



AUTONOMOUS REGION OF THE AZORES
PRESIDENCY OF THE GOVERNMENT
Office of the Regional Under-Secretary of the Presidency for External Relations

Information to be added to the

Report under Article 9 of the SGEI Decision and Point 62 of the SGEI Framework

3) Air or sea links with islands [Art. 2(1)(d) of Decision 2012/21/EU of 20 December 2012]

Clear and comprehensive description of how the respective services are organized in your Member State	
<p>Explain what kind of services in the respective sector have been defined as SGEI in your Member State. Please set out the content of the services assigned as SGEI as clearly as possible.</p>	<p>The following services were defined as SGEI:</p> <ul style="list-style-type: none">a) Air transport services between the islands of the Autonomous Region of the Azores, in order to ensure minimum services for users. Among the obligations imposed were those affecting frequency, capacity, categories of aircraft used, tariffs, continuity, punctuality, schedules, flight marketing and postal services;b) seasonal public maritime transport service for passengers and vehicles between the islands of the Azores, except Corvo, from May to September, with the aim of guaranteeing mobility between all the islands of the archipelago by sea during the summer period, and a regular passenger transport service between the islands of Flores and Corvo, both operated by the public company Atlânticoline, SA.c) regular public maritime transport service between the islands of the Triangle (Faial, Pico and São Jorge), with the aim of guaranteeing minimum services for users as regards frequency, capacity, categories of vessels used, tariffs, continuity and travel marketing, all of which are provided by the company Transmaçor, Lda.
<p>Explain about the (usual) forms of assignment. If standardized templates are used for assignments for a particular sector, please attach them.</p>	<p>Responsibility for the management of the general economic interest service has been entrusted to the companies of the public commercial sector in the Azores stated below:</p> <p><u>AIR TRANSPORT</u></p>



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	<p>SATA AIR AÇORES, SA</p> <p>From 1 April 2003, the Autonomous Region of the Azores decided to impose public service obligations on the air transport service between the islands of the Archipelago, with the aim of ensuring minimum services for users.</p> <p>Among the obligations imposed were those affecting frequency, capacity, categories of aircraft used, tariffs, continuity, punctuality, schedules, flight marketing and postal services; These public service obligations were published in Official Journal of the European Communities No 2002/C 115/02 on 16 May 2002.</p> <p>Subsequently, pursuant to Article 4(1)(a) of Council Regulation (EEC) No 2408/92 of 23 July 1992, the Autonomous Region of the Azores launched a public tender for the operation of scheduled air transport services within the Region, which was published in Official Journal of the European Communities 2002/C 298/10 of 30 November 2002.</p> <p>No Community air carrier applied to operate scheduled air services within the Autonomous Region of the Azores without demanding financial compensation or exclusive rights over the route, in accordance with the public service obligations imposed.</p> <p>When the first contract ended, a new tender was launched. Details were published in Official Journal of the European Union No 2006/C 51/07 of 1 March 2006, and the tender is currently in force. Only SATA Air Açores, SA submitted a bid; its proposal satisfied all the public service obligations imposed and it was awarded the concession of scheduled air services within the Autonomous Region of the Azores via an agreement dated 31 May 2006 and entered into following Government Council Resolution No 18/2006 of 9 February 2006 for a period of three years.</p> <p>In May 2009, following Resolution No 76/2009 of 8 May 2009, a new public tender was launched, details of which were published in Official Journal of the European Union No 2009/C 111/04 of 15 May 2009, following which, again, only SATA Air Açores, SA. submitted a bid; it was awarded the concession of scheduled air services within the</p>
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	<p>Autonomous Region of the Azores for a period of 5 years via the signing of an agreement on 7 September 2009, which is currently in force.</p> <p><u>MARITIME TRANSPORT</u></p> <p>ATLÂNTICOLINE, SA.</p> <p>The management of general economic interest services relating to the construction and operation of vessels for the transport of vehicles and passengers between the islands of the Archipelago, and also the provision of a public service for the transport by sea of passengers and vehicles between the islands of the Autonomous Region of the Azores, was awarded to Atlânticoline, SA. by Government Council Resolution No 152/2005 of 3 November 2005, subsequently amended by Resolutions Nos 39/2006 of 20 April 2006, 9/2007 of 25 January 2007, 114/2008 of 1 August 2008, 13/2010 of 18 January 2010, and 9/2014 of 20 January 2014.</p> <p>Following Resolution 152/2005, a management contract for services of general economic interest was concluded on 8 November 2005 between the Autonomous Region of the Azores (ARA) and Atlânticoline, SA.</p> <p>TRANSMAÇOR, LDA.</p> <p>From 1 January 2010, the Autonomous Region of the Azores decided to impose public service obligations on scheduled maritime transport between the islands of the Central Group of the Archipelago (Faial, Pico and São Jorge, Terceira and Graciosa), with the aim of guaranteeing minimum services for users as regards frequency, capacity, categories of vessels used, tariffs, continuity and travel marketing. The invitation to tender for these public service obligations was published in Official Journal of the European Union No 2009/S 204-293924 of 22 October 2009.</p> <p>After the first contract, a new tender was launched, details of which were published in Official Journal of the European Union No 2013/S 130-224735 of 6 July 2013, following which, again, only Transmaçor, Lda. put in a bid; it was awarded the provision of maritime passenger transport between the islands of Faial, Pico and S. Jorge via an agreement dated 17</p>
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	September 2013, for a period of 9 months, which is currently in force.
Explain the (usual) term of the assignment and the variation in the terms of the assignments. Please also state the proportion of assignments of a term exceeding 10 years.	<p>The contracts are usually concluded for the following terms:</p> <p>a) air transport service between the islands of the Autonomous Region of the Azores: 3–5 years;</p> <p>b) seasonal public maritime service for the transport of passengers and vehicles between the islands of the Autonomous Region of the Azores, except Corvo, and a scheduled service for the transport of passengers between the islands of Flores and Corvo: 10 years;</p> <p>c) scheduled public maritime transport service between the islands of the Triangle (Faial, Pico and São Jorge): 3 years</p>
Explain whether exclusive or special rights are (usually) granted to the undertakings.	Exclusive or special rights are not granted to the undertakings.
Explain the (usual) 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 on the liquid costs avoided is used.	<p>All of the contracts concluded with regional commercial public sector companies which provide public services contain clauses designed to prevent cross-subsidies, allow a proper allocation of costs and avoid overcompensation.</p> <p>A methodology based on cost allocation is used, with financial compensation being calculated according to the operating deficit determined 'ex-post' annually based on duly justified and actually incurred costs and income.</p>
Explain the (usual) measures designed to prevent any excessive compensation and respective arrangements for repayment.	<p>The Autonomous Region of the Azores performs, and ensures the implementation of, regular checks intended to ensure that companies do not receive compensation greater than the amount needed to cover the costs incurred through discharging public service obligations.</p> <p>The Region deems this supervision to be perfectly adequate, highlighting its close proximity to these companies in the regional commercial public sector for administration and supervisory reasons and the fact that they monitor the progress of their operations very closely.</p> <p>SATA AIR AÇORES, SA.</p> <p>The rules for the award of the amount of financial</p>



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	<p>compensation to SATA Air Açores are carefully stipulated in the Contract. For certification of the amount payable, the concession holder sends the Region an annual report on the implementation of the concession, with detailed information on the stipulated points as well as the accounting procedures and criteria used.</p> <p>Payment is made by the grantor after each quarter; payment relating to the last quarter of each year is only made available after the verification of the exact amount of compensation due and corresponds to the difference between that amount and the total of the payments already made. If the balance corresponding to the last quarter of each year is in the grantor's favour, it will be offset in the quarter immediately following, except for the last quarter of the concession, which will be refunded.</p> <p>For the purpose of restoring the financial equilibrium of the concession, there may be included in this Contract „ to the extent of the excess of the losses sustained, the occurrence of an abnormal and unforeseeable change in the conditions on which the proposal was based, resulting in a substantial increase in charges, in particular the following situations and this only to the extent of the excess of the losses sustained in percentages above 10% of the variation in the average price of fuel and the average exchange rate of the dollar against the euro for the proposal year and the variation, exceeding the rate of inflation of the previous year, in aeronautical and airport taxes and insurance premiums.</p> <p>ATLANTICOLINE, SA.</p> <p>In the case of the Management Contract for Services of General Economic Interest concluded with Atlanticoline, SA, it is expressly laid down that this company must submit separate operating accounts by activity, in order to avoid the subsidies paid possibly being used to finance an activity deemed to be conducted under normal market conditions.</p> <p>Similarly, the Contract stipulates that the criteria determining the transfers to be made by the Regional Budget to Atlanticoline, SA, must be set out clearly and transparently; they must be based on the costs incurred in discharging public service</p>
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	<p>obligations, with the level of compensation having to be determined on the basis of an analysis of the costs which a properly managed company equipped with means of transport would have to incur in order to fulfil public service requirements, taking the respective receipts and a reasonable profit for discharging those obligations into account.</p> <p>TRANSMACOR, LDA.</p> <p>The rules for the award of the amount of financial compensation to Transmaçor, Lda., are carefully stipulated in the Agreement. For certification of the amount payable, the successful tenderer sends the Region an annual report on the implementation of the contract, with detailed information on the stipulated points as well as the accounting procedures and criteria used. Payment is made by the contracting authority after each quarter; payment relating to the last quarter of each year is only made available after verification of the exact amount of compensation due and corresponds to the difference between that amount and the total of the payments already made. If the balance corresponding to the last quarter of each year is in the contracting authority's favour, it will be offset in the quarter immediately following, except for the last quarter of service provision, for which a reimbursement will be made.</p> <p>For the purpose of restoring the financial equilibrium of service provision, there may be included in this Contract, to the extent of the excess of the losses sustained, the occurrence of an abnormal and unforeseeable change in the conditions on which the contract was based, resulting in a substantial increase in costs, in particular the following situations and this only to the extent of the excess of the losses sustained in percentages above 10% of the variation in the average price of fuel and the average exchange rate of the dollar against the euro for the contract conclusion year and the variation, exceeding the rate of inflation of the previous year, in port taxes and insurance premiums.</p>
Amount of aid granted	
Total amount of aid granted. This <u>includes all aid paid in your territory, namely aid paid by</u>	Financial transfers to regional commercial public sector companies during the years 2012 and 2013



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<u>regional and local authorities.</u>	<p>were as follows:</p> <ul style="list-style-type: none">- Inter-island air transport of passengers: €19 131 750.84<ul style="list-style-type: none">. SATA Air Açores, SA: 2012: €5 733 965.50 2013: €13 397 785.34- Inter-island sea transport of passengers: €14 776 632.64<ul style="list-style-type: none">. Atlânticoline, SA: 2012: €6 933 720.00 2013: €7 567 023.00. Transmaçor, Lda: 2012: €0.00 2013: €275 889.64
Other quantitative information	<p>Annex I to this document contains information concerning the beneficiaries of general economic interest services in the air and sea transport sectors.</p> <p>Atlânticoline, SA, and Transmaçor, Lda., are small and medium-sized enterprises with a staff of 18 and 48 respectively.</p>

4) Airports and ports [Art. 2(1)(e) of Decision 2012/21/EU of 20 December 2012]

Clear and comprehensive description of how the respective services are organized in your Member State	
Explain what kind of services in the respective sector have been defined as SGEI in your Member State. Please set out the content of the services assigned as SGEI as clearly as possible.	<p>The following services have been defined as SGEI:</p> <ul style="list-style-type: none">a) airport services to support civil aviation in regional aerodromes;b) Restoration, modernization and construction of port infrastructures.
Explain about the (usual) forms of assignment . If standardized templates for assignments are used for a certain sector, please attach them.	<p>Responsibility for the management of the general economic interest service has been entrusted to the companies of the commercial public sector in the Azores stated below:</p> <p><u>AIRPORTS</u></p>



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	<p>SATA GESTÃO DE AERÓDROMOS, SA.</p> <p>The concession of an airport public service to support civil aviation in the aerodromes of Corvo, Graciosa, Pico, São Jorge and the Flores air terminal was assigned to SATA – Gestão de Aeródromos, SA, via an agreement dated 1 July 2005 and entered into following Government Council Resolution No 102/2005 of 16 June 2005, for a period of ten years.</p> <p><u>PORTS</u></p> <p>PORTOS DOS AÇORES, SA.</p> <p>By Regional Legislative Decree No 30/2003/A of 27 June 2003, 3 regional port authorities (APSM - Administração dos Portos das Ilhas de S. Miguel e Santa Maria, S.A; APTO - Administração dos Portos do Triângulo e do Grupo Ocidental, S.A; and APTG - Administração dos Portos da Terceira e Graciosa, S.A) were created, and these were incorporated by Regional Legislative Decree No 24/2011/A of 22 August 2011, through a merger, into the company Portos dos Açores, SA.</p> <p>Portos dos Açores, SA, is a wholly publicly owned company whose mission is the administration of the ports of the Autonomous Region of the Azores, with a view to their operation, conservation and development; these cover exercising the powers and prerogatives of the port authority.</p> <p>In 2012 and 2013 no contracts were concluded between the ARA and Portos dos Açores, SA.</p>
Explain the (usual) term of the assignment and the variation in the terms of the assignments. Please also state the proportion of assignments of a term exceeding 10 years.	<p>The contracts are usually concluded for the following terms:</p> <p>a) airport services to support civil aviation in regional aerodromes: 10 years;</p> <p>b) restoration, modernization and construction of port infrastructures: 1 to 4 years.</p>
Explain whether exclusive or special rights are (usually) granted to the undertakings.	Exclusive or special rights are not granted to the undertakings.
Explain the (usual) compensation mechanism	All of the contracts concluded with regional



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<p>as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or on the liquid costs avoided is used.</p>	<p>commercial public sector companies which provide public services contain clauses designed to prevent cross-subsidies, allow a proper allocation of costs and avoid overcompensation.</p> <p>So that the amount of the compensation does not exceed what is necessary to cover the costs incurred in discharging the obligations in contracts with Regional Port Authorities, currently Portos dos Açores, SA, clauses are stipulated which determine the overall funding allocated and the condition that the amount of financial contribution to be allocated be proportionally reduced if the company benefits from the additional support of other forms of financing.</p> <p>In the case of SATA Gestão de Aeródromos, SA, the charges and investments which were the responsibility of the grantor were specified and it was stipulated that each year the concession holder must present a business plan for the following year indicating the equipment, conservation/maintenance works or extension works to be carried out in the aerodromes which are necessary for their normal operation and development, as well as their scheduling and respective costs, this being approved in advance by the concession holder.</p>
<p>Explain the (usual) measures designed to prevent any excessive compensation and respective arrangements for repayment.</p>	<p>The Autonomous Region of the Azores performs, and ensures the implementation of, regular checks intended to ensure that companies do not receive compensation greater than the amount needed to cover the costs incurred through discharging public service obligations.</p> <p>The Region deems this supervision to be perfectly adequate, highlighting its close proximity to these companies in the regional commercial public sector for administration and supervisory reasons and the fact that they monitor the progress of their operations very closely.</p> <p>SATA – GESTÃO DE AERÓDROMOS, SA.</p> <p>SATA – Gestão de Aeródromos, SA, as concession holder of the airport public service for the support of civil aviation in regional aerodromes, is obliged to submit, for the approval of the grantor, a business plan for the following year until the end of July of the previous year, indicating the equipment,</p>



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	<p>conservation/ maintenance/extension works it is seeking to carry out in the aerodromes for which the concession is held and which are necessary for their normal development, as well as their scheduling and respective costs. By way of a consideration for the provision of services, the concession holder is entitled to receive the financial compensation stipulated in the Contract.</p> <p>In this same contract it is stipulated that SATA - Gestão de Aeródromos, SA, should take on the risks of the concession, although there may be a restoration of financial equilibrium in cases of force majeure on account of unforeseeable and overwhelming events beyond the control of the concession holder which have a direct negative impact on the concession or in cases where there is an abnormal and unforeseeable change in the conditions on which the proposal was based, leading to a substantial increase in charges. The financial equilibrium of the concession will be restored by direct compensation being allocated to the concession holder by the grantor; the concession holder must notify the grantor of the occurrence of any event which may give rise to restoration of the financial equilibrium of the concession, within ten days following its occurrence.</p> <p>The contractual obligations of SATA - Gestão de Aeródromos, SA, include those of providing the grantor with full information relating to the concession upon grantor request and allowing free access to supervisory bodies, provided they are duly identified, to any facilities and equipment within the concession areas.</p> <p>PORTOS DOS AÇORES, SA.</p> <p>Control over the use of the funds made available under contracts concluded with Portos dos Açores, SA and their suitability for the proposed purposes is conducted in particular via the obligation on the part of this entity to provide any information and clarifications requested from it by the Region, with the frequency which the latter deems appropriate, and also submission to the appraisals and/or audits conducted by the Region or by the party designated by it for that purpose.</p>
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	Portos dos Açores, SA also undertakes to prepare and send the Region annual progress reports as well as final reports on the implementation of the contracts and to include an explicit reference, in its annual plan of activities, to the stage reached in implementing the active contracts.
Amount of aid granted	
Total amount of aid granted. This <u>includes all aid paid in your territory, including aid paid by regional and local authorities.</u>	<p>Financial transfers to regional commercial public sector companies during the years 2012 and 2013 were as follows:</p> <ul style="list-style-type: none"> - Airports: €3 608 194.47 <ul style="list-style-type: none"> SATA Gestão de Aeródromos SA 2012: €589 037.77 2013: €2 837 541.66 - Ports: €0.00
Other quantitative information	<p>Beneficiaries of services of general economic interest at airports and ports are citizens, whose transit through airports and ports is set out in Annex I, and also all regional business.</p> <p>Portos dos Açores, SA is a small and medium-sized enterprise with a staff of 280.</p> <p>A SATA Gestão de Aeródromos, SA is a small enterprise with an average staff of 14.</p>

5) Other SGEI compensation

TEATRO MICAELENSE - CENTRO CULTURAL E DE CONGRESSOS, SA

Clear and comprehensive description of how the respective services are organized in your Member State	
Explain what kind of services in the respective sector have been defined as SGEI in your Member State. Please set out the content of the services assigned as SGEI as clearly as possible.	On 14 June 2013 a programme contract was concluded between the Autonomous Region of the Azores and TEATRO MICAELENSE - CENTRO CULTURAL E DE CONGRESSOS, SA, whose object was to regulate the terms under which a collaboration could be developed between the Region and the company, with a view to the implementation of the annual action plan for the development of cultural attractions, their diversification and
Explain about the (usual) forms of assignment . If standardized templates for assignments are used for a certain sector,	



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please attach them.	promotion of the Region.
Explain the (usual) term of the assignment and the change in the terms of the assignments. Please also state the proportion of assignments of a term exceeding 10 years.	<p>Each year the Region sets, by a joint decree of the Government members with competences in the areas of finance and culture, the amount of funds to be transferred to the concession holder.</p> <p>From 2013, provision for the amount of the funds to be transferred to Teatro Micaelense SA was made in the annual programme contract.</p>
Explain whether exclusive or special rights are (usually) granted to the undertakings.	Exclusive or special rights are not granted to the undertakings.
Explain the (usual) 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 on the liquid costs avoided is used.	Financial compensation is paid via the programme contract by allocating costs.
Explain the (usual) measures designed to prevent any excessive compensation and respective arrangements for repayment.	Under the contractual obligations of TEATRO MICAELENSE - CENTRO CULTURAL E DE CONGRESSOS, SA, special duties apply in regard to the provision of information, in particular preparing and sending the Region half-yearly reports and a final report on the implementation of the contract.
Amount of aid granted	
Total amount of aid granted. This <u>includes all aid paid in your territory, including aid paid by regional and local authorities.</u>	<p>2011: €800 000;</p> <p>2012: €721 000;</p> <p>2013: €600 000</p>



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ANNEX I



AUTONOMOUS REGION OF THE AZORES
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PASSENGERS DISEMBARKING AT AIRPORTS IN THE AZORES

Year	2011	2012	2013
S. MARIA	29.429	30.971	30.515
S. MIGUEL	448.784	434.411	442.442
TERCEIRA	217.748	203.738	200.304
GRACIOSA	20.425	18.604	17.451
S. JORGE	25.521	23.991	24.070
PICO	32.278	33.369	33.723
FAIAL	91.076	85.212	84.206
FLORES	21.988	20.977	20.808
CORVO	2.219	2.263	2.307
AZORES	889.468	853.536	855.826

Source: SREA

PASSENGERS DISEMBARKING AT PORTS IN THE AZORES

Year	2011	2012	2013
S. MARIA	10.947	9.105	8.786
S. MIGUEL	22.565	19.147	18.029
TERCEIRA	22.554	20.231	18.559
GRACIOSA	6.273	5.122	4.483
S. JORGE	31.969	32.476	32.946
PICO	198.444	189.081	193.719
FAIAL	188.924	179.108	182.779
FLORES	2.447	2.315	2.449
CORVO	2.026	1.892	1.684
AZORES	486.149	458.477	463.434

Source: SREA

Source: SREA – Serviço Regional de Estatística dos Açores [Regional]