



Study on State asset management in the EU

Final study report for Pillar 3 – Denmark

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*

Denmark

This country fiche presents a qualitative overview of the mix of governance models and investment strategies implemented by the Danish general government to manage its assets portfolio.

1. MAPPING OF THE GOVERNANCE OF THE PORTFOLIO OF ASSETS

Denmark has three levels of governance: central, regional and municipal. More in details, Denmark comprises five regions and ninety-eight municipalities¹. Throughout this country fiche, we re-cluster these public bodies into two categories, i.e. the “central government”, which includes the central government, and the “local governments”, which include both the regional governments and the municipalities.

Currently, there is no specific, unique government entity responsible for managing the government’s asset portfolio as a whole. However, the Danish government has adopted a centralised model, in which the central government is responsible for the most important decisions regarding the management of the assets in its portfolio, by supervising their management and investment strategies.

There is no unique, comprehensive and consolidated National public data source covering all assets in the government’s portfolio. However, the budget and financial statements are prepared on an accrual basis. Therefore, assets and liabilities are reported in the balance sheet, except for natural resources and heritage assets. Assets are valued at historical cost². The state budget and financial statements cover the budgetary central government. In compliance with the Danish legislation, they encompass the government bodies, ministries, and public agencies whose operating budget is directly funded by the government³.

1.1. Financial assets

The PSHs owned by the Danish general government operate in a broad spectrum of the domestic economy. This variety is reflected in the patterns of ownership and governance. For example, some financial assets are owned by the central government; others by the local governments.

The *Ministry for Finance* and the *Ministry for Public Sector Innovation* are responsible for the strategic decisions on Financial assets. Ministries, central and local public authorities, and other bodies owning a majority stake in PSHs are responsible for operational decisions.

With respect to financial assets in government’s equity portfolio, the five most important sectors in terms of Value Added (VA) generated by Public Sector Holdings (PSHs)⁴ are as follows:

¹ Denmark has also two special autonomous regions, i.e. the Faroe Islands and Greenland. Since Greenland and the Faroe Islands are not members of the European Union (EU), they are out of the scope of this study.




² The only exception is office buildings, which are valued at market value.

³ Organisation for Economic Co-operation and Development (OECD) (2017). *Accrual Practices and Reform Experiences in OECD Countries*. Available at: http://www.oecd-ilibrary.org/governance/accrual-practices-and-reform-experiences-in-oecd-countries_9789264270572-en [Accessed 10th November 2017]

⁴ The five most important sectors in terms of VA generated by PSHs have been mapped in Pillar 1. For industry classification we rely on data provided by *Bureau van Dijk (BvD) Orbis*, which in turns gets its data from other service providers and bases industry classification on the NACE codes provided.

1. *D – Electricity, gas, steam and air conditioning supply;*
2. *C – Manufacturing;*
3. *H – Transportation and storage;*
4. *F – Construction;*
5. *J – Information and Communication.*




Table 1 Governance regimes: Financial assets, Denmark

Owners of the asset	Both central and local governments participate in the companies' capital.	 C1
	<p>Most important sectors in terms of VA:</p> <ol style="list-style-type: none"> 1. Sector D – Electricity and gas: the majority of PSHs are owned by the local governments. In addition, some PSHs (e.g. <i>Hasmark/Egense Energinet A.M.B.A.</i>) are directly owned by the central government 2. Sector C – Manufacturing: PSHs are owned by the central government via its funds or through the <i>Ministry of Higher Education and Science</i>⁵ 3. Sector H – Transportation: the majority of PSHs are owned by the local governments. In addition, some PSHs are directly owned by the central government, mainly through the <i>Ministry of Transport, Building, and Housing</i>⁶ 4. Sector F – Construction: almost all PSHs are owned by the local governments. The central government owns only one PSH (i.e. <i>Per Aarsleff Holding A/S</i>) via its funds 5. Sector J – Information: the majority of PSHs are owned by the central government through the <i>Ministry of Culture</i>⁷ and the <i>Ministry of Higher Education and Science</i>. In addition, the relevant local governments hold stakes in a few PSHs 	D1 
Bodies responsible for the strategic and investment decisions	The <i>Ministry for Finance</i> and the <i>Ministry for Public Sector Innovation</i> are the main bodies responsible for outlining the overall strategic framework for the Danish PSHs. It operates in accordance with other ministries and Local public bodies if they also have stakes in relevant PSHs.	C1 
	Most important sectors in terms of VA: the relevant Local public bodies and each relevant Ministry are	

⁵ Uddannelse-og Forskningministeriet.

⁶ Transport-, Bygnings- og Boligministeriet.

⁷ Kulturministeriet.

	responsible for strategic decisions on PSHs operating within their jurisdiction, in compliance with the strategic framework outlined by the <i>Ministry for Finance</i> and the <i>Ministry for Public Sector Innovation</i> .	
Bodies responsible for the operational decisions	<p>The relevant ministries are responsible for operational decisions regarding PSHs within their jurisdiction.</p> <p>In addition, local governments are responsible for decisions regarding the management of their own financial assets.</p> <p>Most important sectors in terms of VA: since the majority of PSHs operating in these sectors are owned by the central government either via its funds or via its ministries, then the relevant ministries are responsible for operational decisions.</p>	 <p>C1</p> <p>D1</p> 
National public data sources	<i>Statistics Denmark</i> (i.e. the national statistical office) has to annually collect some information about Financial assets.	<p>C2</p> 

Legend

 C1 = Central government
  C2 = Central public body
  C3 = Central company-type structure
  D1 = Local governments
  D2 = Local public body
  D3 = Local company-type structure
  PM = Private body







Source: KPMG elaborations.

- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

1.2. Non-financial assets

- Airports

Table 2 Governance regimes: Airports, Denmark

<p>Owners of the asset</p>	<p>With the exception of a few important airports that are owned by a PSH, i.e. <i>Copenhagen Airports A/S (CPH)</i>, nodal infrastructures are state-owned.</p> <p>The local governments may own aerodromes in the country⁸.</p>	<p>C3</p>  <p>D1</p> 
<p>Bodies responsible for the strategic and investment decisions</p>	<p>The <i>Ministry of Transport, Building, and Housing</i> is responsible for strategic and investment decisions related to airport infrastructures⁹.</p>	<p>C1</p> 
<p>Bodies responsible for the operational decisions</p>	<p>Airport operators are responsible for operational decisions on airport infrastructures, in compliance with the requirements stipulated by the <i>Ministry of Transport, Building, and Housing</i>.</p> <p>More in detail, <i>CPH</i> operates airports in Copenhagen, while the relevant local governments may operate aerodromes and affiliated activities on a commercial basis through companies.</p>	<p>C3</p>  <p>D3</p> 
<p>National public data sources</p>	<p><i>Statistics Denmark</i> periodically collects and reports key information about airport traffic in the country. With regard to the airport infrastructures, there is currently no single, definitive, public source of information.</p>	<p>C2</p> 

Legend



Source: KPMG elaborations.





- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

⁸ In compliance with the *Air Navigation Law*.

⁹ *Ibid*.

- Ports

Table 3 Governance regimes: Ports, Denmark

Owners of the asset	In almost all cases, port infrastructures are publicly owned by the relevant local governments where the ports are situated ¹⁰ .	D1 
Bodies responsible for the strategic and investment decisions	The <i>Ministry of Transport, Building, and Housing</i> is responsible for strategic and investment decisions on the Danish government's ports ¹¹ .	C1 
Bodies responsible for the operational decisions	The Danish ports are operated by the relevant municipalities, which can be organised either as public authorities or PSHs ¹² . The Local public bodies are therefore responsible for operational decisions.	D2 
National public data sources	<i>Statistics Denmark</i> periodically collects and reports key information about port traffic in the country. With regard to the seaport infrastructures, there is currently no single, definitive, public source of information.	C2 

Legend



Source: KPMG elaborations.

- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

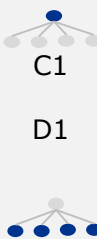

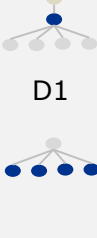

¹⁰ According to the *Danish Port Act*.

¹¹ Sections 1a, 3, 4 and 15 of the *Danish Port Act*.

¹² According to the *Danish Port Act*.

- Roads

Table 4 Governance regimes: Roads, Denmark

<p>Owners of the asset</p>	<p>National roads are owned by the central government. By contrast, local roads belong to the relevant local government where the roads are located.</p>	
<p>Bodies responsible for the strategic and investment decisions</p>	<p>The <i>Ministry of Transport, Building, and Housing</i> is responsible for the strategic and investment decisions related to the state-owned road network¹³. In addition, the relevant local governments are responsible for roads within their jurisdiction. More in detail, the relevant municipal council decides on which new municipal roads shall be built, which existing municipal roads must be moved, downgraded or cancelled; and which private roads must be registered as municipal roads.</p>	
<p>Bodies responsible for the operational decisions</p>	<p>The <i>Danish Road Directorate</i>¹⁴ is responsible for operational decisions related to the central government's road network. The <i>Danish Road Directorate</i> is a public authority within the <i>Ministry of Transport, Building, and Housing</i>. In addition, the relevant local governments are responsible for operational decisions regarding their own roads.</p>	
<p>National public data sources</p>	<p>The <i>Ministry of Transport, Building, and Housing</i> may create databases containing information about the public road network¹⁵. The <i>Ministry of Transport, Building, and Housing</i> sets detailed rules for information to be included and disciplines the reporting process followed by public authorities. In addition, <i>Statistics Denmark</i> annually collects and reports data about the length of the road network (e.g. the length of motorways) and the road traffic.</p>	

Legend

 C1 = Central government
  C2 = Central public body
  C3 = Central company-type structure
  D1 = Local governments
  D2 = Local public body
  D3 = Local company-type structure
  PM = Private body

Source: KPMG elaborations.

(a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.

¹³ According to the Danish *Public Road Code*.

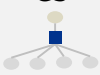
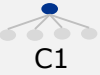
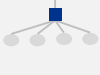
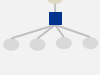
¹⁴ *Vejdirektoratet*.

¹⁵ Art. 16 of the Danish *Public Road Code*.

(b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

- Railways

Table 5 Governance regimes: Railways, Denmark

Owners of the asset	The railway network is owned by <i>Rail Net Denmark</i> (i.e. <i>Banedanmark</i>) ¹⁶ . It is a PSH, fully owned by the <i>Ministry of Transport, Building, and Housing</i> .	C3 
Bodies responsible for the strategic and investment decisions	The <i>Ministry of Transport, Building and Housing</i> is the main body responsible for the strategic and investment decisions related to the railway network. On this subject, it addresses, supervises and monitors the activity of the <i>Rail Net Denmark</i> through a specific long-term agreement.	C1 
Bodies responsible for the operational decisions	In its role of owner and infrastructure manager, <i>Rail Net Denmark</i> is responsible for operational decisions on the railway network by means of the <i>Railway Act</i> of 2015.	C3 
National public data sources	<i>Rail Net Denmark</i> annually publishes the "Network Statement" ¹⁷ , which contains the essential administrative, technical and financial information concerning the railway network, the service facilities as well as related services offered by the company. In addition, <i>Statistics Denmark</i> collects and reports key information about railway infrastructures (e.g. the length of railway tracks) and traffic in Denmark.	C3 

Legend

C1 = Central government  C2 = Central public body  C3 = Central company-type structure  D1 = Local governments  D2 = Local public body  D3 = Local company-type structure  PM = Private body 

Source: KPMG elaborations.

(a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.






(b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

¹⁶ Railway Act. Available at: <https://www.retsinformation.dk/forms/r0710.aspx?id=170457> [Accessed: 18th December 2017]

¹⁷ For more detail about the information reported by the *Network Statement*, please see <https://uk.bane.dk/Railway-Undertaking/Network-Statements/Network-Statement-2018> [Accessed 9th November 2017].

- *Mineral and Energy reserves*

Table 6 Governance regimes: Mineral and Energy reserves, Denmark

Owners of the asset	The property of Mineral and Energy reserves belongs to the central government ¹⁸ .	 C1
Bodies responsible for the strategic and investment decisions	The <i>Ministry of Energy, Utilities and Climate</i> ¹⁹ is the relevant authority for granting the licences for exploring and exploiting the state-owned Mineral and Energy reserves ²⁰ . The <i>Ministry of Energy, Utilities and Climate</i> has delegated this responsibility to the <i>Danish Energy Agency</i> ²¹ . The <i>Danish Energy Agency</i> was established in 1976, and it sits within the <i>Ministry of Energy, Utilities and Climate</i> .	 C1
Bodies responsible for the operational decisions	Many companies are given the rights to exploit Danish Mineral and Energy resources in concession.	C3  D3 
National public data sources	<i>Statistics Denmark</i> annually collects and reports key information for Danish Mineral and Energy reserves (e.g. the physical stocks for gas reserves).	C2 

Legend

C1 = Central government C2 = Central public body C3 = Central company-type structure D1 = Local governments D2 = Local public body D3 = Local company-type structure PM = Private body

Source: KPMG elaborations.

- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

¹⁸ *Danish Subsoil Act*: act No. 960 of 13th September 2011 as amended by Act No. 535 of the 29th April 2015

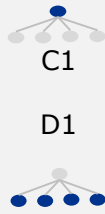
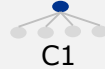


¹⁹ *Energi-, Forsynings- og Klimaministeriet*

²⁰ In compliance with the *Danish Subsoil Act*.

²¹ The *Raw Materials Act of 2013* covers exploration for and exploitation of underground resources not covered by the *Subsoil Act* (e.g. stone, gravel, sand, clay, lime). This act refers to the *Ministry of Environment and Food* (i.e. *Miljø- og Fødevareministeriet*) as the responsible authority for granting the licenses, but much is delegated to the *Danish Nature Agency*.

- *Other natural resources*

Table 7 Governance regimes: Other natural resources, Denmark

Owners of the asset	Assets falling into this cluster can be owned either by the central government or local governments.	 <p>C1 D1</p>
Bodies responsible for the strategic and investment decisions	The <i>Ministry of Environment and Food</i> is responsible for strategic decisions regarding natural resources.	 <p>C1</p>
Bodies responsible for the operational decisions	The relevant agencies of the <i>Ministry of Environment and Food</i> are responsible for implementing the strategic and investment decisions on the Danish government's Other natural resources. These agencies include the <i>Danish Environmental Protection Agency</i> , the <i>Danish Veterinary and Food Administration</i> , the <i>Danish Agrifish Agency</i> , and the <i>Danish Nature Agency</i> . At local levels, the <i>Ministry of Environment and Food</i> has delegated part of the responsibility for operational decisions to the relevant local public bodies.	<p>C2</p>  <p>D2</p>
National public data sources	<i>Statistics Denmark</i> annually collects and reports key information for some categories of natural resources (e.g. the area of land covered by woods and other tree-covered areas).	<p>C2</p> 

Legend



Source: KPMG elaborations.

- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

- *Dwellings, Buildings other than dwellings*

Table 8 Governance regimes for Buildings cluster, Denmark

Owners of the asset	Assets falling into this cluster can be owned either by the central government or the local governments.	<p>C1 D1</p>
Bodies responsible for the strategic and investment decisions	The central government is responsible for the strategic and investment decisions on the Danish government's buildings.	<p>C1</p>
Bodies responsible for the operational decisions	The Danish central government is the body responsible for managing its own public real estates, such as renting space, facility management and real estate development. In addition, the relevant local governments are responsible for operational decisions regarding their own Dwellings and Buildings other than dwelling.	<p>C1 D1</p>
National public data sources	<i>Denmark Statistics</i> has to annually collect some information about Dwellings and Buildings other than dwellings in Denmark (e.g. the stock of dwellings, the average dwelling area per person).	<p>C2</p>

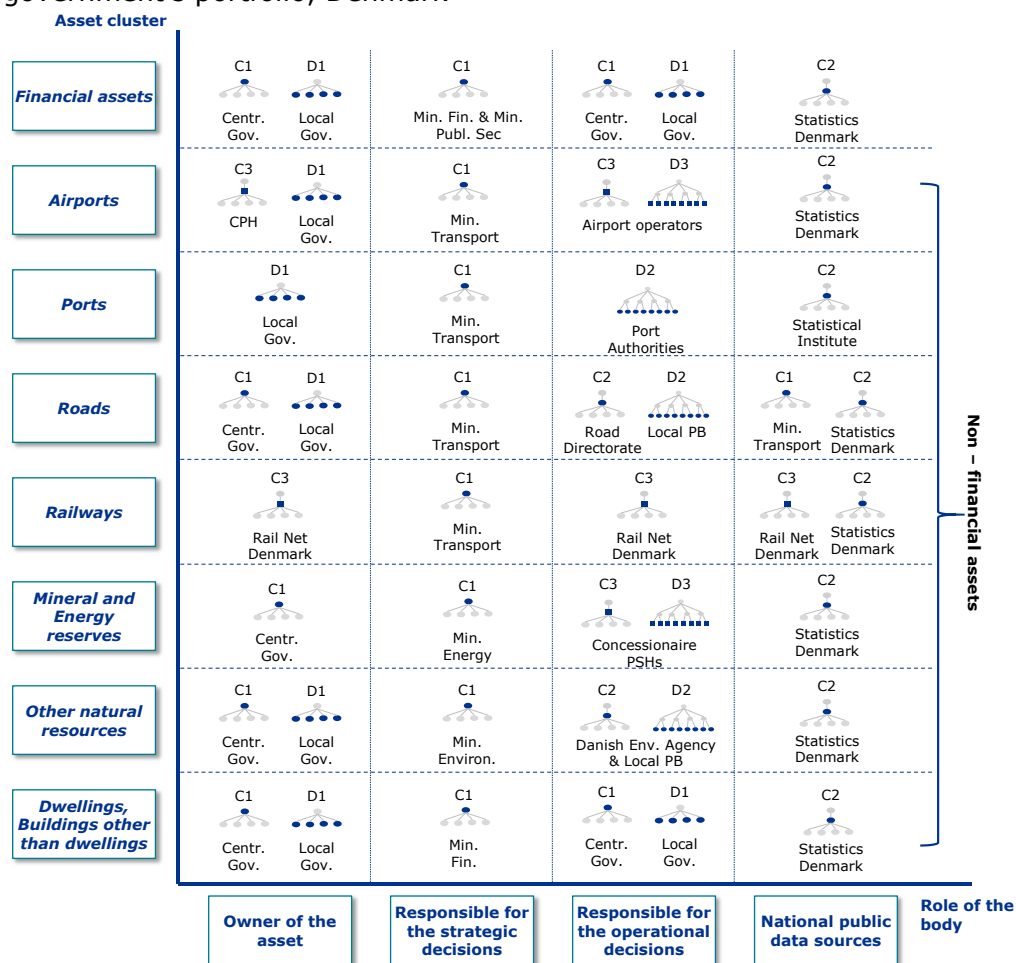
Legend



Source: KPMG elaborations.

- (a) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.
- (b) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

Figure 1 Asset-responsibility chain and ownership matrix for the cluster of assets in government's portfolio, Denmark



Legend

C1 = Central government C2 = Central public body C3 = Central company-type structure D1 = Local governments D2 = Local public body D3 = Local company-type structure PM = Private body

Source: KPMG elaborations.

Centr. Gov. = Central government; Local Gov. = Local government; Min. Fin. = Ministry of Finance; Min. Pub. Sec. = Ministry for Public Sector Innovation; Min. Transport = Ministry for Transport; Local PB = Local public bodies; Min. Energy = Ministry of Energy; Min. Environ. = Ministry of Environment; Danish Env. Agency = Danish Environmental Agency.

(a) For more detail about the clusters of governance regimes, please see Methodological Notes.

(b) The network graphs in the table above highlight the main bodies involved for each role of the responsibility chain (e.g. the bodies owning the assets, the bodies responsible for operational decisions), for each asset cluster in the government's asset portfolio. These models may not apply to all the individual assets within the cluster.

(c) For some clusters of assets the responsibility for some aspects of the governance regime is spread between more bodies at different levels of centralisation. Therefore, we represent these cases using two "network graphs" representing these bodies.

In light of the analysis presented earlier and summarised in Figure 1, the overall governance regime for the Danish government's asset portfolio can be defined as centralised in terms of responsibility for strategic, investment, and operational decisions on the assets. More in detail, the central government is responsible for the strategic and investment decisions on the majority of state-owned assets through its ministries.

2. MAPPING OF THE INVESTMENT STRATEGY OF THE PORTFOLIO OF ASSETS

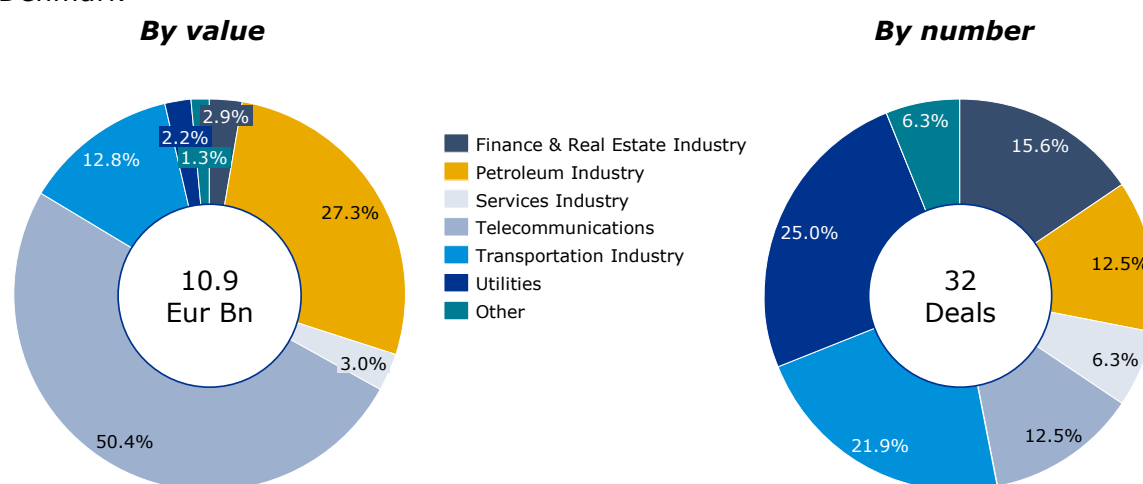
The central government does not have a unique document outlining the investment strategy for all assets within its portfolio. By contrast, as it will be described in the following two sections, the Danish government has not carried out many initiatives that could have led to a change in the governance regime at least for some of the assets in the government’s portfolio.

2.1. Financial assets

In recent years, the Danish government has been quite active in selling many financial assets in its portfolio, as shown in Figures 2 and 3 below. Specifically, the last three decades can be split into three different waves of privatisation:

- 1991–1995, during which the privatisation began to be considered as a real policy instrument, and the Central government decided to start the privatisation of the “telecommunications” sector, which accounted for almost the totality of privatisation proceeds;
- 1996–2000, when the privatisation process reached its peak, with the highest value of transactions in 1998, thanks to continuation of the privatisation of the “telecommunications” sector, which also in this period accounted for almost all proceeds from privatisations;
- 2011–2014, during which the privatisation process was driven by the dismissal of government stakes in the “*petroleum industry*”, which was defined by the central government as a sector subject to privatisation.

Figure 2 Privatisations across markets by value and by number, 1980 – 2014, Denmark



Sources: KPMG elaborations on Fondazione Eni Enrico Mattei (FEEM) database, 1980 - 2014.

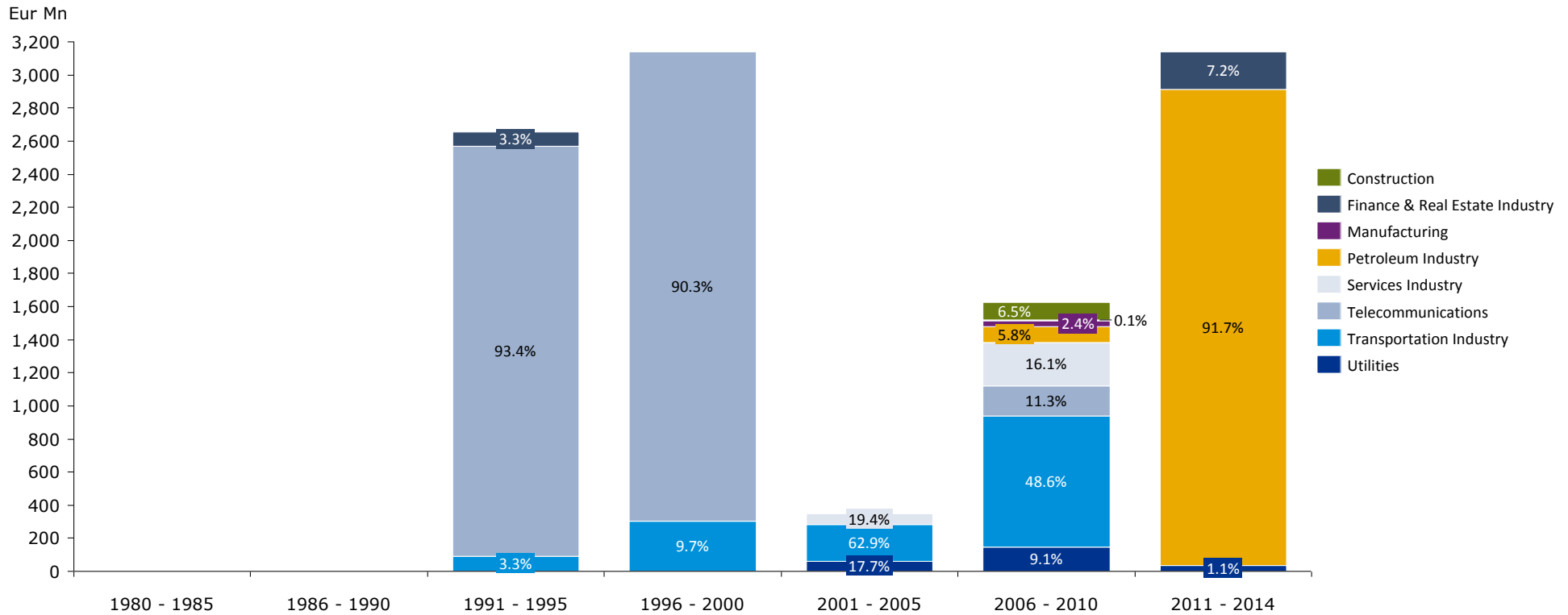
(a) The value of privatisations refers to the sum of the values of the transactions agreed between a public body (seller) and a private entity (bidder) for that period.

(b) The number of privatisations refers to the total number of transactions for that period.

(c) Sectors that are below the threshold of 5% in terms of both total value of the transactions and number of deals have been included in the aggregate cluster “Other”.

The Danish government has no current plans to dismiss its PSHs.

Figure 3 Privatisation patterns across markets over time by value, 1980 – 2014, Denmark



Sources: KPMG elaborations on Fondazione Eni Enrico Mattei (FEEM) database, 1980 - 2014.

(a) The value of privatisations refers to the sum of the values of the transactions agreed between a public body (seller) and a private entity (bidder) for that period.

(b) According to data retrieved from the FEEM database, there were no privatisations during the years 1980 - 1990.

2.2. Non-financial assets

The Danish government has adopted the *Danish Transport Strategy*²², which establishes a long-term framework for strategic decisions on the Danish transport infrastructures. It was prepared by the *Ministry of Transport, Building and Housing* and allocates funds for specific transport projects including substantial investments in railways, ports, and new and improved roads.

In the following sub-sections more details on the Danish investment strategy relating to Non-financial assets are provided.

- *Airports*

The current governance regime adopted by the Danish government was established when the *Air Navigation Law*²³ was enacted. In compliance with Art. 52, airport infrastructures were divided among central government, PSHs and local public bodies. Within the current governance model, the Danish government is a minority shareholder in *Copenhagen Airport*, while other airports are owned primarily by the local governments (although *Bornholm Airport* is also owned by the central government). The rationale for ownership of these airports is to boost economic activities in the local area.

The *Ministry of Transport, Building and Housing* has launched the *Aviation Strategy for Denmark*²⁴, which identifies 39 initiative to be pursued in order to encourage routes and airports development. The main initiatives include:

- adjusting regulation for Copenhagen Airport's commercial business and airport charges structure. More in detail, the government is planning to adopt a more equitable and transparent procedure for charges and other business functions in order to make airport more attractive to airlines and passengers;
- accelerating Copenhagen Airport's investment plan from the actual 1.1 Bn DKK (roughly 0.15 Bn Eur) to 1.3 Bn DKK (roughly 0.17 Bn Eur) in order to support it in its goal of reaching 40 million passengers per year²⁵;
- signing new air service agreements and modernising existing agreements;

- *Ports*

According to the *Danish Port Act*, the governance regime for ports is highly decentralised, responding to the need of feeding business administration and practices with local expertise provided by the local governments. As a matter of fact, 10 out of

²² *Danish Transport Strategy*. Available at: <https://www.trm.dk/-/media/files/publication/english/euprecedency-2012/danish-infrastructure-investments---netversion.pdf> [Accessed 25th September 2017].

²³ *Air Navigation Act Order*, Consolidated Act no. 1036 of 28 August 2013. Available at: <http://selvbetjening.trafikstyrelsen.dk/civilflugt/Dokumenter/English/Rules%20and%20Regulations/Air%20Navigation%20Act.pdf> [Accessed 19th September 2017].

²⁴ *Aviation Strategy for Denmark*. Available at: <https://www.trm.dk/-/media/files/publication/english/aviation-strategy-full-version.pdf> [Accessed 23rd January 2018].

²⁵ In order to estimate the total investments in Euro, we have used the average exchange rate registered in the years 2008 – 2012 (from 1st January 2017 to 31st December 2017) - 1 DKK : 0.1345 EUR (*source: European Central Bank*) [Accessed 26th January 2018].

12 state ports were assigned to the Danish local governments in 2000-2001. The last two state-owned ports were assigned to local public bodies in 2005 and 2012.

As outlined in the *Danish Transport Investment*²⁶, ports play a key role in the Danish economy since shipping takes the biggest share of international trade in terms of value of all imports and exports. As a consequence, the Danish government has been investing in both ports and in hinterland connections to the Danish ports as part of the political accords in 2009 and 2010.

- *Roads*

The current legislative framework for the Danish government's roads makes it very difficult to infer the rationale of the ownership and the general investment strategy for roads within the government's portfolio.

As mapped in the previous section, the central government's investment strategy is implemented by the *Danish Road Directorate*. The most important projects are as follows²⁷:

- the expansion of the *highway on Funen* (2.4 Bn DKK – 0.32 Bn Eur);
- the *Storstrøms bridge* (4.3 Bn DKK – 0.58 Bn Eur);
- *Fjord Link Frederikssund IPC* (2 Bn DKK – 0.27 Eur Bn);
- the *Holstebro motorway* (3.9 Bn DKK – 0.52 Eur Bn);
- the *Silkeborg motorway* (6.2 Bn DKK – 0.83 Eur Bn);
- the development of the *Køge Bugt motorway* (2.2 Bn DKK – 0.30 Eur Bn)²⁸.

These projects will be financed mainly through the central government's own funds.

- *Railways*

The current governance regime adopted by the Danish government in compliance with the *Railway Act*, which incorporated the principles established at European level in the directive of the first and second railway packages. The ownership and management of railway infrastructures were transferred to *Rail Net Denmark*.

As outlined in the *Danish Transport Investment*²⁹, the Danish authorities will conduct a program focused on repairing and replacing rail tracks and bridges in order to improve the reliability of the railway network as a whole.

²⁶ *Danish Infrastructure Investments*. Available at: <https://www.trm.dk/~media/files/publication/english/euprecidency-2012/danish-infrastructure-investments---netversion.pdf> [Accessed 22nd January 2018]

²⁷ For more details, please see: <http://www.vejdirektoratet.dk/EN/projects/Pages/default.aspx> [Accessed 22nd January 2018]

²⁸ In order to estimate the total investments in Euro, we have used the average exchange rate registered in the years 2008 – 2012 (from 1st January 2017 to 31st December 2017) - 1 DKK : 0.1345 EUR (*source: European Central Bank*) [Accessed 26th January 2018].

²⁹ *Danish Infrastructure Investments*. Available at: <https://www.trm.dk/~media/files/publication/english/euprecidency-2012/danish-infrastructure-investments---netversion.pdf> [Accessed 22nd January 2018]

In addition, from the analysis of a consistent number of Network Statements, it is possible to infer that the *Rail Net Denmark* itself bears the greatest burden of the investment. Then, the relevant local public bodies (e.g. *Roskilde Municipality*), PSHs and private companies are responsible for a few projects for railway renewal and expansion.

- *Dwellings, Buildings other than dwellings*

The current legislative framework for the Danish government's residential and non-residential buildings makes it very difficult to infer the general investment strategy for residential and non-residential buildings within the government's portfolio.

- *Mineral and Energy reserves*

The governance regime for Mineral and Energy reserves of the Danish government is based upon the *Danish Subsoil Act*³⁰ and the *Act on the Use of the Danish Subsoil*³¹. Adopting these laws, the Danish government decided to increase the exploitation of Danish Mineral and Energy reserves through the centralisation of the concession agreements system in its hands and allowing a broad and coordinated entry of private investors.

In recent years, the Danish government launched the *Energy strategy 2050*³², which outlines the government's energy policy to transform Denmark into a green sustainable society with stable energy supply. This strategy presents a wide spectrum of new energy policy initiatives, which will considerably reduce fossil fuel dependence even in the short term³³.

- *Other natural resources*

The current legislative framework on the Danish government's Other natural resources makes it very difficult to infer the rationale for ownership and the general investment strategy for the Other natural resource cluster as a whole.

3. PERSPECTIVE ON THE EXECUTION OF THE INVESTMENT STRATEGY

From the mapping of the governance regime (Section 1) and the investment strategies (Section 2) for the state-owned asset portfolio, some key insights about the perspectives on the execution of the investment strategies can be drawn as follows:

- the Danish government is moving towards a balanced governance regime for the asset portfolio, which consists of several bodies responsible for operational decisions for each asset cluster within government portfolio. Likewise, the Danish government has split between central and local governments decision-making powers. This is true for almost all clusters of assets;

³⁰ Act No. 960 of 13th September 2011 as amended by Act No. 535 of the 29th April 2015

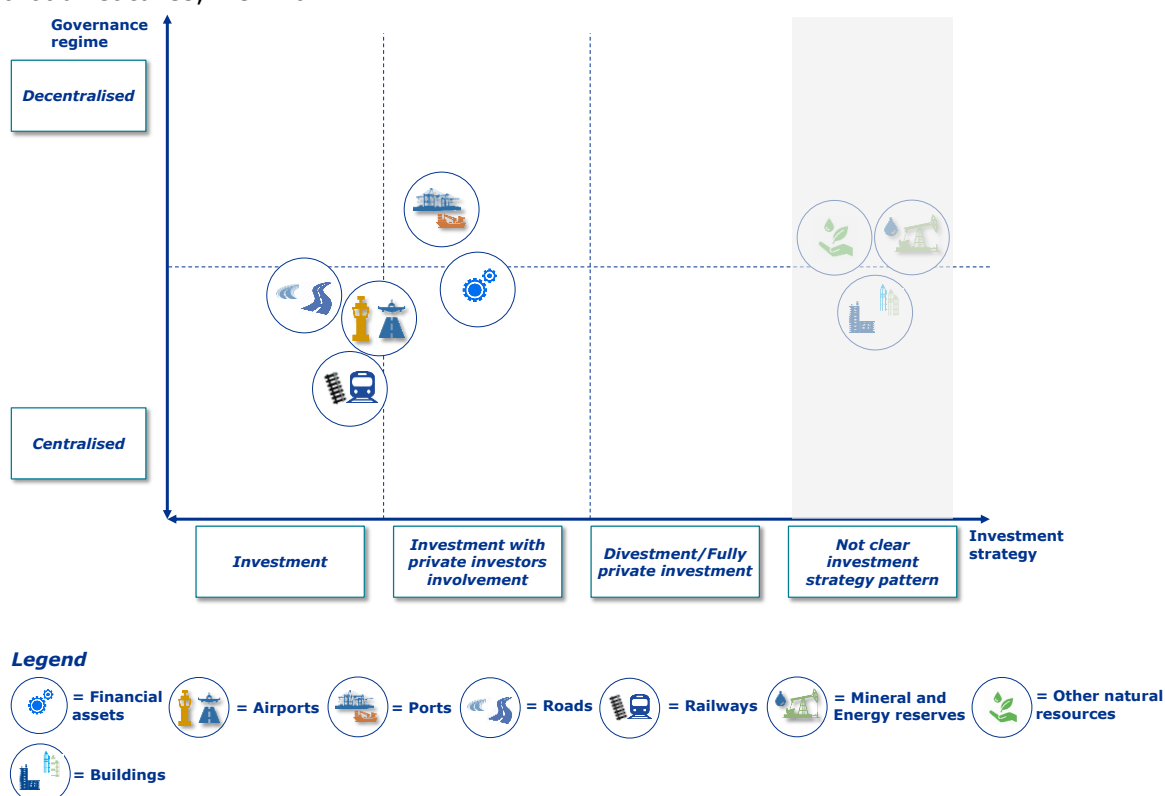
³¹ *Consolidated Act on the Use of the Danish Subsoil* (The Act on the Use of the Danish Subsoil, see Consolidated Act No. 889 of 4 July 2007, as amended by section 2 of Act No. 1400 of 27 December 2008, section 51 of Act No. 718 of 25 June 2010 and Act No. 541 of 30 May 2011, is hereby promulgated). Available at: https://ens.dk/sites/ens.dk/files/OlieGas/consolidated_act_use_danish_subsoil.pdf [Accessed 18th September 2017].

³² *The Energy Strategy 2050*. Available at: http://dfcgreenfellows.net/Documents/EnergyStrategy2050_Summary.pdf [Accessed 27th October 2017]

³³ For example, just in the period up to 2020, this strategy will reduce the use of fossil fuels in the energy sector by 33% compared with 2009, and will reduce primary energy consumption by 6% by 2020 compared with 2006 due to a strong focus on energy efficiency improvements

- although there is not a Parliament- or government-approved strategy of a global nature, there are a few, narrow strategies covering the main areas of the government’s asset portfolio. In particular, the Danish government has launched the *Strategy for the Development of the Transport System of the Republic of Denmark Until 2020* on transport infrastructures within its portfolio. However, this strategy relies mainly on government and EU28 funds.
- as reported in the *Danish infrastructure investment report*, the Danish government aims at ensuring the sustainability of nodal and network infrastructures, optimising its efficiency through the help of PPPs and the funds coming from infrastructure managers, both private or public.

Figure 4 Matrix of Governance regimes vs Investment strategy by clusters of assets, broad features, Denmark



Source: KPMG elaborations, based on governance regimes and recent observed strategies.

- The position of each asset cluster with respect to the "investment strategy" dimension (x-axis) reflects the general investment strategy adopted by the government for the cluster. The general investment strategy might not apply to every single asset within the cluster (e.g. the position of the cluster indicates that the government currently plans to invest/divest, and this does not imply that this applies to all assets within the cluster).
- The Danish government has no current plans to dismiss its PSHs. Therefore its investment strategy with respect to this asset cluster can be defined as investment with private investors involvement.

Although the governance regime is mostly decentralised in terms of ownership, the central government makes the majority of the investment via its own funds and its PSHs. Moreover, the Danish government has no current plans for many asset clusters in its portfolio (i.e. Other natural resources, Mineral and Energy reserves, and Buildings).

In addition, although the Danish legislative framework allows private investors to share the burden of financing transport infrastructures’ projects, their presence is still fairly limited.

Currently, there is no publicly available document that defines the destination of the proceeds from privatisations in the pipeline.

4. SYNTHESIS OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND RISKS

Financial assets

- Strengths/Opportunities:
 - the Danish government could transfer all its stakes in important PSHs as far the central government's policy is concerned for the Danish economy to a unique public body, which can either be a PSH or a public authority. This could lead to a good alignment and translation of the central government's objectives into the strategies of these PSHs; as well as to the alignment of PSHs' performance to the requirements of the economy, hence enhancing shareholder oversight;
- Weaknesses/Risks:
 - in contrast to many other EU28 countries, the Danish central government has not transferred the ownership and the responsibility for operational decisions in the hands of a unique public body directly depending from the central government (e.g. a PSH, a public authority);

Non-Financial assets

- Strengths/Opportunities:
 - although there is not a specific, unique document that defines the state asset management strategy for all public non-financial assets, the Danish central government has prepared a document covering all transport infrastructures within its portfolio (i.e. *Danish Transport Strategy*) and many *ad hoc* strategies for each single transport infrastructure cluster (e.g. the *Aviation Strategy for Denmark* for airports);
 - the central government has transferred the ownership and the responsibility for operational decisions on a significant portion of its assets (e.g. ports) to the relevant local governments. This could help the central government to address local needs;
- Weaknesses/Risks:
 - there is no unique, comprehensive and consolidated national public data source covering all assets in the Danish general government's portfolio
 - the Danish government has no current plans for many asset clusters in its portfolio (i.e. Other natural resources, Mineral and Energy reserves, and Buildings);
 - the Danish government has not a consolidated and integrated National public data source for all the assets within the general government's portfolio.