Basic information

2005/0013(CNS) CNS - Consultation procedure Regulation	Procedure completed
Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93) Repealed by 2008/0053(CNS) **Subject** 8.60 European statistical legislation 8.70.03 Budgetary control and discharge, implementation of the budget 8.70.40 Basic budgetary texts	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	GAUZÈS Jean-Paul (PPE-DE)	11/04/2005

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2700	2005-12-12
Economic and Financial Affairs ECOFIN	2688	2005-11-08

European Commission

Commission DG	Commissioner
Eurostat - European statistics	

Key events

Date	Event	Reference	Summary
02/03/2005	Legislative proposal published	COM(2005)0071	Summary
27/04/2005	Committee referral announced in Parliament		
07/06/2005	Vote in committee		Summary

07/06/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0181/2005	
23/06/2005	Decision by Parliament	T6-0249/2005	Summary
23/06/2005	Results of vote in Parliament		
08/11/2005	Resolution/conclusions adopted by Council		Summary
12/12/2005	Act adopted by Council after consultation of Parliament		
12/12/2005	End of procedure in Parliament		
22/12/2005	Final act published in Official Journal		

Technical information

Procedure reference	2005/0013(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealed by 2008/0053(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 104-p14-a3
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/26914

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE359.920	01/06/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0181/2005	07/06/2005	
Text adopted by Parliament, 1st reading/single reading		T6-0249/2005 OJ C 133 08.06.2006, p. 0028-0093 E	23/06/2005	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2005)0071	02/03/2005	Summary
Commission response to text adopted in plenary	SP(2005)2882	13/07/2005	
Follow-up document	COM(2007)0200	20/04/2007	Summary
Follow-up document	COM(2008)0060	08/02/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2005/0011 OJ C 116 18.05.2005, p. 0011-0012	04/05/2005	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Regulation 2005/2103 OJ L 337 22.12.2005, p. 0001-0006	Summary

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 04/05/2005 - European Central Bank: opinion, guideline, report

On 15 April 2005, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a Council regulation amending Regulation 3605/93/EC as regards the quality of statistical data in the context of the excessive deficit procedure.

The report states that the ECB welcomes the core objective of the proposed regulation, which is intended to strengthen the legal framework for compiling government accounts underlying the EDP and to provide a legal basis for the Code of best practice on the compilation and reporting of data in the context of the excessive deficit procedure, adopted by the Council of Ministers on 18 February 2003.

The ECB notes that the proposed amendments do not change the current spring and autumn reporting deadlines for government accounts. The ECB would support deferring the reporting deadlines by one month, to 31 March and 30 September respectively, as this may improve the overall quality of government accounts, in particular government deficit data. Such deferral would increase the availability of source data in spring and align EDP data with the complete set of European System of Accounts (ESA) 95 government accounts, thus enabling the Commission (Eurostat) to carry out detailed quality checks. In addition, it would also enable statistical authorities to meet their obligations to compile

budgetary data by giving them more time to complete the transition from the public accounts provided y various government bodies to the ESA 95 data required for EDP purposes.

Furthermore, the ECB also supports specifying in a relevant regulation, by reference to ESA 95, a complete set of actual government accounts to be provided by the Member States to the Commission (Eurostat), including sufficient breakdowns. It would also be useful to require Member States to provide any necessary reconciliation between EDP and ESA 95 data. Lastly, the ECB would furthermore support publication by the Commission (Eurostat) of complete sets of government accounts by Member State and related formal quality reports.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 12/12/2005 - Final act

PURPOSE: to improve the quality of data and to ensure a timely transmission of statistics within the context of the excessive deficit procedure.

PROPOSED ACT: Council Regulation 2103/2005/EC amending Regulation 3605/93/EC as regards the quality of statistical data in the context of the excessive deficit procedure.

CONTENT: Council Regulation 3605/93 on the application of the Protocol on the excessive deficit procedure lays down a time-table for the reporting to the Commission of annual government deficits and debt. It does not, however, contain any provisions concerning the assessment of the quality of

data reported by the Member States. There appears to be a need for the streamlining of procedures and the issuing of data relating to government debt relating to the “excessive deficit procedure”. The purpose, therefore, of this act is to revise Regulation 3605/93 by changing the deadlines for reporting data so that they are consistent with the deadlines of the ESA transmission programme on government expenditure and revenue, financial balance sheets, financial transactions and debt. In addition, and given that the credibility of budgetary surveillance hinges upon reliable budgetary statistics, it is important that the statistics forwarded by the Member States are of the highest quality. A further purpose of this act, therefore, is to specify the measures needed to improve the quality of the actual government data reported. The measures outlined are based on existing best practices, which allow both the Council and the Commission to perform their duties under the Treaties.

In summary, the main revisions to Council Regulation 3605/93 are as follows:

On the deadlines for forwarding data:

- The figures forwarded on planned government deficit and debt level figures should mean the figures for the current year. They should be the most recent official forecasts and should be produced in as short a time as possible before the reporting deadline.
- As from 1994 onwards, Member States are obliged to report their planned and actual government deficit and levels of government debt twice a year. The first being before 1 April of the current year and the second being before 1 October.
- The Member States will be obliged to inform the Commission, as soon as possible, of any major revision in their actual and planned government deficit and debt figures already reported.
- The Member States will be obliged to make public the actual deficit and debt data for past years.

On the quality of data:

- Eurostat will be responsible for regularly assessing the quality both of actual data reported and of the underlying government sector accounts. Assessments will focus, for example, on the delimitation of the government sector, the classification of government transactions and liabilities and the time of recording.
- Member States will be obliged to provide Eurostat with the relevant statistical information including data from national accounts, inventories, EDP notification tables and additional questionnaires and clarification related to the notifications.
- Member States will be obliged to provide Eurostat with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts
- Eurostat will report regularly to the European Parliament and to the Council as well as maintaining an on-going dialogue with the Member States.

On the provision of data by the Commission:

- Eurostat will provide the actual government deficit and debt data for the application of the Protocol on the excessive deficit procedure within three weeks after the reporting deadlines. Eurostat may not delay the provision of the actual government deficit and debt data in cases where a Member State has not reported its own data.
- Eurostat may express a reservation on the quality of the actual data provided.
- In cases where Eurostat feels that the data received does not comply with the requirements of this Regulation it may amend the actual data – even though a justification of this amendment must be made.

ENTRY INTO FORCE: 23 December 2005.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 20/04/2007 - Follow-up document

Under provisions set out in Regulation (EC) No 3605/93 Eurostat is required to report regularly to the Parliament and Council on the quality of the actual data it receives from the Member States concerning:

- the Excessive Deficit Procedure (EDP);
- the “completeness” of the data received;
- the reliability of the data received;
- whether it has been sent in accordance with the specified deadlines; and
- the consistency of the data received.

This is the first report prepared by Eurostat in accordance with provisions set out in the Regulation.

The assessment is based largely on EDP notifications which the Member States are obliged to send to Eurostat on 1 April and 1 October of every colander year. The findings of the report are also based on supplementary information that the Commission received from the Member States from EDP related questionnaires and bi-lateral clarifications submitted by the Member States to Eurostat. Several EDP follow-up missions have also taken place in order to maintain an on going dialogue between Eurostat and the national authorities. The findings of the report relate to the EDP reporting year 2006 and focus on the most up-to-date information (i.e. October 2006). Where appropriate comparisons with April 2006 have been made.

Main findings of the 2006 reporting on government deficit and debt levels:

Timeliness*:* By October 2006 (i.e. the second reporting period) all of the EU Member States, with the exception of Luxembourg, had reported their data on, or before 30 September 2006. Luxembourg reported on 3 October 2006. For the April exercise, Ireland reported its figures after the deadline on 4 April 2006. In general the Member States tend to revise their reporting or to finalise their EDP tables after their first submissions. Generally, revisions are sent in response to comments, technical questions or remarks addressed to the Member States by Eurostat.

Completeness of tables and supporting information: Most of the Member States completed all of the EDP notification tables. In the most recent, October 2006 EDP notification, eight Member States did not provide a link between the working balance and the ESA 95 government surplus/deficit for all the sub-sectors or for all years, or reported working balances equal to net lending/net borrowing.

Not all of the Member States provided breakdowns for items loans and equity and nine Member States did not provide the breakdown of loans. Six Member States did not split equity. In October 2006, Greece did not provide details on privatisation and Germany did not provide qualitative answers on military expenditure.

Exchange of information and clarifications: Eurostat had difficulties with some Member States when requesting further information in order to clarify the application of accounting rules on specific transactions. In some cases a third or even a fourth round of requests needed to be sent by Eurostat before a satisfactory answer was given.

Dialogue and methodological visits: In 2006 Eurostat carried out dialogue visits to: Portugal, Slovenia, Lithuania, Malta, France, Belgium, Cyprus, Ireland, Hungary, Denmark, Greece, Luxembourg and Latvia . A methodological visit has been conducted in Greece on two occasions.

Recent methodological issues: In 2006, Eurostat devoted much attention to the application of ESA95 rules. The most recent publication on this matter relates to “Flows from and to the EU budget” and “military expenditure”

Consistency with underlying government accounts: The overall consistency of EDP dates with reported ESA95 government accounts is satisfactory. Compared to April 2006, which was the first time this exercise was undertaken, there is evidence that consistency is improving, most notably on the financial side.

Publication of headline figures and detailed reporting tables: Although Member States are obliged, under EU provisions, to make public their actual data on deficit and debt, only thirteen Member States report that they already publish, or plan to publish this data. Eurostat notes that whilst there is still room for improvement, it is encouraging to see that six more Member States are publishing the reporting tables.

Reservations on the quality of data: In October 2006, Eurostat withdrew the reservations that it had reported on data for the April 2006 figures concerning Belgium and Greece. No further reservations on the data were made.

Amendments to the reported data: In 2006, Eurostat amended the fiscal data reported by three Member States, namely Belgium, France and the United Kingdom. Eurostat also decided not to use the GDP data notified by Greece in Oc tober 2006. Given the magnitude and complexity of this revision, Eurostat is carrying out a complete verification of GDP data. In April 2006, amendments were made to the data reported by the United Kingdom and to deficit figures reported by France. The report explains, in detail, the amendments made.

Transitional period for the classification of defined-contribution funded pension schemes: As customary, Eurostat provides information on the estimated effect of its decision on the sectoral classification of defined-contribution funded pension schemes for those Member States that avail themselves of the transitional period until March 2007.

At the end of the transitional period, the deficit and surplus figures for 2005 reported by Member States and published by Eurostat will have to be revised as follows:

- for Denmark, the surplus will be revised downwards by 0.9% of GDP to 4.0% of GDP;
- for Hungary, the deficit will be revised upwards by 1.3% of GDP to 7.8% of GDP;
- for Poland, the deficit will be revised upwards by 1.9% of GDP to 4.4% of GDP; and
- for Sweden, the surplus will be revised downwards by 1.0% of GDP to 2.0% of GDP.

Debt will be revised upwards by:

- 0.3% of GDP for Denmark,
- 3.9% of GDP for Hungary,
- 5.3% of GDP for Poland; and

- 0.6% of GDP for Sweden.

The variable impact on debt reflects the different strategies governing investment of those funds in government bonds or in other assets, such as bonds issued by non-government entities or shares.

Conclusions: Eurostat concludes that, in general, progress on improving the quality of fiscal data has been made in the course of 2006. The Member States have transmitted more complete information to Eurostat on both EDP notification tables and on the questionnaires relating to notification tables. Overall consistency of EDP data with reported ESA95 government accounts is now satisfactory and is improving – particularly on the financial side as compared to April 2006. Some problems remain regarding compliance with accounting rules and the quality of some of the statistical information provided. The Commission, therefore, urges the Member States to continue to invest in the quality of government finance statistics with a view to meeting the requirements of the Treaty.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 23/06/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Jean-Paul **GAUZÈS** (EPP-ED, FR) making some amendments to the proposal. (Please see the summary of 07/06/2005.) Parliament also added in the recitals that the European Statistics Code of Practice, which will be set up jointly by the national statistical institutes and Eurostat, should enhance the principles of professional independence, adequacy of resources and quality of statistical data.

With regard to the data, Parliament inserted a new clause that if the planned government deficit and debt figures do not use the "common external assumptions", made public by the Commission in the context of the coordination of economic and fiscal policies to make comparisons between Member States, the Member States shall explain in depth the reason for the divergence and calculate the differential between the projections.

Finally, Parliament stipulated that quality of actual data means the compliance with the European System of Accounts 1995 (ESA 95) standards, rather than “accounting rules” as in the original text.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 02/03/2005 - Legislative proposal

PURPOSE: the improvement of the quality of national statistical data in the context of the excessive deficit procedure

PROPOSED ACT: Council Regulation

CONTENT: The Commission adopted on 22 December 2004 the Communication to the European Parliament and the Council “Towards a European governance strategy for fiscal statistics”, which included three lines of action for the improvement of fiscal statistics: completing the legal framework, developing the operational capacity, and the development of European minimum standards for the institutional set-up of statistical authorities.

The measures proposed in this draft Regulation relate to the first and second lines of action.

They are designed to set up surveillance mechanisms, define procedures to resolve methodological issues and increase accountability and transparency throughout the whole process.

The Commission is currently working to develop the third line of action included in the Communication. There is a need to establish European-wide minimum standards in the domain of statistics, which reinforce the independence, integrity and accountability of the National Statistical Institutes and of Eurostat, in order to respond to the invitation of the ECOFIN Council by June 2005.

FINANCIAL IMPLICATIONS:

- Human resources: 2.2 million EUR/year (EUROSTAT: EUR 1.7m/year; ECFIN: 0.5 million EUR/year);

- Other administrative expenditures: 0.355 million EUR/year (EUROSTAT: 0.28 million EUR/year; ECFIN: 0.075 million EUR/year);

Total indicative cost: EUROSTAT: 1.98 million EUR/year; ECFIN: 0.575 million EUR/year.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 08/02/2008 - Follow-up document

In line with Council Regulation No 3605/93, as amended, the Commission (Eurostat) presented a report to the European Parliament and to the Council on the quality of the actual data reported by Member States. The report must provide an overall assessment of the compliance with accounting rules, completeness, reliability, timeliness and consistency of the data. This is the second report provided in this context.

This report is based on the main findings and results of the EDP reporting in 2007, focusing on the most up-to-date information, i.e. the latest reporting exercise (October 2007), and, where appropriate, making comparisons with the April 2007 reporting.

Member States are required to report their planned and actual deficit and debt levels to the Commission twice a year, before 1 April and 1 October. During 2007, the EDP reporting covered the years 2003 to 2007. The figures for 2007 are those planned by the national authorities, while the 2003 to 2006 figures are final, semi-finalised, provisional or estimated. Compliance with the reporting deadlines is usually good, and in the second reporting in 2007 all the Member States reported their data on, or before, 30 September except Luxembourg, which reported on 1 October. In the April reporting exercise, all the Member States reported their figures before 1 April.

Most of the Member States completed all the EDP notification tables. In the October 2007 EDP notification, eight Member States either did not provide the link between the working balance and the EDP surplus/deficit for all the sub-sectors or for all the years or reported working balances equal to the EDP surplus/deficit. Not all the Member States provided the breakdowns requested for the items loans and equity. In the October 2007 notification, five Member States did not provide the breakdown for loans and two Member States did not split equity.

All the Member States submitted their replies to the “Questionnaire related to the notification tables”. Although coverage of answers improved between April and October 2007, a majority of countries still do not report all the details requested.

In order to maintain a continuous dialogue with Member States, Eurostat also makes several EDP dialogue visits during the year with the aim of reviewing reported data, examining methodological issues, discussing statistical sources and processes described in the inventories and assessing compliance with the relevant accounting rules, for example on the delimitation of general government, the time of recording and the classification of government transactions and liabilities. Recurring themes discussed during the visits included, in particular, the classification of units (including infrastructure, TV and radio, hospitals and universities), capital injections, public-private partnerships, EU flows and the recording of guarantees. No EDP methodological visits were made in 2007.

Eurostat concludes that progress on the quality of fiscal data continued in 2007. Member States have provided fuller information, both in EDP notification tables and in other relevant statistical returns, like the questionnaire relating to the notification tables. Overall consistency of EDP data with the reported ESA95 government accounts is now satisfactory and is improving, particularly on the financial side, compared with the situation in 2006.

In this context, Eurostat expressed no reservations on the quality of the reported data in 2007.

In spite of the recognised improvements, some problems still persist linked to compliance with accounting rules and the quality of some of the statistical information provided. As in the report covering 2006, the Commission would therefore invite Member States to continue investing in the quality of government finance statistics with a view to meeting the requirements of the Treaty. This is the only way to achieve the desired level of quality as regards the compliance with the accounting rules, completeness, reliability, timeliness and consistency of government data.

Fiscal statistics: governance and quality of statistical data in the context of the excessive deficit procedure (amend. Regulation (EC) No 3605/93)

2005/0013(CNS) - 08/11/2005

The Council adopted the following conclusions and politically endorsed three annexes to be incorporated into a draft regulation amending regulation 3605/93 as regards the quality of statistical data used under the excessive deficit procedure.

The Council welcomes the EFC Status Report on Information Requirements in EMU. Due to the commitments of, and close-cooperation between, Eurostat and national statistical institutes (NSIs), major progress has been achieved in several fields of the Principal European Economic Indicators (PEEIs) over recent years. Furthermore, important new legislation was enacted paving the way for further progress in those areas. Overall, nine out of a total nineteen PEEIs currently fulfil or are close to the PEEI timeliness and coverage targets, thus improving considerably the information base for economic analysis and monetary policy. This progress notwithstanding, the Council acknowledges that important challenges remain. The availability of timely and high-coverage indicators for services and labour markets, in particular employment data, should be improved as a matter of priority. Generally, despite some important improvements to timeliness, most PEEIs still lag far behind the US indicators and major efforts are still required to catch up with US timeliness. In order to meet these challenges, stronger commitments are needed in the longer term from NSIs and Eurostat, with the support of the ECB.

Benchmarking exercises against other countries worldwide should be carried out from time to time so that European statistics match the best international standards. The full and prompt implementation by Member States of the legislative framework that has been adopted under the EMU Action Plan is strongly supported so as to improve the critical areas identified. To free up the necessary resources at the national and European level the Council asks the Commission to continue and reinforce the efforts on prioritisation.

The Council confirms its view that the core issue remains to ensure adequate practices, resources, capabilities to produce high quality statistics at the national and European level with a view to ensuring the independence, integrity and accountability of both national statistical offices and Eurostat. The Council is of the view that a new high-level advisory body would enhance the independence, integrity and accountability of Eurostat and, in the context of the peer review assessment of implementing the European Statistics Code of Practice, of the ESS.

The Council welcomes the letter by the Commission to the Council President providing clarification on the principles and details guiding Eurostat's methodological visits, and assurance that Eurostat will discuss any possible revision with Member States and duly take into account their comments if the need for revisions arises. In the view of the Council, legal obligations of Member States have to be specified. The Council advises that these legal obligations have a legal nature as well as Eurostat new capacity of investigation, so they should be integrated in the draft regulation as an annex. As the annex has been agreed, the Council endorses the draft Regulation amending Regulation 3605/93 and foresees a timely adoption of the Regulation with a view to its application in the next EDP notification.

There was a broad majority in favour of keeping the CMFB and not to change the current set-up of the CMFB as an advisory body. The Council invites the CMFB to review its procedures and to examine possible areas and ways of improvements and cited the importance of reviewing statistical priorities and reducing statistical requirements for areas which are now considered to be of less importance.

Moreover, as a separate element from the above package, the Council discussed the handling of complex methodological cases with relevance for EDP statistics..