

Box 9**Code of best practice on the compilation and reporting of data in the context of the excessive deficit procedure**

On 18 February 2003, the ECOFIN Council adopted and published a “Code of best practice on the compilation and reporting of data in the context of the excessive deficit procedure”, following a Communication by the Commission on this subject. The Commission and the ECOFIN Council have thereby reacted to several significant revisions of Member States’ government deficit and debt data in the course of 2002 and to some weaknesses in the provision of annual government finance statistics in general.

Moreover, the Commission and the ECOFIN Council have invited the European Council to support rigorous compliance monitoring of statistics for the excessive deficit procedure (EDP) and the Stability and Growth Pact, and to ensure that all necessary measures are taken to strengthen and safeguard trustworthy official statistics, including the scientific independence of Eurostat and the national statistical institutes (NSIs).

The Code of best practice aims to clarify and streamline procedures set out in the relevant legal acts in force and provides guidance, both at the level of the Member States and of the Commission, on the compilation, reporting and publication of government accounts for the previous years (actual data) and for the current year (planned data) in the context of the EDP.

(1) Compilation of budgetary data by Member States

The actual data shall be compiled by the NSIs, and where applicable, mainly for financial transactions and for financial assets and liabilities including government debt, by the NCBs. The NSIs and the NCBs shall thereby apply strictly and in full scientific independence the accounting rules as predominantly reflected in the European System of Accounts 1995 (ESA 95). The task of government, mainly the ministries of finance (MoFs), is to ensure that the basic data and other information needed are made available in a timely manner and in sufficient detail for compiling reliable government finance statistics.

Unlike the actual data, the planned data are typically provided by the MoFs. The planned data shall also follow the ESA 95 government accounts in order to form consistent time series together with the actual data.

(2) Reporting of budgetary data by Member States to the Commission

The reporting institutions within the Member States – for the actual data, the NSIs in co-operation with the NCBs, and for the planned data, the MoFs – shall take responsibility for the content, timeliness and transmission of their respective part of the report to the Commission, currently before 1 March and before 1 September of each year. More detailed tables and supplementary information shall be transmitted from February 2004 onwards and shall be based on the legal acts in force, such as the ESA 95 Transmission Programme and the Regulations on quarterly government finance statistics.

Taking into account the experience in 2002, Member States shall inform the Commission of revisions of the actual accounts and of major revisions of the planned data as soon as they become available.

(3) Securing the quality of the actual budgetary data

In 2004, the NSIs shall, in co-operation with the NCBs and the MoFs, provide an inventory of the methods, procedures and sources for the compilation of government finance statistics. The statistical inventory will help Eurostat to assess the compliance of the budgetary data with the accounting rules. When necessary, Eurostat may examine in depth the ESA 95 government accounts of each Member State and request the assistance of the ECB and of NSIs and NCBs from other Member States.

The Code of best practice deals carefully with the resolution of methodological issues. Although the actual budgetary data for the EDP are finally provided by Eurostat, the ECOFIN Council has confirmed the key role of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), comprising representatives from Eurostat, the ECB, and the NSIs and NCBs of the Member States. The CMFB is to be consulted when dealing with complex cases or cases of general interest. Furthermore, Eurostat shall publish its decisions on methodological issues, together with CMFB opinions, according to the timetable laid down in the CMFB rules of procedure for consultations on EDP statistics (see www.cmfb.org).

(4) Publication of the budgetary data by the Commission

Eurostat shall assess and publish the actual government deficit and debt data underlying the EDP for each Member State in mid-March and mid-September. In the case of revisions between these dates, either due to the resolution of methodological issues or to revisions of the underlying statistics of a Member State, Eurostat shall publish on its website within two weeks the updated actual accounts and the effects of these revisions on government deficits and debt. The planned budgetary data reported by the MoFs are not published because the Commission publishes its own forecasts.

The role of the ECB and the NCBs as reflected in the Code of best practice

The Code of best practice recognises the competence and the independent expertise of the ECB and the NCBs in the field of government finance statistics. While at the national level the NSIs have the primary responsibility for compiling these statistics, the NCBs shall contribute particularly to the compilation of government financial transactions, financial balance sheets and debt. It is advocated that the Code of best practice be applied strictly in all Member States, as well as in the acceding countries.