



Study on State asset management in the EU

Final study report for Pillar 2 – Belgium

Contract: ECFIN/187/2016/740792

Written by KPMG and Bocconi University
February 2018



EUROPEAN COMMISSION

Directorate-General for Economic and Financial Affairs
Directorate Fiscal policy and policy mix and Directorate Investment, growth and structural reforms

*European Commission
B-1049 Brussels*

Belgium

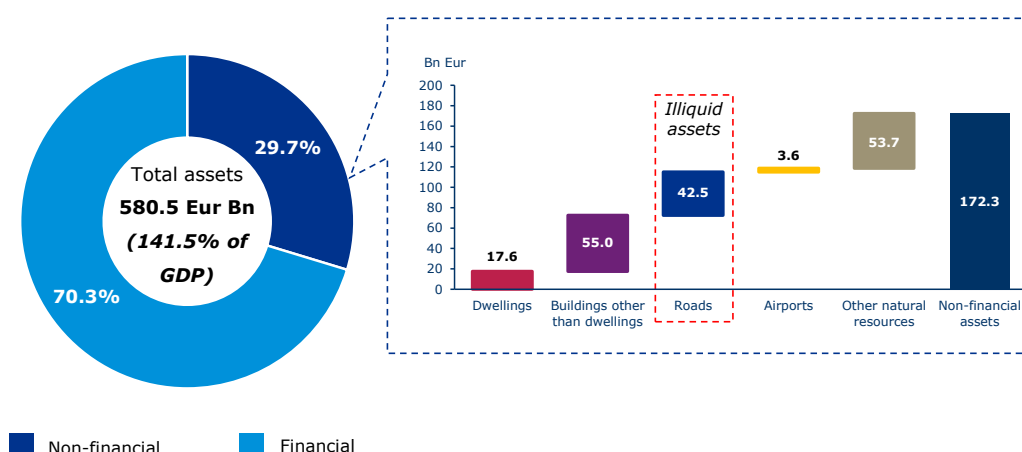
This Country fiche presents a quantitative overview of the mix of non-financial assets owned by the Belgian General government.

A recap and a summary table on sources of data and valuation methods used to map and assess (as far as possible) non-financial assets owned by the Belgium General government is reported in the Appendix (Table C).

1. OVERVIEW OF NON-FINANCIAL ASSETS

In 2015, the estimated value of Non-financial assets owned by the Belgian General government was equal to 172.3 Eur Bn, accounting for about 30% of the estimated value of all assets (including Financial assets) owned by the General government¹.

Figure 1 General government's Financial and Non-financial assets (Eur Bn), Belgium, 2015



Source: KPMG elaboration. Data on Gross Domestic Product were directly retrieved from Eurostat on 19th September 2017.

- (1) Estimated values refer to 2015 as the latest available year for both financial assets and all clusters of non-financial assets.
- (2) In this chart, the "estimated value" of financial assets is reported in terms of Total Assets of the country's PSHs as weighted by the stake(s) owned by the Public sector into the PSHs themselves².
- (3) In this chart the estimated value of Other natural resources only includes the estimated value of lands.
- (4) In this chart, the values of railways and ports are not represented as it has already been accounted for in Pillar 1.
- (5) Value of Buildings other than dwellings was directly retrieved from Eurostat, while values for other Non-financial assets were estimated according to the valuation approaches explained in the Methodological Notes for Pillar 2.
- (6) In Belgium, Mineral and energy reserves are not included among the Non-financial assets identified in this Study as they are not present in the country.
- (7) Since roads are an illiquid asset we applied a Perpetual Inventory Method (PIM). However, this valuation method tends to slightly overestimate the value of the asset. Therefore the chart shows the lower bound figure of the range of road and railways valuation estimates only.

2. DWELLINGS

Eurostat and other sources do not provide the value of Dwellings for Belgium, although the transmission of this data is mandatory for all the EU28 Member States.

¹ As explained in the Methodological Notes for Pillar 2, Non-financial assets that are owned by PSHs are evaluated through the equity method. Therefore their value is not represented in this Pillar as it has already been accounted for in Pillar 1. The allocation of Non-financial assets between Pillar 1 and 2 is listed in Table A in the Appendix to the EU Fiche.

² For more details on how Total Assets for Financial Assets are calculated, please see Pillar 1.

The value of residential buildings has been estimated through a market approach, as outlined in Methodological Notes. As Table 1 shows, the estimated value of Belgian residential buildings is equal to 18 Eur Bn in 2015.

Table 1 Estimated values of General government's Dwellings (Eur Mn), Belgium, 2010-2015

Data in Eur Mn	2010 (€)	2011 (€)	2012 (€)	2013 (€)	2014 (€)	2015 (€)
General government	15,838	16,097	19,795	18,814	17,051	17,552
Share of the total economy	2.1%	2.1%	2.3%	2.3%	2.2%	2.4%

Source: KPMG calculations on EU Building Stock Observatory and Eurostat data [downloaded in July 2017]. The country-specific capital value of the asset was directly retrieved from a global specific real estate database: MSCI Real Estate Analytics Portal.

(1) The share of Dwellings in the economy refers to the estimated value of Dwellings (rather than the number of Dwellings).

3. OTHER BUILDINGS AND STRUCTURES

- *Buildings other than dwellings*

Eurostat provides good coverage of data on the value of buildings other than dwellings owned by the Belgian General government, hence data on this cluster of assets is retrieved from Eurostat only.

As shown in Table 2, the value of these assets has increased from 2010 reaching to a value of about 55 Eur Bn in the last year worth of data (2015) – or 22.4% of all Belgian buildings other than dwellings.

Table 2 General government's Buildings other than dwellings (Eur Mn), Belgium, 2010-2015

Data in Eur Mn	2010	2011	2012	2013	2014	2015
General government	48,492	51,504	53,225	53,902	54,707	54,978
Share of the total economy	22.4%	22.4%	22.4%	22.4%	22.4%	22.4%

Source: Eurostat database, 2010-2015, Balance sheets for non-financial assets, Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_nfa_bs&lang=en [downloaded in July 2017].

(1) The share of Buildings other than dwellings in the economy refers to the value of Buildings other than Dwellings (rather than the number of Buildings other than dwellings).

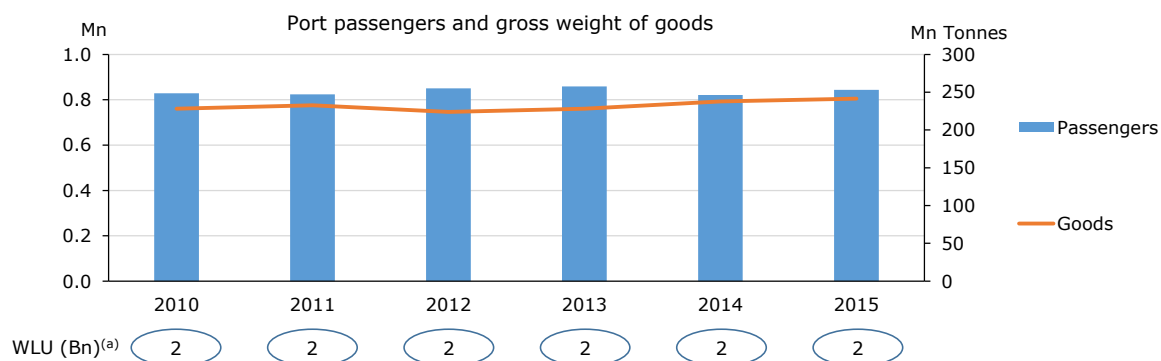
- *Ports*

In Belgium, the prevalent ownership/management model is the so-called landlord model. Specifically, the Port Authority owns and manages the sites in the port areas, and makes them available to port companies for their activities on the basis of concession agreements.

Figure 2 shows the overall maritime port traffic (for both passengers and goods) in Belgium over the 2010–2015 time period³.

³ For the list of Maritime Ports included in this Study, please see Table B in the Appendix.

Figure 2 Port passengers and gross weight of goods, Belgium, 2010-2015



Source: Eurostat database, 2010-2015 [downloaded in March 2017]. Country level - passengers embarked and disembarked in all ports by direction (available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar_mp_aa_cphd&lang=en) and Gross weight of goods handled in all ports by direction (available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar_go_aa&lang=en).

(1) With regard to passengers, all passengers embarked from and disembarked to all maritime ports within the country have been considered.

(2) With regard to the gross weight of goods handled, the Gross weight of goods handled in all maritime ports within the country have been considered.

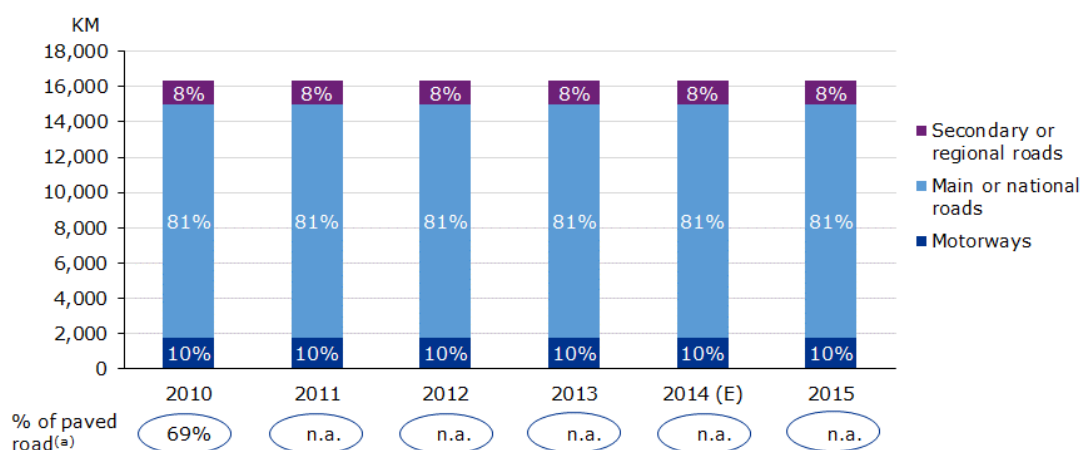
(a) A Workload Unit (WLU) is defined as one passenger or 100 kg of cargo.

Since Port Authorities operate as private companies (owned by municipalities and regions), then the value of the port network in the Country is assessed using the equity method (please see the Methodological notes for Pillar 2 for more details), and results are reported in Pillar 1 of this Study⁴.

- Roads

The Belgian road network is property of the Central Government and it is managed by regional authorities (e.g. the road network section in the Flanders is managed by the Flemish Government, the road network section in Brussels by the Brussels Government and the road network section in Wallonia by the Walloon Government).

Figure 3 Length (in km) of Motorways, Main or national roads and Secondary or regional roads Belgium, 2010-2015



Source: Directorate-General for Mobility and Transport (DG MOVE) database, 2010-2015 [downloaded in September 2017]. Values for percentage of paved road were calculated using Eurostat data on length of other roads by type of surface.

⁴ Although this data collection and analysis exercise represents the “best effort” to provide an updated picture on EU28 ownership/management models for Non-financial assets, due to data limitations, we have assumed the prevalent ownership model to be applicable for all other assets within the cluster.

- (1) DG MOVE's data does not report the length of Main or national roads and Secondary or regional roads for year 2014. Therefore, the values for the year 2014 have been estimated as average between 2013 and 2015 values.
- (2) For the sake of accuracy and comparability among the EU28 Member States, the valuation includes Motorways, Main or national roads and Secondary or regional roads only.
- (3) According to DG MOVE's data, the extension of the Belgian road network is equal to 155,210 Km (including the length of Motorways, Main or national roads, Secondary or regional roads and Other roads) in 2015.
- (4) Eurostat does not report the length of paved road network for years after 2010.
- (a) The percentage of paved road has been calculated on the total extension of the road network (including Other roads). It represents the length of paved road network over the total length of road network.

Table 3 reports the results of the valuation exercise carried out according to the valuation procedure described in the Methodological Notes for Pillar 2. In this respect, please be reminded that, to ensure accuracy and comparability, the valuation includes Motorways and Main or national roads only.

In Belgium, overall, in 2015, the estimated value of roads ranged between 43 Bn Eur to 52 Bn Eur. Main or national roads take the lion's share with a estimated value between 34 Bn Eur and 42 Bn Eur.

Table 3 Estimated road value for Motorways, Main or national roads and Secondary or regional roads only, Belgium, 2010-2015

Data in Eur Mn		2010	2011	2012	2013	2014	2015
Motorways	Min	5,475	5,688	6,008	6,265	6,392	6,699
	Max	7,128	7,370	7,707	7,958	8,065	8,355
Main or national roads	Min	32,793	33,476	34,072	34,220	34,026	34,052
	Max	40,322	41,135	41,807	41,926	41,643	41,593
Secondary or regional roads	Min	1,647	1,688	1,731	1,753	1,753	1,773
	Max	1,737	1,779	1,823	1,845	1,844	1,863
Total	Min	39,915	40,851	41,811	42,238	42,171	42,525
	Max	49,187	50,283	51,337	51,728	51,552	51,811

Source: KPMG calculations on Directorate-General for Mobility and Transport (DG MOVE) and Eurostat data [downloaded in July 2017].

- *Airports*

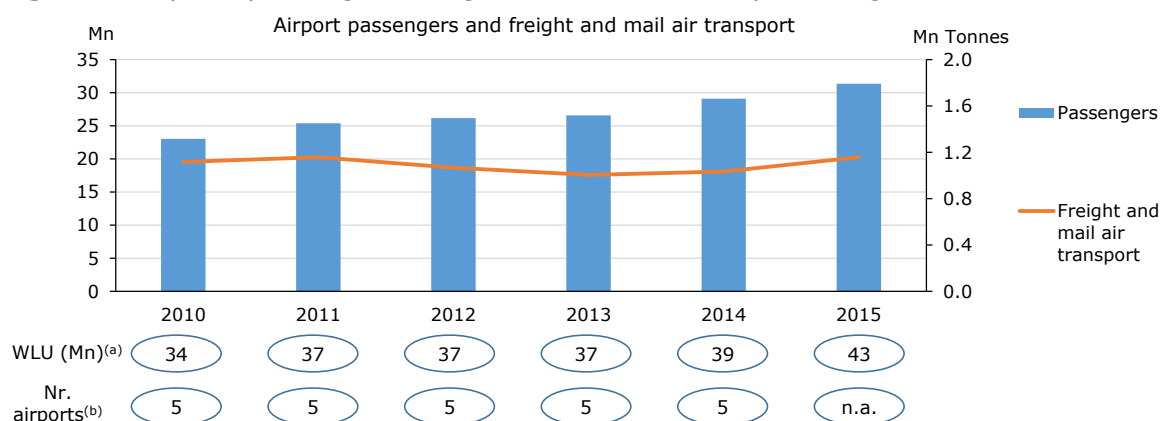
In Belgium, the property of airport infrastructures belongs to Regional authorities, which can grant their management in concession to private companies or PSHs⁵.

As shown in Figure 4 below, the overall airport traffic in Belgium has been increasing over the 2010–2015 time period⁶.

⁵ International Civil Aviation Organization (ICAO) (2014). Case study on commercialization, privatization and economic oversight of airports and air navigation services providers. Available at: <http://www.icao.int/sustainability/CaseStudies/Belgium.pdf> [Accessed 17th May 2017].

⁶ For the list of Airports included in this Study, please see Table A in Appendix.

Figure 4 Airports passengers, freight and mail air transport, Belgium, 2010-2015



Source: Eurostat database, 2010-2015, [downloaded in March 2017]. Air passenger transport by main airports in each reporting country (available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_paoa&lang=en), Freight and mail air transport by main airports in each reporting country (available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_qooa&lang=en) and Number of commercial airports with more than 15,000 passenger units per year (available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_if_arp&lang=en).

(1) The number of passengers refers to all on board passengers.

(2) All freight and mail air transport is included.

(3) Eurostat does not report the number of commercial airports for 2015.

(a) A Workload Unit (WLU) is defined as one passenger or 100 kg of cargo.

(b) Total number of airports (with more than 15,000 passenger units per year).

To assess the value of airports, an income approach was applied (for more details, please see the Methodological Notes for Pillar 2).

According to the estimates reported in Table 4, in 2015, the overall estimated value of state-owned airports was equal to about 3.6 Eur Bn, with an increase of about 25.3% since 2010.

Table 4 Estimated value for airports (Eur Mn), Belgium, 2010-2015

Data in Mn Eur	2010	2011	2012	2013	2014	2015
Airports	2,882	3,113	3,103	3,084	3,320	3,613

Source: KPMG calculations on Eurostat database, 2010-2015 [downloaded in May 2017].

(1) The WLUs used to calculate the value of airports do not match those represented in Figure 4 as they were calculated by adding the WLUs of all airports considered within the scope of this Pillar (see Table A in Appendix).

- **Railways**

Rail freight traffic was fully liberalised in 2005. Henceforth, several private companies were allowed to organise freight transport on the railway network, in order to ensure free competition and in compliance to the *European Union Directive 1991/440*, (which forced EU Member Countries to separate the management of train operations from the management of infrastructures). Hence, this led to the formation of the *SNCB Group*, which consisted of three independent companies:

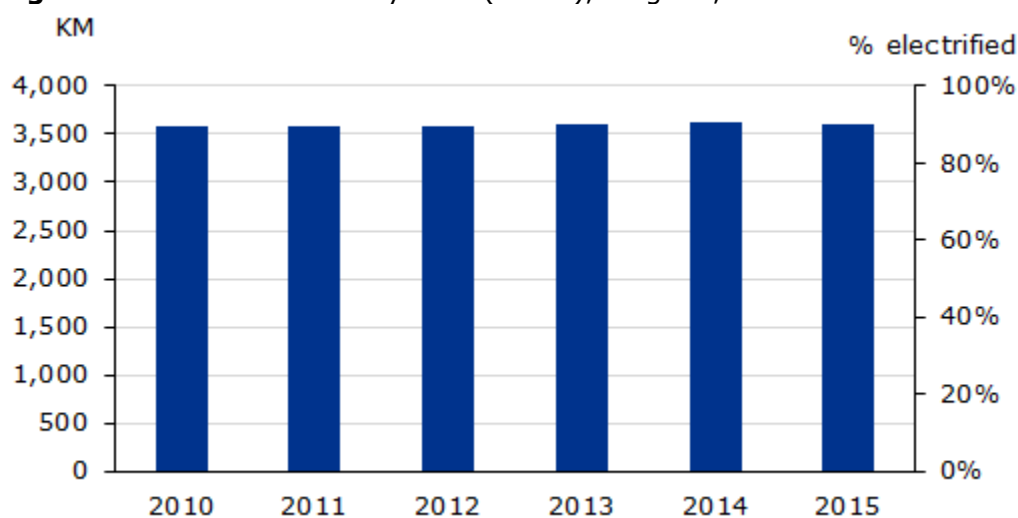
- *SNCB*, which operates as carrier or operator;
- *Infrabel*, the infrastructure manager;
- *SNCB Holding*, which is responsible for human resources, IT and the 37 largest stations as well as for coordination between the various companies.

At the end of 2013, *SNCB Holding* and *SNCB* merged to become *SNCB*. Some of the responsibilities formerly held by *SNCB Holding* were moved to *HR Rail* (which was created as a subsidiary of *Infrabel* and *SNCB*), while the other responsibilities were “distributed” between *Infrabel* and the “newly” created *SNCB*. This is the structure that we see today.

Infrabel was created in 2005 and is the manager and operator of the Belgian railway infrastructure. In compliance to the *Arrêté Royal du 28 septembre 2008 publié le 02 octobre 2008 Ar. 1*, *Infrabel* is also the owner of the infrastructure.

As shown in Figure 5, the extension of the railway network in Belgium was equal to about 3,600 km in 2015.

Figure 5 Extension of railway lines (in Km), Belgium, 2010-2015



Source: Directorate-General for Mobility and Transport (DG MOVE), 2010-2015 [downloaded in October 2017]. The percentages of electrified lines were calculated using Eurostat database “Railway transport - length of tracks” available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=rail_if_tracks&lang=en [downloaded in October 2017].

(1) Data on the percentage of electrified network is not available.

Since the Belgian railway network is owned by a PSH (i.e. *Infrabel*), then its value is assessed using the equity method (please see the Methodological notes for Pillar 2 for more details), and results are reported in Pillar 1 of this Study.

4. NATURAL RESOURCES

- *Mineral and Energy reserves*

As reported by the CIA’s World Factbook Database Belgium does not have any proven Oil or Natural gas reserves⁷.

- *Other natural resources*

Eurostat and National Statistics do not provide figures with regard to the cluster of “Other natural resources” in Belgium.

The value of Other natural resources has been estimated through a market approach, as outlined in Methodological Notes. As Table 5 shows, the estimated value of Other natural resources is equal to 54 Eur Bn in 2015.

⁷ The estimated value of Mineral and Energy reserves for Belgium is zero because it reflects the estimates reported by the CIA’s World Factbook Database regarding proven Oil and Natural Gas reserves.

Table 5 Estimated values of General government's Other natural resources (Eur Mn), Belgium, 2010-2015

Data in Eur Mn		2010 (€)	2011 (€)	2012 (€)	2013 (€)	2014 (€)	2015 (€)
Land (net)	General government	56,267	57,615	54,799	51,801	51,663	53,681
	Share of the total economy	13.0%	13.0%	13.2%	13.1%	12.7%	12.4%

Source: KPMG calculations on Eurostat database, 2010-2015 [downloaded in July 2017].

(1) The share of the economy refers to the estimated value of natural resources (rather than the volume of the natural resources).

Appendix I Belgium

Table A List of airports, Belgium, 2015 (Number of airports: 5)

List of airports
Non-financial (Pillar 2) ^(a)
ANTWERPEN/DEURNE airport
BRUSSELS airport
CHARLEROI/BRUSSELS SOUTH airport
LIEGE airport
OOSTENDE/BRUGGE airport

Source: Eurostat database, 2015 [downloaded in May 2017].

(1) The list above includes the airports defined by Eurostat as "main airports", which meet the following criteria: at least 150 000 passenger movements per year.

(a) Within the scope of this Pillar.

Table B List of ports, Belgium, 2015 (Number of ports: 7)

List of ports
Non-financial (Pillar 2) ^(a)
Antwerpen
Gent (Ghent)
Liège
Nieuwpoort
Oostende (Ostend)
Zeebrugge
Zeekanaal Brussel-Schelde - ports

Source: Eurostat database, 2015 [downloaded in March 2017].

(1) The list above includes those ports defined by Eurostat as "reporting ports", for which statistics of inward and outward maritime transport flows are compiled.

(a) Within the scope of this Pillar.

Table C Overview of the valuation approaches and the sources used to value Non-Financial assets in this Study, Belgium

Clusters of Non-financial assets	Valuation approach	Sources
Dwellings	Market value	- EU Building Stock Observatory - Eurostat
Buildings other than dwellings	Market value	- Eurostat
Ports	Equity method (Pillar 1)	- Bureau van Dijk (BvD) Orbis
Roads	Perpetual Inventory Method (PIM)	- DG MOVE - Eurostat - EIB - Other sources
Airports	Market value	- Eurostat
Railways	Equity method (Pillar 1)	- Bureau van Dijk (BvD) Orbis
Mineral and Energy reserves	Market value	- World Factbook Database
Other natural resources	Market value	- Eurostat

Sources: KPMG elaborations

(1) For more details on "other sources" used to carry out road valuations, please see Table 3, Table 4 and Table 5 at the Annex.