CHAPTER I - SOCIAL HOUSING (Article 2(1)(c) of Decision 2012/21/EU)

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

Clear and comprehensive description of how the respective services are organised in your Member State	
Explanation of what kind of services in the respective sector have been defined as SGEIs in your Member State. Please list **the contents of the services entrusted as SGEIs** as clearly as possible.	The relevant SGEIs relate to the supply of social housing intended to provide accommodation for economically disadvantaged citizens or persons belonging to particularly disadvantaged social groups, who because of their income and/or circumstances are unable to obtain suitable housing on the market. Social housing is defined by Article 1(2) of the Ministerial Decree of 22 April 2008 as 'housing units for residential use in a permanent location designed, in the general interest and in order to safeguard social cohesion, to reduce the housing deprivation of disadvantaged individuals and families who are unable to access rented housing on the free market. Social housing is an "essential part of the system of social residential services made up of all housing services designed to satisfy primary needs".' Article 10(3) of Decree-Law No 47/2014, converted into Law No 80/2014, introduced a new definition of social housing. **Role of the State** In terms of institutional responsibilities for housing, the State is solely the provider of finance: it allocates between the regions the resources made available for the sector, launching programmes that are then implemented locally. The State is also responsible for laying down the general principles with which housing allocation criteria must comply, in order to ensure uniform treatment throughout Italy and minimum levels of social provision. On the basis of legislation dating from 1991 (Law No 203/1991) the State signed some agreements with private service providers, operating on a services concession basis. These entities carry out programmes which include subsidised housing measures for employees of State authorities working on combating organised

	crime in certain areas of the country. These programmes also include assisted housing measures, for the purposes set out above.
Explanation of the (typical) **forms of entrustment.** If standardised templates for entrustments are used for a certain sector, please attach them.	**The instruments that implement social housing can be categorised as follows:** Subsidised housing *(Edilizia sovvenzionata):* since the reform completed in 2000, this type of housing has been built by the regions. They usually allocate the task to the municipalities, or to other public bodies, including the former *Istituti Autonomi Case Popolari* (currently named ALER, ATER, Aziende Casa, ATC, etc.). This housing is built with financial resources that are solely or predominantly public; the relevant bodies must generally achieve financial balance in the management by collecting rent. These rents are set by the regions, and usually by law they range from a poverty band of EUR 20 up to, in general, a maximum of EUR 130. Assisted/contracted housing *(Edilizia agevolata/convenzionata):* this is built by private entities (housing cooperatives, construction firms or property developers) with contributions from public funding (capital grants or interest-rate subsidies on loans at a favourable rate; transfer of public land; urban development of an area set aside specifically for housing). Assisted housing is designed to provide accommodation to social groups with medium/low incomes, both via rental and via ownership at rents or sale prices that are lower than market rates. In both cases, the financial amounts applicable are laid down in the agreement governing the allocation of the benefit. The entities to which the contributions are allocated are identified under a public procurement procedure and, in some areas, public subsidised construction operators may also compete to obtain this funding and participate in the programmes. Private social housing (Edilizia privata sociale): this is housing built by the system of real estate funds promoted by the national fund Fondo Investimenti per *l'Abitare* (investment fund for housing - FIA) run by CDPI Sgr *(Società di Gestione del Risparmio* - asset management company) in accordance with the National Housing Plan approved by Prime Ministerial Decree of 16 July 2009. This housing is designed for rental or rent to buy for those intermediate groups who do not fulfil the criteria for accessing the traditional public housing system but at the same time are unable to access housing on the free market. The rental charge is lower than the 'agreed' rate, which is defined on the basis of local agreements between

the tenants' and owners' union organisations.

Housing at 'agreed' rent *(Edilizia a canone 'concordato'):* this is privately-owned housing that is designed to increase rental housing provision through the conclusion of a standard contract laid down by a national agreement. Under this contract, the rent is calculated on the basis of local agreements signed by the tenants' and owners' union organisations. The owners of housing rented under this type of contract receive specific tax benefits (tax deductions for improvement and conversion work, reduction in flat rate tax, reduction in municipal property tax) and can sign rental agreements for a shorter period (3 years plus 2 years' renewal) than on the 'free market' (4 years plus 4 years' renewal).

(Typical) forms of entrustment

Regional laws govern the typical forms of entrustment, together with decisions by the council or regional executive, where applicable.

The entrustments are usually allocated through management decrees/decisions, following publication of a regional tender approved by executive decision or management decision.

An agreement is linked to the entrustment. This governs the operational features, the tasks and obligations, the methods for determining rents, the duration and mode of delivery of the service (maintenance, caretaking, social support, etc.).

Explanation of the (typical) **duration of the entrustment** and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.

(Typical) duration of entrustments

The duration of entrustments for implementing residential housing intervention programmes consisting of SGEI services ranges from a minimum of 8 years to a maximum of 25 or 30 years (permanent rental), and this is also confirmed by the survey carried out by the regions for this report.

In general, entrustments that are longer than 10 years account for at least 70 % of the entrustments granted for each region, except for the Lazio and Umbria regions. We set out below the data supplied by the regions concerning the percentage of entrustments with a duration longer than 10 years:

Abruzzo	92
Basilicata	100 Calabria (not provided)
Campania	95
Emilia Romagna	70
Friuli V.G.	100
Lazio	30
Liguria	100
Lombardy	90
Marche	100
Molise	90
Piedmont	94
Apulia	70
Sardinia	99
Sicily	90
Tuscany	100
Umbria	0
Valle d'Aosta	100
Veneto	100 Autonomous Province of Bolzano (not provided) Autonomous Pro
of Trento	100

In the period covered by this report the State did not grant any direct entrustments.

Explanation of whether (typically) **exclusive or special rights** are assigned to the undertakings.

Explanation of whether (typically) exclusive or special rights are assigned to the undertakings

Entrustments for the delivery of subsidised housing interventions are usually assigned by regional laws to public bodies (municipalities and former IACPs) in a form that may be equated to in-house commissioning, but this is governed by a formal legal document; financial management requirements apply.

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.

Operation of the compensation mechanism

Methods for calculating public funding are determined on the basis of:

- the features and the total area of the housing intervention, subject to the limits laid down by each region, relating, for example to:
  - maximum cost per square metre;
  - maximum area limits per housing unit;
- the type of rental contract specified for the housing, such as:
  - rental with an agreement for future sale;
  - temporary rental;
  - affordable or agreed rent;
  - social rent;
  - rent restrictions:

Rents for subsidised housing are laid down by the regions and range from a poverty band with minimum rents of EUR 20-50, rising in graduated intervals. Rent may not, however, except in exceptional cases, exceed a monthly rate of EUR 130.

Rents for contracted housing are laid down by the municipalities under relevant agreements with the implementing body, and the municipality monitors compliance with the agreements. A percentage of construction costs and other expenditure (acquisition of the land, technical costs, etc.) is taken into account. The business plan for the delivery of interventions must specify the public benefit assigned to the operator, and this shall be taken into account in determining the actual costs incurred and the relevant resulting incentives to be applied to the housing's end user (tenant or purchaser). The rents for assisted housing are laid down by the municipalities with reference to the purchase price identified in the relevant agreements with the implementing bodies.

Under Article 6 of Decree-Law No 47/2014, converted into Law No 80/2014, bodies that build new structures or carry out non-routine maintenance work or restoration work on pre-existing structures intended for social housing shall receive the following tax benefits until any redemption of the property unit by the tenant and, in any case, for no longer than 10 years from the date of completion of the works: (a) the revenue from renting the said social housing shall not be counted in the firm's revenue for the purposes of taxes on income; (b) 40 % of the said revenue shall not be counted in the net output value for the purposes of regional tax on production.

The law has specified that the operational details of these benefits shall be subject to the Commission's authorisation, in accordance with Article 108(3) of the Treaty.

Although it does not relate directly to the compensation mechanism, it is worth pointing out that recently the support fund for access to rental housing *(Fondo di sostegno per l'accesso alle abitazioni in locazione)* (Law No 431/1998) was reinstated and strengthened. This is intended for those with very low incomes and, under the recent Law No 80/2014, the Italian Parliament has also incentivised the creation of local rental agencies to assist tenants who are in arrears to move from one house to

	another. This measure does not affect the compensation because it is disbursed directly to the tenants. Another income support instrument is the fund for tenants with arrears through no fault of their own, which was set up by Decree-Law No 102/2013, converted by Law No 124/2013.
Explanation of the (typical) **arrangements for avoiding and repaying any overcompensation.**	**Typical arrangements for avoiding and repaying any overcompensation.** The sector is changing. In all the regions standardised percentages are used in relation to construction costs and the duration of the relevant entrustments, and the calculation of the actual costs of construction associated with other specific technicalities is seen as a tool that ensures that overcompensation is avoided. However, the need for more specific information for monitoring compensation and checking that there is no overcompensation was identified. This would enable possible challenges to be raised in full with the operator and any overcompensation to be recovered. Numerous trials were therefore carried out on two methods for ascertaining the costs. For instance, we could point to the framework agreement for implementing the National Housing Plan in Lombardy, which governs the obligations relating to a service of general economic interest and provides that any overcompensation shall be repaid (backed up by a guarantee) together with the relevant interest from the date on which the overcompensation was identified to the date when repayment is actually made. (Annex I, Chapter 1). During the first two years of application of Decision 2012/21/EU, the regions and autonomous provinces and the State therefore worked to agree jointly on a guidelines template for checking and monitoring compensation, as a tool designed to avoid overcompensation. This template is made up of a standardised financial plan template which also considers the possible fiscal and public finance benefits. It is intended to operate on the basis of separate accounting of the initiative covered by the entrustment.
Amount of aid granted	
Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.	**Amount of aid granted** The annexed Tables 1 and 2 list the amounts transferred from the State to the regions in 2012 and 2013 and the regions' commitments to the operators under the intervention lines of the National Housing Plan (please note that the commitments for financial promotion at the

initiative of private entities was zero, and the relevant column has not been included in the tables).

Overall, under the intervention lines in Article 1 of the Prime Ministerial Decree of 16 July 2009, the regions granted the following resources to operators (State funds under the National Housing Plan referred to in Article 11 of Decree-Law No 112/2008, converted by means of Law No 133/2008, allocated by the State to the region):

Interventions under Article 1(1)(f)
Amounts granted in 2012 12 865 090.47
Amounts granted in 2013 4 149 427.94

Programme agreements
(b) increase in public housing stock Amounts granted in 2012 50 832 353.60 Amounts granted in 2013 13 074 952.37

(c) financial promotion at the initiative of private entities
Amounts granted in 2012 0.00
Amounts granted in 2013 0.00

(d) incentives to housing cooperatives made up of persons receiving the interventions
Amounts granted in 2012 27 322 836.52
Amounts granted in 2013 1 539 457.36

(e) integrated programmes to promote social housing
Amounts granted in 2012 118 516 663.93 Amounts granted in 2013 6 471 212.21
From their own resources and on the basis of the basic legislation, as shown in the above-mentioned tables, overall, the regions have granted the following amounts to the operators, under the regional intervention lines: Regional legal basis
Amounts granted in 2012 179 063 592.88
Amounts granted in 2013 143 093 362.21

For clarification of the mechanisms in the Plan, we attach Table 1 and Table 2 (Annexes 1 and 2, Chapter I)

Any other quantitative information

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

The application of Decision 2012/21/EU is the subject of a communication adopted by the Conference of Presidents of the Regions and Autonomous Provinces. This document puts

forward for the endorsement of the central authorities the guidelines on SGEIs operating in social housing for the application of Decision 2012/21/EU.

Paragraph 2.2 sets out an ex ante method for calculating compensation, based on data from the business plan estimating positive and negative cash flows resulting directly from the management of a service of general economic interest, in compliance with the service obligations and with contributions from public finance.

The internal return rate is calculated on the future cash flows for the entire period of the entrustment, and this is compared with the reasonable profit in order to check on overcompensation (paragraph 2.3).

The monitoring is also carried out at intermediate stages, during the period of the entrustment.

The Directorate-General for Housing Policies endorsed the work done , in principle, provided that the creation of the separate accounts includes high-level technical checks, and it also stated that it must take into account tax advantage schemes.

The identification of the reasonable profit was the issue causing greatest confusion, because of the difficulty in identifying a reliable benchmark. In accordance with Article 5 of the Decision, a rate of return on capital that does not exceed the relevant swap rate (appropriate rate of return for a risk-free investment) the maturity and currency of which correspond to the duration and currency of the entrustment act, plus a premium of 100 basis points, shall be regarded as reasonable in any event. These basis points constitute a bonus to compensate the level of risk linked to the particular features of the service offered. By way of information, we would like to inform you that during the first application stage the Lombardy region set the reasonable profit at six per cent.

Consideration of the issues has highlighted how, in the current economic climate, identifying excessively low profit margins could discourage participation of private capital at the very time when there is low availability of public resources dedicated to this area.

The draft guidelines, which have been endorsed by the regions and the autonomous provinces, for the checking and monitoring of compensation, as an instrument designed to avoid overcompensation, nonetheless represents a reference point for those responsible for programming and evaluating social housing interventions.

The current arrangements for the standardised reports between municipality and body entrusted are currently being revised, so as to promote the best contractual form to be used in order to guarantee the implementation of social housing interventions. The topics being addressed are:

- defining, for each social housing initiative, possibly in a procedure where opposing arguments are put, the associated risk level so as to calculate the 'reasonable profit' permitted for the entrustment granted;
- looking at the production efficiency targets to which the permitted compensation level may, perhaps gradually, be made subject;

- defining the system for monitoring and carrying out controls on any overcompensation and the entities responsible, which act in the name of the State in order to apply Article 6 of Decision 2012/21/EU;
- defining, at the unified State-Regions-Cities conference, the entities responsible for fulfilling the obligations of transparency, information and reporting, incumbent on the Member States (Articles 7, 8 and 9 of Decision 2012/21/EU);
- promoting the greatest possible transparency in the business plan, which must highlight tax exemptions and concessions relating to loans.

The value of the compensation must not exceed what is necessary to cover all or part of the costs incurred in discharging the public service obligations: the business plan must, therefore, make it clear what the additional costs and expenditure are, as well as receipts not obtained, and the tax benefits resulting from such obligations so that the variations in single cost items may be clearly identified when compared with the same housing programme carried out without public service obligations.

3. COMPLAINTS BY THIRD PARTIES

None

4. MISCELLANEOUS

A. No comment

B. No comment

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

In relation to the complexity of the issue of defining a reasonable profit in this sector, which has its own special features, partly because of its exposure to the most sensitive social aspects of the provision of accommodation, we think it would be useful for the Commission to carry out an analysis of the level of risk of investments in European countries in the social housing sector.

TABLE 1 (See original for figures)

National Housing Plan (Prime Ministerial Decree of 16 July 2009)

RESOURCES TRANSFERRED FROM THE STATE TO THE REGIONS AND FROM THE REGIONS TO THE OPERATORS IN 2012

		FROM REGIONS TO OPERATORS					
Regions/Autonomous provinces	**FROM STATE TO REGIONS**	Interventions under Article 1(1)(f) (former IACPs and municipalities)	Increase in public housing stock (b) (former IACPs and municipalities)	Concessions to housing cooperatives made up of recipients of interventions (d)	Integrated social housing programmes (e)	Resources from regional legislation	TOTAL
Piedmont							
Valle d'Aosta							
Lombardy							
Trento							
Bolzano (no report received)							
Veneto							
Friuli-Venezia Giulia							
Liguria							
Emilia-Romagna							
Tuscany							
Umbria							
Marche							
Lazio							
Abruzzo							
Molise							
Campania							
Apulia							
Basilicata							
Calabria (no report received)							
Sicily							
Sardinia							
Total							

SOURCE: Ministry of Infrastructure and Transport - Directorate-General for Housing Conditions

TABLE 2 (See original for figures)

National Housing Plan (Prime Ministerial Decree of 16 July 2009)

RESOURCES TRANSFERRED FROM THE STATE TO THE REGIONS AND FROM THE REGIONS TO THE OPERATORS IN 2013

		FROM REGIONS TO OPERATORS					
Regions/Autonomous provinces	**FROM STATE TO REGIONS**	Interventions under Article 1(1)(f) (former IACPs and municipalities)	Increase in public housing stock (b) (former IACPs and municipalities)	Integrated social housing programmes (d)	Integrated social housing programmes (e)	Resources from regional legislation	**TOTAL**
Piedmont							
Valle d'Aosta							
Lombardy							
Trento							
Bolzano (no report received)							
Veneto							
Friuli-Venezia Giulia							
Liguria							
Emilia-Romagna							
Tuscany							
Umbria							
Marche							
Lazio							
Abruzzo							
Molise							
Campania							
Apulia							
Basilicata							
Calabria (no report received)							
Sicily							
Sardinia							
Total							

SOURCE: Ministry of Infrastructure and Transport - Directorate-General for Housing Conditions

CHAPTER II - MARITIME LINKS TO ISLANDS (Article 2(1)(d) of Decision 2012/21/EU)

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

We set out information supplied by the Ministry of Infrastructure and Transport, and would point out that the measures relating to this were notified to the Commission, as SGEIs, in January 2012. Subsequently, on 4 April 2012, the relevant departments of the Commission's Directorate-General for Competition asked the Italian authorities for some information regarding the above-mentioned measures arising from the agreements for the delivery of public service activities in the sphere of maritime transport, in order to provide links to the main island areas of the Republic of Italy. This information is still being considered by the Commission as part of the extension to the formal investigation into various cases of possible State aid, C(2012)9452 final of 19 December 2012.

The above-mentioned agreements govern the public service obligations assumed by the undertakings that have acquired control of the company divisions that provide the public service of maritime links, respectively of Tirrenia di Navigazione SpA in AS *(Amministrazione Straordinaria* - Special Administration) and of Siremar, Sicilia Regionale Marittima SpA in AS, following the relevant privatisation processes preparatory to liberalisation.

These measures were notified to the Commission on 10 January 2012 purely for legal certainty, since, in view of their purpose, in the view of the Italian authorities they do not involve any element of State aid and are therefore not subject to the mandatory notification system - and the associated powers of control reserved to the Commission - as laid down in Article 108 of the Treaty on the Functioning of the European Union (TFEU), as follows from the procedural regulation, Regulation (EC) No 659/1999.

With regard to the request for information the Directorate-General for Competition has, however, stated that it is not able to set out its position on the measure notified without the additional information requested which, in fact, relates solely to the legal categorisation of the facts, namely:

a. the criteria laid down by the European Court of Justice in the judgment in Case C-280/00 *Altmark Trans and Regierungspräsidium Magdeburg v Nahverkehrsgesellschaft Altmark GmbH* [2003] ECR I-7747.

b. the system which entered into force on 31 January 2012, and therefore after the notification of the relevant measure, under the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union ('TFEU') to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

However, the request by the Directorate-General for Competition does not contain any reference to the need to acquire further factual data or remaining material elements for the file, regarding the content, purpose, scope or objective of the measures notified, which must

therefore be deemed to have already been stated fully and exhaustively on the basis of the information provided in the notification given.

In line with the said request for information, the Italian authorities have therefore supplied a legal categorisation of the measures. Specifically, they have supplied all the relevant replies in relation to the information requested by the Directorate-General for Competition with reference to the aid measures, namely the new Tirrenia and Siremar agreements.

Clear and comprehensive description of how the respective services are organised in your Member State	
Explanation of what kind of services in the respective sector have been defined as SGEIs in your Member State. Please list the **contents of the services entrusted as SGEIs** as clearly as possible.	These services consist of the public service obligations assumed by the undertakings that have acquired control of the company divisions that provide the public service of maritime links, respectively of Tirrenia di Navigazione SpA in AS and of Siremar, Sicilia Regionale Marittima SpA in AS, following the completion of the relevant competitive privatisation processes. The public remit laid down by the Italian authorities relates to the island cabotage routes connecting continental Italy to the island ports. These routes are intended to provide, in terms of regularity and frequency, a satisfactory service for the economic development of the islands and, at the same time, meet the essential mobility needs of the island communities, making into a reality the constitutionally guaranteed right to territorial continuity, which the market is unable to maintain by itself.
Explanation of the (typical) **forms of entrustment.** If standardised templates for entrustments are used for a certain sector, please attach them.	The above-mentioned companies were privatised through tendering procedures open to all interested parties. The aim was the sale of only those company assets that are functionally necessary to carry out the relevant public service obligations and the procedures were based, in terms of the award conditions, on the criterion of the highest price. The use of these forms and criteria seems suitable grounds for a presumption that the said procedures comply with the principles of competition, transparency and non-discrimination laid down by the EU legal order.
Explanation of the (typical) **duration of the entrustment** and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	8 years for Tirrenia and 12 years for Siremar.
Explanation of whether	

(typically) **exclusive or special rights** are assigned to the 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 agreement states that the level of compensation (subsidy) is determined on the basis of the forecasts for changes in the imbalance between revenue and management costs. Unlike the agreement of the former Tirrenia Group, which expired at the end of 2008, the new agreement does not give the service operator greater compensation for any increases in management costs (staff, fuel, freight and berths, etc.). Therefore, the risks associated with any such cost increases are solely the operator's responsibility, and similarly the risks associated with traffic volumes are also borne by the operator; these may decrease as compared with the forecast data. In short, therefore, the public service activity that the operators carry out features a full allocation of risks to the operators, and a fixed amount of subsidies, which does not guarantee full coverage of the costs.
Explanation of the (typical) **arrangements for avoiding and repaying any overcompensation.**	The agreement states in detail that the services for which compensation is paid are solely those identified as public service obligations and that the only costs eligible for compensation are those drawn up on the basis of the 2007 CIPE (Interministerial Committee for Economic Planning) Directive, expressly laid down in Annexes B and C to the agreement. The monitoring authorities check annually, on the basis of the budget data, appropriately recategorised into separate analytic accounting for each line and certified by an audit company, that no overcompensation has occurred.
Amount of aid granted	
Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.	EUR 72.8 million per year for Tirrenia and EUR 55.6 million per year for Siremar. The above- mentioned amounts are solely and exclusively the responsibility of State finance (Chapter 1960 of the estimate of expenditure of the Ministry of Infrastructure and Transport)

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

- None

3. COMPLAINTS BY THIRD PARTIES

- None

4. MISCELLANEOUS

A. No comment

B. No comment

C. No comment

CHAPTER III - AIR LINKS AND AIRPORTS

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

1.1. Air links to islands (Article 2(1)(d) of Decision 2012/21/EU)

Clear and comprehensive description of how the respective services are organised in your Member State	
Explanation of what kind of services in the respective sector have been defined as SGEIs in your Member State. Please list the **contents of the services entrusted as SGEIs** as clearly as possible.	**Type and content of services** The SGEIs covered in this box relate to scheduled air links to and from islands with annual average traffic of no more than 300 000 passengers in the two financial years prior to that in which the service of general economic interest was entrusted; the territories in question are often remote regions or developing regions. These services relate to routes with low density traffic, but which are considered essential for the economic and social development of the relevant regions. In these cases, as laid down by the European Union's legislation in this sector (Article 16 of Regulation (EC) No 1008/2008), in instances where other modes of transport cannot ensure an uninterrupted service with at least two daily frequencies, it is possible to impose public service obligations only to the extent necessary to ensure on those routes the minimum provision of scheduled air services satisfying fixed standards of continuity, regularity, pricing or minimum capacity, which air carriers would not assume if they were solely considering their commercial interest. **The scheduled air services that are SGEIs are identified in the Decree issued by the Ministry of Infrastructure and Transport. The imposing of public service obligations, which is always done through a ministerial decree, is therefore intended to guarantee the territorial continuity of the relevant**

	geographical areas with the rest of the national territory. If no Community air carrier accepts the links in question without financial compensation, the air services are granted exclusively, through the tender procedure set out in Articles 16(10) and 17. In that event, the compensation for the public service obligations constitutes State aid if the four cumulative conditions listed in the Altmark judgment are not complied with.
Explanation of the (typical) **duration of the entrustment** and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	The duration of entrustments for public service obligations ranges from a minimum of one year to a maximum of four years, as laid down by Article 16(9) of Regulation (EC) No 1008/2008. No entrustment acts have been created with a duration of more than four years.
Explanation of whether (typically) **exclusive or special rights** are assigned to the undertakings	The carrier is granted, for the set period, the right to operate the scheduled air service exclusively.
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.	**Aid instrument:** direct subsidy by the State/region **Compensation mechanism:** The maximum annual compensation amount on which the tender is based is calculated on the basis of the cost allocation methodology, and, thus, using the following formula: Cmp = *Cp-Rp* where *Cmp = Compensation under the tender Cp = Expected SGEI costs (including risk margin and reasonable profit) calculated on the basis of the size of the service.* *Rp = Expected SGEI income.* At the end of each year of service, **the exact amount is determined** with a view to granting the compensation. This is calculated on the basis of the carrier's cost accounting, taking into consideration the costs actually incurred and the income actually produced by the service, up to the maximum amount indicated in the bid, in accordance with the provisions in the tender specifications annexed to the invitation to tender. Under no circumstances will compensation greater than that specified in the tender be granted.
Explanation of the (typical) **arrangements for avoiding and repaying any**	The setting of a ceiling for compensation, together with the criteria for granting compensation, avoids any overcompensation. The carrier awarded the contract may

overcompensation.	not request, by way of financial compensation, an amount greater than the maximum laid down in the agreement. Specifically, as mentioned above, at the end of each year of service, the contracting authority determines the amount of the balance on the basis of a verification of the cost accounting submitted by the carrier for the route operated. On the basis of the results of this analysis, the balance of financial compensation is granted, in accordance with the following criteria: where the carrier has operated fewer flights than laid down in the mandate, the compensation established in the tender will be reduced proportionately; where the costs for providing the service are lower than the income obtained, there will be no compensation; where the costs for providing the service are greater than the income obtained, the compensation will be equal to the difference: *Costs (including a reasonable profit)* - *Income*, but in any case not greater than the compensation set in the tender; under no circumstances, where the carrier's loss is greater than the carrier anticipated in the tender, will compensation be granted that is greater than that set in the tender.
Amount of aid granted	
Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.	EUR 3 099 734.00 including VAT (compensation on annual basis). […]
Any other quantitative information.	/

1.2. Airports (Article 2(1)(e) of Decision 2012/21/EU)

The Ministry of Infrastructure and Transport does not have any aid to airports, falling within its area of responsibility, to report.

1.3. SGEI compensation under the Framework (2012/C 8/03)

Clear and comprehensive description of how the respective services are organised in your Member State	
Explanation of what kind of services in the respective sector	**Type and content of services** The SGEIs covered in this box relate to scheduled air

have been defined as SGEIs in your Member State. Please list the **contents of the services entrusted as SGEIs** as clearly as possible.	services to and from airports that serve remote or developing regions as well as islands with passenger traffic greater than the limit set out in Article 2(1)(d) of Decision 2012/21/EU. These services relate to low-density routes which are, however, considered essential for the economic and social development of the regions served by the airport. In these cases, as laid down by the European Union's legislation in this sector (Article 16 of Regulation (EC) No 1008/2008), in instances where other modes of transport cannot ensure an uninterrupted service with at least two daily frequencies, it is possible to impose public service obligations only to the extent necessary to ensure on those routes the minimum provision of scheduled air services satisfying fixed standards of continuity, regularity, pricing or minimum capacity, which air carriers would not assume if they were solely considering their commercial interest. **The scheduled air services that are SGEIs are identified in the Decree issued by the Ministry of Infrastructure and Transport. The imposing of public service obligations, which is always done through a ministerial decree, is therefore intended to guarantee the territorial continuity of the relevant geographical areas with the rest of the national territory.** Where no Community air carrier accepts the links in question without financial compensation, the air services are granted exclusively, through the tender procedure set out in Articles 16(10) and 17. In that event, the compensation for the public service obligations constitutes State aid if the four cumulative conditions listed in the Altmark judgment are not met.
Explanation of the (typical) **duration of the entrustment** and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	The duration of entrustments for public service obligations ranges from a minimum of one year to a maximum of four years, as laid down by Article 16(9) of Regulation (EC) No 1008/2008. No entrustment acts have been created with a duration of more than four years.
Explanation of the (typical) **forms of entrustment.** If standardised templates for entrustments are used for a certain sector, please attach them.	Allocation decree by the director of the Directorate-General for Airports and Air Transport. Standardised templates are not used.
Explanation of whether (typically) **exclusive or special rights** are assigned to the undertakings.	The carrier is granted, for the set period, the right to operate the scheduled air service exclusively.
Explanation of the (typical)	**Aid instrument:** direct subsidy by the State/region

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.	**npensation mechanism:** maximum annual compensation amount on which the ler is based is calculated on the basis of the cost cation methodology, and, thus, using the following nula: *o = Cp-Rp* re *o = Compensation under the tender* = Expected SGEI costs (including *risk margin and sonable profit)* = *Expected SGEI income.* *At* the end of each year of service, the exact amount is determined with a view to granting the compensation. This is calculated on the basis of the carrier's **cost accounting,** taking into consideration the costs actually incurred and the income actually produced by the service, up to the maximum amount indicated in the tender, in accordance with the provisions in the tender specifications annexed to the invitation to tender. Where the carrier's loss is greater than the carrier anticipated in the tender, under no circumstances will compensation greater than that specified in the tender be granted.
Explanation of the (typical) **arrangements for avoiding and repaying any overcompensation.**	The setting of a ceiling for compensation, together with the criteria for granting compensation, avoids any overcompensation. The carrier awarded the contract may not request, by way of financial compensation, an amount greater than the maximum laid down in the agreement. Specifically, as mentioned above, at the end of each year of service, the contracting authority determines the amount of the balance on the basis of a verification of the cost accounting submitted by the carrier for the route operated. On the basis of the results of this analysis, the balance of financial compensation is granted, in accordance with the following criteria: where the carrier has operated fewer flights than laid down in the mandate, the compensation established in the tender will be reduced proportionately; where the costs for providing the service are lower than the income obtained, there will be no compensation. In some cases it has been considered appropriate for part of the amount of the surplus profit made by the carrier to be invested in order to lower air fares for the subsequent year; where the costs for providing the service are greater

	than the income obtained, the compensation will be equal to the difference: Costs *(including a reasonable profit)* - *Income*, but in any case not greater than the compensation set in the tender; where the carrier's loss is greater than the carrier anticipated in the tender, under no circumstances will compensation greater than that specified in the tender be granted.
Amount of aid granted	
Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.	EUR 31 235 839.05 including VAT (compensation on annual basis). For the reporting period the share is EUR 6 242 698.20. These amounts are fully inclusive.
Any other quantitative information.	

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

The difficulties have related to harmonising the timetable for the procedural documents set out in Regulation (EC) No 1008/2008 with the timetable for the notification obligation laid down by the Framework (2012/C 8/03), and specifically:

(a) at the stage of first application of new public service obligations;
(b) in cases where Article 16(12) of Regulation (EC) No 1008/2008 must be applied.

With regard to point (a), the period of time between award and the commencement of the service entrusted, prior to the entry into force of the new SGEI package, was approximately 10 to 20 days to allow the performance of various preliminary technical steps such as any allocation of slots, planning of flights, the advertising required for the new link, etc.

Since the new Framework (2012/C 8/03) has laid down, in accordance with Article 108(3) TFEU, a requirement for prior notification to the Commission of public service compensation which constitutes State aid not covered by Decision 2012/21/EU, it follows that any single carrier submitting a valid bid may not be paid any public finance prior to the Commission's decision ('suspension clause').

Since, as set down in paragraph 6 of Commission notice 2005/C 237/03, the minimum time required for the said approval is approximately two months, it seems inevitable that there will be a delay to the technical period between the date of award and the commencement of the service entrusted. This cannot be longer than 10-20 days, as up until now laid down, but should be, in total no less than 3 to 4 months, since carrying out the technical requirements, as stated above, requires approximately 20 days, while the procedures associated with notification to the Commission require, on the one hand, approximately 30 days, in respect of the procedure falling solely within the responsibility of the Ministry, and on the other hand, at least 60 days prior to obtaining the Commission's decision on the eligibility of the aid.

With regard to point (b), where there is a sudden interruption to the entrusted service by the Community air carrier selected on the basis of a European tender procedure, Article 16(12) of Regulation (EC) No 1008/2008 states that the Member State concerned may identify a new Community air carrier to temporarily operate the public service obligation for a temporary period of up to seven months. In this case, if there is only one tender, the financing must be notified to the Commission in accordance with Article 108(3) TFEU. As stated above, since the minimum time required for the Commission to come to a decision on this point is at least two months, it seems clear that the seven-month period is clearly insufficient for concluding a new obligation procedure and for any contract to be awarded.

3. COMPLAINTS BY THIRD PARTIES

No complaints have been submitted by third parties.

4. MISCELLANEOUS (optional)

A. No comment

B. No comment

C. No comment

CHAPTER IV - POSTAL SECTOR

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

Clear and comprehensive description of how the respective services are organised in your Member State	
Explanation of what kind of services in the respective sector have been defined as SGEIs in your Member State. Please list **the contents of the services entrusted as SGEIs** as clearly as possible.	The services relating to the postal sector which are considered to be SGEIs are: (1) The universal postal service; (2) Delivery of candidates' election mailings at a reduced rate. In accordance with Article 3 of Legislative Decree No 261 of 22 July 1999, as amended by Legislative Decree No 58 of 31 March 2011, the universal service, including the cross-border service, comprises: (a) the clearance, transport, sorting and distribution of postal items of up to 2 kg; (b) the clearance, transport, sorting and distribution of postal packages of up to 20 kg; (c) the services for registered items and insured items. A 'postal item', within the meaning of letter (f) of the above-mentioned Legislative Decree No 261/1999,

	means an item addressed in the final form in which it is to be carried by a postal service provider; in addition to items of correspondence, such items also include books, catalogues, newspapers, periodicals and similar items as well as postal packages containing merchandise with or without commercial value. A 'registered item', within the meaning of letter (i) of the above-mentioned Legislative Decree No 261/1999, means a service providing a flat-rate guarantee against risks of loss, theft or damage and supplying the sender with proof of the handing in of the postal item and, on the sender's request, of its delivery to the addressee. An 'insured item', within the meaning of letter (l) of the above-mentioned Legislative Decree No 261/1999, means a service insuring the postal item up to the value declared by the sender in the event of loss, theft or damage. A 'reduced-rate election item', within the meaning of Article 17 of Law No 515 of 10 December 1993, means an item of electoral material sent by candidates to the elections which benefits from a reduced postal charge, with a maximum number of copies equal to the total number of voters registered in the electoral roll for each candidate, and equal to the total number of voters registered in the constituency for lists of candidates. This rate may only be used in the 30 days prior to the date of the elections and it gives the right to obtain from the postal authority the delivery of items to addressees using procedures and timetables which are the same as those that apply to the distribution of weekly periodicals.
Explanation of the (typical) **duration of the entrustment** and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	Article 23(2) of Legislative Decree No 261 of 22 July 1999, as amended by Legislative Decree No 58 of 31 March 2011, states that the universal service is entrusted to Poste Italiane SpA for a period of 15 years, starting on 30 April 2011 (date of entry into force of Legislative Decree No 58/2011, transposing Directive 2008/6/EC). Every five years, on the basis of an analysis carried out by the regulatory authority (AGCom), the Ministry of Economic Development verifies that the entrustment of the universal service to Poste Italiane SpA is in accordance with the criteria in Article 3(11)(a) to (f) of Legislative Decree No 261/1999 and that an improvement in efficiency is recorded in the performance of the service, on the basis of indicators defined and quantified by the authority. In the event of a negative outcome from the verification referred to above, the

	Ministry of Economic Development will cancel the entrustment. The electoral postal service ended on 1 June 2014 in accordance with Law No 66 of 24 April 2014.
Explanation of the (typical) **forms of entrustment.** If standardised templates for entrustments are used for a certain sector, please attach them.	Legislative Decree No 261 of 22 July 1999 (implementing Directive 97/67/EC on common rules for the development of the internal market of Community postal services and the improvement of quality of service), as amended by Legislative Decree No 58 of 31 March 2011 (implementing Directive 2008/6/EC amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services). Standardised templates are not used.
Explanation of whether (typically) **exclusive or special rights** are assigned to the undertakings.	In accordance with Article 4 of Legislative Decree No 261/1999, for public policy reasons the following are assigned exclusively to the universal service provider: services relating to notifications of documents by post and communications by post associated with the notification of legal documents referred to in Law No 890 of 20 November 1982, as subsequently amended and supplemented; services relating to notifications by post as referred to by Article 201 of Legislative Decree No 285 of 30 April 1992. The additional services for reduced-rate tariffs offered to election candidates were granted to Poste Italiane by Law No 515/1993. The electoral postal service ended, as stated above, on 1 June 2014 in accordance with Law No 66 of 24 April 2014.
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.	In relation to the years 2011, 2012 and 2013 the net cost calculation methodology was again used, on the basis of the previous arrangements (difference between the costs and income of the service covered by public service obligations). The quantification of transfers from the State budget to partially cover the cost of the universal postal service for the period in question is achieved through the application of the subsidy cap laid down by the guidelines approved by the CIPE (Interministerial Committee for Economic

Planning) in its Decision of 29 September 2003, using the following formula:

Sn=Sn-1 (1+y);

with Y=P*n - Yn.

where:

Sn is the transfer owed for financial year n;

Sn-1 is the transfer owed in the preceding year;

P*n is the expected rate of inflation for the year to which the transfer refers;

Yn is the percentage increase in productivity which the company has undertaken to achieve in financial year n;

this increase is measured in terms of a reduction in the cost of the universal service.

In order to quantify the variables referred to above, reference is made to the specific figures for costs, income and the profit or loss in the area of the universal service and the reserved area, on the basis of the certified accounting separation of Poste Italiane SpA.

However, AGCom is currently carrying out an ex post check on the years 2011, 2012 and 2013. This is on the net avoided cost methodology as laid down by the new European Union framework for State aid in the form of public service compensation, which entered into force on 31 January 2012 (OJ C 8, 11.1.2012)

- Instrument: direct subsidy by the State.

Explanation of the (typical) **arrangements for avoiding and repaying any overcompensation.**

The check for which AGCom was responsible on the cost of the public service obligations, based on the net avoided cost methodology in line with the new framework on State aid which entered into force in 2012, has been completed for the years 2011 and 2012 (see AGCom Decision No 412/14/CONS of 29 July 2014).

This check, which is still being completed for the subsequent years, will ensure that there is no risk of overcompensation.

If any overcompensation is detected as a result of the check, the Ministry of Economy and Finance will have a

	duty to recover the amounts from Poste Italiane.
Amount of aid granted	
Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.	For the 2009-2011 contractual period the total amount of State aid granted comes to EUR 1 094 million, of which EUR 1 044 million has been paid. With regard to aid for election mailings, the total amount of aid granted for the 2009-2011 period comes to EUR 158 million, of which EUR 67 million has been paid. For 2012 and 2013 EUR 66 million has been granted, but this has not yet been paid, pending the decision by the Commission.
Any other quantitative information	With regard to 2012 and 2013, the State transfers calculated using the subsidy cap method total EUR 692.708 million. The payment appropriations for transfers (2014 budget law) total, for the same period, EUR 673.20 million. These sums have not yet been paid, pending the decision by the Commission. The difference between the amounts calculated using the subsidy cap and the amounts appropriated in the 2014 Stability Law is EUR 37.068 million.

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

- None

3. COMPLAINTS BY THIRD PARTIES

- No comment

4. MISCELLANEOUS

A. No comment

B. No comment

C. No comment

DESCRIPTION OF THE NATIONAL HEALTH SERVICE AND HOSPITALS

With regard to the organisation of the national health system (Italian NHS), the Ministry of Health has set out the following points to explain why it considers that Decision 2012/21/EU is in principle not applicable to the national health system.

Specifically, it notes that in the previous two reports on SGEIs sent to the Commission through the Office of the Prime Minister, on the basis of the Community legislation previously in force (the 'Monti-Kroes package') a comprehensive picture was supplied of the organisation of the Italian NHS and of the relations between State, regions and public and private providers. However, no position was adopted regarding the categorisation of the Italian NHS as an SGEI within the meaning of Community legislation and thus on whether the sector is subject to the provisions of the TFEU relating to the internal market and competition, and, in particular, State aid.

The Member States have broad powers of discretion not only with regard to the organisation and funding of their SGEIs but also regarding whether a service of general interest is categorised as an SGEI (and in relation to such a categorisation the Community institutions' scrutiny is restricted to considering whether there has been a clear error of assessment).

The Communication from the Commission (2012/C 8/02) on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest makes it clear that *'the distinction between economic and non-economic services depends on political and economic specificities in a given Member State, ... on the needs of citizens, technological developments and the market, as well as the fact that the nature of the service can change over time.* '

In the same communication the Commission, after having made a distinction with reference to social security schemes between schemes based on the principle of solidarity and economic schemes, states, with specific reference to health care, that:

(a) ' The degree to which different health care providers compete with each other in a market environment largely depends on these national specificities. In some Member States, public hospitals are an integral part of a national health service and are almost entirely based on the principle of solidarity. Such hospitals are directly funded from social security contributions and other State resources and provide their services free of charge to affiliated persons on the basis of universal coverage. The Court of Justice and the General Court have confirmed that, where such a structure exists, the relevant organisations do not act as undertakings.

(b) Where that structure exists, even activities that in themselves could be of an economic nature, but are carried out merely for the purpose of providing another non-economic service, are not of an economic nature. An organisation that purchases goods - even in *large quantities - for the purpose of offering a non-economic service does not act as an undertaking simply because it is a purchaser in a given market.*

(c) In many other Member States, hospitals and other health care providers offer their services for remuneration, be it directly from patients or from their insurance. In such systems, there is a certain degree of competition between hospitals concerning the provision of health care services. Where this is the case, the fact that a health service is provided by a public hospital is not sufficient for the activity to be classified as non-economic.

(d) The Court of Justice and the General Court have also clarified that health care services which independent doctors and other private practitioners provide for remuneration at their own risk are to be regarded as an economic activity. The same principles would apply as regards independent pharmacies.'

On the other hand, in the previous communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 20 November 2007 the Commission highlighted the European commitment to a framework for safe, high-quality and efficient cross-border healthcare services, while complying with the provisions of Article 152 of the EC Treaty (now Article 162 TFEU) on respect for the responsibilities of the Member States for the organisation, financing and delivery of health services and medical care.

In that the Italian NHS is intended to carry out the objectives laid down by Law No 833 of 23 December 1978, in accordance with the fundamental principles of universality, equality and equal access to services and in implementation of Article 32 of the Constitution, it should be considered to be a system based on the principle of solidarity and therefore as being of a non-economic nature.

Specifically, hospitals and the other public undertakings of the Italian NHS are directly funded by social security contributions and by other State and regional resources and provide services to affiliated persons on the basis of universal coverage; they are therefore not acting as undertakings, as confirmed by the Commission in its communication on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest (2012/C 8/02).

With regard to the specific case of private bodies, which together with public bodies compete for the provision of health services on behalf of the Italian NHS, we believe that the remuneration of these does not constitute State aid within the meaning of Article 107(1) of the Treaty because of the national legislation applicable to this area, and particularly Legislative Decree No 502 of 30 December 1992, as subsequently amended and supplemented, as shown below.

First of all, private bodies may provide health services within the scope of the Italian NHS only once they have been accredited, and this accreditation by law involves quality and functionality requirements in relation to national and regional programming.

In addition, the accredited private bodies enter into contractual agreements with the regions, which lay down the amount of funding determined on the basis of the care functions and the activities performed for the Italian NHS within the relevant sphere. For the purposes of determining the overall financing of the individual bodies, the care functions are remunerated on the basis of the standard cost of producing the care programme, while the care activities are remunerated on the basis of pre-set rates for each service.

The contractual agreements lay down, specifically:

- the health objectives and the service integration programmes and the maximum volume of services which the bodies present in the geographical area of the local health authority undertake to provide;
- the requirements of the service to be provided;
- the budgeted fee for the activities agreed on;
- the procedures which must be followed for the external monitoring of the appropriateness and quality of the care provided and the services performed;
- the arrangements through which compliance with the ceiling on the remuneration of the bodies correlated with the volume of services is ensured.

The general criteria for determining the maximum remuneration for services provided by private accredited bodies are laid down by a decree issued for that purpose by the Ministry of Health. The decree:

A. determines the maximum fees to be paid, on the basis of the standard production costs and standard shares of overheads, calculated on a representative sample of accredited bodies, taking account, while complying with the principles of efficiency and economy in the use of resources, including as an alternative, of:

   (1) standard costs of the services calculated with reference to bodies selected in advance in accordance with criteria of efficiency, appropriateness and quality of care, as seen in the data contained in the health IT system;
   (2) standard costs of the services already available in the regions and autonomous provinces;
   (3) regional tariffs and different methods of remuneration for care functions adopted in the regions and the autonomous provinces;

B. lays down the general criteria, in compliance with the principle of striving for efficiency and the budget constraints resulting from the resources programmed at national and regional level, on the basis of which the regions shall adopt their own fee systems, laying down the maximum tariffs that are taken as a reference for assessing the compatibility of the resources for which the Italian NHS is responsible;
C. regularly reviews the system for classifying services and updates the relevant tariffs, taking account of the definition of the essential and uniform levels of care and the relevant cost forecasts, technological and organisational innovation, and changes in the cost of the main factors of production.

The regions and autonomous provinces and the local health authorities shall set up a monitoring and control system relating to the conclusion of and compliance with the contractual agreements by all those involved, and the quality of care and appropriateness of the services rendered by the bodies involved.

The regions and autonomous provinces also have a duty to place under the responsibility of the Italian NHS a volume of activity no greater than that forecast by the national and regional programming guidelines: if this limit is exceeded, the accreditation of the excess production capacity shall be revoked, in proportion to the contribution made to this surplus by public and similar bodies and by private bodies.

In view of the obligations and mechanisms set out above, private bodies which help to deliver health services are:

- bound by the same public service obligations, clearly defined by the Italian NHS;
- financed on the basis of objective, transparent parameters established in advance and regularly updated on the basis of efficiency and economy criteria;
- subject to rigorous checks preventing the predefined limits on remuneration from being exceeded, and thus preventing overcompensation;
- selected in accordance with accreditation mechanisms and financed under contractual agreements that ensure that the health service is provided at the lowest possible cost for the public authority and is based on criteria of efficiency, appropriateness and quality of care.

We therefore consider that the remuneration paid to these private accredited bodies does not constitute State aid because it meets the conditions identified by European case law as ruling out any allocation of economic benefit to a provider of a service of general economic interest.