

Format of the report from Member States pursuant to Article 9 of the SGEI Decision and paragraph 62 of the SGEI Framework

Article 9 of the SGEI Decision reads:

Each Member State must submit a report on the implementation of this Decision to the Commission every three years. The reports should provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;

(b) the total amount of aid granted in accordance with this Decision, with a breakdown of the beneficiaries by economic sector;

(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties;

and

(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.

The first report must be submitted by 30 June 2014.

Paragraph 62 of the Framework establishes the principle of identical reporting obligations for aid granted under the SGEI Framework.

Please structure your report as follows:

1. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED

Please structure this part of your report by the following sections:

- 1) Hospitals (Art. 2(1)(b)) - *does not apply*
- 2) Social Services (Art. 2(1)(c)) - *does not apply*
 - (a) Health and long term care - *does not apply*
 - (b) Childcare - *does not apply*

- (c) Access to and reintegration into the labour market - *does not apply*
 - (d) Social housing - *does not apply*
 - (e) Care and social inclusion of vulnerable groups - *does not apply*
 - 3) Air or maritime links to islands (Art. 2(1)(d)) - *does not apply*
 - 4) Airports and ports (Art. 2(1)(e)) - *does not apply*
 - 5) Other SGEI compensation not exceeding EUR 15 million (Art. 2(1)(a))
 - (a) *Sponsorship of the Cyprus News Agency (CNA)*
 - (b) *Sponsorship for the management of the International Conference Centre (ICC)*
 - 6) SGEI compensation in accordance with the framework
- The Republic of Cyprus applies no compensation based on the Framework*

For each of the items outlined above please provide information in the form of the following table:

(a) *Sponsorship of the Cyprus News Agency (CNA)*

Clear and comprehensive description of how the respective services are organised in your Member State¹	
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services assigned as SGEI as clearly as possible.	<p>As regards sponsorship to the CNA, according to the Law on the Cyprus News Agency, the SGEI assigned to it are the following:</p> <p>(a) collecting information and data inside and outside the Republic of Cyprus to report news objectively;</p> <p>(b) making this news available, for a reasonable remuneration or without any remuneration (if so decided by the Management Board), to all those who</p>

¹ If in a certain sector only a small number of individual SGEI exist in your Member State, we appreciate a detailed description of those services. If a large number of services are assigned to a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the assignments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual assignments remains crucial. Since cases falling within the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

	<p>would like to use it;</p> <p>(c) transmitting and issuing inside and outside the Republic, news and press bulletins, photos, articles, analyses, tables and representations, recorded or video-recorded responses and news in general, by any means likely to prevail in media coverage and transmission as technology evolves;</p> <p>(d) concluding cooperation agreements with other agencies or relevant organisations;</p> <p>(e) launching calls for tenders and awarding prizes.</p>
Explanation of the (typical) forms of assignment . If standardised templates for assignments are used for a certain sector, please attach them.	Under the Cypriot Law on the Cyprus News Agency of 1989, the services were assigned to the CNA until 2011.
Explanation of the (typical) duration of the assignment and the range of duration of the assignments. Please also specify the proportion of assignments that are longer than ten years.	The aid granted to the CNA is already applicable under No CY/2003 and it had been announced as part of of the intermediate mechanism as aid for a service of general economic interest. The CNA operates based on a law which does not establish a specific period of implementation for the said services.
Explanation of whether (typically) exclusive or special rights are assigned to the undertakings.	No exclusive or special rights have been assigned to these undertakings
Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.	The sponsorship is granted to the CNA in the form of a direct subsidy on an annual basis and pursuant to the Law on the Budget of the Cyprus News Agency, which is voted on by the Cypriot Parliament every year. The Law explicitly states that the CNA may receive state aid for the needs of the public service of providing information on Cyprus. This aid may not exceed the additional cost which results from the provision of this service.

<p>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</p>	<p>Under Article 12(1)(1A) of the Law on the Cyprus News Agency, the Agency keeps separate accounts for the activities related to the provision of the public service of supplying information on Cyprus and for its commercial activities. Account keeping must comply with current commercial practice and generally accepted accounting principles, so as to ensure that-</p> <p>(a) the internal accounts corresponding to different activities are separate;</p> <p>(b) all costs and revenues are correctly assigned or allocated on the basis of accounting principles which should be consistently applied and objectively justifiable;</p> <p>(c) the cost accounting principles according to which separate accounts are maintained are clearly established.</p> <p>Moreover, based on Article 12(3) of the same Law, the financial accounts of the CNA are checked by the General Auditor of the Republic, who draws up a report indicating the existence of any financial flows between commercial activities and activities related to the public service of providing information on Cyprus.</p>
<p>Amount of aid granted</p>	
<p>Total amount of aid granted.² <u>This includes all aid paid in your territory, including aid paid by regional and local authorities.</u></p>	<p>The state sponsorship of the CNA amounted to EUR 1.79 million in 2012 and EUR 2.1 million in 2013.</p>
<p>Other quantitative information³</p>	

² As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

³ The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

(b) *Sponsorship for the management of the International Conference Centre (ICC)*

Clear and comprehensive description of how the respective services are organised in your Member State ⁴	
<p>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services assigned as SGEI as clearly as possible.</p>	<p>The assignment of the management of the International Conference Centre (hereinafter the 'ICC') to the Cyprus Tourism Organisation (hereinafter the 'CTO') aims to exploit the potential of the ICC as regards the promotion and development of economic, cultural and artistic activities in Cyprus, and revitalise and stimulate tourism in Nicosia. These possibilities were developed to meet the needs of the Cypriot Presidency of the Council of the European Union as a temporary interim solution until the management of the ICC is undertaken by an agency which will be selected through a public tendering procedure, which is expected to last about as long as the CTO management period.</p> <p>In order to meet the increased requirements of the Presidency, the ICC had been fully renovated and equipped with the up-to-date equipment required for the organisation of high-level meetings.</p> <p>This interim solution is imposed by the need to maintain the buildings and the equipment of the ICC during the related period, in order to avoid any wear because of non-use and to make it possible that the above needs are met. The assignment of the management during the period in question aims to ensure that those needs are still met by</p>

⁴ If, in a certain sector, only a small number of individual SGEI exist in your Member State, we would appreciate a detailed description of those services. If a large number of services are assigned to a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the assignments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual assignments remains crucial. Since cases falling within the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

	<p>the selected agency when there is no such infrastructure in Nicosia or Cyprus, in general.</p> <p>This aim focuses more on the proper exploitation of the ICC for organising primarily national/local events, both of the central government and public and private bodies. Based on this information, the operation of the ICC during the aforementioned transitional period is designated as a SGEI.</p>
Explanation of the (typical) forms of assignment . If standardised templates for assignments are used for a certain sector, please attach them.	ICC management was assigned to the CTO under the Management Assignment Contract (hereinafter the 'Contract') concluded on 31 January 2013 between the government of the Republic of Cyprus, represented by the Minister for Energy, Commerce Industry and Tourism as the owner, and the CTO as the manager, based on a decision of the government dated 27 December 2012, for the period from 1 February 2013 to 31 January 2015.
Explanation of the (typical) duration of the assignment and the range of durations of the assignments. Please also specify the proportion of assignments that are longer than ten years.	According to the Contract, the assignment relates to the period from 1 February 2013 to 31 January 2015 and is used as a transitional solution until ICC management is undertaken by a body selected through a public tendering procedure, which is expected to last about as long as the transitional period.
Explanation of whether (typically) exclusive or special rights are assigned to the undertakings.	No exclusive or special rights have been assigned to these undertakings
Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.	The aid is granted in the form of free concession by the state, as the owner, to the CTO, as the manager, of the ICC premises (for rent). If the activity of the ICC proves to run at a loss, the operational expenses of the ICC will be paid from the CTO budget. The ICC operational expenses pertain mostly to staff wages, fees, taxes, food or other expenses (e.g. emergencies) and any other expenses necessary for the proper

	<p>functioning of the ICC.</p> <p>The owner bears only operational or other expenses for the purposes of any conferences/events organised by the owner and/or the ministries/departments/services of the state, unless otherwise agreed between the above and the managers as regards the conference/event to which they relate.</p> <p>As regards the use of the ICC for events by private bodies, the cost for the services provided by the ICC will cover the wages of the staff which organise the event, as well as the entire cost for organising the event. Private individuals will be charged according to market terms.</p> <p>All the required operational and other expenses for the use and proper functioning of the ICC will be paid by the management. Moreover, any revenue from ICC management will be collected by the management.</p>
<p>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</p>	<p>The use of the ICC for government-related events will be distinguished from its use for conferences/events by private bodies, as will the time spent by the staff on organising the event, and catering expenses depending on the conference.</p> <p>The conferences/events will be designated as government and non-government related, every month.</p> <p>Based on the Contract, the management undertakes the responsibility of updating the owner every three months on the proceedings relating to the management of the ICC in accordance with the Contract and any action of the management in the context of the Contract.</p> <p>The cost will be calculated according to generally acceptable accounting principles.</p>

	It is noted that the assignment does not aim to generate profit for the CTO. On the contrary, it is expected to result in deficit. Moreover, the measure provides for no methodology for the calculation of reasonable profit. However, the amounts charged to private individuals are expected to reduce balance.
Amount of aid granted	
Total amount of aid granted. ⁵ <u>This includes all aid paid in your territory, including aid paid by regional and local authorities.</u>	From 26 November 2013 to 31 December 2013, state sponsorship of the CNA amounted to EUR 65,000. Based on Commission Regulation (EU) No 360/2012, from 1 February 2013 to 25 November 2013, state sponsorship had the form of <i>de minimis</i> aid (EUR 72,000).
Other quantitative information ⁶	

2. DIFFICULTIES WITH THE APPLICATION OF THE SGEI DECISION OR SGEI FRAMEWORK

Please be as specific as possible and include, if applicable, the sector for which the difficulties are relevant.

3. COMPLAINTS BY THIRD PARTIES

Please be as specific as possible and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities.

There have been no complaints from third parties for any of this aid.

4. MISCELLANEOUS

⁵ As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

⁶ The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

A. (non-compulsory)

If your Member State has **not** granted state aid for the provision of SGEI in certain sectors, information regarding other instruments to ensure the provision of those services (direct aid to users, compensation complying with all four Altmark criteria, *de minimis* aid...) could be useful. Please feel free to provide a brief description of these instruments and the areas in which they are used.

Since 2013, the Social Welfare Services of the Ministry of Labour and Social Insurance have been implementing an aid-granting scheme for organisations, unions and institutions which provide social services, based on Commission Regulation (EU) 360/2012 on *de minimis* aid for services of general economic interest.

Moreover, it was deemed that the financing of the construction and operation of the two infrastructure projects:

1. 'Design, construction and operation for 10 years, of a treatment plant for domestic sewerage, industrial waste, excess liquid sludge and leachate in the area of Vati'
2. 'Construction and operation of a unit of integrated facilities for the management of household solid waste (OEDA) and a waste transfer station (WTS) in the Limassol Region'

meets all four criteria of the Altmark decision, so that it may not be considered state aid to contractors. It should be pointed out that the assignment of the construction and operation of the two infrastructure projects was considered a SGEI and followed an open tendering procedure, consistent with the Cypriot laws on tenders.

B. (non-compulsory)

Please describe in what respect the SGEI Decision and the SGEI Framework are easier to apply or more appropriate than the 2005 SGEI Decision and 2005 SGEI Framework.

C. (non-compulsory)

If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.