

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

2008/0053(CNS) - 27/03/2019 - Follow-up document

In accordance with Council Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure (EDP), the Commission presented a report on the quality of the actual data reported by Member States.

This annual report provides an overall assessment of the timeliness, reliability, completeness and consistency of the data and their compliance with accounting rules.

As a reminder, Member States send their actual and planned EDP data to Eurostat twice a year as part of the 'EDP notification tables', the 'Questionnaire relating to the EDP notification tables', the 'Supplementary table on government interventions to support financial institutions' and also via bilateral clarifications.

Eurostat also maintains contact with Member States by making regular EDP dialogue visits.

This report is based on the main findings and results of the EDP data reported by Member States in 2018. It focuses on the latest reports, submitted in October 2018, comparing them where appropriate with the data sent in April 2018 and in 2017.

Timeliness, reliability and completeness

The report noted that all Member States met the reporting deadlines for both notifications.

Revisions made between the April 2018 and the October 2018 EDP notifications were due mainly to updates of source data (primarily working balances and tax data), and methodological changes, such as reclassifications of units or transactions.

All Member States provided Eurostat with all the EDP notification tables in April and October. However, not all Member States provided all breakdowns in all EDP tables, in particular for local government.

Complete coverage of all government subsectors as well as inside the subsectors has not been achieved for all Member States yet. Some Member States flagged data as provisional or estimated. Consequently, the data for Belgium, Bulgaria, Germany, Ireland, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Poland and the United Kingdom might be subject to revision in future notifications. While the completeness of the EDP tables can still be improved, the outstanding issues are expected to have little impact on data quality.

Compliance with accounting rules and consistency of statistical data

For the autumn 2018 reporting period, a first round of requests for clarification was sent to all Member States by 5 October and a second by 12 October; a third round was sent to 16 Member States and a fourth to one. Eurostat asked some Member States to provide revised 'EDP notification tables, revised tables for underlying government accounts (i.e. annual expenditure and revenue accounts, and quarterly financial and non-financial accounts) and revised 'Questionnaire relating to the EDP notification tables. In most

cases, changes to data were corrections of technical errors, internal inconsistencies and adjustments. A few changes related to updates of the source data for actual and planned data.

The report noted that there are substantial inconsistencies concerning net financial transactions for a number of years for Greece. There are also noticeable inconsistencies for France in the recording of other accounts receivable for central government and social security funds in 2017. For Germany, Portugal (2014-2017) and Spain (2014-2016), the reporting of statistical discrepancy in the October 2018 notification tables diverges from convention for ESA table 27 and this leads to substantial discrepancies for all years.

Reservations

Eurostat maintained its reservations on the quality of data reported in the EDP notifications by France (April) and Hungary (April and October). It withdrew the reservations for Belgium (April) and France (October).

Publications

In 2014, the format of the EDP inventories was improved (making changes to the structure and the level of detail) and an agreement was reached with Member States on the new inventory template for ESA 2010. By the end of 2018, Eurostat had published revised inventories for 24 Member States. The remaining four Member States (France, Ireland, Luxembourg and the Netherlands) have provided a draft EDP inventory in the new format and further progress is expected.