Revision Policy of the Portuguese National Accounts System

Benchmark year 2016

National Accounts Department

September 2021

1. Introduction

Statistical data are a key asset in today's society, and an essential tool in supporting the most relevant decision-making processes, both at the public and private level, and in carrying out analyses and research.

Statistical data are therefore of interest to public and decision-makers, policymakers, economic agents, analysts, and researchers, paving the way for all individuals to gain more awareness of their citizenship.

Statistical data is only truly useful if it is credible and of high quality particularly as regards accuracy and timeliness.

In order to ensure quality dimensions, statistical producers are required to establish a commitment between rigor and swiftness as regards data released.

This commitment often gives rise to the need to conduct data revisions.

The need for revisions may also stem from the introduction of methodological improvements or the updating of statistical standards often decided on at international level.

Transparency, which must underlie the production and dissemination of official statistics, thus requires a detailed clarification of the Revision Policy, which is available in the Portuguese National Statistical Institute (Statistics Portugal) website. That document presents the determinant factors of each revision, the typology of revisions that may occur and the dimensions that should determine the analysis of each revision, as well as the general and the operational principles of the Statistics Portugal's Revision Policy.

Specific revision policy in the field of National Accounts is obviously consistent with Statistics Portugal's general Revision Policy, being overall consistent with European current revision policy as well.

In Statistics Portugal / National Accounts, Statistics Portugal makes available relevant methodological information in the National Accounts domain. The correspondent releases calendar is also accessible in the Press releases Calendar area. The idea is to inform, in this way, the users of the first releases of each statistic and their respective subsequent versions. This is in conformity with the respective general calendar foreseen by Eurostat within European System of National and Regional Accounts (ESA 2010) transmission programme.

In the context of five-year revisions, this document refers issues related to the transition from National Accounts (NA) benchmark year 2011 to benchmark year 2016, aiming to introduce methodological developments and to incorporate new information from sources not available annually, in order to obtain a more exact portray of economic activity.

2. Revision Policy of the Portuguese National Accounts System in benchmark year 2016 (in ESA 2010)

2.1. Current revision policy

In general, Portuguese National Accounts (PNA) data releases proceed according to the following qualifiers, in the different versions:

- Flash estimate
- Preliminary
- Provisional
- Final

The different PNA versions are mostly dependent of the availability of the database statistics and of their suitability for the national accounts aims.

2.1.1. Current revisions in the Portuguese National Accounts – annual data

In general, annual PNA are compiled and released in their preliminary, provisional, and final versions.

Those outputs are transmitted to Eurostat with the aim of accomplishing what is foreseen within ESA 2010 transmission programme, according to EU No 549/2013 regulation. In the case of the final annual Accounts for latest years it was observed that transmission has occurred in advance to the deadline transmission and release date. Indeed, currently, PNA final annual outputs, including supply and use tables, are available in t+21 months. Provisional outputs, related to t+9 months transmission of table 3 of the transmission programme, have been sent for the first time in 2016. Preliminary annual PNA, resulting from the compilation process of Quarterly National Accounts, are transmitted to Eurostat in t+60 days.

2.1.2. Current revisions in PNA – quarterly data

In general terms, Quarterly Accounts revise the annual preliminary values, in each quarter, as a consequence of being available updated versions of data source. In practice, one follows the recommendations on revision policy, as defined within the *Committee on Monetary, Financial and Balance of Payments Statistics* (CMFB), namely in what refers to the number of revised years/quarters in each compilation time (revision window or depth of revisions), which is enlarged in the releases occurring in March and in September, each year.

The following table summarizes the depth of regular revisions, usually applied in the PNA quarterly and annual releases:

	1st quarter			2nd quarter			3rd quarter			4th quarter		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Depth of annual revisions, excluding the first reported year (number of years)	0	0	2	0	0	0	0	0	2	0	0	0
Depth of quarterly revisions, excluding the first reported quarter (number of quarters)	0	0	8	0	0	5	0	0	10	0	0	3

The first PNA version for a complete year (preliminary data) corresponds to the sum of the quarters of a certain year. When the release of the flash estimate of the 4th quarter of each year occurs, the GDP volume annual change rate is also published. Quarterly National Accounts by institutional sectors also contribute for those revisions, on a regular basis. It should also be noticed that in November 2020 Statistics Portugal published for the last time the 45 days estimate of GDP, after which it proceeded to the anticipation of the first estimate of each quarter from 45 to 30 days. Thus, the release calendar for GDP quarterly data started to occur in three moments, as recommended in the context of the European Statistical System: 30 days (flash estimate), 60 days (detailed data) and 85 days (detailed data with breakdown by institutional sector) after the reference quarter.

2.1.3. Revision calendars and finishing of Accounts

The sequence of press releases of the results set up for a year t is as follows:

Table 1. Revision's schedule and finalisation of Accounts

January	→ t+30 days	**Flash estimate** First estimate of year t	→ Sum of four quarters from quarterly accounts GDP
February	→ t+60 days	**Preliminary version** Second estimate of year t	→ Sum of four quarters from quarterly accounts Revised version with new/updated information Main macro-economic aggregates for the total economy: main components of GDP from the expenditure and production approach (A8) and total employment
March	→ t+85 days	**Preliminary version** Third estimate of year t	→ Sum of four quarters from quarterly accounts Revised version with new/updated information Main macro-economic aggregates for the total economy: main components of GDP from the expenditure and production approach (A8) and total employment Sector Accounts Sequence of balances up to (net) lending / borrowing capacity of the total economy
September /December	→ t+9 months → t+12 months	**Provisional version**	→ GVA, Employment and Compensation of employees (A21); GFCF (A10) → Sector accounts
September /December	→ t+21 months	**Final version**	→ Supply and Use Table (SUT) (A82) → Integrated Business Accounts Table (SCIE) → Complementary data

The first estimate of year t corresponds to the flash estimate of the Quarterly National Accounts for the four quarters of a certain year in t+30 days, although the data made available in this phase is just the GDP volume change rate.

The preliminary version of Annual National Accounts data results also from Quarterly National Accounts, that means, the estimate for year t corresponds to the sum of the aggregates, more updated, of the four quarters of the very same year in t+60 days.

This preliminary version uses infra-annual frequency information, consequently overall data transmitted corresponds to the requirements met in table 1 of the ESA 2010 transmission programme.

When Quarterly National Accounts by Institutional Sectors are compiled, in t+85 days, the increased information made available and the integration of the revised data carry on the first revision of the

preliminary version of National Accounts, which then includes the sequence of accounts, main aggregates and balances by institutional sector.

2.2. Revisions related with the new benchmark year 2016 of the Portuguese National Accounts

In September 2019, Statistics Portugal proceeded with the implementation of the benchmark year 2016 of the PNA. The implemented revisions resulted, on the one hand, from the methodological changes, less relevant, when compared to the previous benchmark year change, that reflected the adoption of the new ESA2010 in replacement of ESA95, and, on the other hand, from the introduction of new data series, namely from Balance of Payments (BoP), which enables a more accurate representation of the real economic situation of the country.

In this context, and despite the incorporation of new information, GDP for 2016 in 2016 benchmark year is 9.4 million euros (0.005%) higher than in the 2011 base year, although there are some changes in its composition. The real growth real of GDP was revised from 1.9% to 2.0% in 2016.

2.2.1. Revisions related with new data sources

Concerning new or revised statistical sources, the following came out as the most relevant ones:
- New Household Budget Survey 2015-2016;
- Survey on International Tourism (2016) with impact on level and mainly on the distribution between reasons for the trip, personal or business, and goods and services, as they have different effects on the breakdown (i) Household final consumption expenditure / Intermediate Consumption and (ii) goods international trade / services international trade;
- New BoP series - new information on tourism, transport services and on-line commerce;
- More detailed information provided from Tax and Customs Authority.

2.2.2. Methodological revisions

The methodological revisions introduced with the transition from Base 2011 to Base 2016 of PNA occurred mainly in:

- Benchmark year improvements in calculating consumption of fixed capital (CFC) - replacement of depreciation function in R&D and entertainment, literary and artistic originals, from linear delayed to geometric function;
- Change in splitting the acquisition of motor vehicles between individuals and corporations;

- Reclassification of institutional units;
- Reclassification of transactions, namely expenses previously recorded as general government final consumption to household final consumption expenditure;
- The consideration of imputed rents by the seasonal use of non-resident second homes.

2.2.3. Main results

As already mentioned, the above revisions had a small impact on the level of GDP although there are some changes in its composition, as seen in the following table:

Table 2. Benchmark 2016 revisions – main expenditure aggregates (10^6 euros)

	Benchmark Year 2011	2016 Benchmark Year 2016	Revision
Total final consumption expenditure	155 086	154 824	- 262
Household final consumption expenditure and NPISH (1)	**121 789**	**122 024**	**236**
General government final consumption expenditure	33 297	32 800	- 497
Gross capital formation	**29 319**	**29 526**	**207**
Exports of goods and services	**74 619**	**74 989**	**370**
Imports of goods and services	**72 543**	**72 849**	**306**
Gross domestic product	**186 480**	**186 490**	**9**

Note: (1) NPISH - Non-profit institutions serving households

Relating to the main changes it is worth mentioning:
- Household final consumption expenditure was upwards revised (+236 M€), reflecting the net effect of two opposite effects. On the positive side, changes in the registration of online purchases by residents abroad; the purchase of air transport services; and reclassifications as acquisitions of services by households to general government of the expenditure previously considered as General government final consumption. On the negative side, change in splitting the acquisition of motor vehicles between individuals and corporations and downwards revaluation of Expenditure by residents in tourism outside the economic territory;
- General government final consumption expenditure was downwards revalued (-497.4 M€), reflecting the decrease in estimated CCF; the reclassification of expenditure from General government final consumption to Household final consumption; and the impact of other reclassifications (institutional units or transactions);
- Gross capital formation was upwards revalued (+207.3 M€) mainly due to the reclassification of expenses with the acquisition of motor vehicles from households to corporations; the revaluation

of plantations; and the reclassification to GFCF of transactions previously recorded as intermediate or final consumption;

- Exports of goods and services were upwards revised by 370.0 M€, mainly reflecting new BoP data and, to a lesser extent, the consideration of imputed rents by the seasonal use of non-resident second homes;

- Imports of goods and services were upwards revalued (+306.1 M€), mainly reflecting the new estimate for electronic commerce in goods.

The benchmark year 2016 GDP series has relatively few changes comparing to the previous benchmark series, being the annual average revision -0.02% in the period 1995-2016. The major revisions were in 2008, 2011 and 2013, which change rates went from 1.9%, 2.6% and 1.1% in benchmark-year 2011 to 2.1%, 2.4% and 1.3%, respectively.

Fig. 1 - GDP revisions - Benchmark year 2016 *vs* Benchmark year 2011