Basic information

2010/0035(NLE) NLE - Non-legislative enactments Regulation	Procedure completed
Excessive deficit procedure: quality of statistical data Amending Regulation (EC) No 479/2009 2008/0053(CNS) **Subject** 5.10.01 Convergence of economic policies, public deficit, interest rates 8.60 European statistical legislation	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs	KARAS Othmar (PPE)	17/03/2010

Council of the European Union	**Council configuration**	**Meetings**	**Date**
	General Affairs	3028	2010-07-26
	Economic and Financial Affairs ECOFIN	3020	2010-06-08

European Commission	**Commission DG**	**Commissioner**
	Eurostat - European statistics	REHN Olli

Key events

Date	Event	Reference	Summary
15/02/2010	Legislative proposal published	COM(2010)0053	Summary
11/03/2010	Committee referral announced in Parliament		
08/06/2010	Debate in Council		Summary
28/06/2010	Vote in committee		Summary
30/06/2010	Committee report tabled for plenary, 1st reading/single reading	A7-0220/2010	
06/07/2010	Decision by Parliament	T7-0253/2010	Summary
06/07/2010	Results of vote in Parliament		
26/07/2010	Act adopted by Council after consultation of Parliament		
26/07/2010	End of procedure in Parliament		

30/07/2010	Final act published in Official Journal		

Technical information

Procedure reference	2010/0035(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 479/2009 2008/0053(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 126-p14-a3
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/02284

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE441.375	26/05/2010	
Amendments tabled in committee		PE442.956	09/06/2010	
Committee report tabled for plenary, 1st reading/single reading		A7-0220/2010	30/06/2010	
Text adopted by Parliament, 1st reading/single reading		T7-0253/2010	06/07/2010	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2010)0053	15/02/2010	Summary
Commission response to text adopted in plenary	SP(2010)6509	15/09/2010	
Follow-up document	COM(2011)0187	11/04/2011	Summary
Follow-up document	SWD(2022)0032	15/02/2022	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_CHAMBER	COM(2010)0053	16/07/2010	
Contribution	PT_PARLIAMENT	COM(2010)0053	20/07/2010	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2010/0028 OJ C 103 22.04.2010, p. 0001	31/03/2010	Summary

Additional information		
Source	**Document**	**Date**
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act	
Regulation 2010/0679 OJ L 198 30.07.2010, p. 0001	Summary

Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 08/06/2010

The Council agreed on a general approach on a draft regulation aimed at strengthening the rules on statistical data used under the EU's excessive deficit procedure *doc. 10728/10*.

The aim is to allow the Commission and the Member States to work together more effectively on improving the quality and reliability of statistical data used to determine government deficit and

debt figures.

The regulation will be adopted at a forthcoming Council meeting, once the European Parliament has submitted its opinion.

Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 31/03/2010 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on a proposal for a Council Regulation amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure.

On 8 March 2010 the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on the abovementioned proposal.

In general, the **ECB supports the proposed regulation** as a very important step towards improving the quality of the statistics referred to in Regulation (EC) No 479/2009.

The ECB makes the following **specific observations**:

- it is very important that the Member States provide the Commission (Eurostat) with access to all of the information that the Commission requires for assessing the quality of data. The ECB also considers that for this purpose a more detailed list than that proposed to be included in Article 8(2) would be beneficial in order to increase clarity and certainty as to what kind of information may be requested. It should be clear that the list is non-exhaustive;
- introducing some examples could clarify when methodological visits are required. Frequent and sizeable data revisions, persistent unexplained stock-flow adjustments and unresolved problems concerning methodological issues may give cause for concern and therefore warrant a methodological visit, which the ECB believes is an excellent means of improving the quality of data;
- the definition of ‘government deficit (surplus)’ in Regulation (EC) No 479/2009 should be aligned with international statistical standards. The ECB therefore proposes to use the deficit (B.9) from the national accounts for the excessive deficit procedure (EDP) as in the early years of

this procedure. This would have the added benefit of increasing the transparency of the reporting process, since by excluding settlements under swaps arrangements and forward rate agreements from the deficit used for the EDP the deficit figures become less susceptible to manipulations carried out by way of complex financial transactions;
- to improve data quality, the ECB would moreover like to ensure that the compilation of the planned data is based on the most up-to-date available information, using monthly and quarterly outturns where available. Ideally, the quality of these planned data should also be scrutinised;
- the Commission should be given more time to assess the actual data and would favour extending the period referred to in Article 14 by one week to four weeks. Extending this period also requires earlier data transmissions by the Member States, in order not to disrupt the administrative processes (including, for example, the preparation of convergence reports) in which these data are used. Hence, the ECB proposes to advance the reporting deadlines in the future. As the ECB understands that an amendment of Council Regulation (EC) No 2223 /96 on the European system of national and regional accounts in the Community (i.e. the European System of Accounts (ESA) transmission programme) is currently under discussion, the respective deadlines should be aligned to avoid consistency problems;
- lastly, it is important that the national statistical authorities have access to the information needed to ensure the compliance of reported data with Article 1 of Regulation (EC) No 479/2009 and the underlying ESA 95 accounting rules.

Where the ECB recommends that the proposed regulation is amended, specific drafting proposals are set out in the Annex accompanied by explanatory text to this effect.

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.

Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 06/07/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 588 votes to 35, with 36 abstentions, a legislative resolution approving, subject to amendments, the proposal for a Council regulation amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure.

In its resolution, Parliament states that unfortunately, neither the Commission (Eurostat)'s warning, issued as long ago as 2004, nor the Commission's initiatives in this area, set out in its communication of 22 December 2004 entitled "Towards a European governance strategy for fiscal statistics" , led to reforms by the Council of the governance framework for financial statistics, which were overdue even then. Had timely action been taken, the errors in reporting the relevant data on public deficit could have been identified much sooner and the resulting crisis could at least have been contained. It is

therefore of critical importance that the Commission (Eurostat) receive an appropriate competence framework, adequate staffing and as much independence as possible.

The main amendments are as follows:

- the Commission should **assess and draw conclusions** about how the collection and evaluation of financial statistics from Member States was conducted in the past. Those conclusions should be reported to the European Parliament;

- Members consider it essential that ensuring **institutional independence** of all national statutory statistical bodies is crucial to avoid any undue pressure on them from their respective governments;

- it is essential that the data received from the Member States is shared in due time with the European Central Bank's Directorate General for Statistics;

- the comparability of economic data requires a **uniform methodology**. The Commission should therefore promote the harmonisation of statistical data collection;

- the Commission should consider elaborating **sanctions** within the framework of the Stability and Growth Pact in relation to the submission of misrepresented macro-economic statistics by Member States. It should also consider enforcing such sanctions against Member States that falsify the macroeconomic statistics relating to their budget deficit and government debt;

- the Member States should provide the Commission (Eurostat) with **all statistical and budgetary information** on the basis of a standardised and internationally accepted method of accounting. Planned government deficit and government debt level figures shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects and monthly and quarterly outturns;

- in carrying out monitoring visits to a Member State whose statistical information is under scrutiny the Commission (Eurostat) should be entitled to have access to the accounts of government entities at central, state, local and social security levels, including the provision of underlying detailed accounting information, relevant statistical surveys and questionnaires and further related information, including **off-balance sheet transactions**, respecting the legislation on data protection as well as statistical confidentiality;

- the **methodological visits may be unannounced** and are designed to monitor the processes including the independence of the national statistical authority from the government. These visits, announced or unannounced, shall only be undertaken in cases where serious risks or problems with the quality of the data are suspected. The Commission shall establish a list of cases to be considered as a significant risk or problem relating to the quality of the data;

- Member States shall, at the request of the Commission (Eurostat), provide the assistance of experts in national accounting, including for the preparation and undertaking of the methodological visits, which may also be unannounced. In the exercise of their duties, these experts shall provide an independent expertise and shall undergo special training so as to ensure a high level of expertise and impartiality;

- **Representatives of the European Central Bank** may take part and assist the officials of the Commission (Eurostat) during the methodological visits;

- the Commission (Eurostat) may make **on-site inspections** and be permitted to hold interviews with any organisation it deems relevant to its work.

Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 26/07/2010 - Final act

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

LEGISLATIVE ACT: Council Regulation (EU) No 679/2010 amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure.

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

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).

The revised governance framework for fiscal statistics has functioned well overall and, in general, has produced a satisfactory outcome in terms of the reporting of relevant fiscal data on government deficit and debt. In particular, the Member States have predominantly demonstrated a solid record of cooperation in good faith and an operational ability to report fiscal data of high quality.

However, recent developments have also clearly demonstrated that the current governance framework for fiscal statistics still does not mitigate, to the extent necessary, the risk of incorrect or inaccurate data being notified to the Commission.

The amendments made to Regulation (EC) No 479/2009 allow the Commission and Member States to work more effectively together in improving the quality and reliability of government finance statistics.

Permanent dialogue: the Commission (Eurostat) shall ensure a permanent dialogue with Member States' statistical authorities. To this end, the Commission (Eurostat) shall carry out in all Member States regular dialogue visits, as well as possible methodological visits. When organising dialogue and methodological visits, the Commission (Eurostat) shall transmit its provisional findings to the Member States concerned for comments. The

dialogue visits are designed to review actual data reported according to the Regulation, to examine methodological issues, to discuss statistical processes and sources described in the inventories, and to assess compliance with the accounting rules. The dialogue visits shall be used to identify risks or potential problems with respect to the quality of the reported data.

Methodological visits: the methodological visits are designed to monitor the processes and verify the accounts which justify the reported data, and to draw detailed conclusions as to the quality of reported data. The methodological visits shall only be undertaken in exceptional cases where significant risks or problems with respect to the quality of the data have been clearly identified.

Member States shall take all necessary measures to facilitate the methodological visits. Member States are expected to provide, at the request of the Commission (Eurostat), and on a voluntary basis, the assistance of experts in national accounting, including for the preparation and carrying-out of the methodological visits. In the exercise of their duties, these experts shall provide independent expertise.

In the framework of the methodological visits, the Commission (Eurostat) shall have the right to access the accounts of all government entities at central, state, local and social security levels, including the provision of existing underlying detailed accounting and budgetary information. In this context, accounting and budgetary information includes:

- transactions and balance sheets,
- relevant statistical surveys and questionnaires of general government and further related information, such as analytical documents,
- information from relevant national, regional and local authorities on the execution of the budget of all sub-sectors of the general government,
- the accounts of extra-budgetary bodies, corporations, and non-profit institutions and other similar bodies that are part of the general government sector in national accounts,
- the accounts of social security funds.

Member States shall take appropriate measures to ensure that institutions and officials responsible for the reporting of the actual data to the Commission (Eurostat) and of the underlying government accounts are accountable and act in accordance with principles established in Regulation (EC) No 223/2009.

ENTRY INTO FORCE: 19/08/2010.

Excessive deficit procedure: quality of statistical data

2010/0035(NLE) - 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.