Application of the Protocol on the excessive deficit procedure annexed to the EC Treaty. Codification

2008/0053(CNS) - 11/04/2011 - Follow-up document

The Commission presents its report on the quality of fiscal data reported by Member States in 2010 in accordance with Council Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure. The Regulation was amended in July 2010 by Council Regulation (EC) No 679/2010. The Regulation requires the Commission (Eurostat) to report regularly to the European Parliament and to the Council on the quality of the actual data reported by Member States. This report provides an overall assessment of compliance with accounting rules, completeness, reliability, timeliness and consistency of the data. Eurostat regularly assesses the quality of the actual data reported by Member States and of the underlying general government sector accounts compiled in accordance with **Council Regulation (EC) No 2223/96** on the European system of national and regional accounts in the Community (ESA95). The assessment is mainly based on data regarding the general government's budget execution and general government assets and liabilities. This work concentrates on the factors that explain the general government deficit/surplus and the change in the general government debt. Member States send this information to Eurostat twice a year. This report is based on the main findings and results of the EDP reporting in 2010, focusing on the latest (October 2010) reporting exercise.

Eurostat states that progress on the quality of fiscal data continued in 2010. In general, **Member States have provided better information**, both in EDP notification tables and in other relevant statistical returns. **Compliance with the reporting deadlines is usually very good.** In the second reporting in 2010 all Member States reported their data before the legal deadline of 1 October 2010. The Greek authorities sent a further notification on 10 November following a methodological visit. In the April reporting exercise, all Member States reported their figures before 1 April 2010, except Greece (on 1 April) and France (who sent the planned data for the year 2010 only on 12 April 2010).

Overall consistency of EDP data with the reported ESA95 government accounts is satisfactory and is still improving, compared with the situation in earlier years though it is **still better for non-financial than for financial data**. No reservations on the quality of the reported data were expressed in 2010 apart from the reservation on the quality of the data reported by Greece in the April 2010 notification. This reservation was lifted in November 2010. Closing a long-lasting and critical process since October 2009, Eurostat concluded on 22 November that the latest revised data for 2006-2009 for Greece were sufficiently reliable for EDP purpose, in line with the quality of the data of other EU Member states. A specific information note on Greek fiscal data is available on Eurostat's web site.

In spite of the improvements, some issues nevertheless persist linked to the compliance with accounting rules and the completeness and quality of some of the statistical information provided. Eurostat has therefore invited Member States to continue investing in the quality of government finance statistics with a view to achieving the desired level of quality as regards the compliance with the relevant accounting rules, completeness, reliability, timeliness and consistency of government data.

Furthermore, drawing upon the experience in the case of Greece and upon observations of the European Statistical Governance Advisory Board, the Commission will issue a Communication addressing the issues of systemic risk in national statistical systems and of the deployment of a risk-based approach for Excessive Deficit Procedure data, notably for upstream source data, implementing Eurostat's strengthened powers under Regulation (EC) 479/2009, as amended.