

<b>Indicator (definition)</b>	<b>Public Balance:</b> Net borrowing/net lending of consolidated general government sector as a percentage of GDP
<b>Eurostat Unit</b>	Public finance
<b>Other Commission DGs</b>	DG Economic and Financial Affairs
<b>European Statistical System Working Group (WG)</b>	WG on National Accounts WG on Financial Accounts
<b>Date</b>	December 2010

**1. Overall assessment of accuracy and comparability** (Description of quality grades under the following link: [http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general\\_information/quality\\_profiles/annex\\_enpdf/EN\\_1.0\\_&a=d](http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d))

A     
  B     
  C     
  Indicator to be Developed

Data is collected from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability.

### 2. Objective and relevance of the indicator:

Public Balance is a key indicator of the government sector's financial position. According to 'ESA 95 manual of government deficit and debt', public balance *'is the balancing item "net borrowing (-)/net lending (+)" of General Government, including streams of interest payments resulting from swaps arrangements and forward rate agreements'*. General government net borrowing/net lending is broken down, in accordance with ESA 95, into the sub-sectors central government, state government, local government, and social security funds. General government net borrowing/net lending (deficit/surplus) and general government debt are reported to the European Commission in the framework of the Excessive Deficit Procedure (EDP) and form two of the convergence criteria for EMU. They are also used for the purpose of the Stability and Growth Pact (SGP).

### Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

### 3. Data availability:

(**t<sub>1</sub>**: earliest reference year available; **t<sub>2</sub>**: latest reference year available in December 2010)

	Member States	Candidate and Acceding Countries	US and Japan	EEA-EFTA
t <sub>1</sub>	1995: BE, CZ, DK, EE, IE, ES, FR, IT, CY, LV, LT, LU, HU, MT, AT, PL, PT, RO, SI, SK, FI, SE, UK 1996: DE, NL 1998: BG 2000: EL	2001: TR 2002: HR 2005: IS	1990: US, JP	1990: CH 2001: NO
t <sub>2</sub>	2009: All Member States	2009: IS, TR, HR	2004: US, JP	2002: CH 2009: NO

### 4. Overall accuracy

High



Data are based on annual national accounts of general government, derived primarily from administrative and other records of general government, and on official estimates particularly from ministries of finance. Tables of the Excessive Deficit Procedure (EDP) notification are completed by national authorities and once data are compiled by national authorities in the reporting format, they are transmitted to Eurostat. A quality assessment procedure is in place that involves arithmetic and quality checks as well as checks on consistency with ESA 95 by Eurostat on data received by Member States. Due to the complexity, volume and heterogeneity of data sources, quality

assurance is based to a large extent on assessing primary sources and processes rather than the final product. Eurostat undertakes EDP dialogue and methodological visits to Member States, during which it reviews government finance data.

Figures are subject to revisions due to the normal revision process associated to national accounts. Under the EDP procedure, countries report preliminary data for year t at t+3 months. Six month later, at t+9 months, these data are revised. At the same time countries may report revised data for the previous four years.

Restricted   
(sources, errors,  
methodology, etc.)

#### 5. Comparability across countries

High  The underlying methodological framework is the European system of accounts (ESA 95), which ensures a high degree of comparability. National accounts are reported to the European Commission using the tables of the EDP notification under the Excessive Deficit procedure (EDP) and are checked for consistency with the ESA 95 system. Public balance is broken down for all EU countries in accordance with ESA 95 into central government, state government, local government, and social security funds.  
In Canada, USA and Japan, the data are based on national accounts, but are not strictly comparable with EDP statistics.

Restricted

#### 6. Comparability over time

High  ESA 95 requires coherent long time series for National Accounts data, which are produced by most of the EU Member States. In some countries, methodological breaks can affect time series (normally on a temporary basis). Backward calculations of time series are provided to ensure full time coherence in a case of methodological changes.

Restricted

#### 7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

Continuous improvements relate to new methodology and compilation techniques as well as to harmonisation.

Challenges comprise the full implementation of ESA 95 methodology by the new Member States and by the Candidate Countries for the improvement of the accuracy and comparability of government debt under the Code of Best Practice.

Eurostat has started to revise ESA 95. The current timetable for the revised ESA is that it will be completed and proposed (as a legal instrument) in 2009, with adoption of the final text expected in 2011. European countries are committed to implementing the revised ESA by 2014, when complete datasets including historical series will be available to users.

#### 8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis

Public balance is a key indicator of the government finance statistics, which complements the GDP-related indicators in helping to evaluate the economic sustainability of growth in the medium term. It can be complemented by other indicators such as general government debt with which it is closely correlated.

#### Relevant European legislation

1. ESA 95 manual on government deficit and debt, Office for Official Publications for European Communities, Luxembourg, 2002, including updates.

2. Regulations for ESA 95 methodology: Council Regulation (EC) N° 2223/96

3. Regulations for EDP statistics:  
Council Regulation (EC) N° 3605/93

Council Regulation (EC) N° 475/00

Commission Regulation (EC) N° 351/02

Council Regulation (EC) N° 2103/05

Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (Codified version) *OJ L 145, 10.6.2009*

Council Regulation (EC) No 1056/2005 of 27 June 2005 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure *OJ L 174, 7.7.2005*

4. Regulation on statistical confidentiality:

Council Regulation (CE) N° 322/97 of 17 February 1997 (OJ N° L 52/1)

Council Regulation (EURATOM, EEC) N° 1588/90 of 11 June 1990

5. Recording of transactions: Commission Regulation (EC) N° 995/01 and EP and Council Regulation (EC) N° 2516/00.