

# **Quality Report GNI Questionnaire 2015**

**The Netherlands**

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## Part 1: General information

Compared to the GNI Questionnaire 2014, the GNI estimates for 2002-2009 were revised as a result of revisions related to transversal reservation I (cross border property income flows).

The total magnitude of these revisions for the years 2002 -2009 is indicated in Table 1.

**Table 1: Revisions to Dutch GNI (ESA95 based) resulting from GNI reservations for 2002-2009**  
(As percentage of ESA95 GNI (excluding the allocation of FISIM) from the 2014 Questionnaire)

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Total revision from reservations</b>	0.0	0.0	0.0	0.0	0.2	0.3	-0.1	-0.4

Table 2 provides a breakdown of revisions to GNI (ESA95 Based) estimates for the years 2010-2013 by those caused by (a) GNI reservations, (b) changes to methods and sources (excl. ESA2010 implementation) and (c) other routine (current) revisions.

**Table 2: Revisions to Dutch GNI (ESA95 Based) for 2010-2013**  
(As percentage of GNI (ESA95 based) from the 2014 Questionnaire)

	2010	2011	2012	2013
<b>Total revision to GNI</b>	0.2	1.8	1.5	3.0
<i>'of which':</i>				
<b>(a) Total revision caused by GNI reservations</b>	-0.1	0.1	0.3	0.2
<b>(b) Total revision caused by changes in methods and sources (excl. ESA2010 implementation)</b>	0.2	1.7	0	0
<b>(c) Total revision caused by routine (current) revisions</b>	0	0	1.1	2.8
<b>(d) ESA2010 to ESA95 Transition items</b>	0	0	0.1	0.1

(a) Revised balance of payments statistics led to new information in relation to transversal reservation I (cross border property income flows). In relation to this particular reservation, updated estimates were introduced in all the reported GNI estimates (2010-2014).

(b) Revisions for 2010 and 2011 resulted from revised balance of payments statistics (the introduction of BPM6) as released on 25 November 2014, other than already accounted for under (a).

(c) For 2012 and 2013 revisions include the routine (current) revision of GDP and the balance of property income (incorporation of the revised balance of payments statistics).

(d) Regarding the ESA95-ESA2010 transition items, small revisions to the 2011 were made for item 1a: R&D created by a market producer. Other transition items remained unchanged. For 2012 and 2013, routine (current) revisions have been made to several transition items..

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 ESA95 GNI (incl. the allocation of FISIM) from the 2014 Questionnaire)*

	2010	2011	2012	2013
<b>Total impact of ESA2010 implementation</b>	1.9	1.8	2.0	2.1

## 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 at the same time a benchmark revision was carried out 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 are relevant. First, the routine revisions originating from gradual increasing availability of annual data sources which are used in estimating 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.

On 25 November 2014 the Dutch Central Bank (DNB) for the first time published balance of payments estimates according to BPM6. As the guidelines for the national accounts and the balance of payments are fully harmonized, it was expected that similar transactions in the NA and BoP have (more or less) similar values. However, substantial divergences in property income flows from and to the rest of the world appeared. This was unexpected as many efforts have been undertaken in the recent past to harmonise the property income flows between the balance of payments and the national accounts, particularly at the level of the most complex and internationally operating enterprises.

Given the importance of harmonised macroeconomic statistics, and harmonised (components of) gross national income (including the balance of property income), in the first months of 2015 Statistics Netherlands (CBS) and DNB carried out an intensive and joint investigation in order to overcome the discrepancies in the estimates of property income which appeared to be particularly large for the years from 2011 onwards. This led to adjustments of both BoP and NA data. For further details, see paragraph 3.3 and Part 4.

This harmonisation of property income estimates also affected transversal reservation I: Cross border property income, more specifically property income related to foreign and domestic investment funds. Only for this particular transaction, revisions have been made starting from 2006 onwards since the newly obtained information from DNB on this item is considered of higher quality compared to previously reported estimates. For further details, see paragraph 3.3, and Part 4.

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

According to the regular revision policy and timetable, national accounts data on supply and use and sector accounts for 2013, 2014 (provisional figures) and 2012 (final estimates) were published on the 24th of June 2015 in StatLine, the CBS electronic database. At the same time, annual time series 1995-2010 were published in StatLine as well.

On the 13th of July 2015 the ‘Nationale rekeningen 2014’ (National Accounts 2014) was published on the CBS website ([www.cbs.nl](http://www.cbs.nl) PDF format). The English edition ‘National accounts of the Netherlands 2014’ was released on 31 August 2015.

CBS is currently in the process of investigating 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) will no longer be a semi-final estimate, but a final estimate which will not be further revised until the next benchmark or methodological revision. An important precondition is that Structural Business Statistics (SBS) become available sooner in order to be incorporated in the estimates of y-2 instead of y-3. A final decision on this new strategy will be made in spring 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 (provisional) 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](http://www.cbs.nl)) under: Thema’s - Macro-economie - Methoden - Bijstellingen (in Dutch only).

### ***Process tables***

From 2003 onwards annual process tables have been compiled for the final estimates of the national accounts. However, the tables for 2003 - 2006 were not found satisfactory for various reasons. This led to a new set up of a process tables for the reference year 2007. The results of the table are presented in two papers:

‘Further elaboration of the use of the concept of Process Tables in National Accounts practice’ (part 1 of DG-Eurostat Grant agreement 2008, Theme 01, The Improvement of the quality of National Accounts No. 20101.2008.002-2008.190).

‘Further elaboration of Process Tables and the use of Process Tables as an instrument to improve National Accounts compilation’ (part 1 of DG-Eurostat Grant agreement 2009, Theme 01, The improvement of the quality of National Accounts No. 20101.2009.001-2009.173).

As part of the GNI inventory 2010, process tables will be produced for the final annual estimates of the supply and use tables 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.

In addition, annual process tables for supply and use tables are made for final estimates from the 2010 benchmark revision onwards. Recently a project was launched to embed process tables also in the compilation process of the institutional sector accounts. This should further enhance 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 a significant step forwards. For further details, see paragraph 3.3 and Part 4.

A second point of attention is the significant routine revisions of first (y-1) to subsequent second year estimates (y-2). It appears the Balance of Payments frequently show substantive revisions between (sum of four) quarterly reports and the first annual reports as non-response rates in quarterly source data as available in March are usually high. At that point in time several companies are not able to report annual data on all required data items, particularly those addressing transactions from and to the rest of the world. A second Balance of Payments release in June contains a number of annual reportings, replacing the quarterly figures, which improves data quality. In close cooperation with DNB, CBS solved the time constraints which allow for the introduction of this second Balance of Payments release into the preliminary annual GNI estimate of 2014. Expectedly this will reduce future revisions of the reporting year 2014 (and subsequent) preliminary annual estimates.

## **1.4 Description of developments in major sources**

With the 2010 benchmark revision, level estimates of gross national income are up to date. The revised estimates 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<sup>1</sup>, a publication on the 2010 benchmark revision<sup>2</sup> and the GNI inventory 2015 (forthcoming).

In 2014 a joined CBS-DNB project was started aiming at a full integration of the national accounts and balance of payments in 2017, which will change future compilation methods for GNI. This project includes, among other things, a fully harmonised data collection framework, a common revision and publication policy including the back-casting of time

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

<sup>2</sup> The publication is available on the website in [English](#) and [Dutch](#)

series. One important achievement is that differences between the national accounts and balance of payment will cease to exist.

## **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 the 2015 Quality Report.

## Part 3: Revisions to years 2010 to 2013

Part 3 should explain the main revisions to GNI for the “open” years, as given in table R1b – of the 2015 GNI Questionnaire. Revision items which significantly contribute to the overall revision of GNI are briefly explained.

Table 4 provides a breakdown of revisions to 2010-2013 estimates in millions of euros.

**Table 4: Revisions to Dutch GNI (ESA95 Based) for 2010-2013**  
(Million euros)

		2010	2011	2012	2013
<b>GNIQ 2015 (ESA95 based)</b>		624794	643017	645752	650501
Total revision to GNI (a)+(b)+(c)-(d)		1122	11189	9505	18953
'of which':					
(a) Total revision caused by GNI reservations		-346	471	2208	1211
(b) Total revision caused by changes in methods and sources (excl. ESA2010 implementation)		1468	10571	0	0
(c) Total revision caused by routine (current) revisions		0	0	7706	18261
'of which':					
GDP (as percentage of GNIQ2014)		0	0	4520 (0.7)	8006 (1.3)
Balance of property income (as percentage of GNIQ2014)		0	0	3186 (0.5)	10255 (1.6)
(d) ESA2010 to ESA95 Transition items		0	147	409	519
<b>GNIQ 2014 (ESA95 based)</b>		623672	631828	636247	631548

### 3.1 Routine (current) revisions

According to the national accounts revision policy of the CBS, figures for the years y-1 and y-2 are provisional 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 2012 and 2013 estimates.

#### *Revisions of 2012*

For 2012 GDP in current prices is up by 0.7 per cent<sup>3</sup>. The revised estimate shows that Dutch economic growth in 2012 was less negative than earlier estimates. The Dutch economy did not contract by 1.6 per cent but by 1.1 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 and retail trade, which shows that these industries performed better

<sup>3</sup> As percentage of GNI (ESA95 based) from the 2014 Questionnaire



that assumed earlier. The increase in current prices is furthermore due to new annual information from the SBS on the mining industry and annual reports on the banking branch. Since the output volume for these industries is not obtained by deflating current prices but instead is based on separate data sources, there is no upward adjustment in volume terms for these industries.

The balance of property income was upwardly adjusted by 0.5 per cent. This adjustment is mainly due to newly obtained information from DNB and the further harmonisation of the national accounts (and excludes the revision related to Transversal issue I).

Total routine (current) revision of GNI 2012 is 1.5 per cent upward.

### **Revisions of 2013**

For 2013 GDP in current prices is adjusted upward by 1.3 per cent<sup>4</sup>. For the largest part (0.8 percentage point), this is caused by the upward revision of the 2012 estimate. As preliminary estimates of GDP are made by extrapolating level estimates of the most recent final estimates applying growth rates, an increase of GDP in 2012 leads to a corresponding increase of GDP in 2013. The remainder of the upward revision is mainly caused by new information on general government, subsidised education, health care and insurance services. These industries also account for the upward revision of GDP growth. GDP growth is revised upwards from -0.7 per cent to -0.5 per cent.

The balance of property income was upwardly adjusted by 1.6 per cent. This adjustment is mainly due to newly obtained information from DNB and the further harmonisation of the national accounts (and excludes the revision related to Transversal issue I).

The total upward routine (current) revision of GNI 2013 equals 2.8 per cent.

## **3.2 Revisions related to the work on reservations**

All improvements from the work on reservations is included in the GNI QA figures from 2010 onwards. This was also the case in the GNIQ2014. However, revisions related to work on reservations is downwards for 2010 (-0.1) and upwards for 2011, 2012 and 2013 (0.1, 0.3 and 0.2 respectively). As already mentioned, the further harmonisation of the national accounts and the balance of payments had an effect on transversal reservation I: the recording of cross border property income in relation to foreign and domestic investment funds. Table 5 presents the details on the revisions related to the work on reservations for 2010-2013.

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<sup>4</sup> As percentage of GNI (ESA95 based) from the 2014 Questionnaire

**Table 5: Revisions related to the work on reservations**  
(Million euro)

		<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>(a)</b>	<b>Dividends (D.4431) payable by foreign investment funds (S.2) to Dutch shareholders</b>	-882	-1576	-345	-638
<b>(b)</b>	<b>Retained earnings (D.4432) from foreign investment funds allocated the Dutch shareholders</b>	407	1890	2626	1859
<b>(a) + (b)</b>	<b>Total received</b>	-475	314	2281	1221
<b>(c)</b>	<b>Dividends (D.4431) receivable by the rest of the world (S.2) from Dutch investment funds (S.124)</b>	-210	-234	-40	-70
<b>(d)</b>	<b>Retained earnings (D.4432) by the rest of the world (S.2) from Dutch investment funds (S.124)</b>	81	77	113	80
<b>(c) +(d)</b>	<b>Total Paid</b>	-129	-157	73	10
<b>(a)+(b)- (c)-(d)</b>	<b>Balance S.1</b>	-346	471	2208	1211
	<b>GNIQ2014 (ESA95 based)</b>	623672	631828	636247	631548
	<b>Revisions as % GNI (GNIQ2014)</b>	-0.1%	0.1%	0.3%	0.2%

Cross border flows of dividends and reinvested earnings of Dutch mutual funds to foreign investors and vice versa.

From now on CBS and DNB mutually agreed using for this particular item the estimate based on information obtained from the Centralised Securities DataBase (CSDB). This source leads to higher quality estimates compared to the previously used sources.

As these cross border flows relate to transversal reservation I (cross border property income flows), revisions were made from 2006 onwards. (For details 2006-2010, see Part 4).

### **3.3 Other revisions due to changes in methods and sources**

Recently, the processing of source statistics in the national accounts and balance of payments was harmonised in several ways. Focus point of this harmonisation was aligning the balance of property income in both statistics. For example, much effort was put in a common method for measuring the cross border flows of dividends and reinvested earnings in relation to Dutch non-financial corporations and captive financial institutions. CBS and DNB agreed to a number of directives which overcome differences arising from two parallel data sources:

- Statistics on the Finance of corporations (Statistiek Financiën Ondernemingen, SFO)

- Cross border flows of non-financial corporations (Directe RAapportage grensoverschrijdende stromen van niet-financiële vennootschappen, DRA)

For the largest companies both data sources were compared on a respondent level basis. Those companies reporting substantive differences in property income receipts and payments were further examined based on annual business reports or direct contracts with company representatives. For those companies reporting substantively diverging results, a common decision was taken about their recording in the Balance of Payments and in the National Accounts.

The common research of CBS and DNB also addressed the recording of cross-border property income in relation to captive financial institutions. Several captive financial institutions appear to report payments of profit originating from both domestic and foreign affiliated non-financial corporations to foreign mother companies. Particularly the recording in the national accounts and balance of payments of reinvested earnings on foreign direct investment (D.43) in relation to these domestic affiliated non-financial corporations was further aligned.<sup>5</sup>

Table 6 presents the 2010 and 2011 revisions as a result of the realignment of cross border property income flows.

**Table 6: Revisions due to changes in method and sources, 2010-2011**  
(millions of euros)

		code ESA 2010	2010		2011	
<b>25</b>	<b>Property income received from the rest of the world</b>	D4		852		6036
	<b>of 'which'</b>					
	<b>Non-financial corporations</b>		0		4605	
<b>26</b>	<b>Property income paid to the rest of the world</b>	D4		-616		-4859
	<b>of 'which'</b>					
	<b>Non-financial corporations</b>		0		-3438	
<b>25-26</b>	<b>Balance of property income (as percentage of GNIQ2014)</b>	D4		1468 (0.2)		10895 (1.7)

As a second point, Statistics Netherlands states income flows associated with Euro bank notes are recorded under interest. Since this was also the case prior to GNIQ 2014 we are not reporting any revisions due to the new DMES decision and that the Netherlands is in line with this decision. In the financial accounts, under both ESA95, assets are registered for the

<sup>5</sup> On this topic CBS has consulted Eurostat. As a result the issue will be discussed in the November 2015 Eurostat National Accounts Working Party. In hindsight, the impact of this issue is rather limited, e.g. 118 mln euro in 2011.

National Central Bank (NCB, S.121 ) against the European Central Bank (ECB, S.2) as short term loans (AF.41) With the benchmark revision, assets are allocated from short term loans to Other deposits (AF.29).

In the current account, under both ESA95 and ESA2010, the interest received by the NCB from the ECB is registered by using the annual report of the NCB as our source. The table below shows the values of interest received by the NCB for the years 2011-2012-2013.

	2011	2012	2013
Assets NCB against ECB	1212	1582	716
Source: annual report National Central Bank			

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

The ESA95 to ESA2010 transition items were revised affecting GNI according to ES95 for the reference year 2011 and onwards. Table 7 presents an overview of revisions in comparison to the GNI questionnaire 2015.

**Table 7: Revisions of ESA95 to ESA2010 transition items**  
(millions of euros)

	2010	2011	2012	2013
<b>Total impact of differences in definitions between ESA2010 and ESA95 on GNI (ESA2010 minus ESA95)</b>	0	147	409	519
<b>Of which:</b>				
<b>(1a) R&amp;D created by a market producer</b>	0	147	293	292
<b>(1b) R&amp;D created by a non-market producer</b>	0	0	13	15
<b>(2) Valuation of output for own final use for market producers</b>	0	0	27	33
<b>(3) Non-life insurance - Output, claims due to catastrophes, and reinsurance</b>	0	0	70	172
<b>(4) Weapon systems in government recognised as capital assets</b>	0	0	6	7
<b>(5) Decommissioning costs for large capital assets</b>	0	0	0	0
<b>(6) Government, public and private sector classification</b>	0	0	0	0
<b>(7) Small tools</b>	0	0	0	0
<b>(8) VAT-based third EU own resource</b>	0	0	0	0
<b>(9) Index-linked debt instruments</b>	0	0	0	0
<b>(10) Central Bank - allocation of output</b>	0	0	0	0
<b>(11) Land improvements recognised as a separate asset</b>	0	0	0	0
	0	0	0	0

An updated description of the methodology on the transition items can be found below.

#### 1. R&D

In the GNI-questionnaire 2014 the estimates of R&D created by a market producer erroneously referred to constant price data for the years 2011 – 2013. In addition the 2012 and 2013 data are updated in relation to regular revisions.

#### 2. Valuation of output for own final use by market producers

The estimate of the mark-up on output for own final use (mainly software) by market producers is estimated as 5 per cent of own account GFCF on software.

#### 3. Non-life insurance output, claims due to catastrophes and re-insurance

The data for 2012 and 2013 are updated in the regular production cycle of the NA.

#### 4. Weapon systems in government recognised as capital assets

The impact on GDP equals consumption of fixed capital which is estimated using the PIM-method. The data for 2012 and 2013 are updated in the regular production cycle of the NA.

#### 5. Decommissioning costs for large capital assets

No changes were made in the benchmark revision of the Dutch NA.

#### 6. Government, public and private sector classification

The delineation of government was subject to research in the benchmark revision of the Dutch NA. However the changes made concern both ESA and non-ESA shifts and therefore it is not possible to quantify the impact of the implementation of ESA2010.

**7. Small tools**

No changes were made in the benchmark revision of the Dutch NA.

**8. VAT-based third EU own resource**

The own resources decision 2014 – 2020 sets the percentage to be applied to the VAT-base to 0.3 per cent (was 0.1 per cent in the 2007 -2013 decision). For the Netherlands (among others) there will be an exception and a percentage of 0.15 per cent will be applicable. However this rebate as part of the new GNI regulation is not ratified yet and therefore not accounted for in the figures of table 2 - 2015 (NL). This explains the large increase of the amount of the VAT-based third EU own resource.

**9. Index-linked debt instruments**

No changes were made in the benchmark revision of the Dutch NA.

**10. Central Bank - allocation of output**

10 per cent of the concerning output (2010: 5 mln. euros) is allocated to export of services.

**11. Land improvements recognised as a separate asset**

No changes were made in the benchmark revision of the Dutch NA, because land improvement was already recorded in the Dutch national accounts as GFCF under ESA1995.

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

Table 8 summarises the revisions made in relation to transversal reservation I (cross border property income flows) for 2006-2010.

**Table 8: revisions related to GNI reservations**

		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>(a)</b>	<b>Dividends (D.4431) payable by foreign investment funds (s.2) to Dutch shareholders</b>	-201	-219	-2180	-2520	-882
<b>(b)</b>	<b>Retained earnings (D.4432) from foreign investment funds allocated the Dutch shareholders</b>	1036	1958	1597	617	407
<b>(a) + (b)</b>	<b>Total received</b>	835	1739	-583	-1903	-475
<b>(c)</b>	<b>Dividends (D.4431) receivable by the rest of the world (s.2) from Dutch investment funds (S.124)</b>	-35	37	100	17	-210
<b>(d)</b>	<b>Retained earnings (D.4432) by the rest of the world (s.2) from Dutch investment funds (s.124)</b>	-3	11	-12	85	81
<b>(c) +(d)</b>	<b>Total Paid</b>	-38	48	88	102	-129
<b>(a)+(b) -(c)-(d)</b>	<b>Balance S.1</b>	873	1691	-671	-2005	-346
	<b>GNI (GNIQ 2014)</b>	549371	574573	575413	556838	623672
	<b>Revisions as % GNI (GNIQ2014)</b>	0.2%	0.3%	-0.1%	-0.4%	-0.1%