ERHVERVS- OG VÆKSTMINISTERIET

DANISH MINISTRY OF BUSINESS AND GROWTH

REPORT ON DENMARK'S APPLICATION OF THE COMMISSION DECISION OF 20 DECEMBER 2011 CONCERNING THE OPERATION OF SERVICES OF GENERAL ECONOMIC INTEREST (SGEI)

June 2014

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Introduction

It follows from the Commission Decision of 20 December 2011 concerning the operation of services of general economic interest (SGEI) that each Member State must submit a biennial report to the Commission on the application of the Decision, containing a description of how the Decision is being applied in the sectors covered. Article 9 on 'Reports' states that the first report shall be submitted by 30 June 2014. Denmark submitted its most recent report in April 2013.

In Denmark, the Ministry of Business and Growth coordinated the preparation of the follow-up report. With the aim of providing the requisite information, the Ministry of Business and Growth asked all ministries to submit relevant contributions concerning the compensation schemes administered by the various authorities which they believe fall within the scope of the Decision.

On the basis of the above, the following contributions have been prepared for the report:

A. Public service compensation paid to social housing companies **(Ministry of Housing, Urban and Rural Affairs**)
B. Public service compensation in the form of pilotage in certain Danish ports **(Ministry of Business and Growth)**
C. Public service compensation paid to hospitals **(Ministry of Health)**
D. Public service compensation paid to airports (**Ministry of Transport**)
E. Public service compensation for maritime transport services **(Ministry of Transport)**

Section A concerning the social housing sector follows the Commission's guidelines for the report. The other sections on pilotage and the hospitals, air transport and maritime transport sectors are less comprehensive, partly because the compensation that is paid is not always deemed to be covered by the Commission Decision of 20 December 2011. The Danish report contains only information concerning compensation schemes deemed to potentially fall under Article 2 of the Commission Decision of 20 December 2011. Other compensation schemes for SGEI undertakings, e.g. aid for land transport, are not, therefore, described in the report.

A. Public service compensation paid to social housing companies

1. Status report

The transitional provision in Article 10(a) of the Commission Decision of 20 December 2011 on the operation of services of general economic interest states that all aid schemes entering into force before 31 January 2012 which were compatible with the internal market and exempt from the notification requirement pursuant to Decision 2005/842/EC would continue to be compatible with the internal market and be exempt from notification for a further two years, i.e. until 31 January 2014.

In its previous reports of December 2008 and April 2013, Denmark described the application of Commission Decision 2005/842/EC. The two reports concern the period from 2006 to 2011. The current report concerns the application of Decision 2005/842/EC during the period from 2011 to

the end of 2013 (see the transitional provision in the Commission Decision of December 2011). There were no fundamental changes in Denmark's application of the 2005 Commission Decision during the period described, and the scope also remains the same.

However, minor adjustments have been made to the aid system; see Box 1 below.

Box 1. Amendment of the Danish Act on Social Housing (Act No 1097 of 28 November 2012): The municipal share capital was reduced from 14 % to 10 % of the purchase price of the construction project. This reduction is temporary and applies to the period between 1 July 2012 and 31 December 2016 inclusive. The purpose of the change was to help municipal authorities pursue an active housing policy, as it makes it cheaper for individual municipalities to approve social housing developments. The lower municipal share capital is offset by a corresponding additional increase in State aid, with the result that the total aid amount remains unchanged.

We would also refer you to the description of the Danish aid system, etc. and the application of the Commission Decision presented in the previous reports of December 2008 and April 2013.

2. Scope and statistical information

The previous reports also contained a description of the scope and statistical information regarding the aid schemes covered by the 2005Commission Decision.

2.1. Scope

As mentioned previously, there have been no changes in scope in relation to the Commission Decision. The scope continues to cover:

- Social housing organisations (organisations that own social family accommodation and social housing for young people)
- Independent institutions (organisations that own social housing for young people).

We would also refer you to the previous reports of April 2013 (Article 2.1) and December 2008 (Articles 1.1.2 and Article 2).

2.2. Statistical information

The reports from 2008 and 2013 contain statistical information concerning State aid paid for construction projects and housing covered by the 2005 Commission Decision. The information concerns the years 2006 – 2011.

The present report contains data regarding the application of the 2005 Commission Decision during the years 2011 – 2013 (see Tables 1 and 2 below).

New construction projects, etc.:

Table 1 shows that during the years 2011, 2012 and 2013, municipal authorities approved State aid amounting to DKK 167.3 million, DKK 705.3 million and DKK 1 220.7 million respectively for the construction of social family housing and social housing for young people. The aid granted for new construction projects during the aforementioned period varies considerably as a result of changes to the municipal share capital (see Box 1 above). This led to substantial variations in the number of approvals granted during the period 2011 – 2013.

The total amounts mentioned above do not include social housing for the elderly (including nursing homes), as this type of accommodation is not covered by the Commission Decision (see the previous reports from 2008 and 2013).

Table 1: Aid for new construction projects, etc. paid by the State and municipal authorities during the period 2011 – 2013.

DKK million	2011	2011	2011	2012	2012	2012	2013	2013	2013
Aid scheme	DKK million	Number of dwellings	Aid per dwelling in DKK thousand	DKK million	Number of dwellings	Aid per dwelling in DKK thousand	DKK million	Number of dwellings	Aid per dwelling in DKK thousand
Family housing 1)	96.9	200	484.4	468.4	847	553.0	534.1	1 182	451.8
Housing for young people 1)	4.4	14	317.7	165.0	562	293.6	611.5	1 652	370.1
Refurbishment of housing for young people 1)	66.0			71.9			75.2		
Total	**167.3**			**705.3**			**1 220.7**		
Housing for the elderly 1) 2)	15.5	43	361.4	313.7	668	469.6	400.5	990	404.5
Service areas for housing for the elderly	6.2			23.9			34.0		
Total	**189.1**			**1 042.9**			**1 655.2**		
Danish National Building Fund (*Landsbyggefonden*) 3)	-23.9			-165.1			-193.9		
Net expenditure	**165.2**			**877.8**			**1 461.3**		

Notes:

1) Aid relates to social housing owned by social housing organisations and independent institutions. The aid comprises aid payments and share capital contributions. The aid payments are calculated as if they had been paid during the year of approval as a one-off subsidy.

The share capital contribution is divided on a discretionary basis according to housing type.

2) Aid relates to housing for the elderly owned by social housing organisations, municipal authorities, regional authorities and independent institutions.

3) The Danish National Building Fund's contribution is calculated as if it had been paid in the year of approval as a one-off subsidy.

Operation: As described in the previous reports dating from 2008 and 2013, the schemes mentioned are supplemented by special operating aid schemes, which are primarily administered by the National Building Fund.

Table 2 shows that during the years 2011, 2012 and 2013, the National Building Fund paid out DKK 1 928.7 million, DKK 2 138.6 million and DKK 2 272.5 million respectively in aid to social housing estates. Social housing estates can comprise housing for families, young people and the elderly. Thus, the amounts paid for the first housing types (covered by the Commission Decision as mentioned previously) are somewhat lower than the figures stated.

Municipal authorities can pay operating aid for purposes similar to those of the National Building Fund. This aid is typically paid as municipal co-financing for projects that are supported by the National Building Fund. It is believed that this concerns very limited amounts of aid.

Table 2: Aid for social housing estates paid by the National Building Fund for the period 2011 – 2013.

DKK million	2011	2012	2013
Loans			
Operating loans 1)	333.8	516.0	503.9
Loans for the purchase of reversion	8.2	5.4	2.6
Payments			
Operating protection 2)	0.2	0.2	0.1
Resident advisors	0.0	0.0	0.0
Capital investments, etc.	611.8	619.1	846.5
Rent protection 3)	106.7	137.2	100.5
Rent contributions	115.7	106.0	96.2
Rent aid (Article 91(a))	144.6	216.2	175.2
Social and preventive initiatives	269.4	224.8	200.4
Payment aid, refurbishment	338.3	313.7	347.1
Total loans and payments	1 928.7	2 138.6	2 272.5

Source: Annual reports of the National Building Fund, 2011 – 2013.

Notes:

1) Through this, operating loans were paid by municipal authorities amounting to DKK 8.7 million in 2011, DKK 12.0 million in 2012 and DKK 9.2 million in 2013.

2) Through this, operating protection was paid by municipal authorities amounting to DKK 0.2 million in 2011, DKK 0.2 million in 2012 and DKK 0.1 million in 2013, and by the State amounting to DKK 0.4 million in 2011, DKK 0.4 million in 2012 and DKK 0.3 million in 2013 in accordance with previous approvals.

3) Through this, rent protection was paid by the State amounting to DKK 9.2 million in 2011, DKK 8.4 million in 2012 and DKK 7.7 million in 2013.

Individual housing aid:

In addition to the aid options described above, the Danish Act on individual housing subsidies lays down provisions concerning individual housing aid for residents. This form of aid is paid directly to residents, and the scheme is, for the same reasons, deemed to fall entirely outside the EU's State aid provisions (see Article 2 of the previous reports from 2008 and 2013 for further information).

B. Public service compensation in the form of pilotage in certain Danish ports

1. The Danish pilotage market/introductory remarks

The Danish pilotage market is divided into transit pilotage and regional pilotage (see Article 3 of Act No 567 of 9 June 2006 (the Danish Pilotage Act)). Thus, transit pilotage covers pilotage that passes through Danish waters without calling at Danish ports, while regional pilotage either starts or ends at a Danish port. The market for transit pilotage is the larger of the two in terms of turnover, as this market covers the largest ships which also pay the highest charges (see below).

The biggest actor in the pilotage market in Denmark is the State-owned pilotage organisation DanPilot. The State pilotage authority issues around 18 000 pilotages per year and has an annual turnover of around DKK 300 million. DanPilot has hitherto had exclusive rights to perform transit pilotages, while there is free competition for regional pilotages. However, the Danish Parliament's adoption of L176 on 11 June 2014 means that DanPilot's exclusive rights to transit pilotages will gradually be phased out in favour of full competition by 2020.

Finally, there is a pilotage obligation for ships carrying dangerous cargo, etc. within the regional pilotage sector. This is not implemented in the same way as the method applicable to transit pilotages, as Denmark is unable to enforce a pilotage obligation on ships sailing through Danish waters under international agreements. However, the International Maritime Organisation (IMO) recommends that ships carrying dangerous cargo use a pilot when passing through Danish waters, and the majority of ships comply with this recommendation.

2. Charges

DanPilot's charges are determined through an Executive Order and are therefore fixed. The charges vary according to ship length, width and draught. Hence, it is more expensive for larger ships to use a pilot.

Private pilotage organisations are free to determine their own fees.

3. Universal service obligation

Pursuant to Article 19 of the Pilotage Act, DanPilot is obliged to provide a pilot for ships which request such a service or which are covered by a pilotage obligation. This universal service obligation involves some additional costs, as a certain level of preparedness to fulfil the universal service obligation must be maintained.

It has thus far been possible to cover the costs associated with the transit pilotage sector through the revenue generated by the market. However, the costs for the regional pilotage sector cannot be covered by the revenue in the same way. This is firstly due to the fact that the ships in the market are on average smaller, and thus DanPilot's revenue is lower. The second reason is that the private pilotage organisations generally only carry out activities in areas where there is sufficient traffic to enable the costs associated with establishing and maintaining a pilotage organisation to be covered, particularly with regard to materials and the certification of qualified pilots. This means that private organisations rarely provide pilotage services in ports with less traffic; hence DanPilot generally provides such services in these locations.

DanPilot wants to have the option to raise prices in areas with less traffic in order to reflect the higher cost levels. Thus, DanPilot's costs associated with its universal supply obligation are expected to be limited to the pilotages that continue to be covered by the Executive Order on charges. This applies to pilotages which are covered by the pilotage obligation and which call at a port at a fixed opening time.

4. Compensation

As there is a desire to operate DanPilot under the same conditions as those applicable to private pilotage organisations whilst at the same time maintaining a universal service obligation in Danish waters, it is appropriate that a contract be established between the Danish State and DanPilot to determine a framework as to how DanPilot can be compensated for the organisation's universal service obligation. The compensation will only cover DanPilot's uncovered additional costs associated with fulfilling the universal service obligation. Furthermore, it is appropriate that the compensation be determined on the basis of an independent assessment of the cost of providing pilotage services using the best available technology available for the sector. Cases where DanPilot's costs levels exceed this level will be deemed inefficiency.

All compensation will be organised in accordance with EU provisions concerning the operation of SGEI.

C. Public service compensation paid to hospitals

1. Introductory remarks

The Danish authorities believe that there are no schemes within the Danish hospital system which fall within the scope of the Communication. This is because the Danish health service is run by the public sector and expenses incurred by the public health service are financed via taxes. In Denmark, each individual citizen's financial status, labour market affiliation or personal insurance circumstances are of no significance to their right to use services provided by the public health service.

Planned hospital services are provided free of charge to residents of Denmark, and emergency treatment is provided free of charge to everyone regardless of their residential status. In the public sector hospital service, no user (patient), health insurance fund or insurance company will be required to pay a contribution in the form of a user fee which corresponds to the hospital service that has been provided.

For the sake of completeness, it should however be noted that persons not resident in Denmark may in certain situations be required to pay a contribution towards hospital treatment, e.g. when, Denmark amended the Danish Health Care Act in order to comply with Directive 2011/24/EU on the application of patients' rights in cross-border healthcare, with the consequence that a regional council pursuant to Article 78(a) provides hospital treatment in return for a quid pro quo payment for patients from EU/EEA countries.[1]

A description is given below of the principal characteristics of the Danish health service. This description is then followed by remarks relating to the Commission Decision of 20 December 2011.

2. The Danish health service in brief

The Danish public health service consists of the primary and secondary healthcare sectors.

The primary healthcare sector consists of the following:

- Privately practising medical professionals under the public health insurance scheme (general practitioners, practising medical specialists, physiotherapists, etc.)
- Municipal healthcare schemes: home care service, municipal dental service and preventive healthcare schemes
- The secondary healthcare sector consists of the hospital service.

The Danish public health service is financed via taxes. Each individual citizen's financial status, labour market affiliation or personal insurance circumstances are of no significance to their right to

[1] Persons from the Danish Realm (the Faeroes and Greenland) not resident in Denmark were accorded the same rights on the same occasion. More detailed provisions concerning this were laid down through Executive Order No 1661 of 27 December 2013 on the right to hospital treatment, etc. In connection with this, it is also noted that a regional council (see Article 6 of the Executive Order) can provide treatment and receive payment for non-emergency hospital treatment from persons affiliated to an EU/EEA country, Greenland or the Faeroes who are not entitled to treatment under the provisions of the Directive or the Regulation (Directive 2011/24/EU on the application of patients' rights in cross-border healthcare and Regulation (EC) No 883/2004 on the coordination of social security systems), if the hospital treatment can be provided within the existing capacity and if no private enterprises are able to meet the demand for these services in the region concerned.

use services provided by the public health service. The State is responsible for establishing the general values and objectives of the public health service as regards health policy at national level. Against this background, the Danish Parliament is responsible for legal regulation of the health service's conditions in the form of legislation, etc., and the finances of the sector are subject to overall social control through annual finance agreements. In partnership with regional and municipal authorities and other stakeholders, the public authorities also exert influence over the development of the health service through agreements, consultancy, information provision, etc.

The regional authorities are responsible for managing hospital services and administration of the public health insurance scheme. The regional authorities are responsible for most of the collective public health service. Each regional council prioritises the tasks involved and establishes the local service level within the framework laid down in the legislation, etc. The municipal authorities are responsible for the provision of healthcare services, primarily home care, paediatric and free dental care and many healthcare schemes for children and young people. The municipal authorities also perform certain administrative tasks relating to the health insurance scheme, such as the issuing of health insurance certificates. Similarly, each local authority prioritises the tasks involved and establishes the local service level within the framework that is set out in the relevant legislation, etc.

Operationally, the health service is organised either as public institutions and clinics or as deregulated enterprises operated with a public subsidy in accordance with an agreement with the relevant public authorities. The health service largely consists of regionally owned hospitals. Pursuant to the Danish Hospital Services Act, regional authorities are obliged to provide free treatment via their hospitals. In addition to the regional authorities' own hospitals, treatment is also provided free of charge by certain private non-profit specialist hospitals; see Article 79(2) of the Health Care Act. In order to perform their tasks, regional authorities may collaborate with other regional authorities and enter into agreements with private institutions; see Articles 75(1) and (2) of the Health Care Act. In some cases, permission may also be given for free treatment to be provided abroad.

Conversely, service providers in the primary sector (general practitioners, dentists, physiotherapists, etc.) own and manage their own clinics themselves, but are financed to a varying degree by the regional authorities under agreements between the public health insurance scheme and the relevant industry organisations. These health professionals are therefore private entrepreneurs who are remunerated under centrally negotiated agreements by the regional authorities for the provision of a significant part of the regional health services. The public health insurance scheme offers free medical assistance by general practitioners and medical specialists, and provides subsidies to many other services. The only people not covered by this arrangement are the limited number of people who chose to join the special insurance scheme (health insurance group 2).

There is no definition or clear understanding in either Danish health legislation or the EU of what treatments are to be provided by hospitals. The hospital system in Denmark is organised into main functions (basic functions) and specialist functions, which in turn are divided into regional functions and highly specialised functions. They are responsible for providing all stationary and

ambulatory services. This is organised through a special planning process, which is intended to ensure a high degree of professionalism in the provision of treatment, holistic patient processes and the best utilisation of resources. The special planning process is also intended to promote the requisite development and maintenance of expertise, research and development to ensure the best possible treatment of patients. The process is furthermore aimed at safeguarding planning, coordination and collaboration between actors in the health service.

It is a general principle in the planning of the Danish health service that services are provided at the lowest effective cost level (the LEON principle). Thus, ongoing assessments and planning are carried out on the basis of whether a given service or treatment could be delivered to a high level of quality and otherwise as noted above by, for example, a specialist medical practice which is generally cheaper and less planning-intensive in Denmark than the hospital system. More treatments can thus be outsourced to specialist medical practices in line with developments.
As regards hospital services, such services will therefore generally be characterised by the fact that it has been implicitly decided that the patient needs to be admitted to hospital, that services need to be provided which require specialist expertise or equipment, or that services need to be provided which impose special demands on planning processes, e.g. as regards the treatment process and training. In line with modern medical science and technological possibilities, emphasis is generally placed on managing the hospital system as efficiently as possible and minimising the number and duration of admissions insofar as is possible.

Overall, the workload is delegated so that the less complicated health services are provided outside the hospital system, whilst the more challenging and more complicated services are provided by the hospital system, e.g. ambulatory services where the hospitals are able to meet demand as regards volume, quality, safety, expertise and access to patients outside ordinary working hours.

Ambulatory patient treatment in the hospital system will thus generally be characterised by the fact that for each patient there is a need to involve a number of specialists, possibly organised into multidisciplinary teams, as can be seen in the field of cancer treatment for example. Such a set-up imposes special demands on planning both with regard to the provision of sufficient capacity, including equipment and efficient resource utilisation, and with regard to economics and expertise.

3. Remarks relating to the Commission Decision

The Danish authorities believe that the financing of public sector hospitals in Denmark concerns services that cannot be deemed to be covered by the State aid provisions in Article 107. Accordingly, the Altmark Trans ruling and the Commission Decision of 20 December 2011 are not deemed to concern circumstances which correspond to the financing and organisation of the public sector hospital system in Denmark.

In Denmark, the operation of hospitals is primarily a tax-financed public sector service within the regional system. As mentioned previously, hospital services are provided free of charge to persons who are resident in Denmark, as the user (the patient) makes no quid pro quo payment in the form of a user fee.

The regional hospitals belong to the regional authorities and are financed directly via each regional authority's budget. There is no transfer of funds from one legal entity to another, and allocation of the budget for operating the hospitals cannot be deemed to constitute compensation.

On the income side in the regional budgets are subsidies from the State in the form of general block subsidies. However, these budgets are paid to the respective regional authorities themselves, rather than the regional hospitals, as ear-marked State aid for operation of the hospitals. The Commission Decision gives an account of the calculation of the 'amount of compensation', 'reasonable profit' and 'control of overcompensation'. It is apparent from this that a reasonable rate of return on capital (equity) is a consideration that must be accorded emphasis. However, these terms have no meaning in a Danish context in relation to either the regional hospitals or the regional authorities themselves, as none of these organisations have any capital (equity) on which a rate of return is to be earned through the provision of hospital services, and as the financing of hospitals is not deemed to constitute compensation. The Ministry of Interior and Health also wishes to note that, pursuant to Article 168 of the Treaty on the Functioning of the European Union, Member States are responsible for the organisation and provision of healthcare services and medical treatment.

In the light of the above remarks, Denmark believes that there are no schemes in Denmark concerning public service compensation to hospitals that are covered by the Commission Decision of 20 December 2011.

D. Public service compensation paid to airports

1. Bornholm Airport

Bornholm Airport is a regional airport that is owned by the Danish State, or more specifically the Danish Transport Authority, which is responsible for operating the airport. The airport receives an annual operating subsidy via the Danish Finance Act. The airport is situated on an island and has fewer than 300,000 passengers a year; hence the aid pursuant to Article 2(d) of the Commission Decision of 20 December 2011 is compatible with the internal market and exempt from the notification requirement. During the period 2008-2013, Bornholm Airport had between 180 000-249 000 passengers.

In connection with this, an agreement has been established between the Danish Transport Authority and Bornholm Airport concerning obligations regarding public services at Bornholm Airport. The agreement sets out the obligations that are imposed on the airport. The agreement also specifies how compensation is to be determined and states that it must not exceed what is required in order to cover the costs attributable to the fulfilment of the obligations. The compensation is adjusted annually as of 1 January. With the aim of ensuring that Bornholm Airport is not overcompensated, the agreement states that the airport will be obliged to repay any overcompensation that exceeds 10 % of the annual compensation. In connection with the monitoring and follow-up of any overcompensation, the Danish Transport Authority has full access to all financial data at all times, which makes it possible to monitoring cost trends and ensure that no unlawful cross-subsidisation is taking place.

Rigsrevisionen is responsible for auditing the Danish Transport Authority's financial statements and thus also Bornholm Airport's financial statements. Bornholm Airport's annual report forms part of the Danish Transport Authority's annual report.

Financial compensation to Bornholm Airport 2008-2013

DKK million	Bornholm Airport
2008 (State)	21.4
2009 (State)	21.4
2010 (State)	19.9
2011 (State)	21.8
2012 (State)	22.1
2013 (State)	24.4

2. Odense Lufthavn S.m.b.a. and Sønderborg Lufthavn A/S

Odense Lufthavn S.m.b.a. is owned by the municipal authorities of Odense, Nordfyn and Kerteminde and is managed as a municipal partnership. Sønderborg Airport is managed by Sønderborg Lufthavn A/S, a private limited company which is partly owned by Sønderborg Municipality. In connection with the Municipal Reform in 2005 (during which the counties were abolished), it was decided that the State would take over county subsidies to Odense and Sønderborg airports for a four-year transitional period (2007 - 2010). It was decided that, after the transitional period, the two airports would receive compensation in lieu of the counties' previous subsidies.

Both airports have considerably fewer than 200 000 passengers (see the table below); hence the compensation (see Article 2(e)) in the Commission Decision referred to above is compatible with the internal market and exempt from the notification requirement.

Passengers at major State operated Danish airports	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
TOTAL PASSENGERS, 1 000						
TOTAL AIRPORTS	26 204	24 132	26 628	28 045	28 295	29 203
Sønderborg	67	60	71	72	38	43
Odense	0	0	0	0	0	0
Source: Civil Aviation Denmark. 'Major airports' are airports with scheduled passengers or at least 50,000 air operations per year.						

County/State subsidies to Odense and Sønderborg airports 2009-2013:

DKK million	**Odense Airport**	**Sønderborg Airport**
2008 (State)	3.1	1.4
2009 (State)	3.2	1.4
2010 (State)	3.2	1.5
2011 (State)	3.3	1.5
2012 (State)	3.4	1.5
2013 (State)	3.5	1.6

The subsidy is determined at a level which corresponds to the county subsidy in 2004. This means that the subsidy is not determined on the basis of traffic levels, and no explicit requirements concerning counter-performances are established either.

E. Public service compensation for maritime transport services

General remarks
The Danish Ministry of Transport believes that there are currently no schemes in Denmark concerning the entrustment of public services in the form of maritime transport that are covered by the Commission's guidelines.

The Ministry of Transport currently administers three contracts concerning SGEIs within maritime transport:

- Contract concerning operation of the Bøjden-Fynshav ferry service dated 24 June 2014
- Contract concerning operation of the Samsø-Kalundborg ferry service dated 11 June 2007, and the new contract dated 24 June 2014
- Contract concerning operation of ferry services for Bornholm dated 13 February 2009.

The compensation paid under the contracts is not covered by the categories referred to in Article 2 of the Commission Decision. This is because the Ministry of Transport carries out EU tender competitions when entrusting contracts concerning ferry services meeting social needs, i.e. maritime transport of general economic interest. This ensures that the amount of compensation is subject to competition and that no more compensation than is necessary is therefore paid out in each individual case.

The provisions in Article 4 of the Commission Decision concerning determination of the content, duration and scope are incorporated into the contracts. However, it should be noted that none of the contracts accord the operator any special or exclusive rights. Two of the contracts were put out to tender again in 2012/13 as EU calls for tenders, and contracts were subsequently signed in June 2013.

The Ministry of Transport believes that the competition brought about through the tender competitions relating to the contracts, which were all established following a public EU tender competition, has ensured that no overcompensation has been paid. Because contracts have been established according to a tender competition procedure, no provisions have been incorporated in the contracts which could lead to the repayment of overcompensation.

It is also noted that all contracts concerning ferry services meeting social needs comply with the Maritime Cabotage Regulation; see Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage). It follows from this that the contracts have been established without discrimination against Community shipowners, and that all Community shipowners have had access to the compensation that is paid for the services provided.

As regards ferry services, the Ministry of Transport paid out total compensation of DKK 220 million in 2012 and DKK 222 million in 2013.