Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 15/02/2010 - Legislative proposal

PURPOSE: to supplement the existing governance framework relating to fiscal statistics.

PROPOSED ACT: Council Regulation.

BACKGROUND: the credibility of budgetary surveillance crucially hinges upon reliable budgetary statistics. It is of the utmost importance that data reported by Member States under Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure (EDP) annexed to the Treaty establishing the European Community are of high quality.

The European Union governance framework for fiscal statistics has been further developed and institutional setting updated over the past years, notably with a view to improving the monitoring of the government accounts by the Commission (Eurostat).

Recent developments and, in particular, the Greek government deficit and debt statistics notified in October 2009, have revealed and made these limitations more acute and have demonstrated that the current system for fiscal statistics does not mitigate, to the extent necessary, the risk of, for instance, incorrect or inaccurate data being notified to the Commission.

It is at this stage both appropriate and policy-consistent to propose certain modifications of the governance framework for fiscal statistics.

CONTENT: the purpose of the amended regulation amending Regulation (EC) No 479/2009 is to allow the Commission and Member States to work more effectively together in improving the quality and reliability of government finance statistics, based on a two-pillar approach:

1. more frequent and comprehensive regular statistical visits in the context of the standard EDP procedure;
2. additional methodological visits conducted by Eurostat where a risk-based assessment identifies specific and significant problems.

To tackle the existing weaknesses, the Commission, therefore, deems it necessary to propose supplementing the existing rules in order to strengthen data monitoring mechanisms. However, the methodological visits will only be undertaken in cases where substantial risks or potential problems with the quality of the data are identified, as it is also currently the case pursuant to existing legal framework.

Insofar as Eurostat, as a statistical authority, must be able to actually verify the figures provided, there is a need to supplement the current framework in several regards. In particular,

- there is a need for the recognition of the right for Eurostat to directly examine public accounts where there are substantial doubts about the reliability of the statistical data submitted by a national statistical authority – together with the corresponding obligation of national authorities to keep and make available all of the relevant sources of information;
- furthermore, there is a need for Member States to ensure the assistance of experts in national accounting, including for the preparation and undertaking of the methodological visits.