



An Phríomh-Oifig Staidrimh
Central Statistics Office

information notice

Classification of Irish Water

As part of its role in defining the government sector for the compilation of Irish deficit and debt statistics, the CSO submitted a classification proposal for Irish Water to Eurostat on 26 March 2015 based on information from the company's business plan.

Eurostat, who are the final arbiter for these classification decisions across all EU member states, published their classification decision on 30 July 2015.

Eurostat's decision is that Irish Water is a non-market entity controlled by government and should be classified in the government sector. The CSO notes this decision and confirms that as Irish Water was provisionally classified to the government sector at the time of the March 2015 deficit and debt results, the decision will not result in any revisions to government finance statistics.

The statistical classification of Irish Water is a complex case and is one of the first such decisions for a new public utility under the new European system of accounts (ESA 2010) Regulation. Based on our collective experience during the process, we have identified elements of ESA 2010 where there appears to be scope for broad interpretation of the standards. Specifically, in relation to Irish Water, the key areas of divergence between the CSO and Eurostat relate to the market nature of Irish Water output and the related impact on the child allowance, the household conservation grant, accruals versus cash recording, autonomy of decision making and dealing with uncertainty.

The CSO will be examining the Eurostat decision in detail and will be engaging with Eurostat through the appropriate channels and fora to clarify these interpretation issues of the relevant parts of ESA 2010. The clarification work with Eurostat, through the European Statistical System structures, will be important for all future classification decisions.

The classification decision for Irish Water will be reviewed again in 2016 as part of the Excessive Deficit Procedure (EDP) process, using the most up-to-date available data.

Eurostat's decision and other communications on the classification of Irish Water will be available at this link as material becomes available.

<http://www.cso.ie/en/newsandevents/ClassificationofIrishWater>

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