

## **TRANSLATION COURTESY**

of the introductory part of the report 31 January 2012 - 31 December 2013

### **INTRODUCTION**

In implementing the new package on State aid rules for Services of General Economic Interest (SGEI), data will be provided relating to the compensation exempted from prior notification to the European Commission, referred to in Article 2 of Decision 2012/21 / EU of 20 December 2011, regarding the application of Article 106, paragraph 2, of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the management of services of general economic interest. Also included is the data concerning the compensation subject to prior notification to the European Commission, pursuant to Section 7 of the Communication 2012 / C 8.3 of 24 December 2011 relating to State aid granted in the form of compensation for public service.

This document represents the first biennial report, referred to in Article 9 of Decision 2012/21 / EU and in paragraph 62 of Communication 2012 / C 8.3 and refers, as pointed out by the European Commission with the prot . HT 2807/040397 of 10 April 2014, the period 31 January 2012 - 31 December 2013.

The Department for European Policies (hereinafter DPE), in preparation of this report, and as part of overall coordination, and pursuant to Article 47 of the legislation of 4 June, 2010, n . 96, has highlighted the need for Administrations, at both central and local level, to take forward an in-depth analysis to monitor the effects of the new rules in the different areas of their competence which are likely to be subject to the rules on SGEI.

As a result, the same Administrations, in relation to the services implemented within the scope of its authority, provided the information and data relating to compensation to the extent that they felt necessary for the conditions for the application of the rules on State aid.

Therefore, this report is based on the contributions from administrations involved in this subject.

The report consists of four chapters that cover the areas considered SGEI by the expert administration. Within each sector these are described.

- Compensation exempted from prior notification to the European Commission in accordance with Article 2 of Council Decision 2012/21 / EU;
- The compensation subject to notification to the European Commission, referred to in paragraph 7 of the notice 2012 / C 8.3 relative to the compensation subject to prior notification.

**CHAPTER I "SOCIAL BUILDING"** by the Ministry of Infrastructure and Transport gives an account of the services relating to social housing, subsidised housing, subsidised housing and private housing society.

SGEI is about making housing available for citizens who have felt the affects of the economic situation, or for people who belong to social groups who are unable to find suitable accommodation on the basis of their income and / or their situation. The State, as part of the institutional framework leading on residential construction, only provides funding: it distributes the resources that become available for the sector among the regions, with planning interventions then implemented at the local level.

The regions, however, with their own laws governing the general forms of engagement, come into contact where appropriate with board or regional council deliberations. In the period covered by this report (31 January 2012 - 31 December 2013) assignments have not been received directly from the State.

Amounts transferred from the State to the Regions, and the use of these funds on operators, according to the National Housing construction guidelines are as follows:

Total amounts granted in 2012	421,192,120.44 euro;
Total amounts granted in 2013	177,575,301.27 euro.

For a better understanding of the workings of the Plan, please refer to Tables 1 and 2 in Chapter I.

With regard to the difficulties encountered in the application of the decision and rules on SGEI, the administration has shown that, in the current economic climate, reaching reasonable profit margins are too low and could discourage the participation of private capital in a time of limited availability of public resources.

In view of the complexity of the subject and of the correct definition of the profit sector which presents all the peculiarities of its own for its exposure to the most delicate aspects of social housing function, it would be useful to undertake an analysis of the levels of investment risk in European countries in the field of social housing by the European Commission (EC).

**CHAPTER II " MARITIME LINKS TO THE ISLANDS "** by the Ministry of Infrastructure and Transport.

SGEI refers to public service obligations (PSOs) employed by companies that have gained control of those areas responsible for the provision of public service maritime of the two companies in charge of the public service, as a result of the finalisation of the relevant competitive processes of privatisation aimed at liberalisation.

The public mission defined by the Italian authorities regards the island routes insular that connect mainland Italy with the ports of the islands. These routes are intended to ensure, in terms of regularity and frequency, satisfactory service for the economic development of the islands and at the same time meet the basic mobility needs of island communities, ensuring the effectiveness of the constitutionally guaranteed right to territorial continuity, that the market is not able to independently maintain.

In the period covered by this report, the total amount of aid granted by the State administration is equal to 72, 8 million euro per year for a beneficiary and 55, 6 million euro per annum of the other beneficiary.

**CHAPTER III "AIR LINKS AND AIRPORTS"** responsibility of the Ministry of Infrastructure and Transport refers to the services of air links to the islands, to SGEI operated from the airports and to aid granted for air routes subject to notification.

The SGEI under the PSO are those :

- Carried to and from the islands with average annual traffic of no more than 300,000 passengers in the two years preceding the year in which it has been entrusted with the SGEI ; the territories in question are often remote regions or in developing countries;
- Carried to and from airports that serve equally remote regions or in developing as well as the islands but with passenger traffic exceeding the above limit.

In particular, these services relate to routes with low traffic density but which are considered essential to the economic and social development of the regions in question. In these cases, as provided for in sectoral legislation of the European Union (Article . Regulation 16 of the EC n.1008 / 2008), when other modes of transport cannot ensure an uninterrupted service with at least two daily frequencies, it is possible to impose PSOs.

The extent of these PSOs is only necessary to ensure that services are provided on these routes and that airlines meet certain minimum 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 constituting SGEI are identified by a Decree of the Minister of Infrastructure and Transportation. The obligation of PSOs, which always happens with Ministerial Decree, therefore aims to ensure the territorial continuity of the areas concerned with the rest of the national territory.

[...]

The competent authority for the sector, with regard to the SGEI is managed by airports.

As regards the aid granted for scheduled air services subject to notification under Rules 2012 / C8 / 03, the total amounts to € 31,235,839.05 including VAT ( compensation on an annual basis ) . For the period subject to the detection portion is € 6,242,698.00.

The difficulties encountered in the implementation of the decision and rules on SGEI concern the harmonisation of the timing of procedures punctuated by Regulation (EC) n.1008 / 2008 with that relating to the notification requirements prescribed by Regulations 2012 / C 8 / 03, for both the phase of the first application of new OSP for both the cases in which should be applied the Art.16, par.12 of the Regulation (EC) n.1008 / 2008.

**CHAPTER IV "FIELD POST"**, by the Ministry of Economic Development, covers services relating to the postal sector considered SGEI refer to the universal postal service and delivery of items of the candidates at a reduced rate, which is governed in accordance with Art. 3 of Legislative Decree n . 261 of 22 July 1999.

During the period of interest, there were no reimbursements for PSO.

The report also includes a section dedicated to the National Health Service ( NHS) hospitals, by the Ministry of Health.

The above sector is aimed at achieving the objectives of the Law of 23 December 1978, n . 833, according to the fundamental principles of universality, equality and equity of access to services and to implement art. 32 of the Constitution .

It must, therefore, be considered a system based on the principle of solidarity and having a non- economic nature.