset. Examples of flows that are excluded are financial transactions and EU flows.

The following adjustments are made by SCB after receiving the dataset from ESV as a last transformation to fulfil the requirements in ESA 2010.

### **Income**

D.2: No adjustments

D.4: No adjustments, extra ordinary dividends are already excluded in the data source and are reported separately for EDP and financial accounts.

D.5: Reclassification of an item referring to tax on profit from return from corporations to households; counterpart information is also taken into account to be able to make a correct counterpart presentation.

D.6: For two items quarterly allocation is made based on annual figures; supplementary information from financial accounts about central government imputed social contributions affecting social contribution supplements (D.614).

D.7: A few items are recorded as current transfers in the data source but are instead capital transfers based on ESA definitions and are reclassified as D.9

D.9: The items reclassified from D.7 above are recorded as D.9.

### **Expenditure**

D.3: A few items are recorded as subsidies on production in the data source but are instead current transfers based on ESA 2010 definitions and are reclassified as D.7. As a result of lack

of reliable quarterly accrual information for some other items, redistribution between quarters is made.

D.4: Counterpart information from general pension funds (S.1314) is used to record interest paid from central government to social security funds, to be able to consolidate D4 regarding general government; supplementary information from financial accounts about central government imputed social contributions affecting investment income payable on pension entitlements (D.442).

D.6: A few items are recorded as social benefits in the data source but are instead current transfers based on ESA 2010 definitions and are reclassified as D.7.

D.7: Adjustments corresponding to other mentioned adjustments as reclassification from D.3, D.6 and from/to D.9.

D.8 Supplementary information from financial accounts about central government imputed social contributions affecting adjustment for the change in pension entitlements.

D.9: The items reclassified from D.7 to D.9 above are recorded here.

P.3: No adjustments.

P.51G: No adjustments, but supplementary information from other sources for own produced software, leasing and some redistribution between quarters.

P.51C: No adjustments (primary source is SCB, not ESV).

P.52: No adjustments.

NP1: No adjustments.

NP2: No adjustments.

### **3.2.4 EDP table 3B**

#### **3.2.4.1 *Transactions in financial assets and liabilities***

The financial accounts are fully integrated with the compilation of EDP T3, therefore financial accounts are used for the compilation of EDP T3.

**Table 4. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	<b>Calculation of transactions</b>													
Transaction data ( integrated in public accounts)					NA						NA			
Other transaction data		X		X	NA	X	X	X	X	X	NA	X	X	X
Stock data	X		X		NA	X	X	X		X	NA	X	X	X
	<b>Calculation of stocks</b>													
Transaction data					NA		X				NA			X
Stock data	X	X	X	X	NA	X	X	X	X	X	NA	X	X	X

The main source for the financial accounts, which is used in compiling EDP table 3B, is ESV and complementary data from the SNDO and Kammarkollegiet. And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the data regarding the central government.

Basic data sources are not compared to counterpart data and other information on a regular basis. However, for specific events, analysis is made using annual accounts and published reports. Counterpart information can be used in the financial accounts for very detailed breakdowns referring to e.g. instrument/sector. One example is the distribution on the asset side by sector (possessions) for central government debt. However, all net transactions, on the asset and the liability side, for all the individual instruments, are kept and collected from central government sources. Thus, no counterpart data is used in table 3B. No amendments, MBS or similar, are used in the financial accounts.

Regular amendments to data sources are, however, performed due to specific transactions reflected in the financial accounts in order to meet ESA 2010 and MGDD requirements. This concerns super-dividends, capital injections, debt cancellation or debt assumptions and change in pension entitlements. These amendments (i.e. calculations) are the responsibility of the SCB.

Data is not amended due to consolidation, data is consolidated using direct information on counterpart.

Financial transactions are recorded on an accrual basis, i.e. issue date, signing of contract, date of decision or change of ownership. Transactions are valued at market value, when market value is available. Transactions calculated from stocks are mainly used for the instruments AF.2, AF.4, AF.81. Stocks calculated from transactions only used in the instrument AF.89 (except EU-Flows where transactions are calculated from stocks). Transaction data is compared to changes in stocks (when relevant) on a regular basis, mainly to discover errors and implausibility's. If errors are discovered they are corrected.

The main source for the national debt (stocks + transactions) is currently the SNDO and Kammarkollegiet. SNDO provides the debt at market and nominal values along with the different components that determine the transaction in market value. The debt administered by Kammarkollegiet is used for the consolidation. The data from the SNDO does not reflect the borrowing requirement of the central government, i.e. the negative of the WB and the report is also designed to fulfil EDP requirements. And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the debt data regarding the central government.

There is no recording of transactions and stocks in AF.5 liabilities for the central government.

Total units coverage in FA is not an issue since the same units being included in the calculations of non-FA also being included in the calculations in FA from 2012 and onwards.

#### 3.2.4.2 *Other stock-flow adjustments*

Under the item “Issuance above/below nominal value” net “cash” premiums and discounts are reported. Data is collected from a transaction/stock report for debt instruments from the SNDO (note 5 in the annual statement 2014 of the SNDO).

Under the item “Difference between interest accrued and paid” interest payable (coupons, interest, “accrued” premiums/discount payable) excluding inflation is recorded. Data is collected from a transaction/stock report for debt instruments from the SNDO.

Under the item “Redemptions of debt above/below nominal value profit/losses related to early redemption of debt instruments are recorded. There is also a correction item related to consolidation of government holdings of government debt instruments, defined as the difference between the transaction value at nominal value and market value. Data is collected from a transaction/stock report for debt instruments from the SNDO. Data (at nominal and market value) is also collected in reports from units holding government debt instruments as assets.

Under the item “Appreciation/depreciation of foreign currency debt” revaluation of government debt instruments denominated in a foreign currency is reported. Additionally revaluation related to FX derivatives used for debt management (swaps, forwards and futures) is also reported under this item. Data is collected from a transaction/stock report for debt instruments from the SNDO.

No recent cases are reported in the item “Changes in sector classifications”.

Under the item “Other volume changes in financial liabilities” (OVC) “breaks” in the time series due to improvements in data sources is reported at present. These improvements are related to a more detailed report on liabilities in central government units, i.e. data provided by ESV enabled the identification of these liabilities. As described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the data regarding the central government.

#### 3.2.4.3 *Balancing of non-financial and financial accounts, transactions in F.8*

This section aims at describing of techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.

### ***Allocation of discrepancy B.9 vs B.9f***

The main sources for general government are well integrated at the level of source data, i.e. the income, expenditure, assets and liabilities are in general reconciled on a unit by unit level. However, this reconciliation is performed on the public accounting level and not at the level of national accounts data.

At the level of national accounts data, the goal is to minimize the discrepancies for all subsectors of government.

The sources for general government are well integrated between the non-financial and the financial accounts (this has been a massive development work for the past years, with the sole purpose of reducing the discrepancies and increasing the quality of, notably, the financial accounts).

During the calculations of non-financial and financial accounts, reconciliation referring to e.g. dividends, capital injections, receivables/payables, pensions etc., is performed. Major events are discussed between non-financial and financial accounts etc. And of course, any large transaction/event affecting either the non-financial/financial accounts is analysed in order to verify that it affects the accounts correctly.

For central government financial accounts, there are timing differences between non-financial/financial accounts referring to actual payments vs. revenues/expenses. Therefore a minor accrual adjustment is implemented in the financial accounts, contributing to reducing the discrepancies.

No other explicit reconciliation adjustments are made for general government in order to reduce discrepancies. Adjustments made refer to statistical/additional information from sources or information from non-financial accounts to financial accounts or vice versa (e.g. capital injections, dividends, pensions etc.).

### ***Changes to intermediate data***

No counterpart data is used to obtain the final statistics in non-financial accounts for general government, but for flows between sub-sectors (interest paid by central government to social security funds).

There is no impact on B.9 for general government due to the use of counterpart data for flows between the sub sectors of general government.

No counterpart data is used to obtain the final statistics in financial accounts for central government or social security funds subsector. There is no impact on B.9f for these subsectors. For local government counterpart data from the investment funds statistics is used for the transactions and stocks, i.e. there can be an impact on B.9f (F.52).

The discrepancy is not allocated at the final stage.

### ***Complementary elements on stocks/***

The discrepancy is not allocated to financial instruments, therefore, the balance sheet information is not changed.

### *Accruals*

For central government financial accounts, there are timing differences between non-financial and financial accounts referring to actual payments vs. revenues/expenses. Therefore a minor accrual adjustment is implemented in the financial accounts, contributing to reducing the discrepancies.

### *Ex-post monitoring*

Enquiries related to discrepancies, improvements and investigations are a part of the ordinary compilation process.

The goal is to minimize the discrepancies for all subsectors of government.

For central and local government the goal for the annual discrepancies is SEK +/- 2 billion.

For subsector social security funds the goal is SEK +/- 1 billion on both quarter and year.

The main focus is to minimize the annual discrepancies. However the quarterly discrepancies are also analysed each quarter when compiling financial accounts in order to reconcile the subsectors with non-financial accounts, which is already published.

## **3.3. State government sub-sector, EDP table 2B and 3C**

The state government sub-sector is not applicable for Sweden.

### 3.4. Local government sub-sector, EDP table 2C and 3D

#### 3.4.1 Data sources for Local Government main unit: primary municipalities, county councils and municipal associations

**Table 5 – Availability and use of basic source data for main local government units**

Available source data				Source Data Accounting	Source data used for compilation of		
1	2	Time of availability of annual results for T-1			6	7	8
		First results	Final data				
		T + days	T+months				
				<b>Budget Reporting</b>			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
A	Q	T+35	T+6	(3) Current and capital revenue and expenditure and financial transactions	x	x	
				(4) Balance sheets			
				<b>Financial Statements</b>			
A	A	T+180	T+6	(5) Profit and loss accounts	x	x	x
A	A	T+180	T+6	(6) Balance sheets			x
				(7) Cash flow statement			
				<b>Other Reporting</b>			
A	Q	T+60	T+11	(8) Statistical surveys			x
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.4.1.1 Details of the basic data sources

The data reported in the working balance (WB) is used for the non-financial accounts (NFA) calculation of B.9 completed with data referring to government grants, income taxes, retained earnings attributable to collective investment fund shareholders and extra ordinary dividends. See more below in section 3.4.1.3.

The WB surveys also provide information regarding different flows between units classified in different sectors, which are excluded from calculations, when relevant.

It is possible to distinguish flows and stocks which should be consolidated between general government (GG) units/subsectors, except for the interest variable. Therefore, no consolidation is made for interest for the local government sector.

The consolidation between sectors is made by the National Accounts department at Statistics Sweden.

The level of detail in codification enables distinction between non-financial and financial flows in most cases. It is asked for in the surveys.

### 3.4.1.2 *Statistical surveys used as a basic data source*

The local government main sector consists of two sub sectors in Sweden:

- Primary municipalities and municipal associations
- County councils

There are different main sources to these sub sectors. The most important sources are the three statements of accounts described below.

#### **Annual accounts for municipalities**

The main source, for calculations for primary municipalities, is the Annual accounts for municipalities, which are compiled and produced annually by the division of public finance at Statistics Sweden. The Annual accounts for municipalities are completed approximately six months after the end of the year and is a total survey covering all 290 primary municipalities of Sweden. Nonresponse is unusual, but when it occurs it is compensated for by an estimation based on the respondents that answered. The figures reported in the Annual accounts are compared with the figures reported in the quarterly surveys. If a municipality has reported different figures in the annual and quarterly survey the municipality is contacted and the survey with the erroneous figure is corrected.

The statement of accounts consists of seven parts: income statement, balance sheet, operating account, specification of operating account, investment account, specification of operating revenues and expenditures, specification of contributions, taxes and financial items.

Operating income and expenses are the most important parts for calculating net lending/net borrowing and these parts covers all income and all expenditures of the primary municipalities except investments. The revenues and the expenditures are recorded on a detailed level, by type. Examples of revenues on an aggregated level are service charges and fees, rents, grants, sale of services and construction, income and cost equalisation. Examples of expenditures on an aggregated level are grants and transfers, personnel costs, materials, services, income and cost equalisation. The statement of accounts is based on the accounting plan for municipalities "Kommun Bas <http://webbutik.skl.se/sv/artiklar/kommun-bas-13-en-normalkontoplan-for-kommunernas-externa-redovisning.html> The data is available by unit and by transaction category.

In April reporting the data from the quarterly survey is supplemented with the data regarding working balance from a simplified version of the statement of account, published in March t+1 (only includes data from the income statement and balance sheet).

The balance sheet data is the main source for the financial accounts.

#### **Annual accounts for municipal associations**

Collaboration between different municipalities and county councils can be organized e.g. by establishing a municipal association to perform certain LG tasks (The Swedish law on local government, SFS 1991:900, Kommunallag, ch. 3, par. 20-28). The municipal association is a legal entity, independent of the municipalities and county councils that have established the municipal association, and usually organized in the same way as a municipality/county council.<sup>8</sup> The purpose with the municipal association is usually to handle one or more affairs common to the municipalities/county councils that have established the municipal association, e.g. rescue services and education.

The main and only source, for the municipal associations, is the Annual accounts for municipal associations, which are compiled and produced annually by the division of public finance at Statistics Sweden. The statement of accounts is completed approximately six months after the end of the year. The statement of accounts consists of: income statement, balance sheet, operating account and investment account. It is a total survey covering all municipal associations. The data is available by unit and transaction category.

The balance sheet data is the main and only source for the financial accounts.

#### **Annual accounts for county councils**

The main source, for county councils, is the Annual accounts for county councils, which is compiled and produced annually by the division of public finance at Statistics Sweden. The statement of accounts is completed approximately six months after the end of the year and is a total survey covering all 20 county councils. The figures reported in the Annual accounts are compared with the figures reported in the quarterly surveys. If a county council has reported different figures in the annual and quarterly survey the county council is contacted and the data source with the erroneous figure is corrected. The statement of accounts consists of eleven parts; net costs by activities, operating account, specification of income, specification of expenditures, sundry items, investment account, counterparty account of some income, counterparty account of some expenditures, income statement, balance sheet and funds statement. Operating account, specification of income, specification of expenditures and income statement are the most important parts for calculating net lending/net borrowing and together they cover all income and all expenditures. The revenues and the expenditures in the specification of income and specification of expenditures are recorded on a detailed level by type. The statement of accounts is based on the accounting plan for county councils L- Bas <http://webbutik.skl.se/sv/artiklar/l-bas-2013.html>. The data is available by unit and by transaction category.

The balance sheet data is the main source for the financial accounts.

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<sup>8</sup><http://skl.se/demokratiledningstyrning/driftformervalfrihet/gemensamnamndkommunalforbund.1755.htm>

### **The Quarterly survey of municipalities**

The quarterly survey for primary municipalities, part of the Quarterly survey on local governments (municipalities and county councils), is the main source of the calculations of net lending/net borrowing of primary municipalities, both during the quarterly calculations and during the first notification of the current year (n-1). This survey is compiled and produced by the division of public finance at Statistics Sweden, just like the annual source i.e. the Annual accounts for municipalities. The quarterly survey is a sample survey covering all primary municipalities with a population larger than 30 000 inhabitants (at the moment 81 primary municipalities). A national total is estimated based on the sample survey. The estimates are calculated by projecting the values from the annual survey using the trend from the collected units.

The quarterly survey is not as detailed as the Annual accounts for municipalities, but it covers total income and total expenditure on a more aggregated level. It consists of three parts; revenues, expenditures and investments. The quarterly survey for the fourth quarter is available approximately 35 days after the end of the year and is based on the accounting plan for municipalities.

### **The Quarterly survey on county councils**

The Quarterly survey for county councils, part of the Quarterly survey on local governments (municipalities and county councils), is the main source of the calculations of net lending/net borrowing of county councils, both during the quarterly calculations and during the first notification. It is a total survey covering all 20 county councils, and is compiled and produced by the division of public finance at Statistics Sweden. The survey is not as detailed as the statement of accounts but it covers all revenues and all expenditures. The survey for the fourth quarter is available 35 days after the end of the year and is based on the accounting plan for county councils.

### **The Quarterly survey on financial assets and liabilities for municipalities and county councils**

The quarterly source for local government is a quarterly survey on local governments' (municipalities and county councils) balance sheet data, carried out by the division of public finance at Statistics Sweden. The quarterly survey for the fourth quarter is a total survey for the population of 290 municipalities and 20 county councils. For quarters 1-3 the survey is a sample-survey adjusted according to the four quarter results. Quarters 1-3 all the 20 county councils and a sample of municipalities respond to the survey. The sample consists of all municipalities with more than 30 000 inhabitants, in 2014 81 municipalities.

One major difference between the annual and quarterly survey is the time of availability of data. Another difference is that the Quarterly survey on financial assets and liabilities for municipalities and county councils provides stock data on a more detailed level regarding instrument and counterpart, than the annual statement of accounts.

Non-responses are rare and when they do occur they are adjusted for.

### 3.4.1.3 *Supplementary data sources and analytical information*

#### 3.4.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

##### **Income taxes**

Two main statistical sources for income taxes are used; the statements of accounts (for primary municipalities and county councils) and figures from the Swedish Tax Authority (*Skatteverket*). Forecasts on final balance from the Swedish National Financial Management Authority (ESV) are also used before the real outcome figures on final balance from the Swedish Tax Authority are received. The figures on preliminary income taxes are the same in the two sources, it is the final balance which differs. In the statements of accounts (for year n) the final balance is recorded as a forecast for year n, but it also includes an adjustment originating from year n-1. Due to this, another source is used for the final balance, this is data from the ESV. Also, before the real outcome figures for final balance are available, forecast figures from the same authority are used.

##### **Government grants**

The working balance includes accrual based government grants to the municipalities and county councils. Cash based government grants are also provided to SCB by ESV.

The difference between government grants from the ESV and in the statements of accounts lead to adjustments in B.9.

##### **Retained earnings attributable to collective investment fund shareholders**

Data for retained earnings attributable to collective investment fund shareholders is not included in the working balance of the local government and is not observable in annual reports of corporations. Therefore, it is calculated residually using information about property incomes receivable/payable by the fund, leaving the fund with no saving according to the description in ESA2010, §4.70. The total amount D.4432 payable by the fund sector is then allocated to each receivable sector by each sector's holdings in funds, in the financial accounts (FA).

##### **Extra ordinary dividends**

Data from the annual source is supplemented with the information about previous year's result of the local government owned companies that has paid dividends to the local government. This information is necessary in order to be able to perform the super-dividend test. If the dividend is recorded as extra ordinary it is recorded as a transaction in equity in the FA and the amount is excluded from the NFA B.9.

#### 3.4.1.3.2 Supplementary data sources used for the compilation of financial accounts

For Income taxes and Government grants, the above described adjustments are made also in the FA.

### 3.4.2 Data sources for other Local Government units

Units classified as other Local Government units are the non-profit institutions controlled and chiefly financed by local authorities and local government owned corporations classified into the local government.

**Table 6 – Availability and use of basic source data for other local government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
		Time of availability of annual results for T-1					
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				<b>Budget Reporting</b>			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
				(3) Current and capital revenue and expenditure and financial transactions			
				(4) Balance sheets			
				<b>Financial Statements</b>			
A	A	T+150	T+6	(5) Profit and loss accounts	x	x	x
A	A	T+150	T+6	(6) Balance sheets			x
				(7) Cash flow statement			
				<b>Other Reporting</b>			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.4.2.1 Details of the basic data sources

The basic data, as well as, the information about counterpart is collected annually from annual reports and completed with statistics on theatrical and dancing activities from the National Council for Cultural Affairs.

For quarterly accounts in the year T the annual reports for year t-1 are used until annual report for year T is available. Additional information is supplemented for the county council-owned companies in the non-financial accounts.

#### 3.4.2.2 *Statistical surveys used as a basic data source*

No statistical surveys are used.

#### 3.4.2.3 *Supplementary data sources and analytical information*

Supplementary data sources are not relevant for neither the non-financial nor the financial accounts.

### 3.4.3 **EDP table 2C**

#### 3.4.3.1 *Working balance - use for the compilation of national accounts*

Data sources used for the compilation of WB are used for NFA and B.9.

#### 3.4.3.2 *Legal basis of the working balance*

For the local government sector, all final data are from profit and loss statements that have been prepared in accordance with the Local Government Accounting Act (SFS 1997:614) and the recommendations of Rådet för kommunal redovisning (RKR – the municipal financial reporting board). See also section 2.2.1.

#### 3.4.3.3 *Coverage of units in the working balance*

##### 3.4.3.3.1 Units to be classified outside the subsector, but reported in the WB

Not applicable, M is reported in table 2C.

##### 3.4.3.3.2 Units to be classified inside the subsector, but not reported in the WB

Units classified as other Local Government units are the non-profit institutions controlled and chiefly financed by local authorities and local government owned corporations classified into the local government.

These units are financed with at least 50 percent from the local government and they operate as local government controlled and financed foundations and funds, or are non-market public corporations and/or mainly controlled by local government.

Methodological imputations/reclassifications relating to these units are reflected in B.9.

#### 3.4.3.4 *Accounting basis of the working balance*

Primary municipalities, county councils and municipal associations all practise accounting on an accrual basis, so the figures in the statements of accounts are all accrued. No timing adjustments are necessary, except for income taxes and grants (described above in section 3.4.1.3.1).

3.4.3.4.1 Accrual adjustments relating to interest D.41, as reported in EDP T2C

3.4.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2C

3.4.3.4.3 Other accrual adjustments in EDP T2C

### 3.4.3.5 *Completeness of non-financial flows covered in the working balance*

The adjustment line for non-financial flows not covered in the working balance in EDP table 2C consists of:

- Gross fixed capital formation (investments) is not a part of the income statement but a part of net borrowing / net lending which is why table 2C is adjusted. Total investments consist of all kind of investments, like investments in buildings, machinery etc, software and R&D are excluded .

- Acquisitions less disposals of land and other tangible non-produced assets:  
This variable is calculated from information on sales and purchases of land and other tangible non-produced assets. The variable is not a part of the income statement but a part of net borrowing/lending which is why table 2C is adjusted.

- Investments grants and other capital transfers exkl capital injections:  
Investment grants are, just like investments, reported outside the income statement. They are, however, non-financial transactions in the national accounts. Investment grants consist of investment grants from central government and the EU while capital transfers consist of investment grants from companies and households.

-Capital injections recorded as a capital transfers in national accounts:  
Capital injections recorded as a capital transfers in national accounts are injections in local government owned companies that do not pass the capital injection test. The underlying source for this information is the quarterly survey on financial assets and liabilities for municipalities and county councils, as well as, case by case analysis.

### 3.4.3.6 *Financial transactions included in the working balance*

#### **Capital gains relating to financial instruments**

Financial revenues in the income statement are classified as either a part of non-financial accounts or financial accounts. Since the working balance consists of both financial and non-financial transactions table 2C is adjusted for the financial items such as realized foreign exchange gains and gains on the disposal of financial fixed assets.

#### **Extra ordinary dividends**

Ordinary dividends are included in the working balance and are part of B.9 of non-financial accounts. Some of the dividends of local government owned companies are classified as extra ordinary and become a part of financial accounts, which is why table 2C is adjusted.

#### **Capital losses relating to financial instruments**

Just like financial revenues, there are also financial expenses classified as either parts of non-financial accounts or financial accounts. Since the working balance consists of both financial

and non-financial transactions table 2C is adjusted for the financial items such as realized foreign exchange losses and losses on disposal of financial assets.

#### 3.4.3.7 *Other adjustments reported in EDP T2C*

##### **Depreciations**

In the national accounts, consumption of fixed capital is the measure of depreciation and included in final consumption expenditure. Therefore, when net borrowing/net lending is calculated, consumption of fixed capital is excluded.

##### **Other source grants**

The item relates to the difference between figures from the central government and the statement of accounts of local government. The working balance includes accrual based government grants to the municipalities and county councils. Cash based government grants are also provided to Statistics Sweden (SCB) by ESV. The official source used by the national accounts, is the data from ESV because the figures are more detailed and the source being central government. Therefore, table 2C is adjusted to reach the figures in working balance. As long as government grants increases, the difference between the two sources will be positive. The difference will only be negative when the government grants from one year to another is drastically reduced.

##### **Other source income taxes**

Data from ESV is also used for this item. The same reasoning is applicable here as well as for grants (described above). The official source used by the national accounts, is the data from ESV. The data from ESV is cash-based while the figures from the municipalities and county councils own income statement is accrual. Therefore, table 2C is adjusted to reach the figures in the working balance.

##### **Write down / depreciation of financial assets**

The item refers to write down/depreciation of financial assets such as short-term securities, which is included in the income statements but need to be excluded from the net lending/net borrowing. The item reflects a decline in the stock market.

##### **Reversal of write down**

The item refers to a reversal of the write-down of the financial assets explained in the previous item above. The item reflects a rise in the stock market.

##### **Changes in holiday pay liabilities**

In the working balance, total salary costs are included. These salary costs include costs for holiday pay, which is a salary earned in another period. Because these costs refer to another period they are to be excluded in the non-financial accounts, which is why table 2C is adjusted.

##### **Other adjustments**

Other adjustments consist of several items such as:

- Gains on disposal of intangible and tangible fixed assets
- Unrealized foreign exchange gains / losses
- Other accruals
- and other adjustments (home computers etc.)

#### 3.4.3.8 *Net lending/net borrowing of local government*

The figures reported in the last line in EDP T2 are those used to derive B.9. They are only adjusted with other figures for income taxes and government grants.

### 3.4.4 EDP table 3D

#### 3.4.4.1 Transactions in financial assets and liabilities

**Table 7. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	<b>Calculation of transactions</b>													
Transaction data (integrated in public accounts)			X	X	NA	X			X		NA	X	X	
Other transaction data				X	NA		X				NA			
Stock data	X	X	X	X	NA		X	NA	X	X	NA			X
	<b>Calculation of stocks</b>													
Transaction data											NA	X		
Stock data	X	X	X	X	NA	X	X	NA	X	X	NA	X	X	X

The main data sources for the local government subsector in the financial accounts and EDP T3D are the Annual accounts for municipalities and county councils and the Quarterly survey on financial assets and liabilities for municipalities and county councils.

The Annual accounts for municipalities and county councils are providing stock data for the instruments F.2, F.3, F.4, F.5 and F.8 on the asset side and F.3, F.4, F.6 and F.8 on the liability side. The Quarterly survey on financial assets and liabilities for municipalities and county councils provides stock data on a more detailed level regarding instrument and counterpart, than the annual statement of accounts.

Data from the quarterly survey is therefore used for the breakdown of assets and liabilities and counterpart on the most detailed level in FA, while holding the aggregated stock and counterpart levels/totals from the annual statements of accounts intact. The quarterly survey for quarter 4 provides annual stock data for asset and liability AF.7. The quarterly survey also provides transaction data for parts of F.5. The quarterly survey for quarter 4 includes annual transactions data for liability F.3, asset F.4 and both asset and liability F.7 from 2013 and onwards for municipalities and county councils.

Municipalities' and county councils' transactions in asset F.2 are estimated as the change in stocks, derived from the Annual accounts data source.

Municipalities' and county councils' transactions in asset F.3 are estimated as the change in stocks, minus a revaluation. The revaluations are derived using indices reflecting changes in market value for debt securities. The data source for the stocks is the Annual accounts.

Municipalities' and county councils' transactions in asset F.4 are derived from the quarterly survey for quarter 4, which contains annual transactions in F.4 from 2013. For previous years the transactions are estimated as the change in stocks.

Transactions in asset F.5 for municipalities and county councils are derived using several data sources. The Annual accounts only provide data on the total stocks of F.5. The listed shares' stock's proportion of total AF.5 in the quarterly survey is used to derive the stock of listed shares from the stock of total AF.5 in the Annual accounts. For the transactions in listed shares a FA centralized solution for all sectors but central government (transaction model) is used (counterpart information). The quarterly survey is used as data source for unlisted shares for municipalities and county councils. A supplementary data source is the statistics on Investment funds, assets and liabilities published on a quarterly basis, by SCB. It is counterpart data which provides information on local governments' stock and transactions of F.52, investment fund shares.

The data source for local governments' transactions in asset F.7 is the quarterly survey on financial assets and liabilities, which provides annual transactions in F.7 in the quarter four survey.

Municipalities' and county councils' transactions in F.8 are derived from several data sources. The main data source is the Annual accounts, which provide the stocks of AF.8. A supplementary data source is used for income taxes and government grants. The adjustments made in the non-financial accounts for income taxes and government grants are also adjusted for in the financial accounts when compiling F.8. Please, see section 3.4.1.3.1 for the origin of these figures. Counterpart information is also used for parts of F.8 (a sub-category of F.89, of which the figures are the outcome of the tax-model, as described in section 3.6.4). For the sub-category of F.89 in question the total from the local governments' main data source is kept but the distribution of the total between counterparts is adjusted using counterpart data, derived from the tax-model. This method is used for the sub-category of F.8 on both the asset and the liability side.

The quarterly survey for quarter 4 provides annual transactions data for municipalities' and county councils' liability F.3 while the annual accounts provide stock data.

Municipalities' and county councils' transactions in liability F.4 are estimated as the change in stocks. The data source for the stocks in liability AF.4 is the annual accounts.

Municipalities' and county councils' transactions in liability F.6 are pension funds reserves, F.63, with households as counterpart. The transactions are taken from the non-financial accounts.

Municipalities' and county councils transactions in liability F.8 are derived from stock data from the annual accounts. These transactions are complemented with information on the local

governments' liabilities regarding yet unpaid holiday pay. The holiday pay liability is included in F.8 and this supplementary information comes from the non-financial accounts.

The Annual accounts for municipalities and county councils are integrated data sources used for compiling non-financial accounts and EDP T2C as well as financial accounts and EDP T3D. Other integrated data is the data described above, concerning income taxes, government grants, holiday pay liabilities and pension funds liabilities.

Counterpart information is also used for securities other than shares, F.3, emitted by local governments. The totals of the liabilities in F.3 from the local governments' main data source are kept but the distribution of the total between counterparts is adjusted using counterpart data.

Amendments to data sources are made on a regular basis for super-dividends and capital injections. (This is due to the fact that there is a FA model for shares for all sectors, with counterpart transactions. Therefore, these transactions need to be corrected for super dividends and capital injections to be consistent with the NFA.) Regular amendments to data sources would be made also in case of debt cancellation or debt assumption. At present no debt cancellation or debt assumption is known, but amendments would be made if such issues were present.

Data is not amended due to consolidation, data is directly consolidated using counterpart information or direct information on counterparts.

Financial transactions are recorded on an accrual basis.

Financial transactions are recorded on agreement, i.e. issue date, signing of contract, date of decision or change of ownership.

Transactions are valued at market value, when market value is available. Transactions in instruments F.2, F.8 and asset F.4 are estimated as change in stocks at book value. For listed shares a FA centralized solution for all sectors (transaction model) is used (counterpart information), transactions are estimated using average prices, not the actual transaction value. Transactions in F.5 except listed shares are estimated as the change in stocks. Transactions in F.3 are estimated as the change in book valued stocks minus the revaluation, which has been derived using market indices. Transactions in F.6 are valued at book value.

Transaction data is compared to changes in stocks (when relevant) on a regular basis, mainly to discover errors and implausibilities. If errors are discovered action is taken to correct these errors.

For Other local government bodies (OLGB), only annual data stock data is available. Transactions are estimated as the change in stocks at book value. The main source, for the municipal associations, is the Annual accounts for municipal associations, which are compiled and produced annually by the division of public finance at Statistics Sweden. The statement of accounts is completed approximately six months after the end of the year. The statement of accounts consists of: income statement, balance sheet, operating account and investment account. It is a total survey covering all municipal associations but on an aggregated level of detail as regards financial instruments. Therefore, annual statements for the municipal associations with the largest debts have been analysed in order to identify counterpart, assets and debt on a more detailed level, but the totals from the Annual accounts for municipal

associations are kept. The main source for the local government corporations and hospitals are the annual statements for each unit. The following assets have been identified: F.2, F.31, F.42, F.51, F.81, F.89. The following liabilities have been identified: F.41, F.42, F.51, F.81, F.89. The transactions in liability F.6 are pension funds reserves, F.63, with households as counterpart. The transactions in F.63 are taken from the non-financial accounts.

#### 3.4.4.2 *Other stock-flow adjustments*

Under "Difference between interest accrued and paid" is the change in the difference between the stocks in accrued and paid interests for each year recorded. This information is directly available in the main data sources, both on the asset and the liability side.

Regarding issuance above/below nominal value, redemptions/repurchase of debt above/below nominal value and appreciation/depreciation of foreign currency debt, L is reported in EDP Table 3D. This information is currently not available in the sources.

From the year 2013, 6 companies have been reclassified into the local government sector, as a consequence of the implementation of ESA 2010. The companies have liability loans that cause a K.61 of 9104 million SEK in 2013, which is reported in the item "changes in sector classification" in EDP T3D.

From the year 2012, 18 companies have been reclassified into the local government sector, as a consequence of the implementation of ESA 2010. The companies have liability loans that cause a K.61 of 4098 million SEK in 2012, which is reported in the item "changes in sector classification" in EDP T3D.

For 2011, a county council changed the classification of an entry from appropriation to debt in their accounts. As a consequence of the county council's change in accounting classification, an other volume change in financial liability was recorded in the financial accounts. The sum of entry is 5963 million SEK.

For 2010, a county council started reporting their liability financial leasing, which they had not reported previously. The county council started reporting the liability regarding the year of 2010 and onwards. This caused an other volume change in financial liabilities of 632 million SEK in the financial accounts for 2010.

Also for 2010, a municipality changed how they booked a tax liability, from short-term loans (F.41) to other accounts receivable/payable, excluding trade credits and advances (F.89). The change in classification in the municipality's accounting, caused an impact of -1126 million SEK on other volume changes in financial liabilities in EDP T3D since the corresponding other volume change in F.89 is not included in the concerned entry in EDP T3D.

Factoring has been reclassified as liability AF.41 in FA from 2010, instead of liability AF.81 as it previously was recorded. An other volume change of 915 million SEK is therefore recorded in FA for 2010 for now.

These three other volume changes together account for the recorded 421 million SEK in other volume changes in financial liabilities for 2010 in EDP T3D.

### 3.5. Social security sub-sector, EDP table 2D and 3E

#### 3.5.1 Data sources for Social Security Funds main unit :

Data sources for sub-sector Social Security Funds (S.1314) are the Swedish National Financial Management Authority (ESV), Swedish Pension Agency (PM), The Legal, Financial and Administrative Services Agency (*Kammarkollegiet*), the quarterly survey and annual reports from the National Pension Funds (AP-funds).

**Table 8 – Availability and use of basic source data for social security funds**

Available source data				Source Data Accounting	Source data used for compilation of		
		Time of availability of annual results for T-1					
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				<b>Budget Reporting</b>			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
<b>M</b>	<b>A</b>	<b>T+55</b>	<b>T+3</b>	(3) Current and capital revenue and expenditure and financial transactions	<b>X</b>		
				(4) Balance sheets			
				<b>Financial Statements</b>			
<b>A</b>	<b>A</b>	<b>T+55</b>	<b>T+3</b>	(5) Profit and loss accounts	<b>X</b>	<b>X</b>	
<b>A</b>	<b>A</b>	<b>T+55</b>	<b>T+3</b>	(6) Balance sheets			<b>X</b>
				(7) Cash flow statement			
				<b>Other Reporting</b>			
				(8) Statistical surveys			
<b>A</b>	<b>Q</b>	<b>T+45</b>	<b>T+2</b>	(9) Other: Quarterly survey		<b>X</b>	<b>X</b>
<b>A</b>	<b>Q</b>	<b>T+50</b>	<b>T+2</b>	(10) Financial assets			<b>X</b>
<b>A</b>	<b>Q</b>	<b>T+45</b>	<b>T+18</b>	(11) Quarterly data source, The Swedish National Financial Management Authority		<b>X</b>	

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.5.1.1 Details of the basic data sources

Working balance for the social security funds, the AP-funds, is the total change in fund assets, i.e. the change in fund assets as capital gains and losses and interest for derivatives and cash pension fees, and accrual administration and employee costs (source 3 in the table). From 2010 this sub-sector also contains the Swedish Pension Agency (PM) and the source for WB concerning this is the annual report for PM (source 5 in the table). The data sources for the working balance are available by transaction category.

Non-financial accounts are compiled based on a combination of data sources. For example a quarterly data source originally designed for the financial accounts, which also includes revenues and expenses for the AP-funds, is used (source 9 in the table). Accrual pension fees for the AP-funds are collected and compiled by ESV (source 11). In addition, annual reports and quarterly financial statements from PM are collected and compiled by ESV. Quarterly financial statements from PM regarding the premium pension scheme are collected and compiled by SCB. All data sources are available by transaction category.

The main data source for the five AP-funds in the financial accounts is the quarterly survey (source 9 in the table), in which all the five AP-funds report stocks and transactions for financial assets and liabilities. Thus, it is a total survey for the AP-funds included in the social security subsector. The survey provides information on stocks for all financial assets and liabilities and transactions for some of the assets and liabilities. The survey also provides an income and expenditure statement.

For the Swedish Pension Agency (PM) in FA several basic data sources are used as they complement each other. PM reports stock information covering liabilities and other assets quarters 2 and 4 in a form sent to Statistics Sweden. Furthermore, the Legal, Financial and Administrative Services Agency (*Kammarkollegiet*) is another data source, providing detailed information on the composition of assets that the agency manages on PM's behalf (source 10 in the table). This includes quarterly stock data at both market and nominal value for AF.2, AF.3 and AF.5.

#### 3.5.1.2 *Statistical surveys used as a basic data source*

No statistical surveys are used as a basic data source.

#### 3.5.1.3 *Supplementary data sources and analytical information*

The National Pension Funds' (AP-funds) and the Swedish Pension Agency (PM) annual reports are used for comparisons and controls of the quarterly sources for both the non-financial accounts and the financial accounts. Also annual reports for public corporations connected to social security funds sector are used as supplementary data source to perform super-dividend tests.

For retained earnings attributable to collective investment funds shareholders regarding PM, a centralized NFA model is used as a supplementary data source.

#### 3.5.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

PM's retained earnings attributable to collective investment fund shareholders, regarding its foreign investment funds holdings, are estimated in a NFA centralized model, used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from FA. The retained earnings attributable to collective investment fund shareholders are recorded as D.4432 transactions in NFA and are included in F.5 transactions in FA.

Annual reports for public corporations connected to social security funds subsector are used to perform super-dividend tests on dividends received from public corporations.

Annual reports for the National Pension Funds' and the Swedish Pension Agency are used for comparison and control of the main data sources.

#### 3.5.1.3.2 Supplementary data sources used for the compilation of financial accounts

Counterpart information is used as supplementary data source for PM's currency and deposits in FA per quarter. The supplementary data source is central government's main data source, ESV.

PM's annual report is used as supplementary data source for minor assets and liabilities that are not included in the main data sources. These assets and liabilities are estimated to be 0.06% and 0.05% respectively, of the subsector's total assets and liabilities. Because of the insignificant magnitude of these assets and liabilities, the lack of quarterly data is considered to have an insignificant impact on quality of S.1314 in FA.

PM's retained earnings attributable to collective investment fund shareholders, regarding its foreign investment funds holdings, are estimated in a NFA centralized model, used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from FA. The retained earnings attributable to collective investment fund shareholders are recorded as D.4432 transactions in NFA and are included in F.5 transactions in FA.

### 3.5.2 Data sources for other Social Security units

No other social security unit exists.

### 3.5.3 EDP table 2D

#### 3.5.3.1 Working balance - use for national accounts compilation

Working balance (WB) for general pension funds is the total change in fund assets, i.e. change in fund assets as capital gains and losses and interest for derivatives and cash pension fees, but also accrual administration and employee costs. Total change in fund assets can be found in the Orange report, which is the annual report for the general pension scheme. For PM the data source for WB is the annual report. I.e. the WB is not the starting point for the NA B.9. Non-financial accounts are compiled based on different data sources. For example a quarterly data

source originally designed for the financial accounts, which also includes revenues and expenses for the general pension funds. In addition, annual reports and quarterly financial statements from PM are collected and compiled by ESV and SCB. Please see more information in section 3.5.1.

### 3.5.3.2 *Legal basis of the working balance*

Audits of central government take place late in March and at the beginning of April. The Swedish National Audit Office (the Swedish NAO) audits the Annual Report for central government by auditing the annual accounts of slightly more than 240 central government authorities. However, the formal report on the audit is made at the latest one month after the day the Annual Report for central government is presented to the Swedish Parliament, i.e. in mid-May. The audit may continue until then.

These principles for auditing the central government are the same for PM. The general pension funds are audited by an auditor assigned by the Government Office of Sweden (Regeringen). The annual accounts for the general pension funds are to be reported before mid-February. The auditors must deliver an audit report within two weeks after the reporting of the annual accounts. The committee deliver the annual accounts and the audit report to the Government Office of Sweden, which must make a decision before the 1<sup>st</sup> June, whether they approve the annual accounts or not.

If the auditors would discover something erroneous it could theoretically affect B.9 and B.9f. As for central government, if B.9 or B.9f is affected, it would be taken into account in the EDP reporting in April.

### 3.5.3.3 *Coverage of units in the working balance*

All units within the sub-sector are included in WB: the five national pension funds (AP-funds number 1, 2, 3, 4 and 6) and the Swedish Pension Agency (PM).

#### 3.5.3.3.1 Units to be classified outside the subsector, but reported in the WB

No units that are classified outside the social security funds sub-sector are reported in the WB.

#### 3.5.3.3.2 Units to be classified inside the subsector, but not reported in the WB

On the opposite, there are no units that are classified inside the social security funds sub-sector that are not reported in the WB.

### 3.5.3.4 *Accounting basis of the working balance*

The accounting basis for the WB is mixed as described in sections 3.5.1 and 3.5.3.4.2.

#### 3.5.3.4.1 Accrual adjustments relating to interest D.41, as reported in EP T2D

No accrual adjustments relating to interest are relevant for this sub-sector.

#### 3.5.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2D

The following non-financial transactions are amended on an accrual basis via receivables/payables F.8: Actual social contributions (ESA transaction code D.61, named "Actual social contributions, except pensions" in EDP table 2D); General pension contributions

paid by central government (D.73, named “Actual social contributions, pension” in EDP table 2D); Central government old-age pension contribution (D.73, named “Current transfers within GG, retirement pension from CG” in EDP table 2D).

In WB received pension fees are recorded pure cash while social contributions in non-financial accounts and B.9 are recorded accrual. In WB pension fees are recorded when they are received by the five general pension funds (cash). However, the accrual pension fees includes both received pension fees and an adjustment made based on the information about the final outcome from the annual Tax Assessment (adjustment referring to year T-2). The adjustment can be either positive or negative depending on if the pension funds received more or less cash fees compared to the final outcome. Received pension fees adjusted by information from the final outcome results in accrual social contributions in non-financial accounts.

#### 3.5.3.4.3 Other accrual adjustments in EDP T2D

No other accrual adjustments have to be made and presented in EDP table 2D.

#### 3.5.3.5 *Completeness of non-financial flows covered in the working balance*

The adjustment line for non-financial flows not covered in the working balance in EDP table 2D consists of:

- Surplus related to administration costs within the premium pension scheme. PM is collecting fees for their administration costs regarding the premium pension scheme. Because the fee should cover (in addition to non-financial transactions) also financial flows such as repayments of loans to the National Debt Office, an adjustment is made.
- Property income related to the Swedish Pension Agency (PM). The property income is not included in the working balance for PM, and hence adjusted in table 2D.
- Gross fixed capital formation (investments) is not a part of the income statement but a part of the net borrowing / net lending which is why table 2D is adjusted.

#### 3.5.3.6 *Financial transactions included in the working balance*

The adjustment line for financial transactions included in the working balance in EDP table 2D consists of super-dividends, if any. A super-dividend test is performed for public corporations in the social security funds sector on a regular basis.

#### 3.5.3.7 *Other adjustments reported in EDP T2D*

Four items are included under the line “Other adjustments...” in EDP table 2D in the October notification and an additional one in the April notification.

##### *Holding gains and losses:*

Financial item not recorded in non-financial accounts. Included in WB but excluded in the compilation of B.9. As a result of large investments by the general pension funds, capital gains and losses can amount to substantial amounts, both positive and negative, depending on involvement on the financial market.

##### *Interest concerning derivatives:*

Financial item not recorded in non-financial accounts. Included in WB but excluded in the compilation of B.9.

*Retained earnings attributable to collective investment fund shareholders:*

Non-financial item calculated in financial accounts and added to the non-financial accounts. The item is included in both WB and B.9, and also with the opposite sign on the line "Holding gains and losses" above. Since this item is included in both WB and B.9 it should not necessarily be in table 2D, but is specified here and included in Holding gains and losses for clarity regarding the calculated value affecting B.9.

*Discrepancy:*

Small discrepancies are presented, mostly due to minor vintage and consolidation issues. In most cases these amount to only a few million SEK.

*Late new data for administration costs in WB, not revised in consumption and B.9:*

This item is only relevant in the April notification. In the April notification WB includes figures for administration costs for the five pension funds published in late March each year. Administration costs affect GDP which already has been published by SCB in late February or in the beginning of March. No information affecting GDP is revised in the April notification. The updated figures are always included in the next compilation of GDP in May. Other items that only have an impact on B.9 and not GDP can be revised in the April notification, but not items within GDP. Therefore EDP table 2D always contains this item in the April notification, but never in the October notification.

### 3.5.3.8 *Net lending/net borrowing of social security funds*

Net lending/net borrowing (B.9) is based on data from different sources compared to WB. B.9 is compiled by SCB and the data source contains two different parts.

The first is data for Swedish Pension Agency (PM) which consists of figures collected by ESV and delivered to SCB. ESV delivers the figures to SCB on a detailed level, items are divided into different types of revenues and expenses. SCB collects data for the premium pension scheme from PM. Based on the information from ESV and PM, SCB compiles B.9 for PM and merges it together with the result for the national pension funds. The figures are recorded based on ESA 2010 and are recorded on an accrual basis.

The second part relates to the five national pension funds (AP-funds). The data source for the AP-funds is diversified and consists of figures from a quarterly questionnaire, annual reports and data from ESV. Data from the Quarterly survey on social security funds, on an aggregated level, are compared with data from the annual reports. Comparisons between non-financial and financial accounts are carried out systematically. The following transactions are collected from the quarterly questionnaire: interest (both debit and credit), distributed income and compensation of employees. Data for the following transactions are collected from ESV: social contributions and other transfers from central government. Figures from the annual reports are used as a verification of the two other data sources and as supplementary information concerning cost of administration and intermediate consumption, and sales. In addition, small values for gross fixed capital formation, consumption of fixed capital and FISIM are compiled at SCB and included in non-financial accounts and indirectly in B.9.

The data sources for non-financial accounts are harmonized with the annual report for PM and the five National pension funds. The data sources are not audited, but the annual reports are (see 3.5.3.2). The data regarding PM, collected by ESV, is published on the website of ESV (<http://www.esv.se/sbrufs>).

All units are covered and the accounting basis is accrual. Most flows are covered, except for retained earnings attributable to collective investment fund shareholders. PM’s retained earnings attributable to collective fund shareholders, regarding its foreign investment funds holdings, are calculated in a NA centralized model used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from FA. The retained earnings attributable to collective fund shareholders for the AP-funds are calculated in FA, please see 3.4.5.1 for information about the calculation. These retained earnings attributable to collective fund shareholders are added to the non-financial accounts. No adjustments are made except for some quarterly allocations in addition to the ordinary regular compilations to transform data into ESA transaction codes.

Transactions in F.8, as reported in EDP table 3E, and receivables in table 2D are unfortunately not fully consistent. One explanation is vintage issues. Some differences can occur when non-financial accounts and financial accounts are calculated at two different points in time (t+60 and t+85). Other explanations are that non-financial accounts and financial accounts are, to some extent, based on different data sources.

**3.5.4 EDP table 3E**

3.5.4.1 *Transactions in financial assets and liabilities*

**Table 9. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
<b>Calculation of transactions</b>														
Transaction data ( integrated in public accounts)		X		X	NA	X		NA	NA		NA		X	
Other transaction data		X		X	NA		X	NA	NA		NA	X		X
Stock data	X	X	X		NA		X	NA	NA	X	NA	X		X
<b>Calculation of stocks</b>														
Transaction data					NA			NA	NA		NA			
Stock data	X	X	X	X	NA	X	X	NA	NA	X	NA	X	X	X

The main data source for the five AP-funds is the Quarterly survey on social security funds. It is a total survey among the five AP-funds and covers all their financial assets and liabilities.

The data used for compilation of the AP-funds in financial accounts, is the quarterly survey on social security funds, containing both income statements, balance sheets and financial transactions. It is partly an integrated data source since part of the data from the income statement is used by the non-financial accounts.

For the compilation of Swedish Pension Agency (PM) in FA several data sources are used.

The AP-funds annual reports are used for comparisons and controls of the quarterly source.

For F.3, F.5 and F.7 direct data is available for all the AP-funds. Estimated retained earnings attributable to collective investment funds are added to the transactions in F.5 reported by the AP-funds. The AP-funds report dividends received during each quarter in the Quarterly survey. These reported dividends do only partially include the retained earnings attributable to collective investment funds. The reported dividends' proportion of dividend generating asset is used to estimate the retained earnings attributable to collective investment funds that are not reported.

For F.2, F.4 and F.8 transactions are estimated as the change in stocks.

One part of PM's AF.2 stock has central government as counterpart. This entry in FA is compiled using stock counterpart data from the ESV data source. PM also has asset AF.2 with banks as counterpart. This entry is almost exclusively related to repo transactions that are reported in asset AF.2 and liability AF.4. Stock information for this asset is obtained from Kammarkollegiet that manages these repos. F.2 transactions are estimated as change in stocks.

For PM's F.3 stock data is used. Stock data from Legal, Financial and Administrative Services Agency (*Kammarkollegiet*) is used for the bonds held by PM. Furthermore, stock information from PM's annual report is used for some minor holdings in bonds that are administered by PM itself. The F.3 transactions are estimated as the change in stocks.

There is no data source for PM's transactions in investment funds. The F.5 transactions relating to PM's holdings in foreign investment funds are the estimated Retained earnings attributable to collective investment fund shareholders that are included in both FA and NFA. They are estimated in a model, used for different sectors in NFA, based on information on dividends from the Balance of Payment statistics. These dividends are then divided out to sectors and units in FA and NFA, based on their proportions of the total investment funds holdings in FA,

Transactions in asset F.8 and liability F.4 and F.8 are estimated as change in stocks. For asset and liability AF.8, the stock data source is the form that PM reports to Statistics Sweden quarters 2 and 4. The liability AF.8 is also complemented with a minor stock in trade credits, where PM's annual report is the data source. For the part of the liability AF.4 that is related to repo transactions, the stock information is from Kammarkollegiet and the transactions are estimated as change in stocks. The data source for the rest of AF.4 is the form that PM reports to Statistics Sweden quarters 2 and 4.

The pension debt relating to the premium pensions scheme is recorded as liability AF.6 in FA. Currently, there is no quarterly data source for PM's pension entitlements. Both the F.6 transaction and stock is therefore estimated as the sum of transactions and stocks in PM's assets that correspond to the pension liability.

Basic data sources are not compared to counterpart data and other information on a regular basis. However, for specific events analysis is made using annual accounts and published reports.

Counterpart information is partly used for F.8 (a sub-category of F.89, of which the figures are the outcome of the tax-model, as described in section 3.6.4). The sub-category of F.8 in question also affects the total of F.8.

Data is not amended due to consolidation, data is directly consolidated using counterpart information or direct information on counterparts.

Financial transactions are recorded on an accrual basis.

Financial transactions are recorded on agreement, i.e. issue date, signing of contract, date of decision or change of ownership.

Transactions are valued at market value.

Transaction data is compared to changes in stocks on a regular basis, when calculating and compiling FA. This is done for each subsector unit separately. If high differences between transaction data and change in stocks, the AP-fund in question is contacted in order to investigate the high difference and, if possible, correct potential errors.

There are no recordings in F.5 liabilities in S.1314.

The same coverage of units is ensured for all transactions.

#### 3.5.4.2 *Other stock-flow adjustments*

Regarding issuance above/below nominal value, redemptions/repurchase of debt above/below nominal value and appreciation/depreciation of foreign currency debt, M is reported in EDP Table 3E.

Regarding Difference between interest accrued and paid, L is reported.

There are no reported items under heading "changes in sector classification" for the notification period.

#### 4. Revision policy used for annual GFS

### 3.6. Link between EDP T2 and related EDP T3

The monitoring of the link between the individual adjustments in EDP T2 and the related transactions reported in EDP T3 is important for the assessment of GFS data quality.

It is not expected that the adjustments from EDP T2 would be clearly identified in EDT3.

- First, this is due to different coverage of units, because the adjustments in EDP T2 should refer only to the main entity reported in the WB, while transactions in EDP T3 reflect the whole subsector.
- Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.8 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 reported in EDP T3 and in FA. For the latter (coverage of transactions), the WB balance as reported in EDP T2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.
- Third, adjustments/transactions reported in EDP T2A are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP T3 refer to the whole subsector and they are consolidated.

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP T2, these should be reflected also in financial accounts and EDP T3 under the related financial instrument.

Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP T2 and EDP T3.

#### 3.6.1 Coverage of units

For central government (S.1311), total units coverage is not an issue since the same units are included in the calculations of non-financial accounts and financial accounts (from 2012 and onwards). And, as described in section 3.2.1.1, ESV will be the responsible body for collecting *all* the data regarding the central government.

For local government (S.1313) there is a total coverage of units for the financial accounts and EDP T3D. For the main units, that is, primary municipalities and county councils, municipal associations and the Swedish Association of Local Authorities and Regions (SALAR) there is a total and identical coverage in both non-financial and financial accounts. For local government corporations, there is a total and identical coverage in both non-financial and financial accounts. Assets and liabilities for non-profit institutions controlled and chiefly financed by local authorities are assumed to be zero. (Data sources and coverage is also described under section 3.4.1.).

For the social security funds, the same register of units is used for both non-financial and financial accounts and for EDP T2D and EDP T3E. The institutions included in the subsector are the National pension funds (AP-funds) and the Swedish Pensions Agency (PM).

#### 4. Revision policy used for annual GFS

### 3.6.2 Financial transactions

In general, financial transactions (FT) related to portfolio investments (where a central government unit has the mandate to hold assets with a limited autonomous asset management) are not recorded in the CG WB but are recorded in the EDP T3B.

There are several reasons for different figures on FT when comparing WB and FA: Timing, payment divided on several occasions, bookkeeping day vs. cash flow day in debt management. Net/gross recording of assets within debt management (repos, deposits, derivatives), interest payable/receivable is recorded accrued by instrument in FA while WB records interest cash. Debt cancellations are included in the transaction in the FA while separately reported in EDP T2A. By definition there is also a difference referring to coverage of units between the WB and national accounts (not all units included in the national accounts are included in the WB).

For some items, data from the WB is used in EDP T3B, data on equities (including capital injections and super dividends), receivables and payables are collected from the WB and used both in EDP T3B and FA.

All data for FT, as reported in the WB, are not adapted for use in FA. The data source for the national accounts is not the WB but data provided by ESV (see section 3.2.1 for more information).

The following are the adjustments which should be done in order to reconcile financial transactions reported in EDP T2 and T3.

Million SEK (National currency)

#### Financial transaction 2A vs 3B

#### Financial transactions included in the WB (EDP 2A) incl. p/d, swaps

of which: transactions in debt liabilities (+/-)  
(premiums/discount/coupon sold\*)

of which: net settlements under swap contracts (+/-)

#### Financial transactions included in the WB (EDP 2A) excl. p/d/c, swaps

#### Transactions related to FA.8 (F.1, F.6 NA)

#### Transactions related to debt management (not in the WB)

Gross recording of assets in debt management

Repos, collateral (FA29)

Derivatives (FA7)

Temporary placements (FA31)

#### Other 1311 units included in FA, not included in WB

Loans to S1314 (FA.4)

Bank accounts,(FA.22)

Portfolioinvestments (FA.3)

Sector delimitation (FA.3)

#### Information used in FA which differs with WB and vice versa

Total transaction stocks in FA (FA.511)

Loans to CB from SNDO (FA.4)

Loans to EKN consolidate WB not included in FA, FA42

Loans to KAF consolidate WB not included in FA, FA42

#### Definition issues

	2011	2012	2013	2014
<b>Financial transactions included in the WB (EDP 2A) incl. p/d, swaps</b>	<b>-45 704</b>	<b>-24 567</b>	<b>60 582</b>	<b>-21 747</b>
of which: transactions in debt liabilities (+/-) (premiums/discount/coupon sold*)	-7 281	-11 160	-631	-21 578
of which: net settlements under swap contracts (+/-)	-7 152	-6 758	-8 661	-9 170
<b>Financial transactions included in the WB (EDP 2A) excl. p/d/c, swaps</b>	<b>-31 271</b>	<b>-6 649</b>	<b>69 874</b>	<b>9 001</b>
<b>Transactions related to FA.8 (F.1, F.6 NA)</b>	<b>-18 172</b>	<b>-2 097</b>	<b>15 428</b>	<b>16 143</b>
<b>Transactions related to debt management (not in the WB)</b>	<b>-866</b>	<b>-40 568</b>	<b>-34 609</b>	<b>43 777</b>
Gross recording of assets in debt management				
Repos, collateral (FA29)	25 737	-20 171	-7 922	66 711
Derivatives (FA7)	-25 303	-20 015	-26 841	-23 417
Temporary placements (FA31)	-1 300	-382	154	483
<b>Other 1311 units included in FA, not included in WB</b>	<b>556</b>	<b>-6 002</b>	<b>306</b>	<b>1 773</b>
Loans to S1314 (FA.4)	-278	75	-125	-162
Bank accounts,(FA.22)	1 024	-2 653	-489	210
Portfolioinvestments (FA.3)	56	-3 466	964	1 725
Sector delimitation (FA.3)	-246	42	-44	0
<b>Information used in FA which differs with WB and vice versa</b>	<b>16 998</b>	<b>7 767</b>	<b>-2 559</b>	<b>-8 056</b>
Total transaction stocks in FA (FA.511)	31	681	-1 587	-299
Loans to CB from SNDO (FA.4)	7 712	972	177	-4 894
Loans to EKN consolidate WB not included in FA, FA42	310	5 673	2 616	1 773
Loans to KAF consolidate WB not included in FA, FA42	8 945	441	-3 765	-4 636
<b>Definition issues</b>	<b>-6 427</b>	<b>-280</b>	<b>-703</b>	<b>-717</b>

#### 4. Revision policy used for annual GFS

Financial transaction v.s. other adjustments	-6 427	-280	-703	-717
<b>Other differences</b>	<b>-1 476</b>	<b>-69</b>	<b>-726</b>	<b>1 267</b>
<b>Net acquisition of assets (EDP T3B)</b>	<b>-40 658</b>	<b>-47 898</b>	<b>47 011</b>	<b>63 188</b>

*\*Coupon sold is specified separately from October 2015 notification*

#### **Transactions related to FA.8 (F.1, F.6 NA):**

FA.1, FA.6 and FA.8 are included in Net acquisitions of assets in EDP T3B but are not a part of financial transactions included in the WB in EDP T2A. For Sweden transactions in FA.1 and FA.6 are not applicable.

#### **Transactions related to debt management (not in the WB):**

Transactions related to assets in debt management of the national debt are not included in the WB, while they are recorded in the FA and EDP T3B, where an asset is recorded as assets.

#### **Other 1311 units included in FA, not included in WB:**

Data sources for FA include counterpart information that is not included in the WB. In this case, loans to S.1314 and bank accounts regarding other central government units. Portfolio investments and sector delimitation are supplementary direct sources with assets for CG units not included in the WB.

#### **Information used in FA which differs with WB and vice versa:**

All transactions in stocks for other central government units are not included in WB but included in the financial accounts. There are also differences between WB and EDP T3B/FA in the transactions for the loan to the central bank. The loans to EKN and KAF are consolidated in EDP T3B but not in WB.

#### **Definition issues:**

These issues relates to differences in classification in EDP T2A and EDP T3B. Some figures are treated as deposits or loans in EDP 2A but are recorded as receivables in EDP T3B. Further, debt cancellation are a part of the transaction in loans in EDP T3B, but are recorded under other adjustments in EDP T2A.

### **3.6.3 Adjustments for accrued interest D.41**

There are no adjustments for interest revenues in EDP table 3B, but accrual adjustment for interest revenue is included in EDP table 2A. This is due to the fact that revenue is separately reported under assets in the NFA/FA, but a net recording is used in the WB.

Information regarding interest for local government subsector (S.1313) is available in the statement of accounts. The data is accrual. Thus no adjustment is needed in EDP table 2C.

No need for any adjustment for accrued interest for the social security subsector in EDP table 2D as a result of the same definition of interest in WB and B.9.

For central government, amounts for accrual adjustments on interest are not completely the same between table 2A and table 3B on the line "Difference between interest paid (+) and accrued (EDP D.41)(-)". There is no adjustment for inflation compensation in EDP Table 3B since both the change in Maastricht debt and the financial transaction in FA include inflation. Accrual adjustment for inflation compensation is, however, present in EDP table 2A. See table below.

#### 4. Revision policy used for annual GFS

In EDP T2C and EDP T2D there are no adjustments made for accrued interest as the interest included in the WB is already accrued. Adjustment for interest payable is, however, reported in EDP table 3D, since it is included in the transactions in FA, but not in the change of the nominal Maastricht debt. The quarterly survey financial assets and liabilities for municipalities and county councils provides a specification of interest payable and interest receivable under the individual instruments.

The adjustments (D41) in Table 2A refer to interest expenditure, discounts, premiums, coupon sold, inflation and interest revenue. See table below for the amount of differences (D.41) between table 2A and table 3B.

<b>Table 2A</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Difference between interest paid (+) and accrued (D.41)(-)	8 752	15 476	10 230	16 217
<b>Table 3B</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Difference between interest (D.41) accrued(-) and paid(4)(+)	12 098	11 554	8 297	11 345
<b>Inflation</b> , included in Table 2A but not included in Table 3B, Inflation is a transaction in FA but also included in the change in Maastricht debt. Hence, need not to be explained in Table 3B.	3 293	-3 590	-2 440	-4 231
Discrepancy, besides interest revenue, the reason is due to some differences between the two separate reports delivered by SNDO (for the non-financial and financial accounts)	-53	332	-507	641

#### 3.6.4 Other accounts receivable/payable F.8

##### **Tax-model used in FA**

The SCB tax-model has been in use for years in the FA. The role of the model has been to model the quarterly accrual adjustments used in the quarterly FA, enable gross recording of flows and stocks and a more detailed recording of taxes by type (used for EDP reporting purposes) and by institutional sectors. The model's main input was ESV's annual accrual adjustment, known cash tax flow data from the Tax Authority and NFA data to distribute the stocks and flows to the different institutional sectors in the FA.

In connection to April 2015 Notification, major improvements of tax figures was implemented in the financial accounts for the period 2012Q1<sup>9</sup> and onwards. The improvements were implemented in two fronts. First, improvements regarding the quarterly pattern in B9f for the S.1311, this following that the ESV now performs the quarterly accrual adjustment (as compared to before were SCB needed to model this quarterly accrual adjustment). Second, improvements regarding the net figures by type of tax reported in Questionnaire table 5, this following that the ESV now provide a better breakdown regarding type of tax related to D.5. The second improvement means that the net flows, by type of tax, reported by ESV are now also kept in the FA (as compared to before when SCB was only able to keep the net sum of type of taxes reported by ESV).

##### **The role of the new Tax-model in FA**

The new tax-model is less dependent on modelling compared to the previous version of the model, this following the new input information received from the ESV regarding the quarterly adjustments and also the better breakdown of taxes. The role of the new tax-model is to only enable gross recording of flows and stocks and also to distribute these flows and stocks between

<sup>9</sup> The starting point is 2012Q1 since it is from this quarter and on ESV is able to perform the quarterly adjustment and provide the better breakdown of type of tax related to D5. The starting point for the stocks is 2011Q4 which was previously calculated by the "old tax-model".

#### 4. Revision policy used for annual GFS

institutional sectors. The gross "Timing of taxes" reported in table 2A is done by the SCB after receiving the net adjustment from ESV. See table below:

Million SEK	EDP Oct-2014		EDP Apr-2015		
	2012	2013	2012	2013	2014
<b>F.89 related to D.2, net (SCB tax-model)</b>	<b>1 259</b>	<b>1 397</b>	<b>-315</b>	<b>6 323</b>	<b>1 523</b>
D21 VAT	-535	7 309	-535	6 933	1 865
D21 EU	32	35	32	-46	-13
D29 Emission permits			61	308	128
D29 Other	188	-564	127	-872	-457
<b>F.89 related to D.2, net (ESV)</b>	<b>-315</b>	<b>6 780</b>	<b>-315</b>	<b>6 323</b>	<b>1 523</b>
<b>F.89 related to D.5, net (SCB tax-model)</b>	<b>-18 869</b>	<b>18 097</b>	<b>-17 295</b>	<b>13 410</b>	<b>14 536</b>
D5 Households	-17 017	-854	-12 453	-9 298	-4 228
D5 Corporations			-4 564	8 389	10 609
D5 Local governments	375	13 849	375	14 939	8 243
D5 Non-profit institutions serving households	-653	-281	-653	-620	-88
<b>F.89 related to D.5, net (ESV)</b>	<b>-17 295</b>	<b>12 714</b>	<b>-17 295</b>	<b>13 410</b>	<b>14 536</b>
<b>F.89 related to D6, net (SCB tax-model)</b>	<b>619</b>	<b>1 185</b>	<b>619</b>	<b>1 336</b>	<b>1 230</b>
D611 Social security	1 484	1 210	1 484	1 171	981
D611 Social security	-865	-25	-865	165	249
<b>F.89 related to D6, net (ESV)</b>	<b>619</b>	<b>1 185</b>	<b>619</b>	<b>1 336</b>	<b>1 230</b>
F.89 related to D.2+D5+D6, net (SCB tax-model)	-16 991	20 679	-16 991	21 069	17 289
F.89 related to D.2+D5+D6, net (ESV)	-16 991	20 679	-16 991	21 069	17 289
<b><i>The gross recording of "Timing of taxes" in 2A is performed by SCBs tax-model</i></b>					
Timing of taxes receivable, Table 2A	-3 013	18 089	-3 013	14 779	9 237
Timing of taxes payable, Table 2A	-13 978	2 590	-13 978	6 290	8 052

#### S.1311 Central government

The timing of taxes (total, taxes and social contributions), accrual adjustment, is completely harmonized between table 2A and table 3B. A tax model is used in FA as mentioned above, but the finalized aggregate result is the same between the tables (total accrual adjustment). Thus, the transactions in receivables and payables regarding timing of taxes are the same for central government in NFA and in FA.

#### 4. Revision policy used for annual GFS

All receivables and payables in EDP T2A are included as transactions in F.8 in FA, thus present in EDP T3B. In the FA also other transactions, not included in EDPT2A – i.e. not included in WB, are booked. Adjustments that should be done to reconcile the transactions between the tables are listed in table below, figures for 2011-2014.

	2011	2012	2013	2014
<b>Other accounts receivable (+), 2A</b>	<b>-17 997</b>	<b>-2 128</b>	<b>15 789</b>	<b>15 010</b>
Difference timing, business day, payment day	-153	0	641	-641
New information from ESV time adjustment	0	0	-969	1775
Other unspecified items	-22	31	-33	-1
<b>Other accounts receivable (F.8), 3B</b>	<b>-18 172</b>	<b>-2 097</b>	<b>15 428</b>	<b>16 143</b>
<b>Other accounts payable (-), 2A</b>	<b>-31 009</b>	<b>-11 754</b>	<b>4 355</b>	<b>8 166</b>
Timing of sale awaiting distribution of money	5923	0	0	0
Difference timing, business day, payment day	-274	-13	287	-1711
Other unspecified items	-505	159	-18	1
<b>Net incurrence (-) of other accounts payable (F.8), 3B</b>	<b>-25 865</b>	<b>-11 608</b>	<b>4 624</b>	<b>6 456</b>

#### **S1313 Local government**

For S.1313, the accrual adjustment from the model is not used in calculations for B9f in FA. But, the flows and stocks shown in the model between S.1311 and S.1313 are included as *of which taxes* in F.8 in FA. The reason for not letting the model affect S.1313 in FA is that the source (Annual accounts for municipalities and county councils) for FA and NFA already is accrual. The tax correction is instead based on the difference between accrual taxes shown in the statements of accounts and the accrual taxes reported by ESV. Therefore no adjustments are being made for other accounts receivable/payable in EDP T2C (the necessary corrections are made under Other adjustments “Other source income taxes” in EDP T2C while in EDP T3D, this adjustments is performed in F.89 receivables.)

#### **S.1314 Social security funds**

For S.1314, the accrual adjustment from the tax-model is used in the calculations for B9f in FA. It is a part of the transaction in F.8. This adjustment in FA corresponds to Detail 2 “Actual social contributions, pensions” under other accounts receivable in EDP T2D. The other two parts of other accounts receivable in EDP T2D, Details 1 “Actual social contributions, except pensions” and 3 “Current transfers within GG, retirement pension from CG” are at present not adjusted for in F.8.

#### 4. Revision policy used for annual GFS

The transaction in F.8 in FA and EDP T3E also includes other transactions that are not a part of the outcome of the tax-model and that are not adjusted for in other accounts receivable in EDP T2D. These are mainly transactions in claims on security settlement proceeds. Please see the table below for a declaration of the transaction in F.8:

<b>Declaration of transaction in AF.8, FA</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Accrual adjustment, tax-model	673	865	-165	-249
Other AF.8	-5 577	-304	2 014	-1 059
<b>Other accounts receivable (F.8), 3E</b>	<b>-4 904</b>	<b>561</b>	<b>1 849</b>	<b>-1 308</b>

Accrual adjustment, tax-model, that can be seen in the table above corresponds to the adjustment for Actual social contributions, pensions, Detail 2 in Other accounts receivable in EDP T2D. Detail 2 in EDP T2D and its corresponding transaction within F.8 in EDP T3E are not harmonized and are therefore not identical. They have different sources. Please see row "Discrepancy" in table below:

<b>Comparison between accrual adjustments in EDP T2D and T3E</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Actual social contributions adjustment, EDP T2D	303	1 058	-383	-485
Accrual adjustment, tax-model, EDP T3E	673	865	-165	-249
Discrepancy	-370	193	-218	-236

#### 3.6.5 Other adjustments/imputation

Methodological adjustments reported under the heading “other adjustments” are reflected in FA and EDP T3B, identical amounts, when applicable. These are recorded under the financial instruments to which they relate.

Three of the methodological adjustments reported under “other adjustments” in EDP T2C are reflecting the transactions in EDP T3D.

The adjustments made for “other source grants” and “other source income taxes” (Details 2 and 3) have a corresponding transaction in F.8. This adjustment is also declared as “Correction for differences in sources Taxes and government grants, annual source” in Table 4.1.1 in Annex 3, Questionnaire relating to EDP notification tables. The transaction in FA F.8 is identical to the sum of the two adjustments for “other source grants” and “other source income taxes”. These two adjustments are equivalent to the adjustment made for Actual social contributions under other accounts receivable in EDP T2D.

The adjustment made for “Changes in holiday pay liabilities” in T2C is reflected by an identical transaction in F.8 on the liability side in EDP T3D.

The remaining adjustments under “other adjustments” in EDP T2C are not affecting the transactions in EDP T3D.

The adjustments made for “Retained earnings attributable to collective investment fund shareholders” under “other adjustments” in EDP T2D are reflected by a transaction in EDP T3E.

### **3.7. General comments on data sources**

The main data sources for each sub-sector in general government are:

For central government national accounts SCB receive a data set on a quarterly basis from the Swedish National Financial Management Authority (ESV). It contains information from all the central government agencies as well as information for other central government bodies. The same source is used for both quarterly and annual accounts together with some supplementary information from the annual accounts for these units. Figures used in the financial accounts are also based on information from SNDO and Kammarkollegiet. More information about sources used in compilation of central government in national accounts can be found in section 3.2.

State government does not exist in Sweden.

The local government subsector for Sweden contains municipalities, county councils, municipal associations and local government corporations classified within government. In the non-financial accounts a quarterly source is used on a quarterly basis. This is also used in the first EDP notification. The quarterly source is replaced by a much more detailed annual source, the Annual accounts for local government (municipalities and county councils), in the annual compilation of B.9. The statement of account is also used in the second EDP notification. For the financial accounts the situation is similar. A quarterly data source adapted for financial accounts (not the same as the non-financial quarterly source), split by instrument and one annual data source (also the statement of accounts, as used for NFA) based on the balance sheet for local government. For more information about data sources used for local government, see section 3.4.

The sub-sector social security funds include the Swedish national pension funds (AP-funds) and the Swedish Pension Agency (PM) managing the major part of the pension system relating to administration, pension fees and paid pensions. Data for non-financial accounts, for the five national pension funds is received from several different data sources but are confirmed by verification on an aggregated level against the official annual reports. Figures for PM, are based on figures from both ESV, figures from PM regarding the premium pension scheme and the annual report. For financial accounts, data sources adapted for financial accounts are used, both on a quarterly and on an annual basis. Also official annual reports are used, as in NFA. Several data sources are used for parts of the premium pension scheme that is administered by PM. The main data sources are semi-annual data from PM and quarterly data from Kammarkollegiet which manages most of the funds relating to the parts of the premium pension scheme classified within S1314. As for the NFA the information is coherent with the annual reports of PM. More information can be found in section 3.5.

For central government there is no straight connection between WB and B.9 as these are based on two different data sources; WB on the state budget and B.9 on the statistical reporting codes reported by each agency. For local government WB and B.9 are compiled from the same source but some items are included or excluded in B.9. For social security funds WB is based on the change in fund assets and the data source is not the same as used in compilation of B.9.

For many years the ESV has supplied the OEM unit at SCB with almost all data needed in order to produce non-financial accounts for central government. Development work for the ESV compilation of *financial accounts data* for central government has been in progress since 2011. The development work includes construction of a new/expanded IT system, changes in the reporting codes and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and education referring to financial accounts and ESA, increased knowledge of the operations of the complex authorities and developing a work process enabling ESV to produce all necessary data for not only the non-financial accounts (as has been the case for many years) but also for the financial accounts.

ESV today produces both non-financial accounts data and financial accounts data for central government and delivers the data to SCB, on a quarterly basis. For transactions in deposits, repos, loans, shares and other accounts receivable/payable, the ESV now constitutes the source for the SCB financial accounts. This is a major improvement of the SCB financial accounts since this is direct information from the central government bodies, via ESV, and not counterpart information. However, ESV are still not fully able to produce reconciled financial accounts, mainly due to remaining discrepancies regarding the ESV cash holdings item (referring to cash holdings between central government authorities and their relation to the SNDO), the SNDO transactions and stocks and some other remaining issues, e.g. consolidation. Nevertheless, the adjusted results are deemed very reliable.

For a full description of the development work relating to ESV and the production of the financial accounts for central government, see section 3.2.1.1, Data sources used for the compilation of national accounts, “The development work relating to the ESV production of data for the financial accounts – history and present day”.

### 3.8. EDP table 4

Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the

Sector delimitation – practical aspects - Sector classification of units

government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.

### **3.8.1 Trade credits and advances**

The data source for the stock of liabilities in trade credits and advances (AF.81) in S.1311, against units outside general government, is ESV and the content is Military equipment and other trade credits and advances related to the provision of goods and services.

The data source for the stocks and transactions of liabilities in trade credits and advances (AF.81) in S.1313, against units outside general government, is the annual statement of accounts for primary municipalities and county councils. The transaction in AF.81 from FA is included in "net incurrence of other liabilities" in EDP T3D. The transactions and stocks in AF.81 in FA are consistent.

In S.1314 there is an insignificant stock of AF.81.

### **3.8.2 Amount outstanding in the government debt from the financing of public undertakings**

Data for amounts outstanding in the government debt from financing of public undertakings are provided by the Annual accounts for municipalities.

Information regarding total amount of long-term liabilities are available from the balance sheet, as well as a specification of how much of these long-term liabilities that are loans provided to municipally owned corporations.

The information referring to year t-1 is not available until October Notification.

## **4. Revision policy used for annual GFS**

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

### **4.1. Existence of a revision policy in your country**

#### **4.1.1 Relating to deficit and non-financial accounts**

The revision policy is published, in Swedish, on SCB:s website:  
[http://www.scb.se/Statistik/NR/NR0103/\\_dokument/Revideringspolicy\\_NR\\_20121114.pdf](http://www.scb.se/Statistik/NR/NR0103/_dokument/Revideringspolicy_NR_20121114.pdf)

**Quarterly revision policy for non-financial accounts is as follows:**

	<b>Current quarter</b>	<b>Revisions</b>
February year T	Quarter 4 year T-1	Quarter 1-3 year T-1 Quarter 1-4 year T-2*
May year T	Quarter 1 year T	Quarter 1-4 year T-1
September year T	Quarter 2 year T	Quarter 1 year T Quarter 1-4 year T-1 Quarter 1-4 year T-2 (final)
November year T	Quarter 3 year T	Quarter 1-2 year T Quarter 1-4 year T-1

\* Revision relates to Tax Assessment which is published in December each year by the Tax Authority referring to data for previous year. This revision only affects a few transactions within net lending/net borrowing but never GDP.

Final annual accounts referring to year T is published in September year T+2 and included in EDP October notification year T+2. However, a preliminary annual calculation concerning previous year is published in November each year (year T+1 referring to year T), because annual sources become available in late summer and autumn. This preliminary calculation (half-finalized) is also split by classification of the functions of the government (COFOG).

In non-financial accounts major revisions occur approximately around every fifth year.

In case of an extra ordinary need of revisions back in time, for example as result of developments outside or within EDP, the non-financial sector accounts for general government can be revised regarding transactions that not affect GDP. Hence, net lending/net borrowing can be revised more frequently compared to GDP.

**4.1.2 Relating to debt and financial accounts**

The revision policy, in Swedish, is published on SCB:s website

[http://www.scb.se/Statistik/FM/FM0103/\\_dokument/Revideringspolicy\\_FiR\\_20130218.pdf](http://www.scb.se/Statistik/FM/FM0103/_dokument/Revideringspolicy_FiR_20130218.pdf)

**Quarterly revision policy for financial accounts is as follows:**

	<b>Current quarter</b>	<b>Revisions</b>
March year T	Quarter 4 year T-1	Quarter 1-3 year T (preliminary)
June year T	Quarter 1 year T	Quarter 1-4 year T-1
September year T	Quarter 2 year T	Quarter 1-4 year T-1 (final)**
December year T	Quarter 3 year T	Quarter 1-2 year T

\*\* There are no benchmark revisions in the financial accounts; revisions of the entire time-series are possible in case of extra ordinary need.

Final annual accounts referring to year T is published in September year T+1 and included in EDP October notification year T+1. However, a preliminary annual calculation concerning previous year is published in March each year (year T+1 referring to year T), because some of the annual sources become available in the beginning of the year T+1.

In financial accounts there are no planned benchmark revisions that occur regularly. Major revisions are possible in September each year when the final accounts referring to previous year are published. At this occasion, revisions of the entire time series are possible, if deemed necessary, as a result of on-going developments and improvements concerning both new data sources and methodological issues.

#### **4.2. Reasons for other than ordinary revisions**

Concerning revisions due to new figures from already existing data sources, completely new data sources, methodological changes or other improvements, the revision policy is the same. Please see section 4.1.

#### **4.3. Timetable for finalising and revising the accounts**

The normal production cycle for annual non-financial accounts is collecting annual data during the winter and spring, and calculation and compilation during the spring and summer. Annual accounts for the year before previous year are made on a very detailed level and are published in September each year. During the autumn also a preliminary annual calculation is carried out referring to previous year and is published by the end of November each year. The preliminary calculation for previous year is also including COFOG data for the first time which then can be revised in the final annual calculation the year after.

For local government the quarterly source is replaced by an annual, much more detailed, data source, the statement of accounts. This normally results in larger revisions between the first estimation based on the quarterly accounts after the fourth quarter in February T+1 and the first annual calculation in September T+1, compared to revisions between the preliminary, half-finalized annual calculation, and the final calculation the year after. The final result for year T is published in September T+2. Revisions after that refers to calculation errors or planned major revisions approximately every fifth year. For central government the main data source is the same irrespective of it being a quarterly or an annual calculation. But for central government other issues are more relevant regarding revisions, e.g. outcome from Tax Assessment etc. More information about that can be found in section 6.1.

The time table and the revision policy is the same for all sub-sectors within the general government but can differ between transactions affecting net lending/net borrowing and GDP. See also section 4.1.1.

The publishing time table and the revision policy is the same for all sub-sectors within the general government in the financial accounts. See also section 4.1.2.

The annual accounts for central government (S.1311) are based on foremost quarterly data, sum of four quarters, in combination with some annual sources. Preliminary accounts for the year before, based on preliminary sources, are published in March each year. Under ordinary circumstances data should be final in T+7 to 8 months. Annual accounts for the year before are based on more detailed annual sources and are published in September each year. The quarterly

source is not revised on a regular basis. However, it might be revised on an ad-hoc basis if an error is discovered in the data source for a previously reported quarter.

The annual source for local government (S.1313), Annual accounts for municipalities and county councils, is collected during the spring, processed during the summer and becoming input to financial accounts and published in September. Hence, annual financial accounts referring to year T is published in September year T+1 and included in EDP October notification year T+1. However, a preliminary annual calculation concerning previous year is compiled as the sum of four quarters and published in March each year (year T+1 referring to year T) when the fourth quarter is published. The quarterly source is, together with the latest available annual source, used to calculate the quarterly accounts. Thus, the annual source referring to year T-1 is used when first compiling FA for quarter 1 year T – quarter 1 year T+1. When compiling quarter 2 year T+1, the annual source referring to year T is available and the quarters 1-4 year T and quarter 1 year T+1 are revised.

Financial accounts for social security funds (S.1314) are based on its quarterly source. Annual accounts are compiled as the sum of the four quarters. When calculating quarter 4, which is published in March, the main units' annual reports are available as a complementary source for the annual financial accounts. The quarterly source is not revised on a regular basis. However, it might be revised on an ad-hoc basis if an error is discovered in a questionnaire for a previously reported quarter.

## **B. Methodological issues**

### **5. Sector delimitation – practical aspects**

## 5.1. Sector classification of units

General government is defined by ESA2010 §2.111 as "... institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

- a. if it is an institutional unit (ESA2010 2.12 describes the rules according to which an entity can be considered as an institutional unit)
- b. if it is a public institutional unit (ESA 2010 §20.18 and MGDD I.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"... According to the list of criteria listed in ESA 2010 §20.309 )
- c. if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD I.2.4)"

The government decide upon the overall activity and targets for every central government authority as well as the appropriations for each authority. In a similar way the municipal assembly in every local government authority makes these decisions. However, the government is not allowed to influence an authority in certain questions.

The autonomy of central government units is regulated in SFS 2011:109, Chapter 12, 2§ (*Regeringsformen*). The bookkeeping is regulated both in SFS 2011:203, Chapter 10, 2§ (*Budgetlag*), SFS 2000:606 (*Förordning om myndigheters bokföring*) and in SFS 2000:605 (*Förordning om årsredovisning och budgetunderlag*).

The municipal autonomy is regulated both in SFS 2011:109, Chapter 14 (*Regeringsformen*) and in SFS 1991:900 (*Kommunallagen*). The bookkeeping is regulated both in SFS 1991:900, Chapter 8 (*Kommunallagen*) and in SFS 1997:614 (*Lag om kommunal redovisning*).

The sub-sectors include institutional units, which are treated as non-market producers according to ESA 2010 as well as institutional units mainly controlled and financed by government.

Government sector delimitation analysis (and resulting reclassification, if any) is established and performed on a regular basis according to the criteria stated in ESA 2010 and MGDD 2016 edition. Annual investigation of government owned corporations is performed where all large corporations, i.e. referring to total liabilities, number of employees and corporations that fail the market/non-market test, are analysed. Also government owned holding companies and head offices/parent companies are analysed more thoroughly.

The work with investigating public corporations is carried through on a regular basis, both annually in connection to the annual questionnaire about public owned and controlled units, as well as, continuous analysis of new units. Government sector delimitation analysis has been established as a regular activity in national accounts. As a base for analysing public corporations a designed database at Statistics Sweden containing all public corporations is used. The same database is the source for the annual Eurostat questionnaire on government controlled units classified outside government and also corresponding to information requested in the Council

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Directive 2011/85/EU. Based on information in the database it is possible to carry out the market/non-market test. In the beginning of December each year figures for previous year are available. The database contains annual information back to year 2009. The annual investigation is always based on at least a three year period.

The quantitative 50% test is conducted based on the information from the business statements included in the database mentioned above. Net sales/turnover and other operating income are used as a proxy for sales and operating expenses, other external costs, depreciations, interest revenue and interest cost as a proxy for the production costs.

For the calculation of the consumption of fixed capital (as a part of production costs in 50%-criteria), we are using depreciations from the business statement as a proxy (no other adjustments are made). The net-interest charge, used as an approximation of the cost of capital, is calculated as interest costs less interest revenue. In some cases, the net interest charge may be negative, then it is set to zero and has no impact on the productions costs. Otherwise (if positive) it increases productions cost.

On the other hand, a test based only on the 50% criterion does not always provide a clear answer whether the entity should be classified within or outside general government. Further investigations are performed based on qualitative aspects according to ESA 2010 such as the degree of influence and mandate general government have on the entity, government financing etc.

Units within general government, and defined as government authorities and agencies, are not tested on a regular basis but frequently analysed in the calculation and compilation of non-financial accounts. General government units are always included based on the criteria mentioned above.

When new government authorities, municipalities, county councils are established/terminated, information is provided to the SCB by official decisions by government. If it concerns other units, information is provided by the business register at SCB who is responsible for classification of units in the business register. Information about classification changes is distributed to all statistical surveys whose population is based on the business register and also to the National Accounts department. It is, however, the responsibility of the National Accounts department to ensure that all units are correctly classified in national accounts based on ESA 2010, which leads to a continuous dialogue with the Business Register unit.

### 5.1.1 Criteria used for sector classification of new units

At Statistics Sweden (SCB), the following criteria are used for sector classification:

- Legal status
- Economically significant prices
- Ownership
- Industry (NACE)
- Public influence and control
- Economic information, number of employees etc.
- Quantitative 50% criteria

All of the above mentioned criteria, except for economically significant prices and government influence and control, are included in the above mentioned SCB database. The information is collected from different sources but the main sources are the Swedish Business Register

together with economic information from the annual structural business statistics at SCB. Some supplementary information from annual reports is also used to verify administrative data in the register. Information about government influence and control, ancillary services, market behaviour etc. is mostly collected from annual reports and information from official statements and corporation websites. The degree of government ownership is however included in the database.

### 5.1.2 Updating of the register

The Swedish Business Register is updated on a regular basis. This register is based on information regarding legal status, ownership, industry etc.

Statistics Sweden (SCB) has, as mentioned above, created a new database containing all public corporations. The database includes information on name, id-number, institutional sector, NACE-category, number of employees and ownership, and a variable which indicates if the corporation is included in the monetary financial institutions list (MFI) and other economic variables needed to conduct the quantitative 50% criteria according to ESA 2010. The database is updated once a year and is also used for the compilation of the annual “*Questionnaire on government controlled units classified outside general government*” and to correspond to the requirements in the Council Directive 2011/85/EU. The economic data needed for the 50% criteria (market/non-market test) comes from standardized accounting statements and is combined with data from Structural Business Statistics. Figures referring to year t are available in December year t+1. Information on name, id-number, institutional sector, NACE-category, number of employees and ownership comes from the business register, which is available and maintained at SCB. Information about ownership from the business register is supplemented with information from an annual questionnaire sent out to the municipalities and county councils to provide information regarding which corporations they own and even the share of ownership.

The Swedish National Financial Management Authority (ESV) is responsible for collecting data for *central* government authorities. If a new authority is created (by the *Riksdag*, the Swedish Parliament) ESV include the authority from the day the activity starts. The same procedure applies for social security sub-sector. The final decision is however made by SCB concerning all units within general government. The register at ESV is continuously updated and includes all relevant data to compile central government public accounts as well as working balance and also a base for net lending/net borrowing.

SCB is responsible for collecting data for local government authorities and when a new local government unit is established (split or emerge) the new unit/units are included immediately in national accounts. The decision of creating a new unit is taken by the parliament (the *Riksdag*). The register at SCB contains all units classified within sub-sector local government.

How detailed the data source is depend on if it is a quarterly or annual data source.

A summary of data sources split by sub-sector for units within general government:

**Central government (S.1311):** Quarterly non-financial data source, compiled by ESV and delivered to SCB at approximately t+45 days for further processing and the compilation of net lending/net borrowing which is complete at around t+60 days. The final non-financial accounts referring to year t are published in September year t+2. For S.1311, the same data source is used in both quarterly and annual non-financial accounts. However, for other central government

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bodies figures from annual reports are used and estimated on a quarterly basis. Forecasts are replaced by actual outcome when e.g. taxes and social contributions are finalized. For the financial accounts, the data source is the same as for the non-financial accounts. However, the data is delivered to SCB at approximately t+60 days. Additional data for the financial accounts is provided by the SNDO and the Kammarkollegiet.

**Local government (S.1313):** Quarterly non-financial data source is based on a survey containing all large municipalities (municipalities with more than 30 000 inhabitants) and all county councils. The time table is the same as for central government, i.e. publishing net lending/net borrowing at t+60 days. SCB is responsible, both for collecting data and for compiling non-financial accounts. The quarterly source for local government financial accounts is a quarterly survey on local governments' (municipalities and county councils) balance sheet data, carried out by the division of public finance at Statistics Sweden. The quarterly survey for the fourth quarter is a total survey for the population of 290 municipalities and 20 county councils. For quarters 1-3 the survey is a sample-survey adjusted according to the four quarter results. Quarters 1-3 all the 20 county councils and a sample of municipalities respond to the survey. The sample consists of all municipalities with more than 30 000 inhabitants, in 2014 81 municipalities. The annual compilation is based on a census where all municipalities, county councils and municipality associations are included, and, the annual data source is much more detailed. The time table is the same as for central government. Figures for local government corporations classified within government are based on information from annual reports.

**Social security funds (S.1314):** Quarterly non-financial figures are based on data from both ESV, PM and a quarterly questionnaire sent to the five national pension funds (AP-funds). The time table is the same as for central government, i.e. data is received by SCB around t+45 days and the compilation of net lending/net borrowing is complete at t+60 days. The annual compilation is based on the same data sources as quarterly accounts but supplementary figures are also collected from official annual reports. Early forecasts are replaced by actual outcome (for example from the tax assessment) and the time table is the same as for central government. The main financial accounts data source for the five AP-funds is the Quarterly survey on social security funds. It is a total survey among the five AP-funds and covers all their financial assets and liabilities. The data used for compilation of the AP-funds in financial accounts, is the quarterly survey on social security funds, containing both income statements, balance sheets and financial transactions. It is partly an integrated data source since part of the data from the income statement is used by the non-financial accounts. For the compilation of Swedish Pension Agency (PM) in FA several data sources are used. The AP-funds annual reports are used for comparisons and controls of the quarterly source.

Concerning public corporations in general, economic data referring to year t are available in December year t+1.

A major part of all relevant data for compiling net lending/net borrowing is included in different databases and registers at ESV and/or SCB. Please see each section in this Inventory, concerning EDP table 2A-D, for more detailed information.

More information regarding revision policies for non-financial and financial government accounts are found in chapter 4.

### 5.1.3 Consistency between different data sources concerning classification of units

Statistical surveys are kept updated regarding the sector classification used in national accounts. In addition, also different kind of teams and working groups are discussing and dealing with classification issues on a regular basis. Controls are performed to ensure that same units have the same classification both in non-financial and financial accounts as well as in MFI statistics.

All sub sectors of government use integrated data sources, i.e. the population for non-financial and financial accounts is identical for the sub sectors of government.

## 5.2. Existence and classification of specific units

Non-profit institutions serving households (NPISH) mainly controlled and financed by general government are classified within general government. Information used as a base is the business register and official financial statements as public annual reports or similar official statements. At present the classification is done on an ad-hoc basis.

### Quasi-corporations:

- Svenska Kraftnät (Swedish National Grid)
- Luftfartsverket (Air navigation service of Sweden)
- Sjöfartsverket (The Swedish Maritime Administration)
- Statens järnvägar (Swedish State Railways)
- Sveriges Riksbank (the Swedish Central Bank)

The first four units are state-owned public units while the *Riksbank* (the Swedish central bank) is a central government authority classified as a financial corporation.

Concerning infrastructure and roads, the Swedish Transport Agency is the central government authority responsible for drawing up regulations for the transport market and ensuring that authorities, companies, organisations and citizens abide by them.

Concerning railways, the regulation SFS 2004:519, amended SFS 2014:1347, (in Swedish: "Järnvägslagen") regulates how grants from the government should be reported, how fees are allowed to be collected and how railway services should be provided. In the annual report on key figures for corporations active on the Swedish railway market, the following government owned railway corporations are listed:

Corporation:	Government owned:	Sector classification:
CargoNet AB	Indirectly owned by Green Cargo AB (45 % )	Non-financial corporation
Green Cargo AB	Owned by central government (100 % )	Non-financial corporation
Inlandsbanan AB	Owned by municipals (100%)	Non-financial corporation
Inlandståget AB	Owned by Inlandsbanan AB, e.g. indirectly owned by municipals (100%).	Non-financial corporation
Malmtrafik i Kiruna AB	Owned by LKAB, e.g. indirectly owned by central government (100%)	Non-financial corporation

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TGOJ Trafik AB	Owned by Green Cargo AB, e.g. indirectly owned by central government (100%)	Non-financial corporation
SJ AB inklusive SJ Norrlandståg AB	Owned by central government (100 % )	Non-financial corporation
Stockholmståg KB	Owned by SJ AB (68 %) and by SJ Invest AB (32 %), e.g. indirectly owned by central government (100%)	Non-financial corporation

Concerning the metro there have been some recent changes. From 2013 there has been a change in the responsibility for public transport from municipalities to county councils, according to the new law of public transport.

However, both municipalities and county councils are recorded within the same sub-sector in national accounts (in local government). From 2013, the tasks previously handled by AB Storstockholm Lokaltrafik are transferred to the traffic management within Stockholm County. This means that all employees have been re-employed at the Stockholm County.

Corporation:	Government owned:	Sector classification:
AB Storstockholm Lokaltrafik	Owned by Stockholm county council(100%)	Non-financial corporation

There are about 450 corporations classified as public utility corporations, ports, airports etc. Some of these are holding companies/head offices classified by the activity of the subsidiary.

The school system in Sweden is regulated in SFS 2010:809 (in Swedish: “Skollagen”), in SFS 1992:1434 ( “Högskolelagen”) and in SFS 1993:100 ( “Högskoleförordningen”).

Municipalities have the main responsibility for preschools, primary schools and secondary schools. This includes schools for intellectually disabled children and adults, municipal adult education and education in Swedish for immigrants. Also leisure activities for children after school belong to the responsibility of the municipalities.

Also county councils are permitted to be responsible for upper secondary schools, municipal adult education and schools for intellectually disabled adults. Schools with county councils as principal are mostly folk high-schools and only a few upper secondary schools.

The central government is responsible for the so called special needs schools in Sweden; The Swedish Sami Schools; and the major part of the universities in Sweden. There are eight schools for children with special needs and with special disabilities (for example blind and/or deaf children), five Sami schools and 35 universities where the central government is the responsible authority. In addition, two universities with private principals are classified as central government units, e.g. Chalmers tekniska högskola and Högskolan i Jönköping.

Private corporations are permitted to apply to be approved to run preschools, primary schools and secondary schools, except for municipal adult education, education in Swedish for immigrants, schools for intellectually disabled adults, special schools and Sami schools. There are also 19 universities with private principals.

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The authority responsible for public TV and radio in Sweden is the Swedish Broadcasting Authority. This central government unit supervise the TV and radio broadcasts, permit licenses and set the fees.

The Public service corporations (SVT, SR and UR) provide radio and TV in the service of the general public. A specific Broadcasting Charter from the Government to each of the three programme corporations entitles them to broadcast television or radio programmes. The major part of the Public service corporations are financed by fees and are classified as non-financial corporations.

The Public service corporations are owned by: official name in Swedish “*Förvaltningsstiftelsen för SVT, SR och UR*”, a central government foundation for the three Public service corporations. The purpose of this foundation is to promote the autonomy of the Public service radio and TV. *Förvaltningsstiftelsen* is classified within central government.

“*Radiotjänst*” is an affiliated corporation owned by SVT, SR and UR. “*Radiotjänst*” is instructed to collect the fees for public TV and radio and is classified as a non-financial corporation. The fees are paid into an account in the Swedish National Debt Office and then distributed to the Public service corporations. The fees are classified as a fee in the national accounts, not a tax.

The responsibility for public medical service in Sweden is shared between central government, municipalities and county councils. This is regulated in SFS 1982:763 (in Swedish: “*Hälso- och sjukvårdslagen*”).

County councils in Sweden are responsible for the organisation of the public medical service. Public medical service can be divided into three levels: region medical care, county medical care and primary care. There are seven region hospitals in Sweden and about 60 county hospitals. Region hospitals are university hospitals and more specialised than county hospitals.

About 70 per cent of the county council services are financed by taxes. In addition, the county councils obtain income from patient fees and by selling services. The rest is covered by grants from the central government. The central government also provides some target grants to increase access to care and to pharmaceutical benefits. About 90 per cent of the county council budgets go to health and medical care and dental care.

County councils are also entitled to buy health and care services from private companies. There are hospitals classified as non-financial corporations, owned by other units outside general government. In this case, in the national accounts, patients are compensated through social benefits in kind.

No SPVs are included in general government sector.

Central government authorities involved in financial activities are mainly the Swedish National Debt Office (SNDO) and Legal, Financial and Administrative Service Agency (*Kammarkollegiet*). Both classified within central government.

The Swedish Export Credit Guarantee Board (EKN) task is to promote Swedish exports and the internationalisation of the Swedish industry by insuring export corporations and banks

against the risk of non-payment in export transactions. EKN is a central government authority classified within central government.

A list with all general government units is enclosed in Annex I.

## 6. Time of recording

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions).

The time of recording is defined in ESA2010 §1.101. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

### 6.1. Taxes and social contributions

Council Regulation 2516/2000 amended the Regulation on European system of national and regional accounts in the Community (ESA) 95 as concerns taxes and social contributions and clarified the rules concerning both the time of recording and the amounts to be recorded.

#### 6.1.1 Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA2010 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

In principle, no taxes are recorded either pure cash or time-adjusted cash (TAC). In Sweden, both individuals and corporations/organisations have their own unique tax account. When a tax obligation occur the tax payer pay the tax into the tax account and make a tax declaration to the Swedish Tax Authority (*Skatteverket*). As a result of the structure of the tax system with a single tax account for *all* taxes, it is not possible to see each tax at the tax account (=cash or TAC). The paid tax has to be confirmed by a corresponding tax declaration. In national accounts, taxes are recorded based on the tax declaration, which approximately is the same as paid tax. Depending on possible time lag the tax is recorded pure cash or TAC but based on reported amounts in the tax declaration to the Swedish Tax Authority. After the outcome from the annual Tax Assessment is available, total amounts for each type of tax can be observed in the overall tax system and be recorded in national accounts. Therefore, time of recording for all taxes and social contributions are based on Assessment and declarations.

In addition, small corporations/self-employed settles the tax only once a year in the final tax settlement. Therefore VAT, for example, is not finalized until final outcome from the assessment and declarations is finalized.

On the taxpayers tax account *all* taxes are recorded; income tax, social contributions, VAT, energy taxes etc. However the payment for these taxes refers to all taxes recorded on the tax account. This implies that the payment cannot be referred to a specific tax but to all taxes that are recorded on the tax account. The system can be compared to a VISA-account. You can use the card for buying many articles but the payment refers to them all.

## Specific government transactions - Guarantees, debt assumptions

The Swedish National Financial Management Authority (ESV) is responsible for estimations of taxes and social contributions. The estimates are based on statements on earnings and deductions (interest expenditures) and supplementary payments made by both individuals and corporations beyond the prepayments of tax. That implies that information exist on how salaries, pensions, benefits have developed the previous year. So instead of assumptions of the development, information of the outcome is used to get a more exact estimate of the tax bases and the taxes. The supplementary payments are used as an indicator to estimate taxes where no information about prepayments exist (e.g. capital gains for individuals) and where the prepayments are to low (e.g. for corporations).

Estimates for the second EDP notification (October year  $t+1$ ) are based on the latest forecasts made during August year  $t+1$  which is included in the annual calculation of year  $t$  in national accounts. The forecast in August year  $t+1$  take into account a preliminary outcome from the Tax Assessment, both for individuals and corporations and concerning both tax bases and taxes. The figures are presented and publish in September year  $t+1$  and also included in the EDP October notification.

In the third EDP notification the outcome from the Tax Assessment replace estimates but are not yet final. Until May year  $t+2$  the final outcome can change as a result of reassessments. In May year  $t+2$  taxes are treated as final and included in the final calculation in national accounts year  $t+2$ , and presented and published in September as well as included in the EDP October notification year  $t+2$ . The revision between the third EDP notification (year  $t+2$ ) and the fourth EDP notification (year  $t+2$ ) should be relatively small. The third EDP notification takes into account reassessments settled in December year  $t+1$  and reassessments in January and February year  $t+2$  while the fourth EDP notification also takes into account reassessments settled in March and April  $t+2$ . When these are included the outcome is final.

As described above the main part of the revision will occur when estimates are replaced by outcome from the Tax Assessments, i.e. between October notification year  $t+1$  and April notification year  $t+2$ . However, there will always be a revision between April notification year  $t+2$  and October notification year  $t+2$  as well.

A detailed description of the model for F.8 on tax flows between central government and local government sub-sectors can be found in section 3.6.4 Other accounts receivable/payable F.8.

Assessed amounts are neither adjusted by a coefficient nor recorded as capital transfers corresponding to taxes unlikely to be collected. The tax calculations are based on taxes *actually* collected. Both individuals and corporations have their individual tax account. All assessed taxes and payments are recorded in this account. If there is a deficit and the deficit is not settled in time the claim is handed over to the Swedish Enforcement Authority (*Kronofogden*) for collection of the claim. A part of these amounts are, in fact, collected by the Enforcement Authority and transferred to the Tax Authority. This net amount (always a loss of course) is recorded as taxes not to be collected. This means that amounts of taxes not collected can be referring to several years.

It do not exist any time limit when the Enforcement Authority (*Kronofogden*) aborts the attempt to recover the claim. However, in national accounts the time limit for recording the repayment in current year  $t$  is in May year  $t+2$ . After that the recovered claim is recorded in the existing/present year. And at the same time the difference between taxes not collected and

## Specific government transactions - Guarantees, debt assumptions

recovered claims (always a loss of course) are recorded within each type of tax as a negative impact on net lending/net borrowing. Figures referring to taxes unlikely to be collected are based on actual outcome and not estimations and are recorded for each type of tax.

Since the tax account system does not allow specification of which taxes paid or not paid, but only the total, it is not possible to know exactly if the taxes concern the present year or a previous year. However, since the handing of deficits to the Enforcement Authority (*Kronofogden*) is made every month, the main part of amounts not paid should concern prepayments of income taxes, social contributions and VAT for the current year. Maybe there will be a minor underestimation of losses for the former year, due to the fact that the decision on final tax for corporations is made once a year and thus will be an extra claim apart from the monthly payments. Since the total loss does not differ very much from one year to another, this effect, however, will be levelled out over time. Randomly, technical effects can occur, depending on the exact time for handing over a claim to the Enforcement Authority (*Kronofogden*). These effects can occasionally lead to misleading information for a separate year, which also will be levelled out over time.

It's always the amounts assessed by the tax authority that are recorded in the tax account. In most cases this amount is the same as the amount that the tax payer has declared in the tax form. The difference in claims is the same amount as the taxes not collected as reported in the EDP.

The responsibility for compiling taxes for national accounts purpose, as well as making forecasts, is the Swedish National Financial Management Authority (ESV). However, the data source for tax declarations and outcome from the Tax Assessment is the Swedish Tax Authority (*Skatteverket*). Statistics Sweden (SCB) then receive figures from ESV and transform the data into ESA transaction codes based on ESA 2010 and include it in both non-financial and financial accounts, for the entire general government sector and the sub-sectors. Forecasts are replaced by outcome from the annual Tax Assessment.

SCB has the overall responsibility for EDP in Sweden but several other central government authorities are involved in the calculations. For central government sub-sector and EDP notification table 2A (except net lending/net borrowing) the responsible authority is ESV, but in close cooperation with SCB. In addition, SCB is responsibility for compilation of both national accounts and EDP for local government and social security funds.

Tax refunds, reimbursements, interest on late payments, penalties etc. are collected in the same way as taxes in general. Figures are based on actual collected figures (real indicators used). Both quarterly and annual figures are available. No particular deadline exist for this kind of transactions but in national accounts, taxes are "closed" (finalized) in May year t+2 and published in the annual publication in September year t+2, thereafter these items, if any, are recorded at present year.

All assessed taxes are recorded on a monthly basis in the tax account. For taxes that are assessed at the yearly assessment, the final settlement is recorded (final tax less prepayments). All payments that the individuals or the corporations pay are also recorded on the tax account. If there is a deficit on the account the tax payer has to pay an interest and the other way around, i.e. the tax payer will receive an interest if there is a surplus on the account. So, for each tax payer, as well as, for the budget recording the following can be split:

Assessed tax revenues (recorded by the tax authority)

## Specific government transactions - Guarantees, debt assumptions

- Taxes not collected (recorded data by the tax authority)

= Total tax revenues in accruals

+ The sum of deficits and surpluses on the tax accounts

= Total tax revenues on cash basis

*But it is not possible to separate assessed values from cash values for individual tax items (type of tax).*

The reassessments can be split between individuals and corporations but not according to type of tax – but in most cases the reassessment refers to ESA transaction code D.5.

Also fines, penalties and interest are recorded on the tax account and handled in the same way as taxes.

The following deadlines concerning (i) deadline for tax payer to pay and present the tax declaration to the Tax Authority (*Skatteverket*) and (ii) when the final data becomes available or is settled and finalized, are presented below split by type of tax.

### **VAT**

(i) Large corporations and government: month t+1; Small and medium corporations: month t+3 up to t+7; self-employed: October year t+1

(ii) Final data are finalized: October year t+1

VAT is recorded based on information from the Tax Authority (*Skatteverket*); monthly, quarterly or annual depending on size of the corporation or organisation. But VAT is not recorded pure cash or time adjusted cash as a result of the system for assessment (tax form for VAT, social contributions, income tax etc.) and collection of taxes. Depending on size of the corporation (the turnover), a taxpayer has to assess the VAT every month, quarterly or on an annual basis.

### **Excise duties**

(i) A major part of D214 is recorded with a time lag of month t+1 or t+2, but for some taxes such as profits of fiscal monopolies are based on Annual statements in May t+1

(ii) Final data are finalized: A major part at month t+1 but some based on Annual statements in May year t+1

### **Taxes on individual or household income, excluding holding gains**

(i) December year t+1

(ii) Final data are finalized: May year t+2

### **Taxes on the income or profits of corporations, excluding holding gains**

(i) December year t+1

(ii) Final data are finalized: May year t+2

### **Actual social contributions**

(i) December year t+1

Specific government transactions - Guarantees, debt assumptions

(ii) Final data are finalized: May year t+2

### **Total wage bill and payroll taxes**

(i) December year t+1

(ii) Final data are finalized: May year t+2

#### **6.1.2 Social contributions**

The time of recording of social contributions is defined in ESA2010 §4.94 as "... the time when the work that gives rise to the liability to pay the contribution is carried out..." for employers and employees social contributions, and as "... when the liabilities to pay are created" for self-employed and non-employed persons.

The following data sources are used: Time adjusted cash for compulsory employers' actual social contributions. Concerning voluntary employers' actual social contributions and both compulsory and voluntary employees' social contributions, as well as for self- and non-employed persons, data are based on assessment data.

Assessed amounts recorded entirely as revenue, which is the same method as for taxes. If the assessed amount is not paid within 90 days, the amount will be recorded as a loss by the tax authority. The revenue loss can later be regained by the Enforcement Authority (*Kronofogden*).

Information is collected by ESV and the compiling of national account data is done by Statistics Sweden, which is the same source as for taxes.

The treatment of reimbursements, refunds, interest on late payments, fines and penalties for non-payment and amnesties corresponds to the method for taxes.

Social contributions settled in the yearly assessment are finalized in June the second year after the income year.

## **6.2. EU flows**

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts. Eurostat, after the consultation with Member States, released a decision in February 2005. The ESA2010 Manual on government deficit and debt Chapter II. 6 "*Grants from the EU budget*" provide further details concerning the recording of these flows.

### **6.2.1 General questions**

In Sweden, there is no central agency managing EU-flows. Instead, different authorities are responsible for different EU- funds. Managing authorities are the following:

European Agricultural Guarantee Fund (EAGF) – Swedish Board of Agriculture

European Agricultural Fund for Rural Development (EAFRD) – Swedish Board of Agriculture

The European Fisheries fund (EEF) - Swedish Board of Agriculture

European Regional Development Fund (ERDF) – Swedish Agency for Economic and Regional Growth and also a few County Administrative Boards.

## European Social Fund (ESF) – Swedish ESF Council

All these agencies are classified in the central government sub-sector.

The main source of data for EU flows is the reporting of budget outcome (income recorded on budget revenue headings and use of budget appropriations) from the above mentioned agencies. When needed, balance sheets and profit and loss accounts are also used.

According to Swedish law (the Budget Act), funds received from EU are recorded on cash basis on revenue headings in the Swedish central government budget. The funds are substantially (more than 98 per cent 2011) used for transfers and grants, which are recorded on budget appropriations on cash basis (also according to the Budget Act). Thus, the cash flows can be eliminated directly from the outcome of budget appropriations and revenue headings. All this collection of data and elimination is made on the Central Government (CG) level.

For the CG reliable data is available on time of expenditure basis and the information is also divided by which sector receives subsidies from EU. The counterpart sector information also covers the national accounts needs.

More than half of the total EU funds consist of transfers to farmers, paid in November or December from the CG. In the absolute majority of cases, the equivalent amount is received from the European commission about two months later. As a result, there is no risk that advances and repayments would be mixed up.

The amounts from the EU are entering the CG working balance (WB) on cash basis and that is the same for all funds (when applicable).

The accrual adjustments in EDP table 2A are recorded under the receivables and payables for all funds.

In order to neutralize the impact on (B9), cash flow information is used.

Advances are recorded as an asset of government in a Treasury account (not separate).

When an advance is received and recorded as an asset of government, a matching payable is recorded in EDP T3.

### **6.2.2 Cash and Schengen facility:**

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

To our knowledge, Sweden has not received cash through transitional or Schengen facility.

### **6.2.3 Jeremie/Jessica**

The European Commission and the European Investment Bank Group and other International Financial Institutions on financial engineering in cohesion policy, the European Commission

drew up new initiatives for improving access to finance of European corporations. These initiatives require the involvement of EU governments (as in the case for other cohesion and structural policy instruments). EU Member States implement the JEREMIE and JESSICA initiatives by establishing a Holding Fund funded through their Structural Fund receipts from the European Commission and national contributions. The Holding Fund (HF) can be managed either by the EIF or by other financial institutions, according to the EU Structural Funds legislation applicable. In this context, the "Managing Authorities" can award management either directly to the EIF or any national institution which benefits from public procurement exemption under national law through a grant agreement, or indirectly by way of tender to a financial institution through a service contract. Holding Funds can be set up either as "ring-fenced blocks of finance" or as bank accounts managed by the Holding Fund manager on behalf of and in the name of the Managing Authority, or as an independent legal entity (Special Purpose Vehicle – SPV).

Sweden has no programmes or funds implemented under Jeremie/Jessica initiatives.

#### 6.2.4 Market Regulatory Agencies

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

The Swedish Board of Agriculture (*Jordbruksverket*) has the role of market regulatory agency. The Board of Agriculture (*Jordbruksverket*) has a central and coordinating role and is the accredited paying agency for agricultural and rural support. The board handles the actual transactions concerning market regulations in Sweden, that is, buying and storing the surplus quantities. The following products can be subject to intervention: barley, wheat, rye, skimmed milk powder, beef, butter and sugar. Products must fulfill certain quality criteria in order to be eligible. The products purchased by the intervention agency will later be sold, either within the EU or to a non-member country.

The Board of Agriculture (*Jordbruksverket*) belongs to central government.

Changes in inventory, concerning market interventions, are recorded as changes in receivables.

No special units have been created for this task. Data about changes in inventory are reported and monitored by the Board of Agriculture (*Jordbruksverket*).

### 6.3. Military expenditure

The ESA2010 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered. ESA 2010 paragraphs 20.190-20.192 define the rules for the statistical recording of military equipment. Chapter II.5 in Part II of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

#### 6.3.1 Types of contracts

The compilation of military equipment expenditure (weapons system) is based on data collected from the central government quarterly reporting on S-codes of Balance sheet and Profit and loss statement to the Swedish National Financial Management Authority (ESV), including counterpart information done by the Swedish Armed Forces (SAF) and the Swedish Defence Material Administration (SDMA).

Arrangements within the government sector do not exist.

For the procurement of military equipment the type of contract most commonly used by the military forces is sales agreed in advance with industrial suppliers, sometimes through foreign governments. This applies when purchasing equipment for large orders, covering about 97 per cent of the total amount reported as military equipment.

Long-term rental contracts are rarely used in the procurement of military equipment. On average less than one per cent of the total amount procured and on two occasions only. Suppliers on those two occasions have been foreign governments. Additional services are not known to be included in the contracts.

Trade credits are in frequent use for orders of standardised equipment and small amounts constituting about 2 per cent of the total amount reported as military equipment.

No purchasing through an international special agency exists.

SDMA is responsible for the procurement of all military equipment. SDMA supplies accounting information to ESV when receiving deliveries. Received deliveries which are not yet invoiced by a supplier are reported as accrued deliveries. The classification into equipment and expenses is reported by SAF when receiving deliveries from SDMA. This information is compiled by SNFMA and the resulting data is reported to SCB.

#### 6.3.2 Borderline cases

No particular borderline cases relating to classification of military goods or other equipment used by military forces has been identified presently. During the last ten years non-destructive military equipment has decreased substantially as a share of Military equipment expenditure.

### 6.3.3 Recording in national accounts

Military equipment procured through sales agreed in advance is recorded at the time of delivery in national accounts and EDP tables. Equipment procured through long-term rental contract are also recorded at the time of delivery, but has previously been reported as expenses for leasing rents, referring to equipment delivered in 1992 and 1994. Equipment procured through trade credits are recorded at the time of delivery.

## 6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA2010 paragraph 20.178 reads: "In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding"

ESA2010 MGDD part II, chapter II.4 is dealing with some practical aspects of the recording of interest.

### 6.4.1 Interest expenditure

**Table 10. Availability and basis of data on interest**

Instrument	S.1311		S.1312		S.1313		S.1314	
	State	OCGB	Main unit	OSGB	Main unit	OLGB	Main unit	OSSB
Deposits (AF.2)	Cash/accrual		M	M	M		M	M
Debt Securities (AF.3)	Cash/accrual		M	M	Accrual		M	M
Loans (AF.4)	Cash/accrual		M	M	Accrual		L <sup>10</sup>	M
Other accounts receivable (AF.8)			M	M				M

Cash/accrual, M (not applicable) or L (not available)

For central government (S.1311), a separate report on interest is collected both for financial and non-financial accounts. For S.1311 information from S-codes and income headings is used (see 3.2.1.1 for details). For the interest of the national debt a special report developed together with the SNDO are used. For S.1311, data is available both cash and accrual. For S.1311, data by category of instrument is available to SCB in the FA. Data is available on an aggregated level for the non-financial accounts. Accrued interest is recorded under the instrument in question.

Information about interest for local government (S.1313) is available in the statement of accounts. The data is accrual. Thus no adjustment is needed in EDP table 2C. The quarterly survey on financial assets and liabilities for municipalities and county councils provides specification of interest payable and interest receivable under the individual instruments. Adjustment for interest payable is reported in EDP table 3D, since it is included in transactions, in financial accounts, but not in the change of nominal Maastricht debt. The quarterly survey

<sup>10</sup>Regarding the row "Difference between interest accrued and paid", L is reported. The S.1314 units possess a very short term debt, cash collateral, connected to securities lending and repos. Furthermore, it is a relatively small debt. We have no information on the interest but assume the difference between interest accrued and paid to be small.

on social security sector provides specification on interest receivable under the individual instruments. Accrued interest is recorded under the instrument in question.

The adjustments for central government refer to interest expenditure, discounts, premiums, coupon sold, interest revenue in EDP T3B. There are no adjustments for interest revenues in EDP table 3B, but accrual adjustment for interest revenue is included in EDP table 2A. This is due to the fact that revenue is separately reported under assets in the FA, but a net recording is used in the WB. For central government, amounts for accrual adjustments on interest are not completely the same between table 2A and table 3B on the line "Difference between interest paid (+) and accrued (EDP D.41)(-)". There is no adjustment for inflation compensation in EDP Table 3B since both the change in Maastricht debt and the financial transaction in FA include inflation. Accrual adjustment for inflation compensation is, however, present in EDP table 2A.

Data reported in row "Difference between interest paid (+) and accrued (EDP D.41) are almost entirely related to interest payable. There are, however, negligible amounts of interest receivable in this row for all years. However, it is not (yet) possible to report an exact amount concerning the adjustment for interest receivable in a separate line in EDP table 2A. Development work referring to the reporting of interest from the SNDO is still in progress This indicates e.g. that it is not possible to distinguish interest receivable from interest payable in EDP table 2A. The net flows in WB are pure cash (i.e. realized interest) and the flows in B.9 are correct. In conclusion, it is not possible to report an accrual adjustment for interest receivable in a separate line in EDP table 2A. The amounts in "Difference between interest paid (+) and accrued (EDP D.41)(-), are, however, very small.

Discounts, premiums and coupon sold are included in WB, and the amounts are possible to identify. These are treated as financial transactions not to be included in B.9. However, in the line "Difference between interests paid and accrued" the total accrued interest regarding premiums and discounts are booked.

#### **6.4.2 Interest Revenue**

Source data for interest for central government is collected from reporting of the main central government agencies by S-codes and income headings (see 3.2.1.1 for details). For the other central government bodies, annual reports are used. See also section 6.4.1.

Information regarding interest for local government is available in the statement of accounts. The data is accrual. Thus no adjustment is needed in EDP table 2C.

#### **6.4.3 Consolidation**

For consolidation inside central government information from the central government agencies and their reporting on S-codes is used, as described above.

The quarterly income statement for the social security sector also includes interest received from central government for consolidation purposes.

Consolidation is applied for central government.

Consolidation does not impact B.9.

#### 6.4.4 Recording of discounts and premiums on government securities

Cash flows of premiums and discounts are included in the Working balance in table 2A. These cash flows are neutralised under “other financial transactions” and amounts are shown separately in row titled “Financial transactions concerning premiums and discounts”. Premiums and discounts are spread over the life of the instrument. Data source for cash and accrued discounts and premiums is the SNDO, which also is responsible for the “spreading”. Premiums are treated as negative expenditure in national accounts and discounts are treated as expenditure. The net annual accrued amount is reported in the line “Difference between interest paid (+) and accrued (EDP D.41)(-)”. The repayment of discount is identifiable from the repayment of debt.

Entities reported under “other government bodies” do not issue debt.

#### 6.5. Time of recording of other transactions

Time of recording of other transactions for general government are based on ESA 2010 rules which, in general, is on an accrual basis, except when ESA 2010 requires another recording. However, some exceptions can be made but are communicated on a bilateral level with Eurostat. One example is the extra funding to local government during the financial crisis. Central government introduced a temporary support to local government through an ad-hoc payment in December 2009, but the extra funds were used by local government during 2010 (transaction code D.73). In agreement with Eurostat the decision was to not record it “...at the time the regulations in force stipulate they are to be made” (§4.119 in ESA 2010), i.e. in 2009, but the transfer was instead recorded in 2010. In practice, the definition that says “...at the time the regulations in force stipulate they are to be made” can be difficult to follow and when the difference compared to cash recording is small, an approximation is used and the transfers are recorded cash.

If an accrual or cash data source is used depends on both the requirement in ESA 2010 and on the availability of data in the data source. For central government and social security funds some transactions are cash and adjusted to an accrual recording while other are on an accrual basis from the beginning. For local government, containing municipalities and county councils, the annual data source is the Annual accounts for municipalities and county councils were transactions are recorded on an accrual basis.

By using information directly from the data sources it is often possible to see if definitions are in line with ESA 2010 rules or if some adjustments are necessary. If possible, also validation and comparison is made with other official figures. For example, if an item is cash with one month lag the item in national accounts will be recorded as time adjusted cash with one month lag, which is straight forward. Another example is if an item should be recorded accrual and is recorded accrual already in the data source, no adjustment has to be done. But the confirmation that the item in fact is on an accrual basis is based on verification and comparison with other official figures (e.g. annual reports).

The accrual non-financial flows are in general consistent with F.8 recorded in financial accounts, there can be some vintage issues.

All transactions are included in public accounts. Public finance statistics regarding both general government and each sub-sector is carefully reviewed by users and compared with other official statistics and also compared with official published figures from the data sources themselves. The central government accounts are also audited by the Swedish National Audit Office

## Specific government transactions - Guarantees, debt assumptions

(SNAO). In addition, the different accounts at individual central government authority level, municipalities, general pension funds etc. are audited on an annual basis.

The audits of general government authorities are annual and take place in connection to the annual accounts. Authorities within the central government are audited by the SNAO. For municipalities and county councils the audit is stipulated by the law of accounting concerning external auditing for local governments (“*Den kommunala redovisningslagen – KRL*”). Within social security funds the Swedish Pension Agency is audited by the SNAO in the same way as central government units and the general pensions funds are audited by an auditor assigned by the Government Office of Sweden (*Regeringen*).

During December 2012 and January 2013 the SNAO made a review of the calculation and compilation process for non-financial accounts at SCB concerning public finance statistics and reviewed e.g. net lending/net borrowing including verification, documentation, control, quality management process etc. In 2014-2015, the SNAO reviews the governments reporting of financial assets within the general government sector.

The following accounting principle, time of recording, for each transaction is described below:

Subsidies payable: Accrual.

Current and capital transfer payable: Depend on type of transfer. Within other current transfers some items should be recorded cash, others when they are earned, and some at the time the regulations in force stipulate they are to be made etc. Generally, current transfers are recorded at the time the regulations stipulate the transfer is to be made if it relates to a compulsory transfer. And, at the time the transfer is made (cash) if it is a voluntary transfer, as written in ESA 2010. Some exceptions can be made after discussions with Eurostat, see above for an example. In practice, the definition that says “...at the time the regulations in force stipulate they are to be made” can be difficult to follow and when the difference compared to cash recording is small, an approximation is used and the transfers are recorded cash.

Gross capital formation: Accrual.

Dividends receivable: At the time they are due to be paid decided by the corporation which normally occur the year after the corresponding activity took place (a major part during the second quarter).

Social benefits payable: Accrual.

Other non-financial transactions: Either accrual or cash depending on kind of transaction; see answer for current and capital transfers payable.

Financial transactions: Not recorded in non-financial accounts. In the financial accounts the sale (privatisation) is recorded at the time when the ownership changes as a general rule. However, such transactions are uncommon and the timing of change in ownership is treated on a case by case basis, mostly depending on the information available at the time of recording. Data may be revised (i.e. the instruments in question and F.8 receivables/payables) when more information is available.

For central government, the figures delivered from ESV are mostly already transformed to ESA transaction codes, for example cash or accrual. The recording at ESV is based on ESA 2010 rules and, in turn, based on central government authorities' directly reported figures into so called statistical reporting codes. The statistical reporting codes are adapted to correspond to ESA 2010. No additional corrections concerning accrual adjustments are made by SCB, except ad-hoc cases as mentioned above. However, adjustments between quarters can occur if a figure is available only on an annual basis from the basic data source. A new, more relevant, quarterly allocation can then be made by SCB. The adjustment between quarters will not affect the annual figure and the EDP notification.

All units within the local government practise accounting on an accrual basis, so the figures in the statements of accounts are all accrued. Therefore, figures reported directly from the main source are used with no adjustments. However, exceptions can occur, e.g. for income taxes and government grants. See description in section 3.4.1.3.1.

The recording and treatment for the Swedish Pension Agency and the National Pension Funds in the social security sub-sector, is the same as for central government.

## **7. Specific government transactions**

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA2010), 2013 edition<sup>11</sup>.

### **7.1. Guarantees, debt assumptions**

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt as well as of deficit. The accounting rules are explained in the Chapter VII.4 on Government guarantees of the ESA2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

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<sup>11</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-GQ-13-006/EN/KS-GQ-13-006-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GQ-13-006/EN/KS-GQ-13-006-EN.PDF)

## 7.1.1 Guarantees on borrowing

### 7.1.1.1 New guarantees provided

#### *Recording in public accounts*

##### Central government:

Guarantees are provided to both government-owned and private corporations following approval by the Swedish parliament (*Riksdag*) and the Government (*Regeringen*). There are four authorities that can provide guarantees: the National Housing Credit Guarantee Board (BKN) which has been incorporated into the Swedish National Board of Housing, Building and Planning (*Boverket*) as per 1 October 2012, the Swedish Export Credits Guarantee Board (EKN), the Swedish International Development Cooperation Agency (SIDA) and the Swedish National Debt Office (SNDO, *Riksgälden*). The Ministry of Finance and the Ministry for Foreign Affairs also provide guarantees. These relate to international financial institutions of which Sweden is a member, for instance the World Bank and the European Investment Bank.

The most common type of guarantees is credit guarantees. A guarantee undertaking means that the guarantor stands surety for another party's payments, for example a bank.

For each guarantee the state charges a fee that at least should correspond to the expected cost (expected loss and administration cost). Fees for administration costs shall cover the administration costs for the authority. If the guarantee affects conditions in competitive markets, the fee should reflect the market value of the guarantee to avoid hidden state aid. The fees charged, to cover for expected losses, are accumulated in a notional guarantee reserve account. Costs following a call on a guarantee will charge the guarantee reserve. In the long run the guarantee operations are expected to be self-financed.

The related accounting records on central government guarantees are kept in government accounts.

Information on central government guarantees is made public at the following level of detail

- Outstanding guarantees, offers and statutory limits by government authority
- Provisions for expected loss by government authority
- Assets, claims by government authority
- Cash flows such as fees, repayments, calls by government authority

The credit guarantees issued from the Swedish National Board of Housing, Building and Planning (*Boverket*) concerning loans for new construction and renovation of homes and the acquisition of property converted into a cooperative tenancy are guarantees on assets.

Other issued guarantees, for example export guarantees, are guarantees on borrowing.

The outstanding granted guarantees are recorded off balance sheet in public accounts. The authorities make provisions for the expected costs on the liability side of their balance sheets. When a guarantee is called, the guarantor immediately repays the original creditor the full value of (e.g.) the loan including interest/other costs and registers an equivalent claim on the original debtor.

The profit and loss statement of government is adjusted for fees and revaluation.

## Specific government transactions - Guarantees, debt assumptions

The Swedish recording of guarantees called, renders debt assumption at inception unapplicable.

There are no cases when, since inception, government pays regular interest.

### Local government:

Guarantees are provided mainly to government-owned but also to private corporations. All municipalities and most of the county councils provide guarantees. For county councils the amounts for outstanding guarantees are negligible but they are significant for the municipalities. However, cash calls are very small. Local government only provide credit guarantees. For most guarantees the provider charges a fee.

The related accounting records on local government guarantees are kept in government accounts.

Information on local government guarantees is made public at the following level of detail for 2013.

Total stock of outstanding guarantees

...of which to public corporations

Guarantee fees

Cash calls

Repayments

Based on information from the annual reports and contingent liabilities, estimations (on a unit level) have been performed for year 2010-2012 concerning stocks of local government guarantees. Estimated fees, cash calls and repayments are based on both relations between these flows and total stocks and information from the annual data source used in non-financial accounts. These figures are published as a total for local government.

The collection of local government guarantees, will from year 2015 referring to year 2014, be collected through the standard annual data source for the national accounts.

The outstanding granted guarantees are recorded off balance sheet in public accounts. The authorities make provisions for the expected costs on the liability side of their balance sheets. When a guarantee is called, the guarantor immediately repays the original creditor the full value of the loan including interest/other costs and registers an equivalent claim on the original debtor.

The profit and loss statement of government is adjusted for fees and revaluation.

The Swedish collection of guarantees called, renders debt assumption at inception inapplicable.

There are no cases when, since inception, government pays regular interest.

### *Recording in national accounts*

#### Central government:

**For central government the following information regarding details on guarantees is available for statisticians:**

Total stock of debt guaranteed by government

...of which public corporations

...of which financial corporations

## Specific government transactions - Guarantees, debt assumptions

Stock of provisions

Amounts of new guarantees provided

Cash calls

Repayments

Fees collected

...of which public corporations

### **In Sweden, four central government authorities have permission to offer guarantees:**

Swedish National Debt Office (SNDO)

Export Credit Board (EKN)

National Housing Credit Board (BKN), the authority is incorporated into the Swedish National Board of Housing, Building and Planning (*Boverket*) as per 1 October 2012

Swedish International Development Cooperation Agency (SIDA)

The SNDO is responsible for central government guarantees and also responsible for stock figures in EDP questionnaire table 9.1. The rest of the guarantee related information in the EDP context is compiled by SCB, but the figures are based on information from SNDO. Debt assumption is not applicable as a result of an instant cash call when the guarantee is activated. No debt assumptions occur in Sweden concerning central government guarantees.

### Local government:

**For local government the following information regarding details on guarantees is available for statisticians:**

Total stock of outstanding guarantees

...of which to public corporations

Guarantee fees

Cash calls

Repayments

In Sweden all municipalities and country councils have permission to offer guarantees.

No guarantees exist for social security funds (it is not part of their operations).

The Swedish recording of guarantees called, renders debt assumption at inception unapplicable.

There are no cases when, since inception, government pays regular interest. If the guarantee affects conditions in competitive markets, the fee should reflect the market value of the guarantee to avoid hidden state aid.

### 7.1.1.2 *Treatment of guarantees called*

#### ***Recording in public accounts***

When a guarantee is called, the guarantor immediately repays the original creditor the full value of the loan including interest and other costs and registers an equivalent claim on the original debtor. The claim is reduced through interest payments and amortisation.

The outstanding claims are revalued twice a year in the financial statements. EKN revalues their major claims debts quarterly. The value of the claims reflects the anticipated recovery

possibilities. The profit and loss statement of the authority is adjusted for revaluation and realized losses.

According to the Ordinance concerning management of state claims “*Förordning (SFS 1993:1138) om hantering av statliga fordringar*” an authority may waive all or part of a claim because of the debtor's illness or if it for any other reason is obviously unreasonable to demand payment. In the Guarantee Ordinance (SFS 2011:211) it states that only the authority that manages a guarantee may halt recovery, file for bankruptcy, accept composition or waive the state's claim in respect of the guarantee. A decision to write off a debt can be made when the authority deems all possibilities for debt recovery to be exhausted. A claim can also be waived if the debtor is granted debt relief according to negotiations in the Paris Club.

#### ***Recording in national accounts***

A guarantee call is recorded as expenditure in national accounts, i.e. recorded as capital transfer payable.

No guarantees called are recorded as claims against the guaranteed unit or against a third party.

No guarantees called are recorded as assumption of the whole outstanding debt.

No other forms of recording are applicable to guarantees called.

Decision how to record central government guarantees is based on a bilateral agreement between national statistical authorities involved and Eurostat and elaborated e.g. in MGDD and ESA 2010.

In case of repeated guarantee calls, each call is treated separately.

#### **7.1.1.3            *Treatment of repayments related to guarantees called***

##### ***Recording in public accounts***

The claims are reduced by repayments.

##### ***Recording in national accounts***

Repayments by the original debtor/third party are recorded as revenues and as capital transfers at the time the payment is due to be made (equal to cash).

#### **7.1.1.4 *Treatment of write-offs by government in public accounts of government assets that arose from calls, if any***

Cash calls are recorded immediately when the guarantee is called, and recorded as an expenditure. It means that no claim or asset can be written down or written-off. One example is Paris Club.

#### **7.1.1.5            *Data sources***

For central government, both stocks and flows are available for each authority and to whom (guaranteed corporation).

Related flows are included in WB.

For local government, stocks of guarantees are available for every local unit (municipality or country council). Data are collected on aggregated level, i.e. not by beneficiary.

Related flows are included in WB.

## 7.1.2 Guarantees on assets

### 7.1.2.1 *New guarantees provided*

#### ***Recording in public accounts***

##### Central Government:

Guarantees are provided to both government-owned and private companies following approval by the Swedish Parliament (*Riksdag*) and the Government (*Regeringen*). There are four authorities that can provide guarantees: the National Housing Credit Guarantee Board (BKN) which has been incorporated into the Swedish National Board of Housing, Building and Planning (*Boverket*) as per 1 October 2012, The Swedish Export Credits Guarantee Board (EKN), The Swedish International Development Cooperation Agency (SIDA) and Swedish National Debt Office (SNDO, *Riksgälden*).

The most common type of guarantees is credit guarantees. A guarantee undertaking means that the guarantor stands surety for another party's payments, for example a bank.

For each guarantee the state charges a fee that at least should correspond to the expected cost (expected loss and administration cost). Fees for administration costs shall cover the administration costs for the authority. If the guarantee affects conditions in competitive markets, the fee should reflect the market value of the guarantee to avoid hidden state aid.

The fees charged, to cover for expected losses, are accumulated in a notional guarantee reserve account. Costs following a call on a guarantee will charge the guarantee reserve. In the long run the guarantee operations are expected to be self-financed.

##### Local government:

For local government, guarantees on assets do not exist to our knowledge. All guarantees collected from local government refer to guarantees on borrowing (as described in section 7.1.1).

#### ***Recording in national accounts***

Concerning new provided guarantees on assets the recording is the same as for guarantees on borrowing described above in section 7.1.1.

### 7.1.2.2 *Treatment of guarantees called*

#### ***Recording in public accounts***

##### Central Government:

When a guarantee is called, the guarantor immediately repays the original creditor the full value of e.g. the loan including interest and other costs and registers an equivalent claim on the original debtor. The claim is reduced through interest payments and amortisation.

The outstanding claims are revalued twice a year in the financial statements. EKN revalues their major claims debts quarterly. The value of the claims reflects the anticipated recovery

possibilities. The profit and loss statement of the authority is adjusted for revaluation and realized losses.

According to the Ordinance concerning management of state claims “*Förordning (1993:1138) om hantering av statliga fordringar*” an authority may waive all or part of a claim because of the debtor's illness or if it for any other reason is obviously unreasonable to demand payment. A decision to write off a debt can be made when the authority deems all possibilities for debt recovery to be exhausted.

#### ***Recording in national accounts***

Recording of guarantees called for guarantees on assets, the recording is the same as for guarantees on borrowing described above in section 7.1.1.

#### **7.1.2.3            *Treatment of repayments related to guarantees called***

#### ***Recording in public accounts***

The claims are reduced by repayments.

#### ***Recording in national accounts***

Recording of repayments for guarantees on assets, the recording is the same as for guarantees on borrowing described above in section 7.1.1.

#### **7.1.2.4            *Treatment of write-offs***

In connection with a bankruptcy, the securities may be for sale by the beneficiary. The value of the claim reflects the anticipated recovery possibility. The remaining debt is recorded as a realized loss. The profit and loss statement of the authority is adjusted for the realized loss.

#### **7.1.2.5            *Data sources***

For central government, both stocks and flows are available for each authority and to who (guaranteed corporation).

### **7.1.3. Standardized Guarantees**

Minor standardized guarantees exist for central government but not for local government.

The SNDO has a number of areas in which standardized guarantees can potentially be issued: Contingent guarantees, Ship credit guarantees, Guarantees for the extraction of oil, coal and natural gas and Guarantees for official animal quarantine. For these, no guarantees have been issued at present.

Existing guarantee schemes are:

Guarantees for reindeer husbandry, outstanding amount (31 December 2014): about SEK 0.3 million.

Guarantees for Ministry of Foreign Affairs and Sida personnel stationed abroad. They are issued to banks that grant loans to civil servants for costs associated with their moving abroad. Outstanding amount (31 December 2014): about SEK 0.5 million.

Previously, there have been guarantee programmes in the areas of agriculture, horticulture and companies in rural areas. These programmes are now closed, but around nine credit guarantees still remain for loans. Outstanding amount (31 December 2014): about SEK 1.2 million.

## 7.2. Claims, debt cancellations and debt write-offs

Providing loan capital is generally a financial transaction not impacting the net borrowing/net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA2010 and further clarified in the Chapter III.2 on Capital injections and Chapter VII.2 on Debt assumption and cancellation of the ESA2010 Manual on government deficit and debt.

### 7.2.1 New lending

For the central government, the two largest loans granted are the loans to the central bank and CSN loans (student loans) to the household sector. The claim holder in this case is the SNDO for the central bank loan and CSN for the CSN loan. The SNDO also have loans granted to both private and public corporations in the non-financial corporation sector. In connection to the financial crisis 2008, two loans were granted by the SNDO to Ireland and Iceland (the latter was repaid in 2014). Among the largest Other central government units who grants loans are Almi, Swedfund and Sida.

The loan to the central bank has been thoroughly analysed in connection to April 2015 EDP notification. From 2012q1 the data is consistent within central government, i.e. the stocks and flows from the asset and liability side are the same, see more under section 7.13.

Direct data is available on stocks and transactions on new lending and on the related repayments regarding the loans granted by the SNDO, from the SNDO. The same information is also provided to the ESV. The CSN loan and loans granted by other central governments units are provided by ESV, also covering information on stocks and transactions on new lending and on the related repayments.

Currently, SCB is able to separate the interest accrued (which is part of the transaction) only regarding the loan to the central bank. Data on debt cancellation is provided by ESV, which refers almost entirely to the students loans granted by CSN but also debt cancellations connected to loans granted by other central government units.

In S.1313 municipalities and county councils mainly lend money to companies that they own. Beneficiaries are; housing companies, energy companies, manufacturing companies, water producing companies, parking companies, different type of real estate companies etc. Local governments often loan and then lend to the municipal owned companies because the local governments get better market terms than the companies. Statistics Sweden has investigated the matter of local governments lending to local government-owned companies. The companies pay market interests and the local governments are convinced that the loans will be repaid. In both the annual and the quarterly main data source for S1313 are claims as well as claims on local government-owned companies reported. Transactions are estimated as the change in stocks.

## Specific government transactions

In S.1314 the AP-funds lend to companies that they own larger shares of. The AP-funds' investments are regulated and the large four AP-funds are only allowed to own larger parts of companies if they are housing/real estate companies. The AP-funds report stocks in claims in the quarterly main data source. In some cases they also report transactions in claims. If not reported by the AP-funds, the transactions are estimated as change in stocks.

### 7.2.2 Debt cancellations

A debt cancellation can be based on legislation. One example is student loans. It depends on what kind of student loan it is, but, in general, at the age of 65 the loan is cancelled. Also when the debtor dies the loan is cancelled, as well as any possible reclaims. Also some additional conditions can be a reason to cancel the student loans, for example, heavy functional disability (unable to work due to accident or grave sickness). Information is reported by central government units and is included in the main data source. For example, for student loans the authority responsible – “*Centrala studiestödsnämnden*” (CSN) – which are in charge of financial aid for studies and home equipment loans, report figures on a regular basis as any other central government authority. Debt cancellations concerning student loans refer to cancellation of the loan, the expected interest during the rest of the year and, if the person has died, also possible reclaims referring to incorrect funds.

Debt cancellation is recorded as capital transfers at the time of cancellation.

For local government, SCB has recently amended the Quarterly survey on financial assets and liabilities for municipalities and county councils. The updated questionnaire includes questions on debt cancellations/assumptions, capital injections, non-performing loans, and asks for gross reporting of loans and equity. Information is included in the October 2015 EDP notification, from the year 2013 and onwards. Information from the survey arrives very late in the financial accounts production process for the quarter 4 calculations of each year (April Notification data). I.e. the non-financial accounts cannot use this data for the same period, at this stage, it is too late. And, since information about swaps, debt cancellations, debt assumptions etc. is not available on a quarterly basis the data has to be estimated in the April Notification (and in the NA fourth quarter calculations). That is, for the April Notification, debt cancellations and debt assumption is estimated by taking the last known annual value referring to year t-1, divide it by four and apply these values for year t. In effect, there will be a discrepancy referring to financial derivatives/swap related flows in April Notification, since the figures in EDP Table 2C are estimated (as described above) and figures in EDP Table 3D are preliminary, but still based on the questionnaire. The figures from the developed questionnaire can only be used in a fully consistent way in EDP Table 2C and Table 3D in the October notification. However, the swap related flows in the non-financial accounts will be verified using the questionnaire, as soon as data is available.

No transactions in loans are recorded as F.8 other accounts receivable. Debt cancellation, if present, is recorded under the instrument in question.

Loans are mainly treated as recoverable loans until an official decision on debt cancellation is made. If the loan is not paid, the Enforcement Authority (*Kronofogden*), claim the non-paid instalment and/or interest until the official decision on debt cancellation in the same way as non-paid taxes.

## Specific government transactions

No debt cancellation is recorded for Paris Club as a result of an already recorded capital transfer from general government to ROW at the time of activating/participating in the agreement in Paris Club, for each undertaking.

Provision of claims is not recorded in national accounts.

Monitoring of claims is performed through the monitoring of non-performing loans (in Swedish, osäkra fordringar) for central and local government. In case the non-performing loans amount to or above SEK 100 million, the unit is contacted and a decision to record debt cancellation is taken on a case by case analysis. The AP-funds, in the social security funds sector, operate under special circumstances why Statistics of Sweden do not consider the claims of Social security funds to be an issue to be investigated further.

### 7.2.3 Repayments of claims

Recording of repayments in national accounts depend on kind of claim. For example, claims for uncollected taxes and social contributions are recorded as revenues if the Enforcement Authority manages to recover the claim; otherwise it is recorded as an expense. Repayments of claims relating to guarantees are recorded as capital transfers. Other repayments relating to fines and penalties are recorded as revenues and as current transfers.

Repayments of claims which were previously cancelled are recorded as capital transfers.

No repayment in kind is observed.

Repayments concerning central government authorities are collected in the same way as other revenues directly from the authorities through statistical reporting codes. Authorities are reporting figures to ESV on a detailed level. ESV then transmits data to SCB transformed into items based on ESA 2010 definition (major part of the data set). SCB compiles the non-financial accounts by ESA transaction codes, by sub-sectors and by counterpart.

### 7.2.4 Debt write-offs

Debt write-offs are very rare. In the event of a debt write-off it would come to our knowledge in the basic data sources. If needed the circumstances of the write-off would be investigated.

### 7.2.5 Sale of claims

To our knowledge neither bad loans nor well performing loans have been sold by government in Sweden. To our knowledge, there have been no sales of claims.

### 7.3. Capital injections in public corporations

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA2010 paragraphs 20.197-20.203 and clarified in the Chapter III.2 on Capital injections of the ESA2010 Manual on government deficit and debt. These chapters devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD III.2.3.2.2.

Information about transfers between provider and receiver, both on a sector level, as well as, sub-sector level within general government, is available in the data sources. For central government, payments from central government authorities are recorded in the main data source. Based on information provided, a capital injection can be recorded in the national accounts. Information exists regarding both capital injections into public units and public corporations and can also be split by central government owned corporations and local government owned corporations. Recording capital injections into quasi corporations follows the same procedure.

The capital injection test is performed, in a first step, by ESV, who is responsible for collecting data from central government authorities. When SCB receive figures from ESV and begin the compilation of national accounts some specific transactions, as capital injections for example, are analysed once again for a second opinion. Especially large amounts are prioritized. Also verification between recording in non-financial accounts and financial accounts is carried out.

For local government, SCB has recently amended the Quarterly survey on financial assets and liabilities for municipalities and county councils. The updated questionnaire includes questions on debt cancellations/assumptions, capital injections, non-performing loans, and asks for gross reporting of loans and equity. All capital injections, amounts and to which company, given by local government, are provided in the new questionnaire. The information is analyzed, and capital injections test are performed. Also capital injections with no shares in exchange are asked for, to identify proper capital transfers. Capital injections are from 2013 and onwards, included in EDP Table 3D. Capital transfers are included in EDP Table 2C (part of row Investment grants and capital transfers). See more information referring to local government in section 7.2.2.

### 7.4. Dividends

The accounting rules are set out in ESA2010 paragraphs 20.205-20.207. It is recalled, that the ESA2010 Manual on Government Deficit and Debt chapter III.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the

corporation should be treated as superdividends, i.e. transaction in shares and other equity (a capital withdrawal). It also sets out that the resource available for distribution by a unit (a corporation) is the *distributable income* of the unit, as defined in the ESA2010, paragraph 4.55. Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA2010 table 2 and table 8 within “other property income” category, and the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the National Central Bank, and amounts received from other public corporations.

For central government, information about dividends split by corporation is available from the main data source (ESV). Together with information about the profit for each corporation the super-dividend test is applicable and performed. The super-dividend test is performed on a regular basis annually. But information on dividends is also available on a quarterly basis which provides the possibility to perform the interim test as well. Large dividends are analysed during the year for all four quarters. However, interim dividends are extremely uncommon. The data source is the ordinary data source for non-financial accounts, which is figures collected directly from central government authorities at the level of, so called, statistical reporting codes. In addition, also official information for all central government owned corporations is collected on an annual basis. For super-dividend regarding the central bank, see 7.13.

The super-dividends test is performed for all central government received dividends. The test is applied for all cases based on information about total dividends, profit from the official profit and loss account, extra ordinary events like sold real estates and also compared to the normal official dividends policy at the corporation.

For local government, the total amount of received dividends is recorded in the annual data source, but not split by dividend and corporation. A data base containing all public corporations has been put in place during 2012 which enable the super-dividends test for local government as well. Information is available annually. For year t-1 in the EDP October Notification, supplementary data from the Swedish Companies Registration Office is also used as a source.

For the social security funds subsector the data source is both the quarterly questionnaire and the official annual reports for the general pension funds. Total amount is recorded but not each dividend split by corporation. Information about the dividends paid and profit for each public corporation is available in the annual report for each corporation, which enables performance of a super-dividend test for social security funds sector. Information is available annually. The profit and loss for the year before revaluations and taxes (“Årets resultat före värdeförändring och skatt” in Swedish) is used to calculate the distributable income, adjusted for sales of fixed property.

## 7.5. Privatization

The accounting rules are set out in ESA2010 paragraphs 20.210-20.213. The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter V.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters V.3 and chapters V.4, respectively, provide the guidance on the

treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter V.3.1 of the ESA2010 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set-up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to organise the privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity be considered as taking place on behalf of the government?

For local government, SCB has recently amended the Quarterly survey on financial assets and liabilities for municipalities and county councils. The updated questionnaire includes questions on debt cancellations/assumptions, capital injections, non-performing loans, and asks for gross reporting of loans and equity. Information for transactions in F.5 regarding privatization are provided by the new questionnaire. Both the amount and which company are asked for. Information is included in the new questionnaire table 10.1 from 2013 and onwards. See more information referring to local government in section 7.2.2.

In general transactions in F.5 due to privatisation is recorded on an accrual basis, future cash flows is recorded in F.8. Due to circumstances this would however be a case by case decision. From a theoretical point of view a mother company is split and the parts is sold at different times. If units are identifiable, this would probably be seen as different sales, even if it is known at the first sale that all parts are to be privatized.

## 7.6. Public Private Partnerships

The term “Public-Private Partnerships” (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific “dedicated assets”, such that the non-government unit builds a specifically designed asset to supply the service. The accounting rules are set out in ESA2010 paragraphs 20.276-20.282 and clarified in the Chapter VI.4 of the ESA2010 Manual on government deficit and debt.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner’s assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in Chapter 15 of ESA2010.

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: “construction risk” (covering events like late delivery, respect of specifications and additional costs), “availability

risk” (covering volume and quality of output) and “demand risk” (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or *if government assumes the risks through another mechanism*, (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

PPP projects are, to our knowledge, not common in Sweden. There is no specific unit established in Sweden to deal with PPPs.

The knowledge of (potential) PPP projects for central, as well as, local government level is based on public information in different media, discussion in different reference groups e.g. between SCB, the Swedish Association of Local Authorities and Regions (SALAR), individual municipalities and the Ministry of Finance. The information/discussion regarding PPPs is not co-ordinated but on an ad-hoc basis.

A thorough investigation of potential PPP project took place in cooperation with Eurostat, as well as, the Swedish Association of Local Governments and Regions, during 2009-2010. A very small number of potential projects were identified and analysed accordingly by SCB. I.e. SCB performed all analysis and assessed the risks associated and risks borne.

In agreement with Eurostat, only one project was identified as a project of interest to study in Sweden. This is a local government project. Gross fixed capital formation is recorded by local government and assets and liabilities are recorded in the balance sheet of local government (already at the individual county council level, as well as, in the national accounts). Government does not provide guarantees for the private partner.

In case a potential PPP project is identified in the future, the methodology will be the same. SCB would perform all analysis and risk assessment.

## 7.7. Financial derivatives

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: *Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income.*

## Specific government transactions – 7.7 Financial derivatives

ESA2010 paragraph 20.133 specifies the treatment of so called of market swaps: “*Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, 'at-the-money' swap component.*”

### 7.7.1 Types of derivatives used

Since year 2000 the following derivatives have been used: forward contracts, currency swaps, interest rate swaps, futures, options.

A few municipalities in local government use derivatives (mainly interest rate swaps), but to a much lesser extent compared to central government.

In the Social security funds subsector, both the AP-funds and PM use derivatives. Social security funds use primarily currency derivatives (currency swaps and forward contracts).

### 7.7.2 Data sources

For S.1311 in the financial accounts a special report concerning debt management derivatives was created to meet ESA95 standards. The report also meets the new ESA 2010 standard. Flows are recorded both on the asset and liability side. For EDP and Maastricht debt purposes a more detailed liability report is used together with a debt interest report, where information on net interest flows and currency revaluation is reported. Data is recorded on accrual basis.

For S.1313 in the financial accounts, annual figures for transactions and stocks in financial derivatives are reported in the Quarterly survey on financial assets and liabilities for municipalities and county councils. Information regarding transactions referring to interest swaps are now asked for in the further developed questionnaire and has been implemented in October 2015 Notification, both in non-financial accounts and financial accounts.

For S.1314 in the financial accounts, transactions and stocks in financial derivatives of the AP-funds are reported in the quarterly survey on the AP-funds. The financial derivatives relating to PM and the premium pension scheme are administered by Kammarkollegiet and figures for them are reported by Kammarkollegiet.

### 7.7.3 Recording

One occurrence of swap cancellation has been recorded. The Lehman Brothers bankruptcy resulted in a swap cancellation. The amounts involved and the remaining maturity of the swap was so small that it was recorded as financial transaction. There have been no occurrences of off-market swaps.

Information is available on accrual basis and as payables on streams of interest payments.

Concerning interest related flows related to debt management derivatives, amounts are reported net under the liability side in national accounts in the EDP context. Else, swap flows are treated as a financial transaction and currently recorded both on the liability and asset side in the financial accounts.

During 2000-2010 a threshold of 150 million SEK (aggregated level) was used considering negligible amounts (transactions in derivatives were introduced in the financial accounts in 2011).

For S.1313 in the financial accounts, annual figures for transactions and stocks in financial derivatives are reported in the Quarterly survey on financial assets and liabilities for municipalities and county councils. Information regarding transactions referring to interest swaps are now asked for in the further developed questionnaire and has been implemented in October 2015 Notification, both in non-financial accounts and financial accounts. A thoroughly analysis has been performed regarding the local government use of interest swaps. The interest D41 previously reported in the annual account, RS, included corrections for swaps. These should have been adjusted for and booked in financial accounts instead. Since local governments have made losses in these swaps (2013 and 2014), the interest cost D41 was overestimated in non-financial accounts. Which means B.9 was underestimated. However, transactions, for 2012-2014, were included in financial accounts. This was a contributing factor to the discrepancies, B.9 versus B.9f. Now, the corrections for swaps are included in the calculations of B.9 and also revised accordingly in B.9f. This means that the effect of the interest swaps are the same in EDP Table 2C and Table 3D. See also sections 7.2.2 and 7.7.2.

## 7.8. Payments for the use of roads

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.

Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

### **The following payments for using roads exist in Sweden:**

- a) Fee for lorries/trucks (ESA transaction code D.29)
- b) Road tax paid by corporations, with the objective to reduce the number of vehicles in large cities (D.29), called “crowding tax” (in Swedish “*Trängselskatt*”)
- c) Road tax paid by households, with the objective to reduce the number of vehicles in large cities (D.59), called “crowding tax” (“*Trängselskatt*”)
- d) Ekerö ferry, the only ferry in Sweden financed by fees (P.131)

The first three are recorded as tax collected by central government and the last one is recorded as sales of service, non-market output, for central government sub-sector S.1311.

No cases of vignettes are observed in Sweden.

## 7.9. Emission permits

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases.[33] Emission quotas (known as "Assigned amounts", AAUs) were agreed by each participating 'Annex 1' country,

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU's central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

The ESA2010 MGDD part VI, chapter VI.5 is dealing with the statistical recording of the emission trading allowances.

Emission permits are sold by the Swedish National Debt Office (SNDO) from November 2012 and onwards. Before that, corporations received them for free. The Swedish system is connected to EU ETS and the Swedish trading system is called (in Swedish) "Svenskt utsläppsrättssystem SUS". In addition, also an administrative register/data base has been constructed to record different kind of information about both the pollution and the permits. This data base is called "Unionsregistret". The authority responsible is the Swedish Energy Agency.

**The time schedule for emission permits relating to pollution year T is as follows:**

Pollution period	January year T – December year T
Auction	Until April year T+1 <sup>12</sup>
Verification of pollution	March year T+1
Surrender of the permits	April year T+1
Official publication	May year T+1

In non-financial accounts, emission permits will be recorded at the time of surrender of the permits, i.e. the year after the pollution actually takes place. Revenues were recorded as other taxes on production and for the first time in 2014, referring to pollution year 2013. In financial accounts, the received amounts from the sales (cash) will be recorded as other accounts payable, for government, from the time of auction of permits to the time of recording the tax revenue.

The tax amount for a certain year will be based on the approximation recommended by Eurostat, which implies that the tax revenue should be equal to the number of permits surrendered multiplied by the average auction price of the stock of permits.

### 7.10. Sale and leaseback operations

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a "true sale" (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government's balance sheet.

MGDD part VI, chapter VI.2 is dealing with sale and lease back operations

To our knowledge, there have been no occurrences of sale and lease back operations over the period 2000- till now.

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<sup>12</sup> The average auction price is based on the period May year T – April year T+1

Information regarding sale and lease back operations is not available from any of the main sources for central or local government.

The knowledge of (potential) sale lease back operations is based on public information in different media, discussion in different reference groups e.g. between SCB, the Swedish Association of Local Authorities and Regions (SALAR), individual municipalities and the Ministry of Finance. The information/discussion regarding sale lease back operations is not co-ordinated but on an ad-hoc basis.

### 7.11. Securitisation

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. Also if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

ESA2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part V, chapter V.5 and the Eurostat decision of 25 June 2007, "[Securitisation operations undertaken by general government](#)" are dealing with securitisation operations.

To our knowledge, there have been no occurrences of securitisation operations over the period 2000- till now.

Information regarding securitisation operations is not available from any of the main sources for central or local government.

The knowledge of (potential) securitisation operations is based on public information in different media, discussion in different reference groups e.g. between SCB, The Swedish Association of Local Authorities and Regions, individual municipalities and the Ministry of Finance. The information/discussion regarding securitisation operations is not co-ordinated but on an ad-hoc basis.

### 7.12. UMTS licenses

The sale of UMTS licenses is to be recorded as the sale of a non-financial asset (the license) at the time the license is allocated. Thus, sale proceeds have a positive effect on B.9 in the year when the license is allocated. The actual payment of cash payment does not influence the recording of this transaction.

In some special cases, the sale of UMTS could be seen as a rent for the use of a non-financial asset, recorded over the life time of the license. In this case, the impact on government B.9 is spread over the duration of the license.

The ESA2010 MGDD part VI, chapter VI.1 and Eurostat decision of 14 July 2000 on the allocation of mobile phone licences (UMTS) are dealing with the sale of UMTS licenses.

UMTS licenses in form of 3G and 4G mobile phone spectrum frequencies have been sold to mobile system corporations in 2008 and 2011.

It refers to long time licenses for approximately 15 years. The sales have been recorded in the non-financial accounts as NP.2 Acquisition less disposals of contract, leases and licenses for central government.

There is no separate recording in the financial accounts. Indirectly B.9f was affected through repayment of central government debt, through The Swedish Post and Telecom Authority's (PTS) account in SNDO.

### 7.13. Transactions with the Central Bank

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes, may generate capital gains for central banks which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions. It also proposes to apply the rules on capital injections when government makes a payment to the Central Bank. Such payments by government may be made to cover losses made by the Central Bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses can not be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

The *Riksbank* (Swedish central bank) pays dividends to the owner (central government) on an annual basis. In national accounts, these dividends are tested for "super-dividends" on an annual basis using the "super-dividend" test described in ESA 2010 and clarified in MGDD. Since Sweden compile full accounts (both non-financial accounts and financial accounts) for S.121 Central bank, the "super-dividend test" is performed based on non-financial accounts data registered in the account of S.121 Central bank. The amount exceeding the distributable income of the central bank is recorded as withdrawal of equity (F.5), only the part of the payment equivalent to the distributable income is recorded as property income (D.422) in central government. The dividends from the central bank have been tested for the period 1994 and onwards. The partitioned dividend has impact on both B.9 and B.9f for the central government.

In 2009, the central bank made a decision to increase its foreign exchange reserve. This increase was financed by a loan from the Swedish National Debt Office (SNDO). The SNDO financed the loan to the central bank through issuance of bonds, thus increasing Maastricht debt. In the accounts, the issuance of bonds is recorded as AF.3 with a counterpart asset AF.4 in central government. The financing costs for this loan are born by the central bank so that transactions in F.4 and F.3 in central government cancel each other out, leaving no impact on B.9f for the central government. By the end of 2014, the loan amounted to about SEK 227 billion.

Statistics Sweden closely monitors the loan. The agreement, from April 24 2009, between SNDO and the Central bank has been analysed. According to the Swedish law (1§ 5 law (1988:1387)), SNDO is allowed to borrow money to supply the Central bank with foreign currency, when the purpose is to increase the foreign currency reserve. The Central bank should reimburse the SNDO for all costs connected to the borrowing (including e.g. interest). The agreement can be terminated (by either part) with one months' notice. Termination/discontinuance of the agreement does not affect previously agreed existent lending according to the agreement.

#### **7.14. Lump sum pension payments**

ESA2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA2010 MGDD and debt Part III.6 Impact on government accounts of transfer of pension obligations.

There have been occurrences of lump sum pension payments.

The reason for the transfer is in general economics of scale, where government is asked to fully administer the unit's pension scheme. A condition is that the pension scheme is the same or very similar to that used for government employees. Further, the unit from which the transfer is done continue to use the central government as administrator and hence "belongs" to the government pension scheme, i.e. pays premiums to the pension scheme. The government receives a lump-sum (premium) determined at the time of transfer of obligations. The lump-sum is an actuarial estimate of the present value of the future payments. The lump-sum payment is recorded as a transfer of pension entitlements between schemes in financial accounts, and increases the liability of pension entitlements in the receiving sector. If the unit continues to pay premiums to government this is recorded as government revenue, while benefits paid are recorded as expenditure, affecting the change in pension entitlements due to social contributions and pension benefits (D.8). If the unit from which the transfer was made continues to pay premiums to government, possible errors in the actuarial estimate are then handled in these premium payments.

#### **7.15. Pension schemes**

## Specific government transactions – Lump sum pension payments

The list of pension schemes in Sweden consists of:

- 1) The national pension system. The system is compulsory and includes all individuals and can be subdivided into the following parts:
  - i. Income pension. Earnings-related, a notional defined contribution scheme.
  - ii. Supplemental pension. Earnings-related defined benefit scheme. This scheme has the characteristics of a pension point scheme.
  - iii. Premium pension. The main part is invested in mutual funds according to individual choices. This is a unit-linked (defined contribution) plan. The other parts of contributions are either in transition controlled by government or invested in an annuity plan with the investment risk taken by the Swedish Pensions Agency.

Guarantee pension for individuals with low or no earnings-related pension is not part of the definition of pensions but is included in social assistance.

- 2) Employment related retirement schemes. The employer pension schemes are agreements between the labour market parties, employer organisations and unions, and cover about 90 percent of the employees in the private sector and all government sector employees. The schemes are funded or book reserves with some kind of guarantee. For the private sector the units with book reserves have to insure their pension obligations against default. If they are defaulting the insurance corporation Pensionsgaranti (FPG) will step in and pay pension benefits. Book reserves in the government sector are guaranteed by the right of the units to receive income taxes. Pensions from employment related schemes are added to the pensions from the national pension system for all employees. The same rules apply in principle for employees in the government sector as in the corporate sector.

- 3) Private pension schemes. Voluntary, savings in life insurance corporations.

The premium pension is a part of the public pension system but is classified partly in the financial corporation sector and partly in the social security funds sector. The premium pension plan could be divided into different stages, where one of them is a part of the social security funds subsector. That is the traditional insurance plan which is an option after the transitional period or at retirement. The other two stages, the temporary management in the transitional period and when the pension entitlements are funded on individual accounts after the transitional period, is a part of sector S.129, Pension funds.

Employer retirement schemes (additional to the public pensions) are classified in the financial corporation sector or in the case of book reserve systems in the same sector as the employer (with the exception of some parts of the government employee pensions). To distinguish between employer schemes and social security schemes in the statistics seems not to be a complicated matter in Sweden.

The major part of the public pension system is the income pension. This is generally regarded as a notional defined contribution scheme. Only current contributions and benefits are recorded as in a defined benefit PAYG-system. Buffer funds in the income pension scheme are recorded as an asset in the social security sub-sector.

## Specific government transactions – Lump sum pension payments

The premium pension assets belongs to the financial corporations sector or the social security funds subsector as above, but contribute to household saving.

Coverage of risks in the pension schemes:

- |  |                |
|--|----------------|
| 1) disability pensions                                       | (disability)   |
| 2) early retirement benefits due to reduced capacity to work | (disability)   |
| 3) old age pensions  | (old age)      |
| 4) anticipated old age pensions                              | (old age)      |
| 5) partial pensions  | (old age)      |
| 6) survivors' pensions                                       | (survivors)    |
| 7) early retirement benefits for labour market reasons       | (unemployment) |

1) – 7) are fully included in the Swedish definition of pension system.

The following table lists pension schemes in Sweden. The key for "Policy" can be found below the table.

Table: The main income related pension systems in Sweden

Pension system (agreement)	Scheme	Policy	Manager
National pension system	Income pension, IP	A	Swedish Pensions Agency (SPA)
	Supplemental pension, ATP	G	Swedish Pensions Agency
	Premium pension, PP	B	Swedish Pensions Agency
	Premium pension, PP	C	Individual, list of funds approved by SPA
ITP, private white collar workers	ITP part 1	B, C	Individual, restricted number of funds
	ITP part 2	D	Alecta (mutual insurance corporation)
		E, F	supervised by FPG/PRI
ITPK	B, C	Individual, restricted number of funds	
SAF-LO, private blue collar workers	Pension agreement SAF-LO	C	Individual, restricted number of funds
	STP	D	AMF (mutual insurance corporation)
PA 03, central government employees		B	Kåpan (insurance association)
		C	Individual, restricted number of funds
		F	Swedish Government Pensions Board
PFA98, local government employees	KAP-KL	C	Individual, restricted number of funds
		F	Local governments
	PA-KL	H	Local governments

The key codes for "Policy" above are as follows:

- A. Notional defined contribution policy
- B. Traditional pension policy (annuity)
- C. Unit-linked policy
- D. Defined benefit policy operated by insurance corporations or pension funds
- E. Defined benefit policy with autonomous funds operated by employers
- F. Defined benefit policy with book reserve operated by employers (without dedicated reserves)
- G. Defined benefit policy operated by social security funds
- H. Contingent pension policy

Pensions classified as social insurance pension schemes are the national pension system and the employer retirement schemes. The national pension system also includes persons on parental

or sick leave. For these groups central government pays the contributions to the income pension system.

Partially funded schemes as well as private unfunded schemes operated by employers do not exist in Sweden. All private employment related pension schemes have to be fully funded or in the case of book reserves insured against non-payment of pension obligations. Government employment related pension schemes are guaranteed by the right of the employer to finance expenditures by taxes. In the local government sector there still remain an important policy where pensions are not funded.

Social security schemes are contractual insurance schemes where the participants of a social insurance scheme are obliged by general government to insure against old age and other age-related risks, and provided by general government. In Sweden, the national pension system (excluding premium pension) are defined as a social security scheme. Below follows a detailed description of the national pension system and the pension systems of government employees.

### **Central government pension system**

#### **Introduction**

The pension agreement for central government employees has been changes twice since 1974 (PA-74). In 1991 an agreement (PA-91) was made which complemented the defined benefit pension plan with a traditional defined contribution pension plan from 1992 onwards. The contribution amounts to 1.7 percent of the income. In the latest agreement (PA 03) the contribution has been increased to 2.0 percent. But the main difference is the introduction of an individual defined contribution plan (2.3 percent of income) reducing the defined benefit plan to only those earning more than 7.5 income base amounts<sup>1</sup> correspondingly.

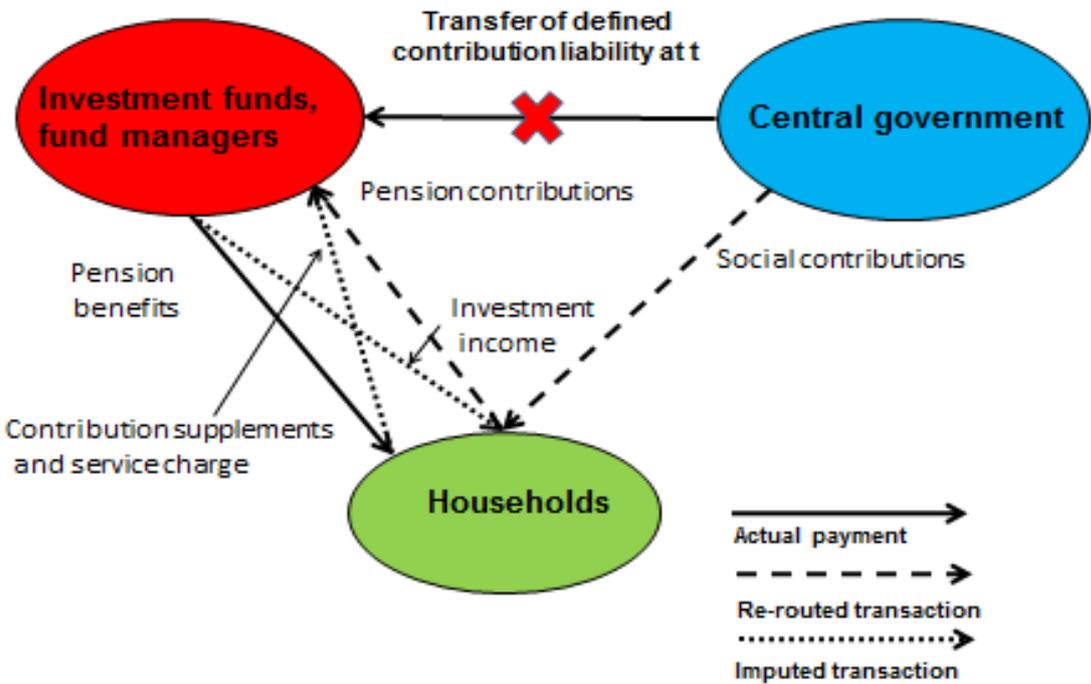
#### **The defined contribution individual pension plan**

The contributions of the individual plan are transferred to the chosen funds the month after they have been earned. This short time lag has made temporary funding small and in the national accounts (NA) no adjustment is done for this. The pension plan is administrated by Kåpan insurance association. Kåpan insurance association is classified as part of insurance corporations and pension funds (S.128/S.129) and entitlements and debts are recorded outside the central government sector.

For those who do not make a choice of manager for the individual part is invested in a traditional insurance policy and Kåpan will, by default, be the manager. So, in both these cases the premiums earned are re-routed as social contributions to households and paid by households as pension contributions to the insurance managers respectively in the financial corporate sector.

In figure 1 below the actual as well as re-routed and imputed transactions are shown. During the management of pensions investment income is earned by the policy holders and this transaction is imputed as property income and paid back as contribution supplements. The service charge which normally is deducted from the total of pension entitlements is also imputed as a transaction in NA. Pension benefits paid are recorded as part of income and regular income tax is paid on the amount (not shown in figure 1). Benefits are normally paid during the entire retirement period.

Figure: The recording of the defined contribution plan for central government employees



**The defined contribution traditional insurance plan**

The complementary pension plan managed by Kåpan is a traditional insurance policy converted into a life lasting annuity at the time of retirement. Since Kåpan also is the administrator of the complementary pension plan the recording in the NA resembles the recording of the individual pension plan. The premiums to the insurance association Kåpan are paid the month after the premiums have been earned and re-routed in the same way as for the individual pension plan (cf. figure 1). Entitlements, liabilities and benefit payments are also recorded in the same way as for the individual pension plan.

**The defined benefit plan**

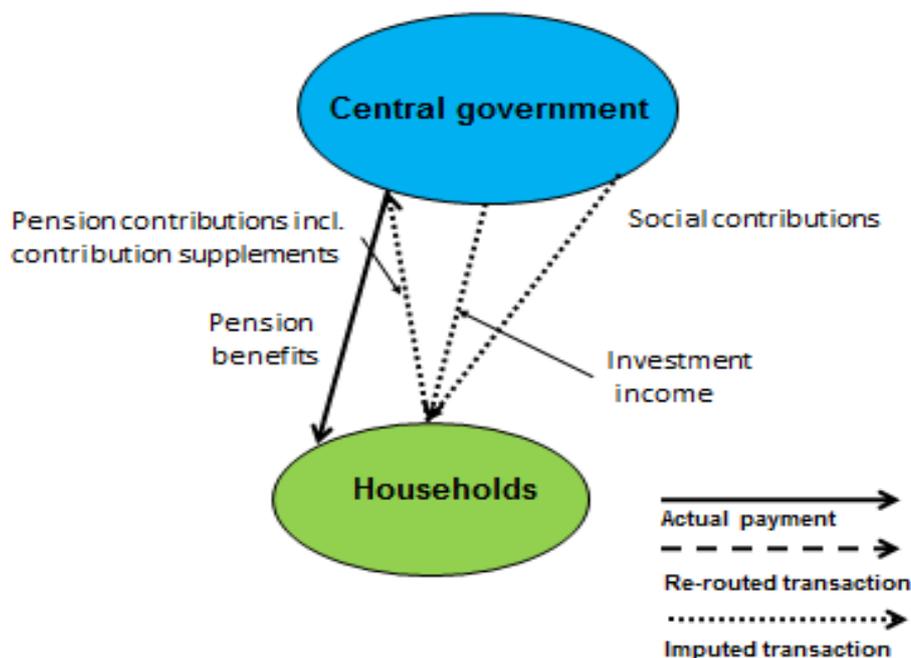
The defined benefit plan mainly covers the income of employees above the threshold of 7.5 income base amounts which does not qualify for receiving pension benefits from the general pension system. The plan is managed by the National Government Employee Pensions Board (SPV). On income above this threshold the benefit is estimated to be 65 percent and paid for the entire retirement period. The premiums paid by central government units to SPV are calculated according to the estimated benefit and discounted to the actual contributions.

Since 2006 SPV has introduced a flexible discount rate. In 2013 the rate was changed with 1.1 percentage points which increased the liability with about 34 billion Swedish Kronor. This would, if included in the government accounts have a huge impact on the costs as well as net lending. It was agreed that such a large change should not be taken into account in the annual accounts of central government. The Swedish National Financial Management Authority (ESV) only accepts a change of the discount rate of 0.2 percentage points for a single year. In the NA the same debt as recorded by the ESV is included but the investment income is calculated according to the recommendations made by Eurostat, with a constant real discount rate. The

## Specific government transactions – Lump sum pension payments

previous rate used by SPV was 2.5 percent until 2005 and this is used by the NA for all the years afterwards. In doing this there arise a difference between the liability and the sum of transactions and other changes which are recorded as part of revaluations (cf. annex 1). The discount rate has been lowered for the last four years and was set to 1.1 percent in 2014 according to the method put forward by ESV.

Figure: The recording of the defined benefit plan for central government employees, book reserve system



## Local government pension system

### Introduction

The pension agreement between local government employers and employees has changed over the years. The agreement from 1985 (PA-KL) has been succeeded twice. First in 1998 (PFA98) and the second in 2006 by the latest agreement, KAP-KL. The main change was made in 1998 when a defined contribution plan was introduced and this has, by the agreement of 2006, over the years been given increased importance. The feature of the current pension system for local government employees consists of three parts; (1) the defined contribution individual pension plan, (2) the defined benefit pension plan for earnings from 1998 and on and (3) the defined benefit pension plan for earnings until 1997. The defined benefit plan from 1998 only covers monthly income above the level of 7.5 basis amounts<sup>13</sup> whereas the plan before 1998 covered all income.

The reason to split the defined benefit plan into two separate plans in the NA is that the two parts are treated differently in the accounts of local governments. The pension debt prior to

<sup>13</sup> 7.5 basis amounts corresponds approximately to a gross income of €3,900/month (€SEK = 9.3).

1998 is not recognised as a debt in the accounts partly due to the characteristics<sup>14</sup> which makes it hard to estimate the liability but also due to the fact that it was a re-distributional plan, which means that current employees pay contributions which become benefits for the retired employees. A re-distributional defined benefit pension plan resembles a general defined benefit plan designed for the entire population. Such a plan is not recognised in the central framework of the NA and appears only in table 29 of ESA2010 TP.

The local government pension debt earned until 1997 is in the Swedish NA recorded as a contingent liability and appears only in table 29, column G. Benefits and contributions (mainly until 1997) of the plan are recorded in the NA. Information on benefits appear in the annual accounts of local governments (RS) whereas contributions have been estimated according to the percentage rates in the agreements in relation to the actual wages and salaries paid.

The defined contribution pension plan has become the main part of local government pension obligations. In the first years the contribution into the individual part was flexible between 1 and 4 percent of income and the remainder up to the agreed level of 4.5 percent added to entitlements managed by the employer. Each municipality could decide on the level in the span but the level has, since the latest agreement was signed, been raised to 4.5 percent (from 2010) for all municipalities.

#### **The defined contribution individual pension plan**

The contribution to the individual pension plan was flexible between 1-4 percent of income from 1998 to 2006. The difference between 4 percent and the actual chosen rate had to be saved within local government as part of a book reserve. In 2007 all local governments had to pay 4.0 percent in contributions which in 2008 was raised to 4.25 percent and to 4.5 percent in 2010. The individual pension plan consists of two phases, the first is the period between the contribution has been earned and the date when the accumulated contributions are transferred to the individually chosen managers.

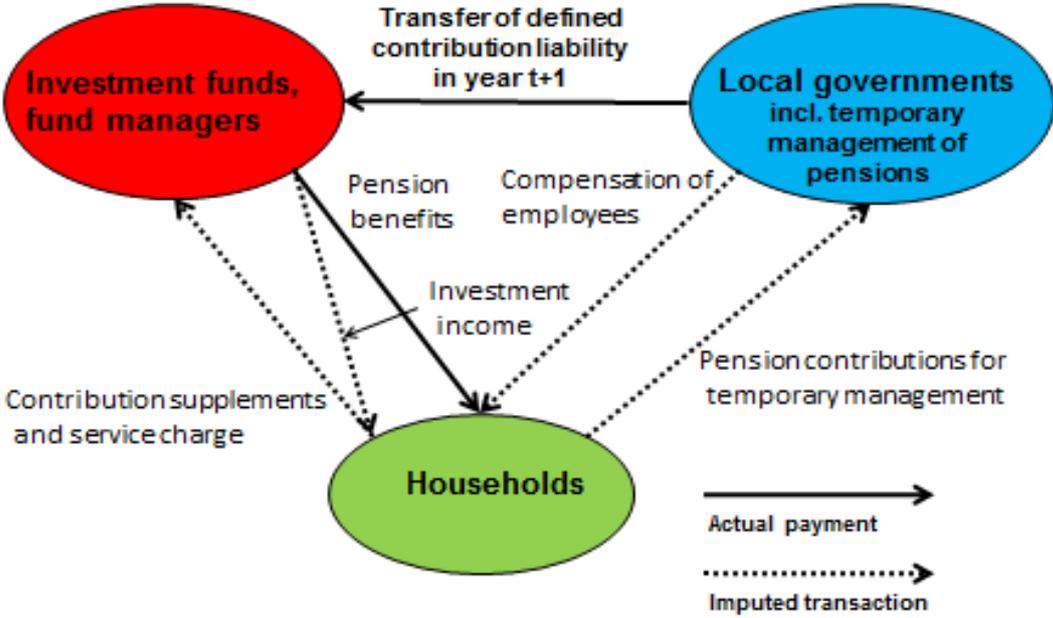
This is the period of temporary funding of the contributions recognised by the local government and the debt is recorded in the same way as in a book reserve system, i.e. with no correspondence to assets needed to meet the obligation. In this phase the liability recorded in the government accounts this is also recorded as an entitlement in the household sector in the NA. The liability only consists of accumulated contributions. There is no investment income earned on the entitlements during the temporary funding. The second phase is the management of contributions by pension funds until the time benefits are paid to the beneficiaries.

In order to show the pension entitlements/debt from the time it is earned the recording has to be made between the individual (household) and local government for the period the contributions is part of the temporary management. The recording of the contributions and temporary debt in the individual pension plan is made according to information from local government annual accounts (RS) and for the preliminary year the quarterly survey on municipalities and county councils. In the NA social contributions are imputed as part of compensation of employees received by the households and paid back as contributions to the local governments.

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<sup>14</sup> The pension benefits from local governments also depend on benefits received from the general pension system. The total benefits from these two systems is guaranteed to cover a certain amount of the income received during the years of employment and proportionally reduced if the retired employee has worked less than 360 month.

Figure: The recording of the defined contribution plan for local government employees



The transfer from government to insurance corporations and pension funds is recorded as a financial transaction (F.63), only. Since these transfers are made every year there will be an annual value for F.63 smaller than D.8. Relating to table 29 of ESA TP the item XD.81 will be negative every year. The recording of the plan is straightforward. The important elements are contributions (D.6111 which in this case is equal to D.8) and the transfer of entitlements from contributions earned in the previous year (part of F.63 equal to XD.81). The total F.63 (D.8 plus transfers of entitlements, XD.81) shows the level of current year contributions in relation to the contributions of the previous year. This item depends mainly on changes in the total wage bill, i.e. wage increases and changes of the number of employees. For the period 2011 to 2014 there has been no changes in the terms of the individual plan (XD.82).

After the liability has been transferred to the relevant pension funds the policy holders receive investment income and pays contribution supplements, taxes (to central government) and service charges. Since the taxes are paid directly from the funds (by the managers) this item has to be re-routed via households (not shown in the figure above). Service charges are also paid directly from funds to the managers and is re-routed via households as part of investment income not brought back to the funds as contributions supplements.

Since all contributions are offset by the item adjustment for the changes in pension entitlements (D.8) net lending for local governments will be zero (0). This is a general feature of all employment related pension schemes recognised in the central framework of ESA and in the Swedish NA this also goes for the premium pension plan. For the individual plan as well as for the premium pension plan the liability (debt) in the temporary management is more or less the same as the last year contributions, which not yet have been transferred to the pension managers chosen by the individuals.

## Specific government transactions – Lump sum pension payments

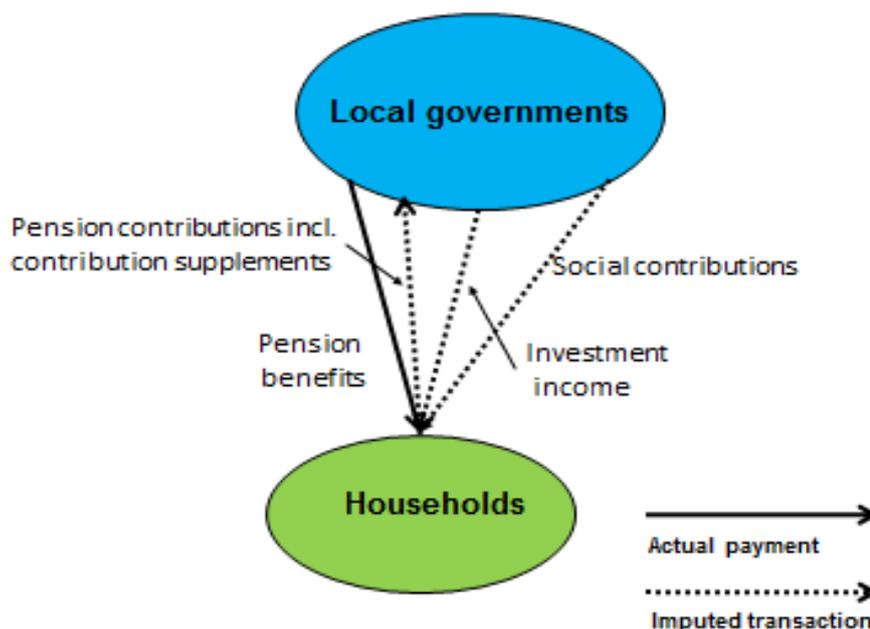
There are no benefit payments recorded in the local government account for the individual pension plan since the premiums only are managed temporarily while waiting to be invested in funds outside the government sector. This also resembles the situation for the premium pension plan. The same goes for service charges. Service charges are being paid after the contributions have been invested in the pension funds. No service charges are paid for temporary management to local government or the Swedish Pensions Agency which is the manager of the premium pension plan.

### **The defined benefit plan 1998-**

The impact on net lending of the defined benefit plan is also zero because all contributions net of benefits are offset by D.8. This plan is in most cases a book reserve system though local government can decide to create a pension foundation for the purpose of separating the liability from the government balance sheet. In both cases the local government can borrow the contributions/entitlements at an interest rate decided by a central government law in the case of book reserve system or close to the market interest rate in case of the foundation alternative.

As in the case of the individual defined contribution pension plan social contributions as part of compensation of employees and investment income as well as pension contributions are imputed transactions in the Swedish NA (see figure below). The investment income in the defined benefit plan is due to the unwinding of the discount factor as the individual comes closer to retirement. The calculation of this item is somewhat complicated since in the Swedish NA we account for the actual debt as it is recorded in the government accounts (RS) but calculates the investment income according to a debt at constant discount rate. In order not to confuse the users the liability in the NA is the same as reported by local governments. The difference between the two is reconciled as part of revaluations.

Figure: The recording of the defined benefit plan, book reserve system



The discount rate used to calculate the pension liability in local governments has since 2007 become more strongly correlated with the current market interest rate. The discount rate is currently lower than it was prior to 2007 (1 percent versus 3 percent) which has increased the value of the debt. The largest increase for a single year was made in 2007 when the new recommendation of how to estimate the discount rate was introduced. The discount rate was lowered from 3 percent to 2.5 percent and the liability increased with about 10 percent accordingly. Accepting this increase in the liability as part of investment income would have been introducing a large pension cost for local governments in one single year only due to a change in the assumption of the best discount factor to be used.

Pension liabilities are long lasting agreements and the actuarial estimation should use a long term discount rate and this was also the previous recommendation. The Swedish NA holds to this recommendation and takes in this sense the same approach as recommended by Eurostat and uses a constant discount rate for the estimation of investment income. Investment income is calculated as a percentage of the average constant discount rate liability over the year. The constant rate used gives currently a lower liability than the reported but when the interest rate gets higher in the future this will be reversed when the reported liability decreases. Using a constant discount rate gives a rather stable and slowly increasing investment income giving an impact to the local government accounts which is more in line with the increase in the wage bill.

## **The general pension system**

### **Introduction**

When the Swedish Pensions Agency (SPA) was created in 2010 it was given the responsibility for the Income Pension Plan and the Supplemental Pension Plan of the general pension system. SPA also became responsible for the management of the Premium Pension Plan which until then had been the responsibility of the Premium Pension Agency (PPM). The SPA is classified inside general government whereas the PPM until it was wound up in late 2009 was part of the financial corporate sector. This change in management implied a need to change the recording of the premium pension plan in the national accounts (NA). But the change had for different reasons to wait until September 2014 as part of the bench mark revision of NA.

The Income Pension Plan was introduced in 1995. It is a notional defined contribution plan for individuals earning income and born after 1953. The premium paid is 16 percent of income and salaries. The plan succeeded the Supplemental Pension Plan which is the only plan for individuals born before 1938. The individuals in between will receive benefits from both plans gradually increasing the part from the Supplemental Pension Plan by the age. The Supplemental plan is a defined benefit plan where the benefit depends of the average of the 15 best income years out of a minimum of 30 years of contribution in order to receive maximum benefits. Both plans cover income up to the limit of 7.5 income base amounts. Premiums paid on income above the limit are recorded as taxes in the Swedish NA. In the central framework of NA only contributions and benefits are recorded for these two plans whereas the liability as part of the social security funds appears in table 29 of ESA TP.

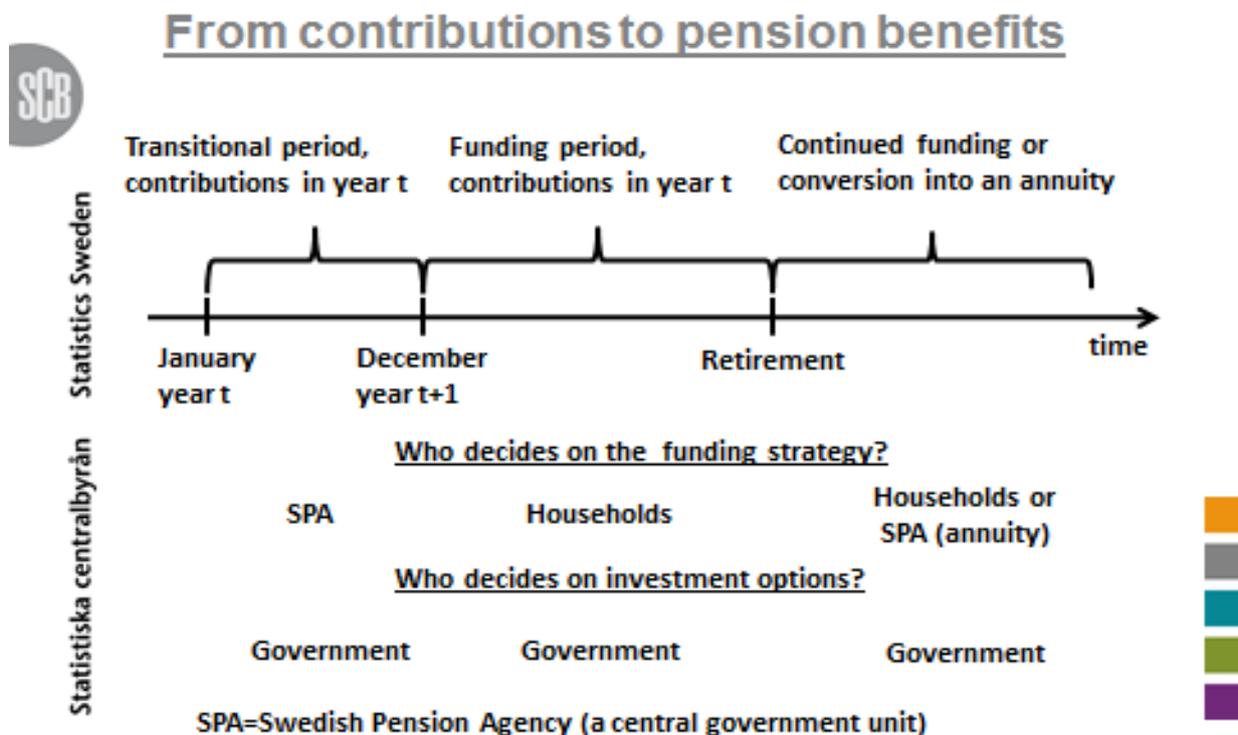
The Premium Pension Plan was introduced in 1995 and constitutes the individual part of the new general pension system. It is a defined contribution plan, where the cost is limited to premiums paid which currently corresponds to 2.5 percent of wages and salaries up to a limit of 7.5 income base amounts. The central government also makes additional contributions to the Income and Premium Pension Plans respectively on behalf of certain categories of employees which have temporarily reduced incomes. Among those we find unemployed, persons on sick lists and persons on maternity leave. The Premium Pension Plan is part of the general pension system but holds a unique position since it is the policy holder that individually decides how the own part of the contributions should be invested and the result of the investment determine the level of pension benefit.

In 2004 Eurostat decided that the defined contribution plans where policy holders take the investment risk shall be recorded outside the government sector. In 2007 the recording was changed accordingly and the PPM was reclassified into a public pension institute within the financial corporate sector. In the NA the pension debt assumed by government does not cover the Premium Pension Plan except for minor parts for which the SPA take responsibility for the investment risk.

### **Different parts of the Premium Pension Plan**

During the time from earning the premium pension entitlement until pension benefits are paid out the entitlement is passing through two or three important stages; temporary management in the transitional period, investment fund saving and eventually a traditional insurance plan (annuity) if this option is chosen instead of investment funds after the transitional period or as an option at retirement.

Figure: The three main stages of the Premium Pension Plan



Source: Presentation made at Eurostat workshop on pensions 13-14 November 2014, Luxemburg

### *Temporary management*

The first stage in premium pension savings is the temporary management administrated by the SPA. This stage covers the period from the initial earning of the preliminary contributions which are paid as part of social contributions in the first (earning) year and until the contribution is finally settled at the tax assessment in the fall of the second year. In November to December the second year the SPA establishes the individual pension entitlements for the previous earning year. This amount also includes the government contributions supplement for individuals with temporary reduced wages and salaries. In December the entitlements are finally invested according to the choices of investment funds made by the individuals.

During the temporary management no split of contributions into individual accounts is made. Instead all contributions are managed collectively and later split according to the established entitlements. This means that individuals for whom the difference between preliminary and established entitlements is large are not treated unfairly. The responsibility for the investment strategy is decided by central government and is pursued by the SPA. During this stage there is no possibility for the individual to influence the outcome of the investment.

The pension entitlements are invested according to the directive of the central government in the following financial instruments; nominal government bonds, real interest bonds and asset-backed securities. Besides that the SPA holds part of the entitlements as a liquidity reserve on a bank account in the Swedish National Debt Office (Treasury). But there exists no individual correspondence between the entitlements and the instruments they are invested in.

## Specific government transactions – Lump sum pension payments

Furthermore, there is no direct link between contributions and the investment income. The total of investment income is split according to the shares of total contributions and not in relation to the amount earned on the individual part of contributions.

Accordingly it is not possible to account for the household pension entitlements individually in relation to the central government and the mortgage institutes as is the case in individual fund savings, so called unit-linked insurance policies.

### *Funding according to the choices of the policyholders*

When entitlements are transferred from the temporary management they are invested according to the choices of the policy holders. At this stage the SPA administrates the individual accounts which depending on the investment strategy give rise to differences in the outcome. For the moment there are approximately 800 investment alternatives to choose among. The individual accounts are also reduced by the service charges paid to the fund corporations and the SPA for their management and administrative costs. The service charges are distributed according to the individual fund value.

### *Retirement*

At retirement the monthly pension benefit is calculated by dividing the fund value with a divisor. The divisor is among other things calculated regarding the remaining life expectancy. During the retirement period there is always a possibility to convert the fund value into an annuity. The pension benefit is in that case guaranteed by the SPA which assumes the risk in the continued investment. At or after retirement it is also possible to include a survivors pension to the annuity but in such a case the benefit will be slightly lower because it will no longer be possible to receive inheritance bonus which arises when individuals of the same age dies in advance and leaves part of their entitlement unused.

### **The Premium Pension Plan in the NA**

When the PPM had responsibility for the Premium Pension Plan it was recorded in the NA entirely outside the government sector. This follows the Eurostat decision that the PPM should be classified as a public pension institute in the financial corporate sector. In the NA the Premium Pension Plan has also got the characteristics of an employment related pension plan, adjustments for the change in pension entitlements (D.8) due to contributions and benefits is for instance recorded which is normally not the case for other parts of the general pension scheme (Income- and Supplementary Pension Plans). Besides that the national tax ratio is calculated excluding the contributions to the Premium Pension Plan because it has the characteristics of an individual savings scheme.

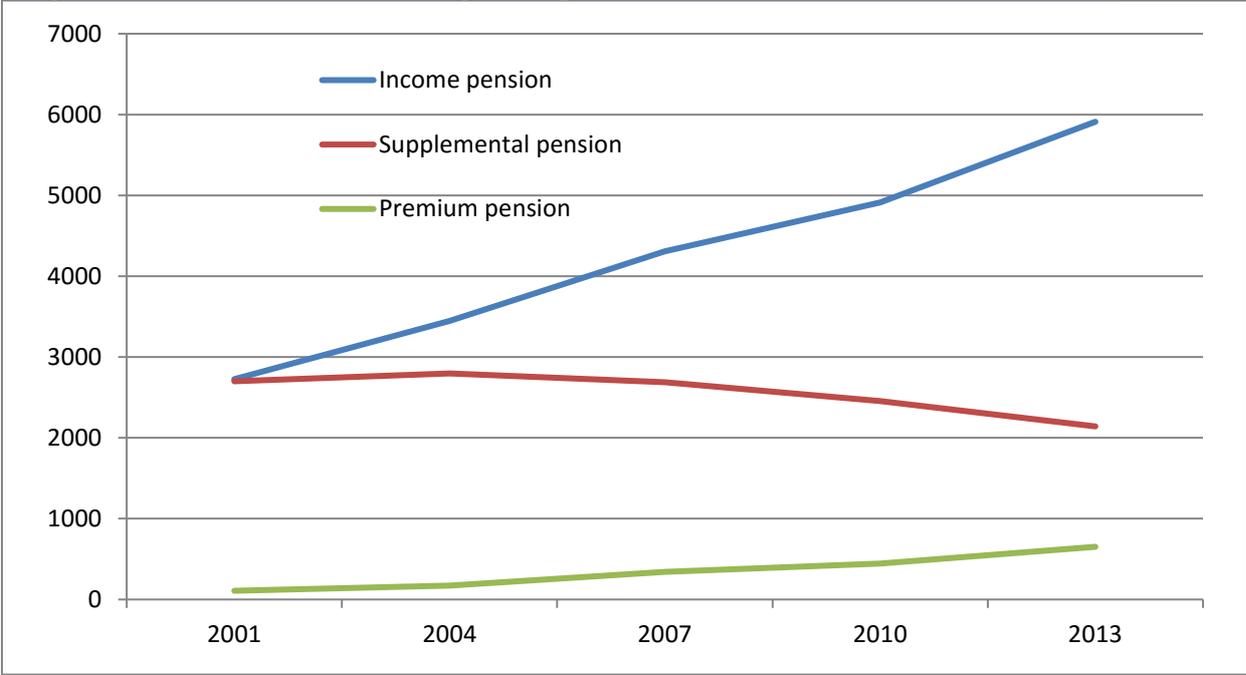
The recording includes the entire period from 1995 when the saving started and until 2009 when the PPM was merged into the substantially larger SPA. The main responsibility of the SPA is the management of pension in the Income- and Supplementary Pension Plans. In diagram 1 below the relation between total entitlements is shown for the three different pension plans covered by the general pension scheme.

Contrary to the PPM the SPA is included in the government sector and particularly in the social security fund subsector which is the part of government managing funded social security schemes. This implies that the relations the PPM had with central government, and the SPA now is in charge of, has changed in character from being a relation between government and a public quasi-corporation to being an internal relation within the government sector.

Specific government transactions – Lump sum pension payments

The Premium Pension Plan only makes up a smaller part of the total household pension claims. The Supplementary Pension Plan is a remainder of the previous general pension scheme and is currently being phased out and 2018 is the last year with new contributions being earned. But the pension benefits are already larger than the sum of new contributions and revaluations making the total claim slowly diminishing.

Diagram: Household claims on the general pension scheme, billions of Swedish Krona



Source: Orange report, The Swedish Pensions Agency

The relation between the different parts in the Premium Pension Plan is summed up in the table below. The table describes, out of the household perspective, how the entitlements changes from the beginning to the end of 2012. The main part of entitlements constitutes investment fund assets (92%) in which the individuals take the investment risk. It is this part together with the temporary management which are recorded outside of general government in the notional PPM unit belonging to the pension institute subsector (S.129). The remaining part is the annuity plan included in the social security fund subsector (S.1314).

When new contributions are made this is recorded within the temporary management and consists of: employer contributions, contributions made by sole proprietors, household contributions supplements and government contributions supplement. The household contributions supplement consists of the interest earned on the assets in the temporary management. These items sum up to the changes in entitlements due to contributions because no benefits are paid from entitlements in the temporary management. In the NA system the item ‘changes in entitlements...’ neutralises the impact on net lending which otherwise would occur from the net of contributions and benefits.

The accumulated pension contributions of year t including accrued interest are transferred in December year t+1 according to the chosen fund alternatives which almost entirely (99%) consists of investment funds. The two flows, contributions in year t+1 and transfer to investment funds and annuity plan are almost of the same magnitude. This makes the entitlements in the temporary management only increase by a few percentage points each year.

Specific government transactions – Lump sum pension payments

The increase in entitlements in the investment fund plan, except for transfers of entitlements, consists of property income in the form of interest and dividends distributed in relation to fund shares. Property income is recorded as supplementary contributions of households. The other item which has an impact on the entitlement is revaluations of the fund shares due to holding gains and losses.

Table: The Premium Pension Scheme

<b>Premium pension 2012</b>			
<b>millions of Swedish Kronor</b>			
	<b>Investment funds incl. temporary management</b>	<b>Annuity plan</b>	<b>Premium pension total</b>
	<b>S.129</b>	<b>S.1314</b>	<b> </b>
<b>AF63LS Pension entitlements</b>	<b>423 444</b>	<b>8 904</b>	<b>432 348</b>
<b>D61p Increase in entitlements due to contributions</b>	<b>52 229</b>	<b>453</b>	<b>52 682</b>
<b>D6111 Employer actual social contributions</b>	<b>29019</b>	<b>279</b>	<b>29 298</b>
<b>D6131 Household actual social contributions</b>	<b>4218</b>	<b> </b>	<b>4 218</b>
<b>D6141 Household social contributions supplements</b>	<b>20 789</b>	<b>184</b>	<b>20 973</b>
<b>D61SC Pension scheme service charges</b>	<b>1 797</b>	<b>10</b>	<b>1 807</b>
<b>D62 Pension benefits</b>	<b>1 921</b>	<b>545</b>	<b>2 466</b>
<b>D8 Changes in entitlements due to contributions and benefits</b>	<b>50 308</b>	<b>-92</b>	<b>50 216</b>
<b>D81 Transfer of entitlements</b>	<b>-2 014</b>	<b>2 014</b>	<b>0</b>
<b>D82 Changes in scheme structure</b>	<b> </b>	<b> </b>	<b> </b>
<b>K7 Revaluations</b>	<b>31 252</b>	<b>-141</b>	<b>31 111</b>
<b>K5 Other changes in volume</b>	<b>1203</b>	<b>-1609</b>	<b>-406</b>
<b>AF63LE Pension entitlements</b>	<b>504 193</b>	<b>9 076</b>	<b>513 269</b>

Source: The Swedish Pensions Agency and national accounts, Statistics Sweden

The transfers from temporary management to the traditional insurance plan (the annuity policy) are relatively modest. But there are also transfers from the investment funds to the traditional insurance plan and in these cases the entire fund savings of an individual is converted into an annuity policy which gives a guaranteed monthly pension benefit. In connection to the financial crisis of 2008 the individual transfers increased remarkably which also has implied that the payment of pension benefits has increased and is larger than contributions. Currently the household entitlements (SPA debt) are calculated as the value of all assets held by the SPA against outstanding risks in the annuity policy. This recording is currently discussed at Statistics

## Specific government transactions – Lump sum pension payments

Sweden and will probably be changed to only record assets which more or less correspond to the discounted value of the guaranteed future pension benefits.

### Sources

The liability at the beginning and the end of the year can be found in the Orange Report 2012 but the value differs slightly from what is being reported to Statistics Sweden from the SPA and included in the financial accounts. In order to have consistent quarterly and annual data on the level of financial instruments the compilation is made from the assets side in the financial accounts balance sheet.

In the Orange Report on page 86-91 there are some notes regarding the premium pension plan. The liability from the asset side at the end of 2012 is found in note 21 (p. 89). The annuity plan (conventional insurance) and the temporary management are found in the note. The values differ from the financial accounts (table 2). For the annuity plan only bonds are recorded as entitlements in the financial account. The reason for this is that the SPA investment policy is to invest in bonds corresponding to the level of guaranteed pension. The other part of assets should correspond to the owner equity and is invested in shares which have higher risk. But this is not an exact match so the amount differs from the entitlements on the liability side of the balance sheet. At the end of 2012 the value of the bonds was 7183 million whereas the actuarial debt was 7629 million. The actuarial pension entitlements are shown in note 24 (p. 90). The difference was 446 million.

In the temporary management the difference on the assets side reported to Statistics Sweden and published in the Orange Report is larger, 3597 million (35052-31455). The reasons for this are mainly twofold; inheritance bonuses and the discount on the investment fund service charges are not included in the value in note 21. Regarding that these two items amount to 3355 million the remaining difference between the sources will only be 242 million.

In note 23 (p. 90) information on the owner equity (bonus reserve) is found. This equity is recorded as part of 'A. Capital and reserves' according to the council directive on the annual accounts of insurance undertakings (91/674/EEC). This means that it is not included in the pension liability of the SPA. This gives rise to a small difference for the traditional insurance plan between the financial accounts (including owner equity 2001-2009) and the recording at SPA. National accounts has been discussing whether the recording of the owner equity should be included in household assets or not and decided to change the recording to exclude owner equity from household entitlements. From year 2010 and onwards the owner equity has already been excluded from household entitlements in the financial accounts. But since this recording has nothing to do with the manager the same principle should apply for the entire time series.

Specific government transactions – Lump sum pension payments

Annex: Employment related pension scheme in central government (S.1311)

<b>Employment related pension scheme in central government (S.1311)</b>						
		Defined benefit plan				
		2011	2012	2013	2014	
Pension entitlements	AF.63LS	178 449	190 304	201 792	209 455	
Social contributions	D.61	<b>10 700</b>	<b>10 907</b>	<b>11 486</b>	<b>11 678</b>	
Employer actual contribution	D.6111	6 982	7 044	7 568	7 458	
Contribution supplement	D.6141	3 718	3 863	3 918	4 220	
	D.61SC	0	0	0	0	
Pension benefits	D.6221	<b>8 677</b>	<b>9 132</b>	<b>9 265</b>	<b>9 489</b>	
Adjustment for the change in pension entitlements	D.8	<b>2 023</b>	<b>1 775</b>	<b>2 221</b>	<b>2 189</b>	
Impact on net lending	B.9	0	0	0	0	
Total changes in entitlements	F.63	3 526	2 202	2 221	2 189	
Transfers of entitlements	F.63(XD.81)	1 503	427	0	0	
Changes in entitlements other than transfers	F.63 (D.8, XD.82)	2 023	1 775	2 221	2 189	
Revaluations	K.7	6 922	10 405	8 050	4 450	
of which due to changes in the discount rate	K.7	4 902	5 169	5 546	4 947	
Other changes in volume	K.5	1 407	-1 119	-2 608	497	
Pension entitlements	AF.63LE	190 304	201 792	209 455	216 591	

Specific government transactions – Lump sum pension payments

Annex: Employment related pension scheme in local government (S.1313)

<b>Employment related pension scheme in local government (S.1313)</b>									
		<b>Total pension scheme (1)</b>				<b>Defined contribution individual plan</b>			
		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Pension entitlements	AF.63LS	67 052	80 602	87 905	103 947	12 839	13 105	13 710	14 226
Social contributions	D.61	<b>23 895</b>	<b>23 075</b>	<b>23 910</b>	<b>25 042</b>	<b>13 009</b>	<b>13 694</b>	<b>14 132</b>	<b>15 099</b>
Employer actual contribution	D.6111	22 687	21 712	22 399	23 202	13 009	13 694	14 132	15 099
Contribution supplement	D.6141	1 208	1 363	1 511	1 840	0	0	0	0
	D.61SC								
Pension benefits	D.6221	<b>14 169</b>	<b>15 511</b>	<b>16 053</b>	<b>16 374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustment for the change in pension entitlements	D.8	<b>20 893</b>	<b>19 405</b>	<b>20 643</b>	<b>21 723</b>	13 009	13 694	14 132	15 099
Impact on net lending	B.9	<b>-11 167</b>	<b>-11 841</b>	<b>-12 786</b>	<b>-13 055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total changes in entitlements	F.63	8 150	6 316	7 027	7 298	266	605	516	674
Transfers of entitlements	F.63(XD.81)	-12 743	-13 089	-13 616	-14 425	-12 743	-13 089	-13 616	-14 425
Changes in entitlements other than transfers	F.63 (D.8, XD.82)	20 893	19 405	20 643	21 723	13 009	13 694	14 132	15 099
Revaluations	K.7	5 400	987	9 015	-24	0	0	0	0
Other changes in volume	K.5	0	0	0	0	0	0	0	0
Pension entitlements	AF.63LE	80 602	87 905	103 947	111 221	13 105	13 710	14 226	14 900
(1) excluding entitlements and other changes not recorded in the balance sheet of NA									
		<b>Defined benefit plan, after 1997</b>				<b>Defined benefit plan, before 1998 (contingent liability)</b>			
		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Pension entitlements	AF.63LS	54 213	67 497	74 195	89 721	265 906	292 831	293 217	311 056
Social contributions	D.61	<b>10 886</b>	<b>9 381</b>	<b>9 778</b>	<b>9 943</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employer actual contribution	D.6111	9 678	8 018	8 267	8 103	0	0	0	0
Contribution supplement	D.6141	1 208	1 363	1 511	1 840	0	0	0	0
	D.61SC								
Pension benefits	D.6221	<b>3 002</b>	<b>3 670</b>	<b>3 267</b>	<b>3 319</b>	<b>11 167</b>	<b>11 841</b>	<b>12 786</b>	<b>13 055</b>
Adjustment for the change in pension entitlements	D.8	7 884	5 711	6 511	6 624	0	0	0	0
Impact on net lending	B.9	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11 167</b>	<b>-11 841</b>	<b>-12 786</b>	<b>-13 055</b>
Total changes in entitlements	F.63	7 884	5 711	6 511	6 624	0	0	0	0
Transfers of entitlements	F.63(XD.81)	0	0	0	0	0	0	0	0
Changes in entitlements other than transfers	F.63 (D.8, XD.82)	7 884	5 711	6 511	6 624	0	0	0	0
Revaluations	K.7	5 400	987	9 015	-24	38 092	12 227	30 625	L
Other changes in volume	K.5	0	0	0	0	0	0	0	
Pension entitlements	AF.63LE	67 497	74 195	89 721	96 321	292 831	293 217	311 056	L