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National Accounts Workshop for SADC countries

16-19 June 2009, Windhoek, Namibia

Strengthening statistical capacity-building in support of progress towards the Internationally Agreed Developments Goals in the Southern African Development Community region

Benchmarking and rebasing

National Accounts Benchmarking and Rebasing

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Lecture Outline

- rebasing
- benchmarking
- relationship between the two
- when should we rebase?
- when should we benchmark?

what is rebasing?

- process of moving volume (constant price) estimates to a new base year
- may also involve:
  - introducing improved or new data
  - revised current price estimates
  - new deflators
  - new volume indicators
- we re-reference price and volume indicators to the new base period, and apply these to the new base year/nominal estimates

why rebase?

- may have more up-to-date benchmark data
- structural changes in the economy
  - production (e.g. changes in the production function)
  - consumption
  - relative prices
  - appearance of new products or activities/disappearance of old products
  - quality improvements
- mean the base year weights, the price deflators, and the volume indicators may all be out of date

- note: need to derive a continuous, meaningful time series of index numbers from series of index numbers with fixed bases

example of rebasing

- rebasing may have a big effect on the estimates of growth
- in this example, no new data are introduced

how often should rebasing take place?

can be done every year

- using the previous year's current price estimates as a base
- value each year's estimates in the prices of the previous year and turn this into a time series - process of chaining
- this is recommended as best practice
- country practice varies

but…

- not all countries choose to do so

how to choose?

- recommendation: rebase at least every five years
- when rebasing, introduce new benchmarks/new data sources if you have them, but don't keep on waiting for a year when you have "good" benchmark data
- don't wait for a "normal" year
  - does such a thing exist?

what is benchmarking?

two things:

- introduction of new data to the current price estimates
- method of ensuring that quarterly estimates sum to the annual estimates (in both nominal and volume terms)

benchmarking of quarterlies to annuals

- once we have an annual estimate (nominal or volume) that is derived independently of the quarterly data, it is unlikely that the four quarterly estimates will sum to the annual
- annual data are more reliable, so need to revise the quarterlies
- there are a number of software packages available to do this (for example, the BENCH program)

benchmarking of annuals

- new data sources lead to new estimates of some or all components of production and/or expenditure in current prices
- which gives an annual estimate in which we have more confidence
- requires revisions
  - to previous years' estimates (backcasting)
  - to following years' estimates
  - to constant price (volume) estimates
- may also lead to revisions to deflators and volume indicators

how are benchmarking and rebasing related?

- can rebase without new benchmarks
- can sometimes introduce new data sources without rebasing (but would you want to ?)

would should a compiler do?

- what is the practice now?
- how well are your estimates reflecting reality? do the statistics that you produce make sense?
- consider availability of new data, resources
- rebase regularly
- introduce new benchmark data sources sooner rather than later

what is the process

- and the effect?
- example of introducing a new benchmark in current prices

summary

- rebasing
  - can be done annually
  - should be done at least every five years
- benchmarking
  - quarterly to annual every time new annual data become available (nominal and volume)
  - annual on a regular basis
    - when new data sources become available – don't "save up" the new sources, use them!!!
    - if no new data sources, still rebase
- need to revise long-term series (think about the uses/users) - "backcasting"