

Quality Report GNI Questionnaire 2016

The Netherlands

5 October 2016 (revised version)

Content

- Part 1: General information..... 3
 - 1.0 Summary of the main changes and methods compared to the 2015 GNI transmission... 3
 - 1.1 Major changes and improvements to sources and methods of national accounts 4
 - 1.2 Changes in the revision policy and timetable for finalising the estimates 4
 - 1.3 Results of any investigations on the quality of GNI and its components 5
 - 1.4 Description of developments in major sources 6
- Part 2: Changes to sources and methods for the final estimates 6
- Part 3: Revisions to years 2010 to 2014..... 7
 - 3.1 Routine (current) revisions 7
 - 3.2 Revisions related to the work on reservations 9
 - 3.3 Other revisions due to changes in methods and sources 9
 - 3.4 Revisions due to the transition from ESA 95 to ESA 2010..... 9
- Part 4: Revisions related to GNI reservations (2002-2010) 11

Part 1: General information

1.0 Summary of the main changes and methods compared to the 2015 GNI transmission

For the Netherlands no revisions to GNI are made for the years 2002-2009, as all GNI reservations 2002-2009 are lifted for the Netherlands. Therefore, Table 1 is not provided.

For the years 2010-2014, routine revisions are made only for 2013 and 2014. There are no changes stemming from GNI reservations, nor from changes in methods and sources. Table 2 provides an overview.

Table 2
Revisions to The Netherlands' GNI for 2010-2013 (ESA95 Based) and 2014 (ESA 2010 based)
(As percentage of GNI from the 2015 Questionnaire)

	2010	2011	2012	2013	2014
Total revision to GNI	0.0	0.0	0.0	-0.3	-1.5
<i>'of which':</i>					
Total revision caused by GNI reservations	0.0	0.0	0.0	0.0	0.0
Total revision caused by changes in methods and sources (excl. ESA2010 implementation)	0.0	0.0	0.0	0.0	0.0
Total revision caused by routine (current) revisions	0.0	0.0	0.0	-0.3	-1.5

The routine (current) revisions for 2013 due to updates of annual sources result in an upward revision of GDP of 0.3 as percentage of GNI (ESA95) GNIQ2015, and a downward revision of the balance of primary income of -0.6 as percentage of GNI (ESA95) GNIQ2015. For 2014, the revision of GDP is 0.0 while the balance of primary income is revised downward by -1.5, both as percentages of GNI (ESA 2010) as reported in the GNIQ2015.

Table 3 provides an overview of the total impact of the implementation of ESA2010 methodology on the GNI estimates.

Table 3
Total impact of ESA2010 Implementation on "country's" GNI (ESA95 based) for 2010-2013
(As percentage of GNI (ESA95 based) from the 2016 Questionnaire)

	2010	2011	2012	2013
Total impact of ESA2010 implementation	1.9	1.8	2.0	2.0

1.1 Major changes and improvements to sources and methods of national accounts

From **September 2014** onwards, all member states of the European Union (EU) are obliged to deliver national accounts (NA) data in conformity with the European System of Accounts 2010 (ESA2010). In the Netherlands a benchmark revision was carried out at the same time leading to the incorporation of new sources and methods which caused significant upward level shifts in GNI as reported in the September 2014 dataset. For the **September 2015** dataset, two kinds of revisions were relevant. First, routine revisions originating from the gradual increasing availability of annual data sources are used in updates of semi-final (y-1) and final estimates (y-2). Second, additional revisions were made in response to improvements in sources and methods underlying the property income transactions.

For the **September 2016** dataset, all revisions of GNI figures are solely due to routine revisions, as for the Netherlands all GNI reservations are closed and no changes in methods and sources are made. CBS and the Dutch Central Bank (DNB) continued the harmonisation exercise of data on property income flows from and to the rest of the world, for the balance of payments (BoP) and the national accounts (NA). At this point, differences in the balance of property income have become relatively small for recent years. Nevertheless, investigation in this area will be continued. Main reason for revisions in the 2016 dataset are due to more extensive analysis of impairments, leading to downward revisions. Furthermore, a new method for grossing up quarterly data is being developed which will expectedly be reducing future revisions from semi-final to final estimates. For further details, see paragraph 3.3.

1.2 Changes in the revision policy and timetable for finalising the estimates

CBS recently implemented a new revision policy and timetable. This new revision policy entails a reduction of the number of annual estimates from three to two. As a consequence, the estimate for y-2 (e.g. reporting year 2014 in the GNIQ2016) is no longer a semi-final estimate, but a final estimate which will not be further revised until the next benchmark or methodological revision.

To achieve this new revision policy, two actions were undertaken. First, a number of source statistics including the Structural Business Statistics (SBS) became available sooner (see section 1.4). Second, the process for estimating the supply and use tables (the SUT process), and therefore the GDP estimates, were redesigned. In previous years, the SUT process started after the main data sources became available. Under the new policy, the SUT process starts already with provisional figures from a number of data sources (including the SBS). Later on in the SUT process, the final figures from these data sources are incorporated as a second step in the process. In this way, the timetable allows final estimates to be published at y-2.

On the 24th of June 2016, the national accounts final estimates were published for 2013 and 2014, and semi-final figures for 2015 in StatLine, the CBS electronic database.

On the 13th of July 2016 the ‘Nationale rekeningen 2015’ (National Accounts 2015) was published on the CBS website (www.cbs.nl PDF format). The English edition ‘National accounts of the Netherlands 2015’ was released on 18 August 2016.

1.3 Results of any investigations on the quality of GNI and its components

Revision analysis

For some time now, revisions of Dutch macro-economic estimates, from flash to final estimates, have been mapped systematically. Both changes in size and sign are systematically reviewed. The aim of this exercise is to gain a better understanding of the main causes of the revisions and to improve future (semi-final) estimates. Although the analysis of revisions mainly relates to volume data such as economic growth, it is expected that also current price estimates will benefit from this research. The successive estimates of Dutch national accounts variables are presented on the CBS website (www.cbs.nl) under: Thema’s - Macro-economie - Methoden - Bijstellingen (in Dutch only).

Process tables

As part of the GNI inventory 2010, process tables were produced for the annual estimates of the supply and use tables including industries and final expenditure categories. This process table systematically describes the compilation process of GNI figures 2010 from sources to final estimates.

In addition, annual process tables for supply and use tables are made for final estimates from the 2010 benchmark revision onwards, including most industries (excluding health care and general government) and final expenditure categories (excluding general government final consumption expenditure). These process tables systematically describe the compilation process of national accounts figures from sources to final estimates.

From 2014 onwards process tables also are available for the compilation process of the institutional sector accounts. This further enhances the quality and transparency of the estimates

Improving the recording of transactions with the Rest of the World

As a result of the of the joint investigation as conducted by CBS and DNB at the beginning of 2015, see section 1.1, harmonisation of the property income in National Accounts and Balance of Payments has taken significant steps forwards. As a result of the collaboration, the differences between the balance of property income in BoP and NA have become relatively small for the final and semi-final estimates.

Furthermore, Balance of Payments release in June contains an update of reports improving data quality. In close cooperation with DNB, CBS solved the time constraints in the National Accounts process to incorporate this second Balance of Payments release in the preliminary annual GNI estimate of 2015. Expectedly, this will reduce future revisions of the reporting year 2015 and subsequently all future preliminary annual estimates.

In addition, investigating revisions between quarterly and final estimates for cross border property income flows of non-financial institutions draw attention to the current grossing up method for the quarterly figures. A project is started to examine the relation between the revisions and the grossing up method, and to suggest improvements where possible.

1.4 Description of developments in major sources

Starting with the 2010 benchmark revision, a new five-year benchmark revision policy is introduced to keep level estimates of gross national income up to date. The revised estimates for 2010 keep track of all recent developments in major data sources such as VAT and employment register data. For more information on the sources and methods used, reference is made to the GNI Quality report 2014 and 2015¹, a publication on the 2010 benchmark revision² and the GNI inventory 2010 as submitted to Eurostat. In the fall of 2016, the GNI inventory 2010 will be published by Eurostat on Circa. The GNI quality report 2016 will be published on the CBS website.

In 2014 a joined CBS-DNB project was started aiming at a full integration of the national accounts and balance of payments. In subsequent steps the data collection systems will be further aligned as well. This will eventually affect future compilation methods for GNI. In addition to a fully harmonised data collection framework, this project will also lead to a common revision and publication policy. One important achievement is that differences between the national accounts and balance of payment will cease to exist.

As mentioned in section 1.2, an important precondition for implementing the new revision policy and timetable was that data sources (e.g. Structural Business Statistics, investment statistics, R&D survey) would become available sooner in order to be incorporated in the estimates of y-2 instead of y-3. In practice, this meant that these data sources should become available one to four months earlier, depending on the specific data source. This has been achieved by prioritizing the work activities of the involved personnel, by increasing the number of personnel for some data sources, and by advancing the dates on which action is undertaken when the response on questionnaires is lagging.

Part 2: Changes to sources and methods for the final estimates

This section should explain changes in sources and methods compared to the ESA2010 GNI Inventory. As a new verification cycle has just started, based on new GNI inventories, no information is reported in this part 2 of the 2016 Quality Report.

¹ From 2014 onwards, CBS published the GNI quality report on its [website](#) (only in Dutch).

² The publication is available on the website in [Dutch](#)

Part 3: Revisions to years 2010 to 2014

Part 3 explains the main revisions to GNI for the “open” years, as given in table R1b – of the 2016 GNI Questionnaire. Revision items which significantly contribute to the overall revision of GNI are briefly explained.

Table 4 provides a breakdown of revisions to 2010-2014 estimates in millions of euros.

Table 4
Breakdown of Revisions to The Netherlands’ GNI for 2010-2013 (ESA95 based) and 2014 (ESA2010 based)
(Million euros and partly as percentage of GNI from the 2015 Questionnaire)

		2010	2011	2012	2013	2014
GNIQ 2016		624794	643017	645752	648848	661287
Total revision to GNI	(a)+(b)+(c)-(d)	0	0	0	-1653	-9839
	(as percentage of GNIQ2015)				(-0.3)	(-1.5)
'of which':						
(a)	Total revision caused by GNI reservations	0	0	0	0	0
(b)	Total revision caused by changes in methods and sources (excl. ESA2010 implementation)	0	0	0	0	0
(c)	Total revision caused by routine (current) revisions	0	0	0	-1824	-9839
	'of which':					
	GDP (as percentage of GNIQ2015)	0	0	0	1.891 (0.3)	238 (0.0)
	Balance of property income (as percentage of GNIQ2015)	0	0	0	-3.715 (-0.6)	-10.077 (-1.5)
(d)	ESA2010 to ESA95 Transition items	0	0	0	-171	
	(as percentage of GNIQ2015)				(0.0)	
GNIQ 2015		624794	643017	645752	650501	671126

3.1 Routine (current) revisions

According to the former national accounts revision policy of the CBS, figures for the years y-1 and y-2 are semi-final estimates and figures for the year y-3 are final (apart from benchmark revisions which are carried out periodically every 5 years). Therefore, routine (current) revisions only occur for 2013 and 2014 estimates.

Due to a change in revision policy, no routine revisions are to be expected in the GNIQ 2017 for 2014.

Revisions of 2013

The 2013 GDP figure in current prices is upwardly adjusted by 0.3 per cent³. The revised estimate shows that Dutch economic growth in 2013 was less negative than earlier estimates. The Dutch economy did not contract by 0.5 per cent but by 0.2 per cent. The upward adjustment both in current prices and in volume terms is among others due to new Structural Business Statistics about the IT-industry and wholesale trade, which shows that these industries performed better than previously indicated. Additionally, large revisions in a number of industries were offset by partly correlated corrections in other industries with no effect on GDP. For instance, the value added in real estate services was revised upwards due to a lower estimate for the intermediate consumption of FISIM. For the same reason, value added of the banking industry was revised downwards.

The balance of property income was adjusted downward by 0.6 per cent. This adjustment is mainly due to newly obtained information from Statistics on the Finance of corporations (Statistiek Financiën Ondernemingen, SFO) and cross border flows of non-financial corporations (Directe RAapportage grensoverschrijdende stromen van niet-financiële vennootschappen, DRA). In addition to reconciling the two sources, particular attention was given to the identification and removal from property income of impairments, leading to the downward adjustment of the property income balance.

In total routine (current) revisions of GNI 2013 led to a 0.3 per cent upward adjustment.

Revisions of 2014

The 2014 GDP figure in current prices was only slightly revised⁴. Underlying this total outcome, there are however a number of large adjustments. Some adjustments, for instance for the IT-industry, and to a lesser extend wholesale trade, are caused by the upward revision of the 2013 estimate. As preliminary estimates of GDP are based on extrapolating level estimates of the most recent final estimates by applying growth rates, an underestimation of the preliminary 2013 figures is often accompanied by a similar underestimation of the preliminary 2014 figures.

Offsetting this upward adjustment, new Structural Business Statistics on the manufacturing of coke and petroleum, and of the electricity and gas supply industry, show that output prices in 2014 decreased much more than input prices, leading to lower value added figures in these industries. Finally, new data on the insurance industry showed that the output (in current prices) of life insurance was higher than previously estimated.

Even though GDP in current prices remained unadjusted, GDP growth was revised upwards from +1.0 per cent to +1.4 per cent.

³ As percentage of GNI (ESA95 based) from the 2015 Questionnaire

⁴ As percentage of GNI (ESA95 based) from the 2015 Questionnaire

The balance of property income was adjusted downward by 1.5 per cent. This adjustment is mainly due to newly obtained information from Statistics on the Finance of corporations (Statistiek Financiën Ondernemingen, SFO) and cross border flows of non-financial corporations (Directe RAapportage grensoverschrijdende stromen van niet-financiële vennootschappen, DRA). In addition to reconciling the two sources, particular attention was given to the identification and removal from property income of impairments, leading to the downward adjustment of the property income balance. Impairments are write-offs of debts/deposits which should not be considered as property income.

The total upward routine (current) revision of GNI 2014 equals -1.5 per cent.

3.2 Revisions related to the work on reservations

No work on reservations is done. Therefore no revisions are made for 2010-2013.

3.3 Other revisions due to changes in methods and sources

Since 2015, the processing of source statistics in the national accounts and balance of payments was harmonised in several ways.

In addition to the focus point of aligning the balance of property income in both statistics, CBS and DNB in 2016 have addressed two additional issues. First, specific attention was given to eliminating effects of holding gains/losses of assets from the profits (impairments). As mentioned this has led to downward revisions in 2013 and 2014.

Furthermore, investigating revisions between quarterly and final estimates for cross border property income flows of non-financial institutions draw attention to the current grossing up method for the quarterly figures. A project is started to examine the relation between the revisions and the grossing up method, and to suggest improvements where possible.

3.4 Revisions due to the transition from ESA 95 to ESA 2010

Due to regular revisions for 2013 the ESA95 to ESA2010 transition items were revised. Table 5 presents an overview of revisions in comparison to the GNI questionnaire 2015.

Table 5
Revisions of ESA95 to ESA2010 transition items for 2010-2013
(Millions of euros)

	2010	2011	2012	2013
Total impact of differences in definitions between ESA2010 and ESA95 on GNI	0	0	0	-171
Of which:				
(1a) R&D created by a market producer	0	0	0	226
(1b) R&D created by a non-market producer	0	0	0	3
(2) Valuation of output for own final use for market producers	0	0	0	-2
(3) Non-life insurance - Output, claims due to catastrophes, and reinsurance	0	0	0	-405
(4) Weapon systems in government recognised as capital assets	0	0	0	7
(5) Decommissioning costs for large capital assets	0	0	0	0
(6) Government, public and private sector classification	0	0	0	0
(7) Small tools	0	0	0	0
(8) VAT-based third EU own resource	0	0	0	0
(9) Index-linked debt instruments	0	0	0	0
(10) Central Bank - allocation of output	0	0	0	0
(11) Land improvements recognised as a separate asset	0	0	0	0
	0	0	0	0

The upward revision for 2013 of item (1a) R&D created by a market producer is related to regular revisions.

Item (3) Non-life insurance - Output, claims due to catastrophes, and reinsurance is revised downward for 2013. The estimates in the GNIQ 2015 used the consumer price index for insurance services, which was notably high in 2013 caused by the increment of tax on non-life insurance policies. In retrospect, the use of the CPI on insurance does not seem correct and from 2013 the general CPI is used.

Part 4: Revisions related to GNI reservations (2002-2010)

No revisions are made related to GNI reservations. There are therefor no changes in the 2002-2010 figures.