



Revisions of EDP data

1. The obligation to revise EDP data

It is important to note that Eurostat constantly refers to statistics and not to bookkeeping with regard to EDP data. EDP data are the result of statistical processes, which are based on primary accounting data, sampling and estimation procedures. Therefore, as point estimates, they are by their very nature subject to uncertainty and revisions.

The first notifications for a given year n (in April of year $n+1$ and October of year $n+1$, even sometimes April of year $n+2$) cannot be based on a complete set of final accounts of general government entities. Thus, part of the data needs to be "estimated" at these stages.

Furthermore, the general government sector, a macroeconomic concept, includes thousands, if not tens of thousands, of public entities. As public accounting frameworks of the general government entities in Member States are generally not compiled on an accrual basis (i.e. with balance sheets), the consolidation of all these accounts, sometimes following different, non-harmonised accounting standards, may also give rise to estimations, leading to so-called "statistical discrepancies".

Finally, government deficit/surplus and debt ratios used for EDP purposes are expressed relative to GDP, which is itself the result of a complex statistical process, and subject to frequent revisions. These revisions unavoidably affect published EDP deficit/surplus and debt ratios.

Thus, contrary to usual business accounting practices, Eurostat has to accept a certain level of statistical discrepancies and revisions of deficit/surplus and debt ratios. In what follows, the level of revisions refers to ratios based on "fixed GDP", in order to eliminate the impact of GDP revisions on deficit and debt ratios.

2. Sources of revisions

"Source data updates" revisions correspond to the progressive incorporation in the general government accounts of the final and exhaustive accounts of all entities composing the general government. This progressive incorporation entails revisions of previously published deficit/surplus and debt.

"Specific" revisions can occur under three circumstances:

1. the late discovery of a material error;
2. a correction of a wrong interpretation of the existing guidelines for the calculation of deficit/surplus and debt;
3. a change in these guidelines.

Contrary to some other accounting practices and in accordance with statistical practices, Eurostat gives priority to the consistency of time series over the pure stability of the data, for the sake of the macroeconomic analysis use of the accounts. Specific revisions can therefore sometimes be significant, in particular when they originate from the correction of a wrong interpretation.

3. Analysis of revisions

Eurostat regularly analyses revisions of EDP data to identify volatility and/or bias in such revisions through successive EDP notifications. It is a common approach, for those Member States where revisions issues have been identified in the past, to require a revision analysis as part of the prior documentation for an EDP Dialogue visit.

The EDP data system (maintained by Unit D1) allows for comparison of vintages of EDP data, and “triangle tables” can be straightforwardly generated for Desk Officers. Revisions may be divided into three broad categories – those due to source data revisions, to methodological changes, and to correction of errors. These data have been reported in the EDP questionnaire since 2009; the tables are checked as part of the normal EDP clarification process.

Eurostat’s revision analysis distinguishes between revisions of data up to the third notification of data for a given year (when source data should in principle be complete), and subsequent revisions. Whilst it is acknowledged that national accounts data should be revised to ensure they are of the highest possible quality, Eurostat sets a range for normal revisions and seeks to eventually bring all Member States’ revisions into the range of the 10 Member States with the lowest revisions. The analysis includes a graphical analysis, which plots a time series of revisions for individual years across notifications.

4. Current scale of revisions

Measured as the median of observed revisions of all Member States in the recent decade, revisions, including specific revisions, currently reach 0.3% (in absolute terms) for both deficit/surplus and debt between the first and the third notification, and 0.2% between the third and the last notification. This median masks much larger revisions for some Member States.

Referring to the practice over past years of the ten best countries, revisions of ratios between the first and the third notification are around 0.2% (in absolute terms) for both deficit and debt. The revisions due to source data updates after this date tend to zero.