



EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

Luxembourg,
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Greece

**Subject: Classification of entities guidance request
The Public Ports Authority (PPA)**

Reference: Your note dated 22/08/2017

Dear Ms Stavropoulou,

We have received your email requesting Eurostat's opinion on the sector classification of the Public Ports Authority (PPA). In accordance with Council Regulation (EC) No 479/2009 article 10, paragraph 1, after examining your request, please find below Eurostat's view on the sectorization of the above-mentioned unit in the light of ESA 2010.

1. THE ACCOUNTING ISSUE FOR WHICH A CLARIFICATION IS REQUESTED

The issue to be analysed is the sector classification of the Public Ports Authority (PPA) an entity responsible for contributing to achieving the programme objectives of the Greek port system.

Together with the request for advice, ELSTAT has provided a note with its analysis on this case concluding that the entity should be classified in the government sector in the framework of ESA 2010.

2. METHODOLOGICAL ANALYSIS

2.1. Accounting provisions

The ESA 10 Manual on Government Deficit and Debt, notably Part I on delimitation of the general government sector.

Institutional units and groupings of units are defined in ESA 2010 chapter 2. The market/non-market delineation and the market/non-market test are defined in ESA 2010 chapters 3 and 20 (20.19-20.31).

2.2. Description of the case

Background

The Public Ports Authority (PPA) was established as an autonomous service unit of the Ministry of Shipping and Island Policy (Law No 4389 dated 27.05.2016, Articles 127-130). Among the objectives of the entity are: facilitating economic growth and development of regions and economic sectors that are related to ports; ensuring that undisrupted and high quality services are provided by port managing authorities; ensuring environmental protection within the ports, as well as monitoring the application of existing collective agreements and labour rights. The promotional and informational activities and provision of consultancy services to the above Ministry is also within the scope of the PPA's activities.

Eurostat's analysis

a) Institutional unit

On the basis of the information contained in ELSTAT's note, Eurostat understands that, following the Legal provisions, the PPA is not able to draw a full set of accounts, it is not foreseen that the entity could own assets and incur liabilities on its own behalf, it is also questionable whether PPA can take economic decisions for which it is responsible and accountable by Law. The main source of financing is the subsidy from the regular budget of the Ministry of Shipping and Island Policy.

PPA could therefore not be considered as an institutional unit under ESA 2010 paragraph 2.12.

Following ESA paragraph 2.13, units that are not institutional units in national accounts are part of the units that control them.

b) Control

As indicated by the Greek statistical authorities in their analysis, the majority of the PPA board members are appointed by the Ministry of Shipping and Island Policy. In addition, PPA is created as the decentralised service of the Ministry to carry out specific tasks delegated by Government.

Taking into account the above, the entity should not be considered an institutional unit, and being controlled by the Ministry of Ministry of Shipping and Island Policy, it should be classified inside sector S.13.

3. CONCLUSION

In conclusion, PPA is an autonomous service unit of the Ministry of Shipping and Island Policy. The entity does not have characteristics of an institutional unit. Being controlled by the Ministry, PPA should be classified to the institutional sector S.13.

4. PROCEDURE

This view of Eurostat is based on the information provided by the Greek authorities and on the understanding of Eurostat of certain legal documents available to Eurostat only in Greek. If this information turns out to be incomplete, or the implementation of the operation

differs in some way from the information presented, or there may be inaccuracies in the assessment due to the translation risk, Eurostat reserves the right to reconsider its view.

In this context, we would like to remind you that Eurostat is committed to adopt a fully transparent framework for its decisions on debt and deficit matters in line with Council Regulation 479/2009 and the note on ex-ante advice. Eurostat therefore publishes all official methodological advice (ex-ante and ex-post) given to Member States on its website.

Yours sincerely,

(e-Signed)

Eduardo Barredo Capelot
Director