



EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics
Unit D-3: Statistics for Excessive Deficit Procedure II

Luxembourg, 8 June 2012

- FINAL FINDINGS -

EDP dialogue visit to Greece

22-23 March 2012

Executive summary

Eurostat conducted an EDP dialogue visit to Greece on 22-23 March 2012 with the aim to review statistical organisation issues, to analyse the EDP notification tables and to examine methodological issues relating to the recording of specific government transactions.

Regarding statistical organisation issues, Eurostat was informed that there have been no changes in the institutional responsibilities since the last EDP notification. Efforts will be made by the three institutions involved in the preparation of the EDP notification to resolve some observed inconsistencies in the deadlines of the memorandum of understanding.

The general government register was almost completed and Eurostat urged ELSTAT to publish the list of units, indicating which of these units are provisionally classified and under investigation.

It was agreed that Eurostat will prepare a note on the recording of the retroactive reduction in interest rate on official loans to Greece and discuss all PSI related issues with ELSTAT after the EDP notification.

ELSTAT and the General Accounting Office (GAO) will cooperate to clarify issues related to the retroactive salary grid effect, the breakdown of guarantee payments and refunds by enterprises.

Eurostat agreed with ELSTAT's analysis of the time of recording of sale of licences to the organisation managing lotteries and for the recording of the sale of mobile phone licences.

Regarding accounts payable of Ministries, Eurostat urged ELSTAT to continue efforts in checking the data on the payables of ministries and report the results of this work to Eurostat.

It was agreed that Eurostat will be informed on the results of the investigation regarding the payables of municipalities.

Eurostat encouraged ELSTAT to continue its investigation with public hospital suppliers to cross check movements in hospital payables and report the results to Eurostat.

ELSTAT will send to Eurostat an analysis of the PPP contract for the fire stations while it will check whether all PPP projects are being reported to the Secretariat of PPPs.

It was agreed that Eurostat will analyse the case of the splitting of a private bank (Proton bank) and will provide its opinion to ELSTAT regarding the recording of the capital injection to the new bank.

As for quarterly government statistics, Eurostat underlined the importance of respecting the deadlines for transmission of quarterly data to Eurostat.

Introduction

In accordance with the Council Regulation (EC) No 479/2009 as amended by Council Regulation (EU) No 679/2010 as regards the quality of statistical data in the context of the excessive deficit procedure, Eurostat carried out an EDP dialogue visit to Greece on 22-23 March 2012.

Eurostat was represented by Mr. Francois Lequiller, Mr. John Verrinder, Ms. Viera Karolova, and Mr. Stelios Pantazidis. Representatives of DG ECFIN and European Central Bank (ECB) participated in the meeting as observers. The Greek statistical authorities were represented by the National Statistical Institute (ELSTAT), the General Accounting Office (GAO) and the Central Bank of Greece (BoG).

The main purpose of the visit was to review the ongoing preparation of the EDP Notification Tables to be reported before 1st April 2012. Eurostat extensively discussed the tables under preparation, and their underlying data sources.

Eurostat thanked the Greek authorities for their good cooperation and provision of extensive relevant background material before the meeting.

1. Statistical organisation issues

1.1 Institutional responsibilities

Introduction

The Hellenic Statistical Authority (ELSTAT) is responsible for the collection of data and compilation of non-financial and financial transactions of the subsectors S.1313 (Local Government, LG) and S.1314 (Social Security Funds, SSF) as well as of extra budgetary funds (EBF). In the compilation of EDP tables for financial transactions of the subsectors S.1313 and S.1314, ELSTAT also uses information provided by the Bank of Greece (BoG) (Money and Banking statistics).

Regarding the subsector S.1311 (Central Government, CG), the main source of information is the General Accounting Office (GAO) both for non-financial and financial transactions (EDP Tables 2A and 3B).

Planned data on deficit and debt are provided by the GAO with input from the Public Debt Management Agency (PDMA) and the Macroeconomic Policy Department of the Ministry of Finance.

A coordination committee of ELSTAT, GAO and the BoG deals with all issues relating to the preparation of EDP notification.

Discussion

Eurostat was informed that there have been no major changes in the institutional responsibilities. The tasks for EDP data collection and compilation are shared by the National Statistical Institute (ELSTAT), the General Accounting Office (GAO), and the Bank of

Greece in the framework of the Memorandum of Understanding signed among the three Institutions.

Findings and conclusions

In the ELSTAT/GAO/BOG memorandum of understanding there have been identified some inconsistencies in deadlines, which should be discussed in the coordination committee, and realistic dates entered into the memorandum of understanding by October 2012 (**Action point 1**).

2. EDP reporting: examination of the April 2012 notification

Data sources

Central government and extra-budgetary funds

Introduction

The EDP inventory of sources and methods provides information on data availability and data sources for all subsectors of the general government sector.

In Greece, the general government sector comprises (a) central government (S.1311), (b) Local government (S.1313) and (c) Social Security Funds (S.1314). The subsector State Government (S1312) is not applicable for Greece.

The subsector S.1311 consists of the main unit "The State", extra budgetary funds and the public enterprises classified to general government.

Budget reporting is the main data source for compiling the accounts of the **State**. The data reported in the State Budget and the Budget Report are on a cash basis. The main data source for the compilation of the accounts of the extra-budgetary funds and the reclassified public corporations are the annual and quarterly questionnaires managed by ELSTAT. The collected starting from the 2010 survey onwards, are requested from the bodies on an accrual basis. Government enterprises recently reclassified into general government reply on accrual basis. Over 50% of entities of the old and the new register, besides Government Enterprises reclassified into general government, report on accrual basis.

Discussion

Eurostat took note that there were difficulties for ELSTAT to obtain data – previously supplied by GAO - for certain rows of EDP Table 3B. ELSTAT and GAO had therefore made arrangements to obtain the data for the necessary rows for reporting at end-March 2012.

Findings and conclusions

ELSTAT will draft a methodological note on the recording of the ATE bank rollover facility, and will provide this to Eurostat end-June 2012 (**Action point 2**).

The relevant data requirements will be entered into the memorandum of understanding with GAO by October 2012 (**Action point 3**).

General government register

Discussion

ELSTAT was urged to publish the list of general government units as soon as possible and at the latest by publication of the April 2012 EDP notification, indicating which units are provisionally classified and under investigation.

For Egnatia Odos, the business plan was expected to be delivered to ELSTAT within 10 days, and would be analysed immediately.

Findings and conclusions

ELSTAT will contact Egnatia Odos to receive if possible financial results for 2011, if possible by quarter, and provide them to Eurostat (**Action point 4**).

EDP Table 2A

Introduction

The majority of the information contained in EDP table 2A on central government transactions is supplied by GAO. The working balance is the balance of State Budget on a cash basis excluding a series of both expenditure and revenue (mainly financial).

Discussion

Eurostat took note that there was a change in 2011 in the definition of the working balance to include guarantee calls, cash expenditure on military equipment and the impact of swap amortisation. It took note that relevant adjustments have been introduced into EDP Table 2A.

Eurostat took note of the accrued interest calculation example supplied by the GAO and the quarterly table of accrued interest. Eurostat recommended that the tables be compiled and provided to ELSTAT on a quarterly basis in the future. Eurostat encouraged cooperation between the GAO and ELSTAT so that the latter is provided with a full understanding of the accrued interest calculation.

In reaction to a question from GAO, Eurostat explained that an average rate should be used for accruing interest on step-up bonds.

Eurostat confirmed that the recording of the ATE bank injection (splitting it into financial and non-financial components based on the observed market price) is appropriate.

Eurostat encouraged ELSTAT to launch a questionnaire for TAIPED (Public privatisation Fund) and to discuss it with them, given that future transactions may be complex.

Eurostat underlined the importance of including a good estimate of the retrospective salary grid effect in 2011, which reduces government expenditure.

Eurostat explained that bookkeeping claims arising from guarantee calls should not be recorded in EDP questionnaire table 8.

Eurostat took note of the amounts collected for the property tax until March 2012 (all of which will be recorded as revenue of 2011) and agreed that any refunds through claims would be recorded as a reduction in future tax revenues.

Eurostat agreed with the ELSTAT analysis of the time of recording of sale of licences to OPAP and for the sale of mobile phone licences. This would be in 2011 for the VLT licence and mobile phone licences, and from 2020 for the OPAP licence extension.

Eurostat took note of the plans for improving the State public accounting systems, and encouraged ELSTAT to be involved so that statistics can benefit from improved data sources.

Findings and conclusions

Eurostat will send to ELSTAT, as soon as possible, a note on the recording of retrospective reductions in interest rates on official loans, having investigated the exact dates of signature of the lower rates (**Action point 5**).¹

Eurostat committed to discuss all PSI-related issues with ELSTAT after completion of the EDP notification (**Action point 6**).

GAO will provide ELSTAT by 29 March 2012 with a note explaining the calculation of the EUR 150m adjustment for the retroactive salary grid effect in the State (**Action point 7**).

GAO will provide ELSTAT by 27 March 2012 with a breakdown of guarantee payments and refunds by enterprise (**Action point 8**).

ELSTAT will analyse the table to identify transactions involving already-assumed debt, and will cross-check the relevant adjustment lines for Table 2A against these tables (**Action point 9**).

Accounts payable of Ministries

Discussion

Eurostat took note of, and encouraged, the efforts of ELSTAT to check the Ministry payables data for the Ministries which showed greatest reductions.

Findings and conclusions

Eurostat asked ELSTAT to report back in the week starting 26 March on the final results of this work (**Action point 10**).

¹ Action points 5-10 were completed during the April 2012 EDP notification.

Extra budgetary entities

Discussion

Eurostat underlined the importance of conducting the superdividend test on all dividends received by the State.

Eurostat agreed with the proposals of ELSTAT for the statistical classification of STASY (outside general government) and for the recording of transactions relating to the restructuring of public transport companies.

Findings and conclusions

ELSTAT will confirm with GAO if the debt of former EAS has been included in general government debt, and if a debt assumption has been recorded in a past year, then inform Eurostat (**Action point 11**)².

EDP Table 2C

Introduction

Information on the net lending/net borrowing of the **Local Government** is now collected from the new electronic data base developed by the Ministry of Interior (in cooperation with the company EETAA). It is noted that the electronic data base was planned to provide information on the transactions of municipal enterprises from April 2011 onwards following the merging of entities controlled by municipalities (from 6000 today to 1500 units) according to the provisions of the new law for the reorganisation of local government (Kalikratis). There seem to have been some difficulties in obtaining full and timely information on municipal enterprises, and with translating their reported data into a format to be used in statistics.

Discussion

With regard to Local Government data, Eurostat noted the ongoing work to check municipalities' payables data, particularly with regard to expropriations.

Eurostat noted the current low response rate and data availability for municipal enterprises, and agreed that reported data should be used without grossing up.

Findings and conclusions

Eurostat asked to be updated when the work on municipality payables was completed (**Action point 12**).

Eurostat asked ELSTAT to confirm if the Ministry of the Interior had a register of post-Kalikratis municipal enterprises and, if not, if it had plans to do so (**Action point 13**).

² This action point was completed during the April 2012 EDP notification.

For the future, and before the end-September 2012 EDP notification Eurostat asked ELSTAT to cooperate with EETAA to ensure that deadlines are respected and problems with formats are resolved (**Action point 14**).

EDP Table 2D

Introduction

Data on the transactions of **Social Security Funds (SSFs)** are obtained through the on-line questionnaires run by ELSTAT. In the previous EDP notifications information on a series of transactions of SSFs, (*payables to individuals and private corporations for health expenditure, lump sum payments, cash data for social contributions*) was also collected through official letters sent by ELSTAT to SSFs. This procedure continues to be used as, according to ELSTAT officials, the information obtained with these official letters seems to be more reliable compared to the information reported in the questionnaires.

Discussion

Eurostat took note that the statistical data on payables of hospitals showed that the reported reduction was plausible.

Findings and conclusions

Eurostat encouraged ELSTAT to continue its investigations with suppliers on the movements in payables of hospitals in 2011 and to report to Eurostat the results (**Action point 15**)³.

3. Methodological issues and recording of specific government accounts

Public Private Partnerships

Introduction

There is currently only one PPP project reported by the Greek statistical authorities in previous EDP notifications. This concerns the construction insurance, maintenance and operation of 7 fire department buildings. It was reported that the assets of the project were classified off the general government balance sheet. The investment is promoted by the Public Real estate company (KED) and is financed by a loan awarded by the EIB to a private construction company. These projects started in 2011.

Discussion

Eurostat took note of the ongoing analysis of fire station PPPs and made some suggestions for the completion of the analysis.

Findings and conclusions

³ This action was completed during the April 2012 EDP notification.

A statistical analysis of the PPP contract for the fire stations will be sent to Eurostat in April 2012 (**Action point 16**)⁴.

ELSTAT will check that all PPPs must be reported to the Secretariat for PPPs and if there is a practice of sending supplementary letters for PPPs, and inform Eurostat (**Action point 17**)⁵.

Military equipment

Introduction

Certain military contracts signed before the Eurostat 2006 decision and thus falling into the category of the transitional recording period had been modified in recent years. The statistical implications of these modifications were discussed between Eurostat and ELSTAT in detail and an agreement was reached regarding the statistical treatment of the amounts involved.

Discussion

Eurostat took note of the good progress made in resolving the recording of new deliveries in relation to historic military equipment contracts and noted that the use of an average exchange rate had been agreed in the past. With regard to the small recoveries of cash relating to “HIEP” military activities, Eurostat confirmed that this should not be included as revenue in the government deficit.

Proton Bank

Introduction

The licence of **Proton bank** was revoked in 2011. Two banks were created. Most of the activities of the original bank were transferred to the new ("good") Proton bank. This new bank was capitalised by HFSF (the only shareholder). The other part of the bank – the 'bad' bank - is under liquidation and according to the announcements priority will be given to the claims of Deposit and Investment Guarantee Fund (TEKE). In general, it seems that any returns on the assets of this bank will be used to satisfy claims of creditors and then the shareholders.

Discussion

With regard to Proton Bank, Eurostat confirmed that the New Proton Bank and (pending discussion at the forthcoming Financial Accounts Working Group) the Proton bad bank were to be classified in sector S12.

Findings and conclusions

Eurostat will analyse the law splitting Proton bank to understand the arrangements for the bearing of risks on bad assets, and will provide conclusions on the recording of the capital injection to ELSTAT by 27 March 2012 (**Action point 18**).⁶

⁴ The action has been completed.

⁵ This action point has been completed.

⁶ This action point has been completed.

4. Other issues

Quarterly government data

Discussion

With regard to quarterly data, Eurostat underlined the importance of respecting the deadlines for transmission to Eurostat.